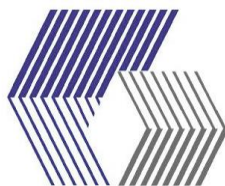


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CHINA ORIENTAL GROUP COMPANY LIMITED 中國東方集團控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code : 581)

CONTINUING CONNECTED TRANSACTIONS BETWEEN THE GROUP AND XINXUAN COAL

Transactions under the Xinxuan Framework Agreement

The Board hereby announces that on 30 September 2016, Jinxi Limited entered into the Xinxuan Framework Agreement with Xinxuan Coal for a term of three years commencing on 30 September 2016 and expiring on 31 December 2018.

It is expected that the Xinxuan Annual Cap for each of the three years ending 31 December 2016, 2017 and 2018 will not exceed RMB54,000,000, RMB108,000,000 and RMB108,000,000 respectively.

The Xinxuan Annual Cap has been determined after taking into account of (i) the demand of the Specified Products estimated by the Company and/or its subsidiaries; (ii) the prevailing market price of the Specified Products; and (iii) the anticipated market price of the Specified Products during the term of the Xinxuan Framework Agreement.

Xinxuan Coal is currently wholly owned by Mr. Zhang Xin. Mr. Zhang Xin is a deemed connected person of the Company as he is the nephew of Mr. Zhang Yuhai who is a connected person of the Company by virtue of being a director of Jinxi Special Steel. Therefore Mr. Zhang Xin and accordingly Xinxuan Coal are connected persons of the Company and the transactions contemplated under the Xinxuan Framework Agreement constitute continuing connected transactions for the Company.

The highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Xinxuan Annual Cap under the Xinxuan Framework Agreement is on an annual basis more than 1% but less than 5%. The continuing connected transactions contemplated under the Xinxuan Framework Agreement are subject to reporting, announcement and annual review requirements and exempt from the circular and shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

Reference is made to the announcement of the Company dated 19 March 2015 regarding, amongst others, the continuing connected transactions under the Xin Ding Da Framework Agreement made between Jinxi Limited and Xin Ding Da for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016 and the continuing connected transactions under the Jin Zhao Lai Framework Agreement made between Jinxi Limited and Jin Zhao Lai for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016.

Since Mr. Zhang Xin is the son of Mr. Zhang Yugui, the continuing connected transactions contemplated under the Xinxuan Framework Agreement, the Xin Ding Da Framework Agreement and the Jin Zhao Lai Framework Agreement need to be aggregated under Rule 14A.83 of Listing Rule. The highest applicable percentage ratio (other than the profits ratio) in respect of the Xinxuan Framework Agreement, the Xin Ding Da Framework Agreement and the Jin Zhao Lai Framework Agreement when aggregated is on an annual basis more than 5%. By virtue of Rule 14A.101 of the Listing Rules, as (i) Xinxuan Coal is a connected person of the Company at the subsidiary level; (ii) the transactions under the Xinxuan Framework Agreement are on normal commercial terms or better; (iii) the Board has approved the Xinxuan Framework Agreement; and (iv) the Directors, including all the independent non-executive Directors, have confirmed that the terms of the Xinxuan Framework Agreement are fair and reasonable, and the transactions contemplated under Xinxuan Framework Agreement are on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole, the Xinxuan Framework Agreement and the transactions contemplated thereunder is therefore subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board (including independent non-executive Directors) are of the view that the Xinxuan Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of the business of the Group on normal commercial terms or better and have been negotiated on an arm's length basis between Jinxi Limited (and for and on behalf of its subsidiaries) and Xinxuan Coal (and for and on behalf of their subsidiaries) respectively and the terms thereof together with the Xinxuan Annual Cap are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

TRANSACTIONS UNDER THE XINXUAN FRAMEWORK AGREEMENT

The Board hereby announces that on 30 September 2016, Jinxi Limited entered into the Xinxuan Framework Agreement with Xinxuan Coal a term of three years commencing on 30 September 2016 and expiring on 31 December 2018.

Principal terms of the Xinxuan Framework Agreement

Date of Agreement

30 September 2016

Parties

- (i) Jinxi Limited (as purchaser); and
- (ii) Xinxuan Coal (as supplier)

Subject Matter

Jinxi Limited and/or its subsidiaries has agreed to purchase from Xinxuan Coal and/or its subsidiaries and Xinxuan Coal and/or its subsidiaries has agreed to sell to Jinxi Limited and/or its subsidiaries dolomite, iron powder, coke, lime and related products (the “**Specified Products**”).

