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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 Public Float Issue and Announcement pursuant to Rule 3.7 of the Takeovers Code Regarding a Possible General Offer by ArcelorMittal

The Company hereby announces that, the Board was informed in writing by Mr. Ondra Otradovec, a Non-Executive Director of the Company and a representative of ArcelorMittal that there is a possibility of ArcelorMittal making a general offer to acquire all of the outstanding shares of the Company, subject to certain conditions set out herein.

China Oriental Group Company Limited (the “**Company**”, and together with its subsidiaries collectively known as the “**Group**”) is issuing this announcement pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), 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, 26 August 2014, 5 September 2014, 16 October 2014, 21 November 2014, 16 December 2014 and 13 February 2015 (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.

UPDATE ON PUBLIC FLOAT ISSUE

As stated in the Announcements of the Company dated 21 November 2014 and 16 December 2014, the Board has decided to issue new shares to resolve the public float issue of the Company subject to an agreement being reached by the two major shareholders on certain criteria, and as stated in the Announcement dated 13 February 2015, the options to resolve the public float issue that the Board had previously discussed require the support and agreement from the two major shareholders of the Company. As the two major shareholders of the Company have yet to reach an agreement on the proposals to restore the public float of the Company thus far, in the interests of resolving the public float issue as soon as practicable, at the Board meeting held on 10 March 2015, the Board considered and approved that the Company would issue new shares to independent third party(ies) pursuant to the general mandate granted by the shareholders of the Company at the annual general meeting held on 17 June 2014 (the “**General Mandate**”) so as to increase the public float of the Company with a view to its eventual restoration (the “**Proposed Share Issue**”).

THE POSSIBLE OFFER

As the Board was preparing to proceed with the Proposed Share Issue, the Board then received a letter from Mr. Ondra Otradovec, a Non-Executive Director of the Company and a representative of ArcelorMittal, dated 12 March 2015 (the “**Letter**”), informing the Board of a possible general offer by ArcelorMittal (the “**Possible Offer**”). The text of the Letter in relation to the Possible Offer is extracted below:

“Possible general offer by AM

*In addition to the above, the Board is aware that the Put Options are due to expire in the end of April. I understand that the Banks fully intend to exercise the Put Options. Further, whilst AM is fully committed to assist with restoring the public float of the Company after the exercise of the Put Options, as a first step, it is going to make a general offer to acquire the outstanding shares of the Company after the settlement of the Put Options (the “**General Offer**”), subject to regulatory approvals. The Board is hereby notified of the possible General Offer and is reminded of its obligation under Rule 1.4 of the Hong Kong Code of Takeovers and Mergers (the “**Takeovers Code**”) to maintain absolute secrecy in relation to the possible General Offer. In particular, all persons privy to this information must treat this as secret and may only pass it to another person if it is necessary to do so and if the other person understands the need for secrecy. In addition, all relevant persons must conduct themselves so as to minimise the chances of an accidental leak of such information and must not deal (or procure others to deal) in securities of the Company.*

I would also point out that, where the Board has reason to believe that a bona fide offer may be imminent, it is not permitted to undertake a new share issue or take any action which could effectively result in an offer being frustrated, without specific approval of the shareholders at a general meeting of the Company (see Rule 4 of the Takeovers Code). For this reason, the Board may not rely on the General Mandate to authorise the Proposed Share Issue.”

Subsequent to the Letter, the Company was further informed by Mr. Ondra Otradovec that ArcelorMittal may make the Possible Offer subject to applicable regulatory approvals and there being no issuance of new shares of the Company prior to the closing of any Possible Offer.

At the Board meeting held on 17 March 2015, the Board considered that the Letter is an indication from ArcelorMittal of the possibility of making the Possible Offer, which constitutes inside information of the Company, and resolved to publish this announcement pursuant to Rule 3.7 of the Takeovers Code and Rule 13.09(2) of the Listing Rules.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of ArcelorMittal are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

As at the date of this announcement, there are (i) 2,931,425,000 ordinary shares of par value of HK\$0.1 each in the Company (the “**Shares**”) in issue; and (ii) outstanding options granted under the Company’s share option scheme entitling the holders thereof to subscribe for 249,530,000 new Shares in aggregate. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

MONTHLY UPDATE

In accordance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Offer will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required under the Listing Rules and the Takeovers Code (as the case may be).

Shareholders and/or potential investors of the Company should be aware that the Possible Offer may or may not proceed. Shareholders and/or potential investors of the Company 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, 18 March 2015

All the Directors of the Company 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. Ondra OTRADOVEC 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*