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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

**OFFER TO REPURCHASE FOR CASH AND CONSENT SOLICITATION
RELATING TO ANY AND ALL OF THE COMPANY'S
OUTSTANDING 7.00% SENIOR NOTES DUE 2017**

On January 25, 2016, the Company commenced the Offer to repurchase for cash any and all of its outstanding Notes and the Consent Solicitation. The Offer will expire at 5:00 p.m. (New York City time) on February 22, 2016, unless extended or terminated by the Company. The Company has made available today to the Holders the Offer to Purchase and Consent Solicitation Statement that sets out, among other things, the terms and conditions of the Offer and the Consent Solicitation.

The Repurchase Price for the Notes will be a fixed price of US\$985 in cash per US\$1,000 principal amount of the outstanding Notes, which includes the Early Tender Premium. Holders who validly tender their Notes at or prior to the Early Tender Deadline and do not subsequently validly withdraw their Notes at or prior to the Withdrawal Deadline will be paid the Repurchase Price on the Settlement Date, subject to the terms and conditions of the Offer as set out in the Offer to Purchase and Consent Solicitation Statement.

Holders who validly tender their Notes after the Early Tender Deadline but at or prior to the Expiration Time will receive the Late Tender Amount, which is the Repurchase Price reduced by the Early Tender Premium, subject to the terms and conditions of the Offer as set out in the Offer to Purchase and Consent Solicitation Statement. Holders who validly tender their Notes at or prior to the Early Tender Deadline and do not subsequently validly withdraw the Notes they have tendered at or prior to the Withdrawal Deadline will be entitled to receive more consideration than Holders who validly tender their Notes after the Early Tender Deadline.

The Proposed Amendments (details of which are set out in the Offer to Purchase and Consent Solicitation Statement), if adopted and effected, will eliminate substantially all of the restrictive covenants in the Indenture governing the Company's actions and will modify certain events of default as defined under the Indenture.

Holders who (i) validly tender their Notes at or prior to the Early Tender Deadline and do not subsequently validly withdraw the Notes they have tendered at or prior to the Withdrawal Deadline, and (ii) validly tender after the Early Tender Deadline but at or prior to the Expiration Time pursuant to the Offer will be deemed to have given consents to the Proposed Amendments with respect to the Notes tendered. Holders who validly tender their Notes and subsequently validly withdraw Notes that they have tendered pursuant to the Offer will be deemed to have revoked their consent to the Proposed Amendments with respect to the Notes withdrawn. Holders may not deliver consents without tendering their Notes.

The purpose of the Offer and the Consent Solicitation is to both reduce the outstanding indebtedness of the Company and to seek to eliminate substantially all of the restrictive covenants and modify certain of the events of default defined under the Indenture in order to maximize the Company's flexibility in its operating and financing strategies.

The Company has appointed Deutsche Bank AG, Singapore Branch as the Dealer Manager and Consent Solicitation Agent and Lucid Issuer Services Limited as the Information and Tender Agent in relation to the Offer and the Consent Solicitation.

BACKGROUND

The Company issued the Notes on November 17, 2010. The Notes are listed on SGX-ST. As of the date of this announcement, the outstanding aggregate principal amount of the Notes is US\$111,368,000.

On January 25, 2016, the Company commenced the Offer to repurchase for cash any and all of its outstanding Notes. In conjunction with the Offer, the Company is also soliciting from the Holders consents to the Proposed Amendments.

The Proposed Amendments (details of which are set out in the Offer to Purchase and Consent Solicitation Statement), if adopted and effected, will eliminate substantially all of the restrictive covenants in the Indenture governing the Company's actions and will modify certain events of default as defined under the Indenture.

Pursuant to the terms of the Indenture, the Proposed Amendments require, among other things, the consent of the Holders of at least a majority in aggregate principal amount of the outstanding Notes (excluding any Notes owned by or beneficially held for the Company or an affiliate of the Company).

Holders who (i) validly tender their Notes at or prior to the Early Tender Deadline and do not subsequently validly withdraw the Notes they have tendered at or prior to the Withdrawal Deadline, and (ii) validly tender after the Early Tender Deadline but at or prior to the Expiration Time pursuant to the Offer will be deemed to have given consents to the Proposed Amendments with respect to the Notes tendered. Holders who validly tender their Notes and subsequently validly withdraw the Notes that they have tendered pursuant to the Offer will be deemed to have revoked their consent to the Proposed Amendments with respect to the Notes withdrawn. Holders may not deliver consents without tendering their Notes.

THE OFFER

The Offer commenced on January 25, 2016 and will expire at 5:00 p.m. (New York City time) on February 22, 2016, unless extended or terminated by the Company. An appropriate announcement will be made if and when the Expiration Time is extended.

