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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)

**VOLUNTARY ANNOUNCEMENT REGARDING
PROVISION OF FINANCIAL ASSISTANCE**

This is a voluntary announcement made by the Company.

Reference is made to the announcement of the Company dated 30 June 2016 (the “**Announcement**”). As disclosed in the Announcement, the term of the Loan is due to expire on 27 October 2016. Unless otherwise stated, capitalized terms used herein shall have the same meaning ascribed in the Announcement.

Qianxi County City Construction Investment has fully settled the Fourth Renewal First Loan, the Fourth Renewal Second Loan and the Second Renewal Third Loan with Jinxi Limited on 17 August 2016, 17 August 2016 and 5 August 2016 respectively.

The Board announces that on 28 October 2016, for the purpose of extending the Loan, Jinxi Limited and Qianxi County Xin Jing entered into the Renewal Loan Agreement pursuant to which Jinxi Limited agreed to provide the Renewal Loan of RMB 51.89 million in respect of the Renewal Loan Agreement at an interest rate of 10% per annum to Qianxi County Xin Jing for a term of one year up to 27 October 2017 in accordance with the terms and conditions therein contained.

As disclosed in the Announcement, the provision of the Fourth Renewal First Loan, the Fourth Renewal Second Loan, the Second Renewal Third Loan and the Loan are required to be aggregated under Rule 14.22 of the Listing Rules. Given the Fourth Renewal First Loan, the Fourth Renewal Second Loan and the Second Renewal Third Loan were fully settled, aggregation of the Renewal Loan under Rule 14.22 of the Listing Rules is no longer required. As the highest applicable percentage ratios in respect of the provision of the Renewal Loan under the Renewal Loan Agreement is less than 5%, the Renewal Loan Agreement and the transactions contemplated thereunder do not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

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PRINCIPAL TERMS OF THE RENEWAL LOAN AGREEMENT

The Board announces that on 28 October 2016, for the purpose of extending the Loan, Jinxi Limited and Qianxi County Xin Jing (formerly known as Qianxi County SOA) entered into the Renewal Loan Agreement pursuant to which Jinxi Limited agreed to provide the Renewal Loan of RMB 51.89 million in respect of the Renewal Loan Agreement at an interest rate of 10% per annum to Qianxi County Xin Jing for a term of one year up to 27 October 2017 in accordance with the terms and conditions therein contained.

Date of the Renewal Loan Agreement

28 October 2016

Parties to the Renewal Loan Agreement

Lender : Jinxi Limited

Borrower : Qianxi County Xin Jing

Amount, interest and duration of the Renewal Loan

The Renewal Loan is at the sum of RMB 51.89 million for a term of one year commencing from 28 October 2016 and expiring on 27 October 2017.

The interest rate on the Renewal Loan is at 10% per annum. The Renewal Loan was guaranteed by the Qianxi County Financial Council of the PRC, a third party independent of the Company and not connected person of the Company under the Listing Rules.

REASONS AND BENEFITS FOR PROVISION OF FINANCIAL ASSISTANCE

The provision of the Renewal Loan under the Renewal Loan Agreement will provide a better return on the Company’s financial resources which is beneficial to the Company and the Group.

The terms of the Renewal Loan Agreement were arrived at after arm's length negotiation between Jinxi Limited and Qianxi County Xin Jing. The Directors (including the Independent Non-executive Directors) consider that the transactions contemplated under the Renewal Loan Agreement are on normal commercial terms and the terms of the Renewal Loan Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Information of Jinxi Limited and the Group

Jinxi Limited is a limited company established in the PRC and is a 97.6% indirectly owned subsidiary of the Company. Jinxi Limited and the Group are principally engaged in the manufacturing and sales of steel products, trading of steel products and iron ore and real estate business.

Information of Qianxi County Xin Jing

Qianxi County Xin Jing is a limited company established in the PRC and state-owned enterprise. It is principally engaged in management of investment projects of state-owned assets.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Qianxi County Xin Jing and its ultimate beneficial owners are third parties independent of the Company and not connected persons of the Company under the Listing Rules.

IMPLICATION UNDER THE LISTING RULES

As disclosed in the Announcement, the provision of the Fourth Renewal First Loan, the Fourth Renewal Second Loan, the Second Renewal Third Loan and the Loan are required to be aggregated under Rule 14.22 of the Listing Rules. Given the Fourth Renewal First Loan, the Fourth Renewal Second Loan and the Second Renewal Third Loan were fully settled, aggregation of the Renewal Loan under Rule 14.22 of the Listing Rules is no longer required. As the highest applicable percentage ratios in respect of the provision of the Renewal Loan under the Renewal Loan Agreement is less than 5%, the Renewal Loan Agreement and the transactions contemplated thereunder do not constitute a notifiable transaction for the Company 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
“Company”	China Oriental Group Company Limited, a company incorporated in the Bermuda with limited liabilities and its issued Shares are listed on the main board of the Stock Exchange

