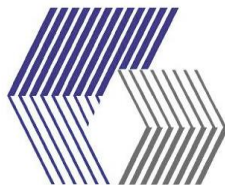


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CHINA ORIENTAL GROUP COMPANY LIMITED
中國東方集團控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code : 581)

**RENEWAL OF CONTINUING CONNECTED
TRANSACTIONS
BETWEEN THE COMPANY
AND
ORIENTAL SHEET PILING**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS BETWEEN THE
COMPANY AND ORIENTAL SHEET PILING**

Reference is made to the announcement of the Company dated 24 January 2020 in relation to the renewal of the continuing connected transactions between the Company and Oriental Sheet Piling in respect of the sales of certain quantities of the steel products by the Company and/or its subsidiaries to Oriental Sheet Piling and/or its subsidiaries. The Second Renewal OSP Framework Agreement expired on 31 December 2022.

The Board hereby announces that on 13 January 2023, the Company entered into the Third Renewal OSP Framework Agreement with Oriental Sheet Piling for a further term of three years commencing from 1 January 2023 and expiring on 31 December 2025.

It is expected that the proposed OSP Annual Cap for the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed RMB220,000,000, RMB220,000,000 and RMB220,000,000 respectively.

The proposed OSP Annual Cap has been determined after taking into account (i) the historical transaction figures under the Second Renewal OSP Framework Agreement; (ii) the estimated demand of the Steel Products by Oriental Sheet Piling and/or its subsidiaries; (iii) the estimated production capacity of the Steel Products of the Group; (iv) the prevailing market price of the Steel Products; (v) the anticipated market price of the related raw materials during the term of the Third Renewal OSP Framework Agreement; and (vi) the expected fluctuation in the market prices of the Steel Products in the forthcoming next three years.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Oriental Sheet Piling and its ultimate beneficial owner(s) are connected persons of the Company, the transactions contemplated under the Third Renewal OSP Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the proposed OSP Annual Cap under the Third Renewal OSP Framework Agreement is on an annual basis more than 0.1% but less than 5%, the continuing connected transactions contemplated under the Third Renewal OSP 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.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement are entered into in the ordinary and usual course of business of the Group and have been negotiated on an arm's length basis between the Company and Oriental Sheet Piling, and the terms thereof are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

As Mr. Sanjay SHARMA and Mr. Ondra OTRADOVEC own equity interests in ArcelorMittal, they have abstained from voting on the respective board resolutions approving the proposed OSP Annual Cap and the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement. Other than Mr. Sanjay SHARMA and Mr. Ondra OTRADOVEC, none of the Directors has a material interest in the proposed OSP Annual Cap and the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement. Therefore, apart from Mr. Sanjay SHARMA and Mr. Ondra OTRADOVEC, none of the Directors has abstained from voting on the respective board resolutions approving the proposed OSP Annual Cap and the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS BETWEEN THE COMPANY AND ORIENTAL SHEET PILING

Reference is made to the announcement of the Company dated 24 January 2020 in relation to the renewal of the continuing connected transactions between the Company and Oriental Sheet Piling in respect of the sales of certain quantities of the steel products ("**Steel Products**") by the Company and/or its subsidiaries to Oriental Sheet Piling and/or its subsidiaries. The Second Renewal OSP Framework Agreement expired on 31 December 2022.

The Board hereby announces that on 13 January 2023, the Company entered into the Third Renewal OSP Framework Agreement with Oriental Sheet Piling for a further term of three years commencing from 1 January 2023 and expiring on 31 December 2025.

Principal Terms of the Third Renewal OSP Framework Agreement

Date

13 January 2023

Parties

- (i) Oriental Sheet Piling (as purchaser); and
- (ii) the Company (as supplier)

Subject Matter

The Company and/or its subsidiaries will sell to Oriental Sheet Piling and/or its subsidiaries and Oriental Sheet Piling and/or its subsidiaries will purchase from the Company and/or its subsidiaries the Steel Products.