The following table summarizes the material terms of the Offer:

Description of the Notes	Outstanding Principal Amount	Repurchase Price⁽¹⁾⁽²⁾	Early Tender Premium⁽¹⁾	Late Tender Amount⁽¹⁾
7.00% senior notes due 2017 ⁽³⁾	US\$111,368,000	US\$985	US\$50	US\$935

(1) Per US\$1,000 principal amount of Notes accepted for repurchase.

- (2) Includes the Early Tender Premium. The Early Tender Premium will only be payable to Holders who validly tender their Notes at or prior to the Early Tender Deadline and do not subsequently validly withdraw the Notes they have tendered at or prior to the Withdrawal Deadline.
- (3) The CUSIP and ISIN are 16948AAB4 and US16948AAB44, respectively, for the Notes sold under Rule 144A under the U.S. Securities Act of 1933, as amended (“U.S. Securities Act”) and G2108VAC5 and USG2108VAC57, respectively, for the Notes sold under Regulation S under the U.S. Securities Act.

Holders who validly tender their Notes at or prior to the Early Tender Deadline and do not subsequently validly withdraw their Notes at or prior to the Withdrawal Deadline will receive the Repurchase Price, subject to the terms and conditions of the Offer as set out in the Offer to Purchase and Consent Solicitation Statement. Holders who validly tender their Notes after the Early Tender Deadline but at or prior to the Expiration Time will receive the Late Tender Amount, which is the Repurchase Price reduced by the Early Tender Premium, subject to the terms and conditions of the Offer as set out in the Offer to Purchase and Consent Solicitation Statement. Holders who validly tender their Notes at or prior to the Early Tender Deadline and do not subsequently validly withdraw the Notes they have tendered at or prior to the Withdrawal Deadline will be entitled to receive more consideration than Holders who validly tender their Notes after the Early Tender Deadline.

Holders whose Notes are accepted for repurchase pursuant to the Offer will also receive a cash payment equal to Accrued Interest in respect of the Notes from, and including, the most recent interest payment date to, but excluding, the Settlement Date.

Tenders of Notes may be submitted only in minimum denominations of US\$100,000 and integral multiples of US\$1,000 in excess thereof. The Indenture provides that the minimum denomination of the Notes must be at least US\$100,000. A Holder whose Notes are accepted for repurchase and who, following repurchase of the Notes by the Company on the Settlement Date, continues to hold in its account further Notes in a principal amount of less than the minimum denomination of US\$100,000, would need to purchase a principal amount of Notes such that its holding equates to at least the minimum denomination before the Notes it continues to hold may be traded.

As set forth in the Offer to Purchase and Consent Solicitation Statement, Notes tendered at or prior to the Withdrawal Deadline may be withdrawn at any time at or prior to the Withdrawal Deadline. Notes tendered after the Withdrawal Deadline but before the Expiration Time may not be withdrawn except in the limited circumstances described in the Offer to Purchase and Consent Solicitation Statement.

The Settlement Date in relation to the Notes is expected to be the fifth Business Day following the Expiration Time. The Settlement Date for the offer to repurchase the Notes is currently expected to be February 29, 2016 (New York City time), unless otherwise extended by the Company in its sole discretion. The Company will pay the Repurchase Price or the Late Tender Amount, as applicable, and the Accrued Interest in respect of the Notes accepted for repurchase to the Holders on the Settlement Date.

Subject to applicable law and as provided in the Offer to Purchase and Consent Solicitation Statement, the Company may, in its sole discretion, extend, re-open, amend, waive any condition of, or terminate the Offer at any time. Details of any such extension, re-opening, amendment, waiver or termination will be announced as provided in the Offer to Purchase and Consent Solicitation Statement as soon as reasonably practicable after the relevant decision is made.

REQUISITE CONSENT

Pursuant to the terms of the Indenture, the Proposed Amendments require, among other things, the Requisite Consent of the Holders, being consent of the Holders of at least a majority in aggregate principal amount of the outstanding Notes (excluding any Notes owned by or beneficially held for the Company or an affiliate of the Company).

Holders who (i) validly tender their Notes at or prior to the Early Tender Deadline and do not subsequently validly withdraw the Notes they have tendered at or prior to the Withdrawal Deadline, and (ii) validly tender after the Early Tender Deadline but at or prior to the Expiration Time pursuant to the Offer will be deemed to have consented to the Proposed Amendments with respect to the Notes tendered. Holders who validly tender their Notes and subsequently validly withdraw the Notes they have tendered pursuant to the Offer will be deemed to have revoked their consent to the Proposed Amendments with respect to the Notes withdrawn. Holders may not deliver consents without tendering their Notes.

