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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)

ANNOUNCEMENT PURSUANT TO RULE 13.09(2) OF THE LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

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 and 30 May 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.

The Board wishes to update the shareholders of the Company on the latest development and progress on the public float issue.

Refusal to state the DB exit price

While the Board is in the process of considering and identifying various options to restore the public float of the Company, the Board considers that the price at which DB sold 219,789,940 shares (representing approximately 7.5% of the issued shares in the Company) to ArcelorMittal (the “**Sale**”) on 30 April 2014 to be relevant information for other shareholders and also necessary for disclosure pursuant to Part XV of the SFO before further actions to be taken. In particular, the shareholders have a right to know the premium over the market price for which DB obtained from ArcelorMittal in its exit from the Company. Both ArcelorMittal and DB have refused to disclose the sale price and they claimed that the price at which DB exited was

exempted from disclosure because the Sale was pursuant to an exercise of a put option and responded to the Company to give detailed reasons as to why the exercise by DB of the put option would give rise to an exemption from disclosure of the consideration paid. The Company disagrees with such a position and has therefore filed a complaint to the Securities and Futures Commission (the “SFC”) relating to the omission of the sale price from the disclosure of interest forms filed by ArcelorMittal and DB arising from the Sale.

Application for a ruling that a mandatory general offer has been triggered

The Company has previously been informed by the Executive Director of the Corporate Finance Division of the SFC (the “Executive”) that the Executive had already been consulted by one or more of ArcelorMittal, DB and Macquarie (the “Relevant Parties”) whether the sale and purchase transactions (the “Transactions”) among the Relevant Parties during the period from 27 April 2014 to 30 April 2014 should have resulted in the need for ArcelorMittal to make a mandatory general offer for all the shares of the Company and the Executive had already indicated to the Relevant Parties that the Transactions would not trigger a mandatory general offer obligation and that it was minded to maintain its position. However, with respect, the Independent Non-executive Directors of the Company (the “INEDs”) do not agree with the views of the Executive arrived at from the consultation. The INEDs consider the Transactions should have triggered a mandatory general offer obligation on the part of ArcelorMittal such that all the other shareholders should also have the rights to sell their Shares to ArcelorMittal at the same sale price at which DB sold its Shares to ArcelorMittal. As a result, the INEDs have on 9 June 2014 written 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 (the “Application”). Upon the Executive’s request and coordination between the Relevant Parties and the Company, on 3 July 2014, the Company and the Relevant Parties have agreed to share the Application and relevant information with the other parties subject to certain limitation. Accordingly, the Application is being processed by the Executive.

The Transactions may or may not trigger the need for ArcelorMittal to make a mandatory general offer for all the shares of the Company. Shareholders and potential investors of the Company are urged to exercise caution when dealing in the shares and/or other securities of the Company.

Proposal from ArcelorMittal for the Company to issue new shares

The Company was informed that a meeting was held between Mr. HAN Jingyuan and the representatives from ArcelorMittal on 16 June 2014 to discuss possible solutions to the public float issue of the Company at which ArcelorMittal proposed that the Company issues a sufficient number of new shares in order to restore the public float of the Company and that Mr. HAN and ArcelorMittal sell down a small portion of their respective shareholdings pro-rata to their existing shareholdings. Following that meeting, Mr. MAHESHWARI of ArcelorMittal wrote on 18 June 2014 to Mr. HAN repeating the same proposal. On 24 June 2014, the Board received an email from ArcelorMittal proposing the Company to issue a sufficient number of new shares to resolve the public float shortfall and indicating that in any issuance of new shares by the Company, ArcelorMittal would be prepared not to participate in such new issuance of shares, and asking that Mr. HAN and his associated companies would be prepared to take a similar position of non-participation in any such issuance of new shares in order to achieve equality of treatment in the restoration of the public float. The Board believes that the public float issue arose solely due to ArcelorMittal setting up the put option arrangements to avoid a genuine sell-down in 2008, the extension of the put option arrangements in 2011 and 2014 and the entering into of the Transactions among ArcelorMittal, DB and Macquarie. Accordingly, it is ArcelorMittal’s obligation to take appropriate steps to restore the public float of the Company by honoring its undertaking to restore the Company’s public float that ArcelorMittal gave to the

Stock Exchange at the time of ArcelorMittal made the unconditional mandatory cash offer for all of the shares of the Company in January 2008 (the “**Offer**”). An issuance of new shares by the Company would have a significant dilution effect on the shareholding of all existing shareholders. It would be manifestly unfair to the shareholders of the Company as a whole that the burden of dilution, which should be borne solely by ArcelorMittal, be transferred from ArcelorMittal to all shareholders of the Company. In addition, as mentioned above, the INEDs are seeking 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. Pending the outcome of such ruling, the Company considers that it is premature and inappropriate to issue any new shares.

Request to the Stock Exchange to enforce ArcelorMittal’s undertaking

At the time of the Offer, ArcelorMittal, as the offeror, gave the following undertaking to the Stock Exchange as set out in the composite offer and response document dated 14 January 2008 relating to the Offer (the “**ArcelorMittal Undertaking**”):

“The Offeror has undertaken to the Stock Exchange that after the closing of the Offer, appropriate steps will be taken to ensure that sufficient public float exists in the Shares, which may include the sell down of its shareholding interest in the Company.”

On 2 July 2014, the Company has also written to the Stock Exchange to request the Stock Exchange to take action to compel ArcelorMittal to honor its undertaking previously given to the Stock Exchange in January 2008 that ArcelorMittal would, after the closing of the Offer, take appropriate steps to ensure that sufficient public float exists in the shares of the Company.

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, in particular, the ArcelorMittal Undertaking. 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 has granted 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, 6 July 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*