Term

From 1 January 2023 to 31 December 2025

Pricing Policy

Given Oriental Sheet Piling is currently one of the customers of the Group for export sale of the Steel Products, the price for the Steel Products would be set by reference to the production costs to be incurred by the Group, the Group's anticipated profits as well as the prevailing selling price of other independent third party customers purchasing the products similar to the Steel Products. The management of the Group will review the aforesaid pricing policy on a regular basis and will separately negotiate with Oriental Sheet Piling and/or its subsidiaries on normal commercial terms on the price of the Steel Products pursuant to the regular review when Oriental Sheet Piling and/or its subsidiaries place order with the Group. In light of this, the Directors consider that the aforesaid method and procedures for determining the price for the sale of the Steel Products to Oriental Sheet Piling and/or its subsidiaries can ensure that the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its Shareholders as a whole.

Internal Control

The Group has formulated internal control measures and procedures in order to ensure the pricing mechanism and the terms of the transactions under the Third Renewal OSP Framework Agreement are fair and reasonable and no less favourable to the Company than the terms available to or from independent third parties, and in the interest of the Company and its Shareholders as a whole. A control mechanism to segregate duties to notify and review connected transactions has been set up within the Group. Connected transaction report is required to be submitted to the finance department of the Group monthly. In determining the market price, the sales department of Jinxi Limited and/or its subsidiaries shall collect the relevant market information (including but not limited to the price for the same or similar type of the Steel Products), review and compare the prices and commercial terms of transactions conducted in the most recent year of the same or similar type entered into with independent third party customers, and prepare quotation proposals. The quotation proposals are submitted to the management of Jinxi Limited and/or its subsidiaries for review and approval. The internal control department of Jinxi Limited will review the aforesaid sales operation on a periodical basis. Further, the Company will comply with all relevant requirements under the Listing Rules which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the transactions contemplated under the Third Renewal OSP Framework Agreement.

Proposed OSP Annual Cap for the Continuing Connected Transactions contemplated under the Third Renewal OSP Framework Agreement

The historical transaction figures of the sales of Steel Products by the Company and/or its subsidiaries to Oriental Sheet Piling and/or its subsidiaries under the Second Renewal OSP Framework Agreement for the three years ended 31 December 2020, 2021 and 2022 are respectively set out as follows:-

Transactions	Year ended 31 December 2020		Year ended 31 December 2021		Year ended 31 December 2022	
	Existing Annual Cap (RMB)	Historical transaction figures (RMB)	Existing Annual Cap (RMB)	Historical transaction figures (RMB)	Existing Annual Cap (RMB)	Historical transaction figures (RMB)
sales of the Steel Products	450,000,000	106,618,000	450,000,000	91,614,000	450,000,000	25,564,000*

* The unaudited historical transaction figure covered the year ended 31 December 2022.

It is expected that the proposed OSP Annual Cap for the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed the amounts set out below:

For the year ending 31 December	RMB
2023	220,000,000
2024	220,000,000
2025	220,000,000

The proposed OSP Annual Cap has been determined after taking into account (i) the historical transaction figures under the Second Renewal OSP Framework Agreement; (ii) the estimated demand of the Steel Products by Oriental Sheet Piling and/or its subsidiaries; (iii) the estimated production capacity of the Steel Products of the Group; (iv) the prevailing market price of the Steel Products; (v) the anticipated market price of the related raw materials during the term of the Third Renewal OSP Framework Agreement; and (vi) the expected fluctuation in the market prices of the Steel Products in the forthcoming next three years.

REASONS AND BENEFITS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS UNDER THE THIRD RENEWAL OSP FRAMEWORK AGREEMENT

The sales of the Steel Products to Oriental Sheet Piling and/or its subsidiaries will generally expand the sale revenues and increase the sale proceeds of the Group. The unit price of the Steel Products is determined with reference to the then and the prevailing market prices (as the case may be) of comparable products at the relevant time. The Steel Products were and will be sold to Oriental Sheet Piling and/or its subsidiaries at prices no less than such market prices or the prices to other independent third party customers (with comparable quality and conditions) by the Group.

Information of the Company and the Group

The Company is an investment holding company with trading of steel products and iron ore business. The Group is principally engaged in the manufacturing and sales of iron and steel products, trading of steel products, iron ore and related raw materials, sales of power equipment and real estate business.

Information of Oriental Sheet Piling

Oriental Sheet Piling is a company incorporated in Malaysia with limited liability and is principally engaged in the processing, distribution and trading of finished steel products.