“Director(s)”	director(s) of the Company
“First Loan”	the loan in principal amount of RMB 100 million advanced to Qianxi County City Construction Investment by Jinxi Limited at an interest rate of 10% per annum pursuant to the terms of the First Loan Agreement
“First Loan Agreement”	the loan agreement entered into between Jinxi Limited and Qianxi County City Construction Investment on 4 November 2011 in relation to the First Loan for a term of one year
“Fourth Renewal First Loan”	the loan in principal amount of RMB 95 million advanced to Qianxi County City Construction Investment by Jinxi Limited at an interest rate of 10% per annum pursuant to the terms of the Fourth Renewal First Loan Agreement. The loan was fully settled on 17 August 2016
“Fourth Renewal First Loan Agreement”	the fourth renewal First Loan Agreement entered into between Jinxi Limited and Qianxi County City Construction Investment on 6 November 2015 for extending the First Loan to 7 November 2016
“Fourth Renewal Second Loan”	the loan in principal amount of RMB 27.5 million advanced to Qianxi County City Construction Investment by Jinxi Limited at an interest rate of 10% per annum pursuant to the terms of the Fourth Renewal Second Loan Agreement. The loan was fully settled on 17 August 2016
Fourth Renewal Second Loan Agreement	the fourth renewal Second Loan Agreement entered into between Jinxi Limited and Qianxi County City Construction Investment on 30 June 2016 for extending the Second Loan to 30 June 2017
“Group”	collectively, the Company and its subsidiaries from time to time
“Jinxi Limited”	Hebei Jinxi Iron and Steel Group Company Limited, a limited company established in the PRC and a 97.6% indirectly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the loan in principal amount of RMB 51.89 million advanced to Qianxi County Xin Jing by Jinxi Limited at an interest rate of 10% per annum pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement entered into between Jinxi Limited and Qianxi County Xin Jing on 28 October 2015 in relation to the Loan for a term of one year
“PRC”	the People’s Republic of China
“Qianxi County City Construction Investment”	遷西縣城市建設投資有限責任公司*Qianxi County City Construction Investment Company Limited, a limited company established in the PRC and state-owned enterprise
“Qianxi County SOA”	遷西縣國有資產經營管理有限公司*Qianxi County State-owned Asset Management Company Limited, a limited company established in the PRC and state-owned enterprise, renamed as 遷西縣新京城鄉開發建設投資有限公司*Qianxi County Xin Jing on 19 January 2016
“Qianxi County Xin Jing”	遷西縣新京城鄉開發建設投資有限公司*Qianxi County Xin Jing Urban and Rural Development and Construction Investment Company Limited, a limited company established in the PRC and state-owned enterprise, formerly known as 遷西縣國有資產經營管理有限公司*Qianxi County SOA
“Renewal Loan”	the loan in principal amount of RMB 51.89 million advanced to Qianxi County Xin Jing by Jinxi Limited at an interest rate of 10% per annum pursuant to the terms of the Renewal Loan Agreement
“Renewal Loan Agreement”	the renewal loan agreement entered into between Jinxi Limited and Qianxi County Xin Jing on 28 October 2016 for extending the Loan to 28 October 2017
“RMB”	Renminbi, the lawful currency of the People’s Republic of China

“Second Loan”	the loan in principal amount of RMB 36.14 million advanced to Qianxi County City Construction Investment by Jinxi Limited at an interest rate of 6.941% per annum pursuant to the terms of the Second Loan Agreement
“Second Loan Agreement”	the loan agreement entered into between Jinxi Limited and Qianxi County City Construction Investment on 30 June 2012 in relation to the Second Loan for a term of one year
“Second Renewal Third Loan”	the loan in principal amount of RMB 19.30 million advanced to Qianxi County City Construction Investment by Jinxi Limited at an interest rate of 10% per annum pursuant to the terms of the Second Renewal Third Loan Agreement. The loan was fully settled on 5 August 2016
“Second Renewal Third Loan Agreement”	the second renewal Third Loan Agreement entered into between Jinxi Limited and Qianxi County City Construction Investment on 29 July 2015 for extending the Third Loan to 6 August 2016
“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
“Third Loan”	the loan in principal amount of RMB 20 million advanced to Qianxi County City Construction Investment by Jinxi Limited at an interest rate of 10% per annum pursuant to the terms of the Third Loan Agreement
“Third Loan Agreement”	the loan agreement entered into between Jinxi Limited and Qianxi County City Construction Investment on 6 August 2013 in relation to the Third Loan for a term of one year

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

Hong Kong, 28 October 2016

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. Ondra OTRADOVEC being the Non-executive Director and Mr. WONG Man Chung, Francis, Mr. WANG Tianyi and Mr. WANG Bing 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*