If the Requisite Consent is obtained and the Proposed Amendments with respect to the Notes become effective and operative, Holders who do not tender their Notes at or prior to the Expiration Time will be bound by the Proposed Amendments and such non-tendering Holders will not be entitled to the benefit of substantially all of the restrictive covenants and certain events of default under the Indenture in relation to their Notes.

CONDITIONS TO THE OFFER

With respect to the Offer, the Company will not be required to accept for repurchase or to repurchase Notes validly tendered and not subsequently validly withdrawn pursuant to the Offer if any of the following shall not have occurred: (a) satisfaction of the General Conditions (as set out in the Offer to Purchase and Consent Solicitation Statement); (b) satisfaction of the Financing Condition; and (c) the acceptance by the Company of the Notes validly tendered (and not subsequently validly withdrawn) for purchase pursuant to the Offer. Details of the conditions to the Offer are set out in the Offer to Purchase and Consent Solicitation Statement.

The Company may accept for purchase, and pay for, the Notes validly tendered and not subsequently validly withdrawn pursuant to the Offer, even if the Requisite Consent is not received, and the Proposed Amendments do not become effective and operative.

Financing Condition

The “Financing Condition” with respect to the Offer means that at or prior to the Expiration Time, the Company having funds available to it, on terms and conditions acceptable to the Company in its sole discretion, sufficient to consummate the Offer (regardless of the amount of Notes tendered) and pay all consideration with respect of the Offer, including any additional amounts due on the Notes as a result of accrued and unpaid interest on such Notes, any other amounts due under such Notes or the Indenture and all related fees and expenses.

The Offer will be funded by the available cash and cash equivalents of the Company, notes receivable to be converted into cash (with certain discounts), and drawdowns on existing credit facilities granted by banks within the PRC.

The conditions are for the benefit of the Company and may be asserted by it or may be waived by it, including any action or inaction by the Company giving rise to any condition, in whole or in part, at any time and from time to time at or prior to the Expiration Time, in the sole discretion of the Company.

Under the Offer, if any of the conditions are not satisfied and are not waived by the Company, subject to the termination rights described above, the Company may (i) return Notes tendered thereunder to Holders, (ii) extend the Offer and retain all Notes tendered thereunder until the expiration of such extended Offer or (iii) amend the Offer in any respect by giving oral or written notice of such amendment to the Information and Tender Agent and making public disclosure of such amendment to the extent required by law.

FURTHER REPURCHASES

The Company reserves the right following completion or termination of the Offer, if there are outstanding Notes remaining, to offer to exchange or repurchase Notes, in individually negotiated transactions or in an offer extended to all Holders, or to issue a new invitation for Holders to exchange or tender Notes for repurchase, in each case on terms that may be more or less favorable than those contemplated by the Offer. The making of any new offer and the issuance of any new invitation will depend on various factors, including interest rates prevailing at the time and the aggregate principal amount of Notes repurchased and cancelled pursuant to the Offer.

The terms of the Offer are more fully described in the Offer to Purchase and Consent Solicitation Statement, which sets out further details regarding the tender procedures and the conditions of the Offer.

REASONS AND PURPOSE OF THE OFFER AND SOURCE OF FUNDS

Given the continuing operating challenges for steel manufacturers in the PRC, the Company would need to increase financial flexibility which currently is heavily restricted by the covenants under the Indenture. The purpose of the Offer is to both reduce the outstanding indebtedness of the Company and to seek to eliminate substantially all of the restrictive covenants and modify certain of the events of default defined under the Indenture in order to maximize the Company’s flexibility in its operating and financing strategies.

In addition, the Company believes that the Offer provides an opportunity for Holders to gain liquidity with respect to the Notes (by tendering their Notes for purchase by the Company) that might not otherwise be available to such Holders.

The Offer will be funded by the available cash and cash equivalents of the Company, notes receivable to be converted into cash (with certain discounts), and drawdowns on existing credit facilities granted by banks within the PRC.

The Company has appointed Deutsche Bank AG, Singapore Branch as the Dealer Manager and Consent Solicitation Agent, and Lucid Issuer Services Limited as the Information and Tender Agent with respect to the Offer (each as stipulated in the Offer to Purchase and Consent Solicitation Statement and its related documents). Any questions regarding the Offer and the Consent Solicitation from the Holders should be directed to the Dealer Manager and Consent Solicitation Agent or the Information and Tender Agent at:

Deutsche Bank AG, Singapore Branch

One Raffles Quay
#17-00 South Tower
Singapore 048583
Attention: Liability Management Group
Telephone (Singapore): +65 6423 5934
Telephone (United Kingdom): +44 (0) 207 545 8011
Email: liability.management@db.com

