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CHINA ORIENTAL GROUP COMPANY LIMITED

中國東方集團控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code : 581)

DISCLOSEABLE TRANSACTIONS REGARDING PROVISION OF FINANCIAL ASSISTANCE

Reference is made to the Announcement of the Company dated 29 August 2012. As disclosed in the Announcement, the term of the Entrustment Loan Agreement is due to expire on 28 July 2014.

The Board hereby announces that on 16 July 2014, for the purpose of extending the Entrustment Loan Agreement, Oriental Fullhero, Tianjin Tianzhong and Ping An Bank entered into the Extended Entrustment Loan Agreement pursuant to which Oriental Fullhero entrusted Ping An Bank to provide the Extended Entrustment Loan of RMB290 million to Tianjin Tianzhong for a term of one year commencing from 29 July 2014 and expiring on 28 July 2015 at an interest rate of 12 % per annum with the other terms and conditions of the Entrustment Loan Agreement remain unchanged.

As the relevant percentage ratios in respect of the provision of the Extended Entrustment Loan under the Extended Entrustment Loan Agreement exceed 5% but are less than 25% (and the assets ratios not exceeding 8%), the Extended Entrustment Loan Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 29 August 2012 (the “**Announcement**”). As disclosed in the Announcement, the term of the Entrustment Loan Agreement is due to expire on 28 July 2014.

THE EXTENDED ENTRUSTMENT LOAN AGREEMENT

The Board hereby announces that on 16 July 2014, for the purpose of extending the Entrustment Loan Agreement, Oriental Fullhero, Tianjin Tianzhong and Ping An Bank entered into the Extended Entrustment Loan Agreement pursuant to which Oriental Fullhero entrusted Ping An Bank to provide the Extended Entrustment Loan of RMB290 million to

Tianjin Tianzhong for a term of one year commencing from 29 July 2014 and expiring on to 28 July 2015 at an interest rate of 12 % per annum with the other terms and conditions of the Entrustment Loan Agreement remain unchanged.

PRINCIPAL TERMS OF THE EXTENDED ENTRUSTMENT LOAN AGREEMENT

Date

16 July 2014

Parties

Lender : Oriental Fullhero
Entrusted Party : Ping An Bank
Borrower : Tianjin Tianzhong

Principal amount, term and interest of the Extended Entrustment Loan Agreement

The Extended Entrustment Loan is at a maximum principal amount of RMB290 million for a term of one year commencing from 29 July 2014 and expiring on 28 July 2015.

The interest rate on the Extended Entrustment Loan is at 12% per annum and the interest is payable on a quarterly basis. In the event that Tianjin Tianzhong fails to pay the relevant interest in full on the relevant due date, Oriental Fullhero is entitled to charge Tianjin Tianzhong damages on the overdue interest at a daily rate as specified in the Extended Entrustment Loan Agreement. Subject to mutual agreement between Oriental Fullhero and Tianjin Tianzhong and in compliance of the applicable law, the interest rate may be revised during the term of the Extended Entrustment Loan Agreement.

Handling fee on the Extended Entrustment Loan

Ping An Bank will charge a handling fee at a rate of 0.5% on the actual amount of the Extended Entrustment Loan being advanced to Tianjin Tianzhong. The handling fee will be paid by Tianjin Tianzhong to Ping An Bank on 29 July 2014, being the commencement date of Extended Entrustment Loan Agreement and the drawdown day of the Extended Entrustment Loan.

Repayment Schedule

Tianjin Tianzhong is obliged to repay the Extended Entrustment Loan on 28 July 2015, the expiry date of the Extended Entrustment Loan Agreement. Subject to having obtained prior written approval of Oriental Fullhero, Tianjin Tianzhong may make prepayment of the Extended Entrustment Loan and such prepayment sum will not be made available for subsequent drawdown by Tianjin Tianzhong.

Security

The following securities will be created in favour of Oriental Fullhero to secure the obligations of Tianjin Tianzhong under the Extended Entrustment Loan Agreement:-

- (1) Pursuant to a charge made between Oriental Fullhero and Tianjin Tianzhong, Tianjin Tianzhong will charge certain machineries in favour of Oriental Fullhero as security for the Extended Entrustment Loan.
- (2) Pursuant to a guarantee agreement made between Oriental Fullhero, Tianjin Giant, Mr. Zhao Jiangbin and Mr. Zhao Shugui, the shareholders of Tianjin Tianzhong, Tianjin Giant will charge all its equity interest in Tianjin Tianzhong in favour of Oriental Fullhero whereas Mr. Zhao Jiangbin and Mr. Zhao Shugui will charge all their equity interests in Tianjin Giant and all their assets in favour of Oriental Fullhero.

In the event that Tianjin Tianzhong is in default under the Extended Entrustment Loan Agreement, Oriental Fullhero is entitled to exercise its respective rights under the aforesaid charge and guarantee agreement.

