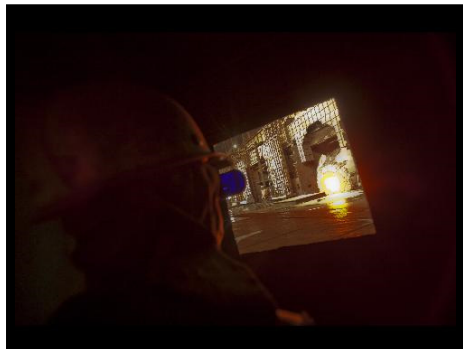




China Oriental, Backed by ArcelorMittal, Seeks Iron Ore Mines

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By Bloomberg News



Aug. 31 (Bloomberg) -- **China Oriental Group Co.**, backed by **ArcelorMittal**, is seeking to buy iron ore mines in Australia, Canada and Brazil to secure supplies of the steelmaking raw material for its Chinese steel mills.

ArcelorMittal, the world's biggest steelmaker and China Oriental's second-largest shareholder, may help speed a purchase as a partner, Chairman **Han Jingyuan** said during an interview at a plant visit in China's eastern Tangshan city.

Chinese crude steel production jumped to a record this year as the nation's 4 trillion yuan (\$585 billion) stimulus package spurred construction and auto demand. ArcelorMittal last year failed to win agreement from the Chinese government to take over China Oriental and settled for a 30 percent stake.

"We will use ArcelorMittal's advantages in order to take a short cut to buy the right mine," Han, who is also chief executive officer, told Bloomberg Television. "We've talked about Brazil, Canada and Australia but we don't have a target or schedule yet."

China Oriental has almost doubled this year in Hong Kong trading, exceeding the 40 percent gain on the benchmark Hang Seng Index.

The company posted a 57 percent drop in first-half **profit** on Aug. 28 as demand plunged in the global recession. Steel demand will improve in the second half, it said in its statement.

China Oriental would still like ArcelorMittal to become its largest shareholder, Han said, without giving details.

The Luxembourg-based steelmaker said last August it has suspended plans to buy a majority stake in China Oriental as the Chinese government doesn't want a foreign steelmaker to control a domestic producer.

China Oriental's main production plants are located in the northern province of Hebei and Guangdong province in the south. It has production capacity of 6.75 million tons and controls closely held Hebei Jinxi Iron & Steel Co.

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