Oriental Sheet Piling is a subsidiary of ArcelorMittal which indirectly holds the entire equity interest of ArcelorMittal Holdings AG, a substantial shareholder of the Company. Therefore, Oriental Sheet Piling is a connected person of the Company and the transactions contemplated under the Third Renewal OSP Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules respectively. ArcelorMittal is listed on the Spanish stock exchanges and the stock exchanges of New York, Amsterdam, Paris and Luxembourg.

IMPLICATION UNDER THE LISTING RULES

Since the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the proposed OSP Annual Cap under the Third Renewal OSP Framework Agreement is on an annual basis more than 0.1% but less than 5%, the continuing connected transactions contemplated under the Third Renewal OSP 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.

The Directors (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement are entered into in the ordinary and usual course of business of the Group and have been negotiated on an arm's length basis between the Company and Oriental Sheet Piling, and the terms thereof are on normal commercial terms, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

As Mr. Sanjay SHARMA and Mr. Ondra OTRADOVEC own equity interests in ArcelorMittal, they have abstained from voting on the respective board resolutions approving the proposed OSP Annual Cap and the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement. Other than Mr. Sanjay SHARMA and Mr. Ondra OTRADOVEC, none of the Directors has a material interest in the proposed OSP Annual Cap and the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement. Therefore, apart from Mr. Sanjay SHARMA and Mr. Ondra OTRADOVEC, none of the Directors has abstained from voting on the respective board resolutions approving the proposed OSP Annual Cap and the continuing connected transactions contemplated under the Third Renewal OSP Framework Agreement.

DEFINITIONS

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

“ArcelorMittal”	a company incorporated under the laws of Luxembourg with limited liability and indirectly holding the entire equity interest in ArcelorMittal Holdings AG and holding approximately 13.69% of the issued share capital of the Company. ArcelorMittal is deemed to be interested in the 23.31% of the issued share capital held by ArcelorMittal Holdings AG under Part XV of the Securities and Futures Ordinance and therefore owns in aggregate approximately 37.00% of the issued share capital of the Company
“ArcelorMittal Holdings AG”	a company incorporated in Switzerland with limited liability and holding approximately 23.31% of the issued share capital of the Company, and therefore is a substantial shareholder of the Company
“Board”	the board of Directors of the Company
“Company”	China Oriental Group Company Limited, a company incorporated in Bermuda with limited liability and its issued Shares 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
“Existing Annual Cap”	the maximum aggregate annual value (excluding value added tax and import tax, if applicable) of the continuing connected transactions between the Company and Oriental Sheet Piling in respect of the sales of the Steel Products by the Company and/or its subsidiaries to Oriental Sheet Piling and/or its subsidiaries under the Second Renewal OSP Framework Agreement
“Jinxi Limited”	Hebei Jinxi Iron and Steel Group Company Limited* (河北津西鋼鐵集團股份有限公司), a company established in the PRC with limited liability and a 97.6% indirectly owned subsidiary of the Company and is principally engaged in the manufacturing and sales of iron and steel products, trading of steel products, iron ore and related raw materials, sales of power equipment and real estate business
“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 Sheet Piling”	Oriental Sheet Piling Sdn. Bhd., a company incorporated in Malaysia with limited liability and a subsidiary of ArcelorMittal
“OSP Annual Cap”	the maximum aggregate annual value (excluding value added tax and import tax, if applicable) of the continuing connected transactions between the Company and Oriental Sheet Piling in respect of the sales of the Steel Products by the Company and/or its subsidiaries to Oriental Sheet Piling and/or its subsidiaries under the Third Renewal OSP Framework Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Second Renewal OSP Framework Agreement”	the second renewal framework agreement dated 24 January 2020 entered into between the Company and Oriental Sheet Piling in respect of the sales of the Steel Products by the Company and/or its subsidiaries to Oriental Sheet Piling and/or its subsidiaries

“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
“Third Renewal OSP Framework Agreement”	the third renewal framework agreement dated 13 January 2023 entered into between the Company and Oriental Sheet Piling in respect of the sales of the Steel Products by the Company and/or its subsidiaries to Oriental Sheet Piling and/or its subsidiaries

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

Hong Kong, 13 January 2023

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. HAN Li and Mr. Sanjay SHARMA being the Executive Directors, Mr. Ondra OTRADOVEC and Mr. ZHU Hao being the Non-executive Directors and Mr. WONG Man Chung, Francis, Mr. WANG Tianyi, Mr. WANG Bing and Dr. TSE Cho Che, Edward 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*