Term

From 30 September 2016 to 31 December 2018

Pricing Policy

The prices of the Specified Products will be determined by reference to its prevailing market prices at the relevant time and on normal commercial terms or better and will not be higher than the prices of the Specified Products obtained from independent third parties by Jinxi Limited and or/its subsidiaries and will be settled in cash by the Group upon delivery.

The management of the Group will review the aforesaid pricing policy on a regular basis and will separately negotiate with Xinxuan Coal on normal commercial terms or better on the price of the Specified Products pursuant to the regular review when the Group places order with Xinxuan Coal. In light of this, the Directors consider that the aforesaid method and procedures for determining the price for the purchase of the Specified Products can ensure that the transactions contemplated under the Xinxuan Framework Agreement will be conducted on normal commercial terms or better and not prejudicial to the interests of the Company and its Shareholders as a whole.

Xinxuan Annual Cap for the transactions contemplated under the Xinxuan Framework Agreement

It is expected that the Xinxuan Annual Cap for the transactions contemplated under the Xinxuan Framework Agreement for each of the three years ending 31 December 2016, 2017 and 2018 will not exceed the amounts set out below:

For the year ending 31 December	RMB
2016	54,000,000 <i>(Note 1)</i>
2017	108,000,000
2018	108,000,000

Note 1: the transaction figures for the purchase of the Specified Products by Jinxi Limited and/or its subsidiaries from Xinxuan Coal and/or its subsidiaries only covered the period from 30 September 2016 to 31 December 2016.

The Xinxuan Annual Cap has been determined after taking into account of (i) the demand of the Specified Products estimated by the Company and/or its subsidiaries; (ii) the prevailing market price of the Specified Products; and (iii) the anticipated market price of the Specified Products during the term of the Xinxuan Framework Agreement.

Reasons and benefits for entering into the Xinxuan Framework Agreement

The principal activities of the Group are manufacturing and sale of steel products, trading of steel products and iron ore and real estate business. Dolomite, iron powder, coke, lime and related products are raw materials for production of iron and steel products. The transactions contemplated under the Xinxuan Framework Agreement will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. By entering into the Xinxuan Framework Agreement, the Group can ensure a steady supply of dolomite, iron powder, coke, lime and related products which is crucial for the Group's existing iron and steel production business.

GENERAL INFORMATION OF THE PARTIES

Information of Jinxi Limited and the Group

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

Information of Xinxuan Coal

Xinxuan Coal is a company established in PRC with limited liability and currently wholly owned by Mr. Zhang Xin. The principal activity of Xinxuan Coal is trading of dolomite, iron powder, coke, lime and related products.

Mr. Zhang Xin is a deemed connected person of the Company as he is the nephew of Mr. Zhang Yuhai who is a connected person of the Company by virtue of being a director of Jinxi Special Steel. Therefore Mr. Zhang Xin and accordingly Xinxuan Coal are connected persons of the Company and the transactions contemplated under the Xinxuan Framework Agreement constitute continuing connected transactions for the Company.

IMPLICATION UNDER THE LISTING RULES

The highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Xinxuan Annual Cap under the Xinxuan Framework Agreement is on an annual basis more than 1% but less than 5%. The continuing connected transactions contemplated under the Xinxuan Framework Agreement are subject to reporting, announcement and annual review requirements and exempt from the circular and shareholders' approval requirement pursuant to Rule 14A.76(2) of the Listing Rules.

Reference is made to the announcement of the Company dated 19 March 2015 regarding, amongst others, the continuing connected transactions under the Xin Ding Da Framework Agreement made between Jinxi Limited and Xin Ding Da for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016 and the continuing connected transactions under the Jin Zhao Lai Framework Agreement made between Jinxi Limited and Jin Zhao Lai for a term of three years commencing on 1 January 2014 and expiring on 31 December 2016.