Lucid Issuer Services Limited

Tankerton Works
12 Argyle Walk
London
WC1H 8HA
United Kingdom
Attention: Thomas Choquet
Telephone number: +44 (0) 20 7704 0880
Email: chinaorientalgroup@lucid-is.com

PREVIOUS TENDER OFFERS AND OPEN MARKET PURCHASES

In October 2012 and February 2015, the Company conducted tender offers to repurchase for cash its outstanding Notes and repurchased a total of US\$87,240,000 and US\$65,067,000 in principal amount of the Notes, respectively. During the period from November 2014 to December 2015, the Company, via open market purchases, purchased a total of US\$36,325,000 in principal amount of the Notes. All of the Notes repurchased under the tender offers and via open market purchases were cancelled.

THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL, THE NOTES. AN OFFER MAY ONLY BE MADE PURSUANT TO THE TERMS OF THE OFFER TO PURCHASE AND CONSENT SOLICITATION STATEMENT.

The Offer is not being made to (nor will the tender of Notes be accepted from or on behalf of) Holders in any jurisdiction where the making or acceptance of the Offer would not comply with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction in which the making of the Offer, the tender of Notes would not be in compliance with applicable laws, the Company may or may not, in its sole discretion, make an effort to comply with any such law. If, after such effort (if any), the Company cannot comply with any such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) any Holder residing in such jurisdiction.

DEFINITIONS

“Accrued Interest”	accrued and unpaid interest on the Notes from the most recent interest payment date to, but excluding, the Settlement Date
“Board”	the board of directors of the Company
“Business Day”	any day, other than Saturday, Sunday or a U.S. Federal holiday, on which commercial banks and foreign exchange markets are open for business in New York City
“Company”	China Oriental Group Company Limited, an exempted company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Hong Kong Stock Exchange
“Consent(s)”	the consent of a Holder or consents of Holders to the Proposed Amendments
“Consent Solicitation”	solicitation from the Company seeking Consents to all of the Proposed Amendments as a single proposal
“Dealer Manager and Consent Solicitation Agent”	Deutsche Bank AG, Singapore Branch
“Early Tender Deadline”	5:00 p.m. (New York City time) on February 5, 2016, unless extended by the Company in its sole discretion
“Early Tender Premium”	an amount equal to US\$50 for each US\$1,000 in principal amount of the Notes tendered at or prior to the Early Tender Deadline and not subsequently validly withdrawn at or prior to the Withdrawal Deadline, and accepted in the Offer

“Expiration Time”	5:00 p.m. (New York City time) on February 22, 2016, unless extended by the Company in its sole discretion
“Holder(s)”	a holder or holders of the Notes
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Indenture”	the indenture dated as of November 17, 2010 in relation to the Notes, as supplemented by a supplemental indenture dated as of March 11, 2011
“Information and Tender Agent”	Lucid Issuer Services Limited
“Late Tender Amount”	an amount for each US\$1,000 in principal amount of the Notes tendered after the Early Tender Deadline but at or prior to the Expiration Time equal to the Repurchase Price, minus the Early Tender Premium
“Notes”	the 7.00% senior notes due 2017 issued by the Company (ISIN: US16948AAB44/USG2108VAC57)
“Offer”	the offer by the Company to repurchase for cash any and all of its outstanding Notes. Holders who validly tender and do not subsequently validly withdraw their Notes will be deemed to have consented to the Proposed Amendments
“Offer to Purchase and Consent Solicitation Statement”	the offer to purchase and consent solicitation statement dated January 25, 2016 issued by the Company to the Holders in connection with the Offer and the Consent Solicitation
“PRC” or “China”	the People’s Republic of China which, except where the context otherwise requires and for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Amendments”	the proposed amendments to the Indenture as fully set out in the Offer to Purchase and Consent Solicitation Statement
“Repurchase Price”	a fixed price of US\$985 in cash per US\$1,000 principal amount of the Notes to repurchase any and all of the outstanding Notes (Early Tender Premium inclusive)

“Requisite Consent”	the consent of Holders of at least a majority in aggregate principal amount of the outstanding Notes (excluding any Notes owned by or beneficially held for the Company or an affiliate of the Company), which is required to approve and effectuate the Proposed Amendments
“Settlement Date”	the fifth Business Day following the Expiration Time, which is expected to be February 29, 2016 (New York City time), unless extended by the Company in its sole discretion
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“U.S.” or “United States”	the United States of America
“US\$”	United States dollar, the lawful currency of the United States
“Withdrawal Deadline”	5:00 p.m. (New York City time) on February 5, 2016, unless extended by the Company in its sole discretion

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

Hong Kong, January 25, 2016

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 Hong Kong Stock Exchange (www.hkexnews.hk).

* *For identification purposes only*