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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)

Update on the Application for a Ruling on Mandatory General Offer

On 1 September 2014, the independent non-executive directors of the Company (“**INEDs**”) wrote to the Takeovers and Mergers Panel (the “**Panel**”) to appeal against the ruling issued by the Executive Director of the Corporate Finance Division of the SFC (the “**Executive**”) in respect of whether ArcelorMittal has triggered an obligation to make a mandatory general offer for the shares of the Company not owned by it or its concert parties.

China Oriental Group Company Limited (the “**Company**”, and together with its subsidiaries collectively known as the “**Group**”) is issuing this announcement pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and the “Inside Information Provision” (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance of Hong Kong (“**SFO**”).

Reference is made to the announcements of the Company dated 30 December 2013, 11 April 2014, 5 May 2014, 30 May 2014, 6 July 2014, 20 August 2014 and 26 August 2014 (the “**Announcements**”) regarding the public float issue and the suspension of trading of the shares of the Company. Unless otherwise stated, capitalized terms used herein shall have the same meaning ascribed in the Announcements.

Whether ArcelorMittal has triggered a mandatory general offer

In the period between 27 April to 30 April 2014:

- (a) ArcelorMittal further extended the ING Put Option for one year until 30 April 2015;

- (b) DB exercised the DB Put Option and sold its 219,789,940 shares in the Company (representing 7.5% of the Company's issued share capital) back to ArcelorMittal; (the "**DB Sale**"); and
- (c) ArcelorMittal entered into a scheme with Macquarie Bank Limited ("**Macquarie**") which was on terms similar to the amended and restated terms of the ING Option whereby ArcelorMittal sold to Macquarie the same number of shares as that under the DB Sale at a price of HK\$1.70 per share (the "**Macquarie Purchase**") and also granted a put option over such shares in favour of Macquarie (the "**Macquarie Put Option**").

(together, the "**Transactions**")

Neither ArcelorMittal nor DB would be willing to disclose the price of the DB Sale. However, based on the announcement dated 30 April 2008 made by ArcelorMittal Holdings AG (formerly known as Mittal Steel Holdings AG) ("**Mittal Steel**"), a wholly-owned subsidiary of ArcelorMittal, the strike price of the put options granted by ArcelorMittal to DB is calculated at **HK\$5.7938 per Share** (subject to adjustments for certain events such as subdivision or consolidation of shares, bonus issue of shares, extraordinary dividend, repurchase of shares or any other events that may have a diluting or concentrating effect); **plus** interest at a swap rate on HK\$5.7938 of 3.13% per annum for the period from 30 April 2008 and ending on (but excluding) the settlement date for an exercise of put options; **minus** net dividends actually received by DB. As a result, the INEDs estimated that DB would have sold the shares to ArcelorMittal at a price at substantially higher than the trading price of the Company's shares before suspension of HK\$1.16.

On 9 June 2014 the INEDs applied to the Executive to request for a formal ruling on whether the Transactions should have resulted in the need for ArcelorMittal to make a mandatory general offer for all the shares of the Company at the price at which DB sold its shares in the Company to ArcelorMittal (the "**Application**").

On 21 August 2014, the Executive ruled that ArcelorMittal is not required to make a mandatory general offer for the Company's shares as a result of the Transactions.

The INEDs have studied the ruling of the Executive and, with respect, do not agree with the conclusion of the Executive. Accordingly, on 1 September 2014, the INEDs wrote to the Panel to appeal against the Executive's ruling.

For details of the background of the public float issue and the steps taken by the Company to address the public float issue, please refer to the announcement of the Company dated 26 August 2014.

Application for the Executive's consent pursuant to Rule 9.4 of the Takeovers Code

Mr. Vijay Kumar BHATNAGAR, a non-executive director of the Company nominated by ArcelorMittal, who at the same time is also the executive vice president and member of management committee of ArcelorMittal and the chief executive officer of ArcelorMittal in India and China, has expressed his disagreement with certain contents of this announcement. Accordingly, a conflict of interest has arisen for him in respect of his concurrent roles as director of the Company and executive officer of ArcelorMittal. The Company has applied for, and the Executive is minded to grant its consent pursuant to Rule 9.4 of the Code on Takeovers and Mergers (the “**Takeovers Code**”) to exclude Mr. Vijay Kumar BHATNAGAR from the responsibility statement under Rule 9.3 of the Takeovers Code contained in this announcement.

Shareholders of the Company and/or potential investors are urged to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 5 September 2014

All the Directors of the Company (other than Mr. Vijay Kumar BHATNAGAR) jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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*