Since Mr. Zhang Xin is the son of Mr. Zhang Yugui, the continuing connected transactions contemplated under the Xinxuan Framework Agreement, the Xin Ding Da Framework Agreement and the Jin Zhao Lai Framework Agreement need to be aggregated under Rule 14A.83 of Listing Rule. The highest applicable percentage ratio (other than the profits ratio) in respect of the Xinxuan Framework Agreement, the Xin Ding Da Framework Agreement and the Jin Zhao Lai Framework Agreement when aggregated is on an annual basis more than 5%. By virtue of Rule 14A.101 of the Listing Rules, as (i) Xinxuan Coal is a connected person of the Company at the subsidiary level; (ii) the transactions under the Xinxuan Framework Agreement are on normal commercial terms or better; (iii) the Board has approved the Xinxuan Framework Agreement; and (iv) the Directors, including all the independent non-executive Directors, have confirmed that the terms of the Xinxuan Framework Agreement are fair and reasonable, and the transactions contemplated under Xinxuan Framework Agreement are on normal commercial terms or better, and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole, the Xinxuan Framework Agreement and the transactions contemplated thereunder is therefore subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board (including independent non-executive Directors) are of the view that the Xinxuan Framework Agreement and the transactions contemplated thereunder are entered into in the ordinary and usual course of the business of the Group on normal commercial terms or better and have been negotiated on an arm's length basis between Jinxi Limited (and for and on behalf of its subsidiaries) and Xinxuan Coal (and for and on behalf of their subsidiaries) respectively and the terms thereof together with the Xinxuan Annual Cap are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Board confirms that no Director has a material interest in the Xinxuan Framework Agreement and the continuing connected transactions contemplated thereunder and no Director has abstained from voting on the board resolution to approve the Xinxuan Framework Agreement and the transactions contemplated thereunder including the Xinxuan Annual Cap.

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 Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange

“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“Jin Zhao Lai”	遷西縣金兆來精選廠(Qianxi Jin Zhao Lai Iron Ore Mine*), a company established in the PRC. Its principal activities are manufacture and sale of iron powder
“Jin Zhao Lai Framework Agreement”	A framework agreement dated 2 December 2014 and entered into between Jinxi Limited and Jin Zhao Lai in respect of the purchase of iron powder and related products by Jinxi Limited and/or its subsidiaries from Jin Zhao Lai and/or its subsidiaries for a term of three years commencing from 1 January 2014 to 31 December 2016
“Jinxi Limited”	河北津西鋼鐵集團股份有限公司(Hebei Jinxi Iron and Steel Group Company Limited*), a joint stock limited company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company. Its principal activities are manufacturing and sale of steel products, trading of steel products and iron ore and real estate business
“Jinxi Special Steel”	河北津西鋼鐵集團特鋼有限公司(Hebei Jinxi Iron and Steel Group Special Steel Company Limited*), a company established in the PRC and an indirect non-wholly owned subsidiary of the Company. Its principal activities are manufacture and sale of special steel products
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang Xin”	the director of and owner of 100% equity interests in Xinxuan Coal. He is the nephew of Mr. Zhang Yuhai and the son of Mr. Zhang Yugui
“Mr. Zhang Yugui”	the authorized representative of Xinxuan Coal. He is the brother of Mr. Zhang Yuhai and the father of Mr. Zhang Xin
“Mr. Zhang Yuhai”	the director of Jinxi Special Steel. He is the brother of Mr. Zhang Yugui and the uncle of Mr. Zhang Xin
“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
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Xin Ding Da”	遷西縣鑫鼎達商貿有限公司(Qianxi Xin Ding Da Trading Company Limited*), a company established in the PRC and is wholly owned by Mr. Zhang Xin. Its principal activity is trading business
“Xin Ding Da Framework Agreement”	a framework agreement dated 2 December 2014 and entered into between Jinxi Limited and Xin Ding Da in respect of the purchase of iron powder and coke and related products by Jinxi Limited and/or its subsidiaries from Xin Ding Da and/or its subsidiaries for a term of three years commencing from 1 January 2014 to 31 December 2016
“Xinxuan Coal Annual Cap”	the maximum aggregate annual value (excluding value added tax and import tax, if applicable) in respect of the transactions contemplated under the Xinxuan Framework Agreement
“Xinxuan Coal”	遷西縣鑫軒型煤有限公司 (Qianxi County Xinxuan Coal Company Limited*), a company established in the PRC. Its principal activity is trading of dolomite, iron powder, coke, lime and related products
“Xinxuan Framework Agreement”	a framework agreement dated 30 September 2016 and entered into between Jinxi Limited and Xinxuan Coal in respect of the purchase of dolomite, iron powder, coke, lime and related products by Jinxi Limited and/or its subsidiaries from Xinxuan Coal and/or its subsidiaries for a term of three years commencing from 30 September 2016 to 31 December 2018

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

Hong Kong, 30 September 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*