Use of the Extended Entrustment Loan

The proceeds of the Extended Entrustment Loan shall be applied and used by Tianjin Tianzhong to repay the Entrustment Loan.

REASONS AND BENEFITS FOR PROVISION OF FINANCIAL ASSISTANCE

The provision of the Extended Entrustment Loan under the Extended Entrustment Loan Agreement will provide a better return on the Company's financial resources which is beneficial to the Company and the Group. In addition, in view of the past repayment schedule by Tianjin Tianzhong, Tianjin Tianzhong has a sound record and has never defaulted on repayment of the interest.

The terms of the Extended Entrustment Loan Agreement were arrived at after arm's length negotiation between Oriental Fullhero and Tianjin Tianzhong. The Directors (including the Independent Non-executive Directors) believe that the terms of the Extended Entrustment Loan Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF ORIENTAL FULLHERO

Oriental Fullhero is a limited company established in the PRC and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the financial leasing and leasing.

INFORMATION OF TIANJIN TIANZHONG

Tianjin Tianzhong is a limited company established in the PRC. It is principally engaged in manufacturing and sales of steel products. It is owned as to 61% and 39% by Tianjin Giant and Tianjin Xinhao Investment Development Co., Ltd. respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Tianjin Tianzhong, Tianjin Giant, Tianjin Xinhao Investment Development Co., Ltd. and their ultimate beneficial owners (including Mr. Zhao Jiangbin and Mr. Zhao Shugui) are third parties independent of the Company and not connected persons of the Company under the Listing Rules.

IMPLICATION UNDER THE LISTING RULES

As the relevant percentage ratios in respect of the provision of the Extended Entrustment Loan under the Extended Entrustment Loan Agreement exceed 5% but are less than 25% (and the assets ratios not exceeding 8%), the Extended Entrustment Loan Agreement and the transactions contemplated thereunder are constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“China Citic Bank”	China CITIC Bank Corporation Limited, founded in 1987, is one of the earliest commercial banks established in the PRC during the China's reform and opening up and among China's first commercial banks engaging in financing in domestics and international financial markets. Its shares were listed on the main board of the Stock Exchange on 27 April 2007 (Stock Code: 998)
“Company”	China Oriental Group Company Limited, a company incorporated in the Bermuda and its issued Shares are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Entrustment Loan”	the entrustment loan in the maximum principal amount of RMB300 million advanced to Tianjin Tianzhong through entrusting China Citic Bank by Oriental Evertrust pursuant to the terms of the Entrustment Loan Agreement
“Entrustment Loan Agreement”	the entrustment loan agreement entered into by Oriental Evertrust, China Citic Bank and Tianjin Tianzhong on 29 July 2011
“Extended Entrustment Loan”	the extended entrustment loan in the maximum principal amount of RMB290 million advanced to Tianjin Tianzhong through entrusting Ping An Bank by Oriental Fullhero pursuant to the terms of the Extended Entrustment Loan Agreement

“Extended Entrustment Loan Agreement”	the entrustment loan agreement entered into by Oriental Fullhero, Ping An Bank and Tianjin Tianzhong on 16 July 2014 for the purpose of extending the Entrustment Loan Agreement
“Group”	collectively, the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Oriental Evertrust”	Oriental Evertrust Finance Leasing Co., Ltd., a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the financial leasing and leasing
“Oriental Fullhero”	Oriental Fullhero Leasing Co., Ltd., a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the financial leasing and leasing
“Ping An Bank”	PingAn Bank Company Limited, a new bank formed after merger of the former Shenzhen Development Bank Co., Ltd. and the former PingAn Bank Company Limited.
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Tianzhong”	Tianjin Tianzhong Giant Heavy Industry Co., Ltd., a limited company established in the PRC. It is principally engaged in manufacturing and sales of steel products. It is owned as to 61% and 39% by Tianjin Giant and Tianjin Xinhao Investment Development Co., Ltd. respectively
“Tianjin Giant”	Tianjin Giant Industrial Development Co., Ltd., a limited company established in the PRC. It is principally engaged in investment holding. It is owned as to 88.89% and 11.11% by Mr. Zhao Jiangbin and Mr. Zhao Shugui respectively

By order of the Board
China Oriental Group Company Limited
HAN Jingyuan
Chairman and Chief Executive Officer

Hong Kong, 16 July 2014

As at the date of this announcement, the Board of Directors of the Company comprises Mr. HAN Jingyuan, Mr. ZHU Jun, Mr. SHEN Xiaoling, Mr. ZHU Hao and Mr. HAN Li being the Executive Directors, Mr. Vijay Kumar BHATNAGAR being the Non-executive Director and Mr. WONG Man Chung, Francis, Mr. WANG Tianyi and Mr. ZHOU Guoping being the Independent Non-executive Directors.

This announcement is published on the websites of the Company (www.chinaorientalgroup.com) and the Stock Exchange (www.hkexnews.hk).

**For identification purposes only*