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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 28 October 2016 (the “**Announcement**”). Unless otherwise stated, capitalized terms used herein shall have the same meaning ascribed in the Announcement.

The Board announces that on 20 February 2017, Jinxi Limited and Qianxi County Xin Jing entered into the Second Xin Jing Loan Agreement pursuant to which Jinxi Limited agreed to provide the Second Xin Jing Loan of RMB53.67 million in respect of the Second Xin Jing Loan Agreement at an interest rate of 10% per annum to Qianxi County Xin Jing commencing from 20 February 2017 and expiring on 25 February 2018 in accordance with the terms and conditions therein contained.

As the Second Xin Jing Loan and the Renewal Loan are provided by Jinxi Limited to Qianxi County Xin Jing and guaranteed by Qianxi County Financial Council of the PRC within a 12-month period, the provision of the Second Xin Jing Loan and the Renewal Loan are required to be aggregated under Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratios in respect of the provision of the Second Xin Jing Loan and the Renewal Loan under the Loan Agreements when aggregated is less than 5% (and the assets ratios not exceeding 8%), the Loan Agreements 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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Reference is made to the announcement of the Company dated 28 October 2016 (the “**Announcement**”). Unless otherwise stated, capitalized terms used herein shall have the same meaning ascribed in the Announcement.

PRINCIPAL TERMS OF THE SECOND XIN JING LOAN AGREEMENT

The Board announces that on 20 February 2017, Jinxi Limited and Qianxi County Xin Jing entered into the Second Xin Jing Loan Agreement pursuant to which Jinxi Limited agreed to provide the Second Xin Jing Loan of RMB53.67 million in respect of the Second Xin Jing Loan Agreement at an interest rate of 10% per annum to Qianxi County Xin Jing commencing from 20 February 2017 and expiring on 25 February 2018 in accordance with the terms and conditions therein contained.

Date of the Second Xin Jing Loan Agreement

20 February 2017

Parties to the Second Xin Jing Loan Agreement

Lender : Jinxi Limited

Borrower : Qianxi County Xin Jing

Amount, interest and duration of the Second Xin Jing Loan

The Second Xin Jing Loan is at the sum of RMB53.67 million commencing from 20 February 2017 and expiring on 25 February 2018.

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

REASONS AND BENEFITS FOR PROVISION OF FINANCIAL ASSISTANCE

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

The terms of the Loan Agreements 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 Loan Agreements are on normal commercial terms and the terms of the Loan Agreements 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 a 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 a connected persons of the Company under the Listing Rules.

IMPLICATION UNDER THE LISTING RULES

As the Second Xin Jing Loan and the Renewal Loan are provided by Jinxi Limited to Qianxi County Xin Jing and guaranteed by Qianxi County Financial Council of the PRC within a 12-month period, the provision of the Second Xin Jing Loan and the Renewal Loan are required to be aggregated under Rule 14.22 of the Listing Rules.

Since the highest applicable percentage ratios in respect of the provision of the Second Xin Jing Loan and the Renewal Loan under the Loan Agreements when aggregated is less than 5% (and the assets ratios not exceeding 8%), the Loan Agreements 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
“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 RMB51.89 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
“Loans”	collectively, the Second Xin Jing Loan and the Renewal Loan
“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
“Loan Agreements”	collectively, the Second Xin Jing Loan Agreement and the Renewal Loan Agreement
“PRC”	the People’s Republic of China
“Qianxi County Xin Jing”	Qianxi County Xin Jing Urban and Rural Development and Construction Investment Company Limited*(遷西縣新京城鄉開發建設投資有限責任公司), a limited company established in the PRC and state owned enterprise
“Renewal Loan”	the loan in principal amount of RMB51.89 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 Xin Jing Loan”	the loan in principal amount of RMB53.67 million advanced to Qianxi County Xin Jing by Jinxi Limited at an interest rate of 10% per annum pursuant to the terms of the Second Xin Jing Loan Agreement
“Second Xin Jing Loan Agreement”	the loan agreement entered into between Jinxi Limited and Qianxi County Xin Jing on 20 February 2017 in relation to the Second Xin Jing Loan with commencing from 20 February 2017 and expiring on 25 February 2018
“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

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

Hong Kong, 20 February 2017

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*