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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF LAND USE RIGHTS**

INTRODUCTION

Reference is made to the announcement of the Company dated 22 March 2023 (the “**Announcement**”) in relation to (i) the Bid-Winning Confirmation Letters entered into between Relevant Subsidiaries of the Company and the Auctioneer in relation to the Relevant Subsidiaries’ preferred bid for the land use rights of the 2023 Land Parcel; and (ii) the 2022 Assignment Contract entered into between Jinxi Limited, an indirect non-wholly owned subsidiary of the Company, and the Vendor, pursuant to which Jinxi Limited agreed to acquire and the Vendor agreed to assign the land use rights of the 2022 Land Parcel. Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Board is pleased to announce that, pursuant to the Bid-Winning Confirmation Letters, on 27 March 2023, the Relevant Subsidiaries entered into the 2023 Assignment Contracts with the Vendor, pursuant to which the Relevant Subsidiaries agreed to acquire and the Vendor agreed to assign the land use rights of the 2023 Land Parcel for a total consideration of approximately RMB709.59 million.

THE 2023 ASSIGNMENT CONTRACTS

The principal terms of the 2023 Assignment Contracts are summarised as follows:

Date	27 March 2023
Parties	(i) The Vendor, as the assignor; and (ii) Relevant Subsidiaries, as the assignee

Land concerned	<p>2023 Land Parcel, each situated at West District of Economic Development Zone, Qianxi County, Tangshan City, Hebei Province, the PRC, with a total site area of approximately 2,102,476 square meters which include:</p> <ul style="list-style-type: none"> (i) Land parcel no.130227JX00001, with a site area of approximately 31,284 square meters; (ii) Land parcel no.130227JX00002, with a site area of approximately 10,000 square meters; (iii) Land parcel no.130227JX00001, with a site area of approximately 472,273 square meters; (iv) Land parcel no.130227JX00003, with a site area of approximately 246,198 square meters; (v) Land parcel no.130227JX00004, with a site area of approximately 23,335 square meters; (vi) Land parcel no.130227JX00005, with a site area of approximately 610,993 square meters; (vii) Land parcel no.130227JX00006, with a site area of approximately 282,851 square meters; and (viii) Land parcel no.130227JX00007, with a site area of approximately 425,542 square meters
Permitted land use	For industrial use
Term of land use rights	50 years
Total consideration	Approximately RMB709.59 million
Payment of consideration	<p>Pursuant to the 2023 Assignment Contracts, the Relevant Subsidiaries shall pay to the Vendor the total consideration in the following manner:</p> <ul style="list-style-type: none"> (i) RMB642 million, being approximately 90.5% of the total consideration for the 2023 Land Parcel of approximately RMB709.59 million, shall be offset by the Deposit previously paid by the Relevant Subsidiaries to participate in the auction for the land use rights of the 2023 Land Parcel; and (ii) within 30 days from the date of the 2023 Assignment Contracts, the Relevant Subsidiaries shall pay the remaining balance of RMB67.59 million to the Vendor.

The Relevant Subsidiaries had paid the Deposit, and will pay the remaining balance, with their internal resources.

Completion of acquisition

The Vendor shall deliver the 2023 Land Parcel to the Relevant Subsidiaries by 6 April 2023.

The Relevant Subsidiaries shall bring, among other things, the 2023 Assignment Contracts and the payment proof of the consideration to the relevant authorities in order to apply for the registration of the transfer of land use rights of the 2023 Land Parcel.

THE 2022 ASSIGNMENT CONTRACT

The principal terms of the 2022 Assignment Contract and the 2022 Acquisition are summarised as follows:

Date	8 September 2022
Parties	(i) The Vendor, as the assignor; and (ii) Jinxi Limited, an indirect non-wholly owned subsidiary of the Company, as the assignee
Land concerned	2022 Land Parcel (parcel no.130227001001JX00001), situated at West District of Economic Development Zone, Qianxi County, Tangshan City, Hebei Province, the PRC, with a total site area of approximately 80,010 square meters
Permitted land use	For industrial use
Term of land use rights	50 years
Total consideration	Approximately RMB27.00 million
Completion of acquisition	The consideration had been settled by Jinxi Limited on 19 September 2022 with its internal resources. Registration of transfer of land use rights of the 2022 Land Parcel has been completed on 16 September 2022.

REASONS AND BENEFITS FOR THE ACQUISITIONS

The Group is principally engaged in the manufacturing and sales of iron and steel products, trading of steel products, iron ore and related raw materials, sales of power equipment and real estate business. Notwithstanding that the Group has established manufacturing plants on the 2023 Land Parcel and other manufacturing facilities in Hebei Province, Guangdong Province, Shandong Province, Jiangsu Province and Chongqing City of the PRC, the Group has been considering opportunities to expand its existing business, including but not limited to the expansion of its asset portfolio. The Land Parcels acquired pursuant to the Acquisitions provide the Group with abundant capacity and flexibility to strengthen the Group's leading position in manufacturing of iron and steel products in the PRC.

The Acquisitions were conducted by way of open tender and the consideration for each of the Acquisitions represents the bid price for the land use rights of the relevant Land Parcel, which was determined and submitted by the Group after taking into account, among other matters, the minimum bidding price of the relevant Land Parcel, the prevailing market price of land of similar nature in Qianxi County, Tangshan City in Hebei Province and the future development potential of the relevant Land Parcel.

With the support of the relevant government authorities, the Group has been one of the major iron and steel enterprises in Qianxi County, Tangshan City in Hebei Province for over a decade. Since 2006, there have been ongoing discussions between the relevant government authorities of Qianxi County and the Group over initiatives and policies supporting the Group in land acquisition and business development. In view of the continued commitment of the Group to the development of Qianxi County and the roll-out of government policies to support the growth of leading local enterprises, the relevant government authorities of Qianxi County and the Company are in the course of discussions over the future refund to the Company of part of the total consideration for the 2023 Acquisition based on the difference between the historical price and the current bidding price of the relevant Land Parcels. As of the date of this announcement, no definitive arrangement has been agreed between the Company and the relevant authorities in this regard.

In light of the above, the Directors believe that the terms of the Assignment Contracts are fair and reasonable and the Acquisitions are in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

The Company and the Group

The Company is an investment holding company with trading of steel products and iron ore business. The Group is principally engaged in the manufacturing and sales of iron and steel products, trading of steel products, iron ore and related raw materials, sales of power equipment and real estate business.

Relevant Subsidiaries

Jinxi Limited is a company established in the PRC with limited liability and a 97.6% indirectly owned subsidiary of the Company. It is principally engaged in manufacturing and sales of steel products, trading of steel products, iron ore and related raw materials, sales of power equipment and real estate business.

Hebei Jinxi New Material Technology Co., Ltd.* (河北津西新材料科技有限公司) is a company established in the PRC with limited liability and a 97.6% indirectly owned subsidiary of the Company. It is principally engaged in new material technology and building engineering design service.

Hebei Jinxi Iron and Steel Group Heavy Industry Science and Technology Co., Ltd.* (河北津西鋼鐵集團重工科技有限公司) is a company established in the PRC with limited liability and a 97.6% indirectly owned subsidiary of the Company. It is principally engaged in manufacturing and sales of casting products and equipment maintenance.

The Vendor

The Qianxi Land Bureau is a PRC governmental body in charge of the administration of land resources in Qianxi County, Tangshan City, Hebei Province, the PRC and the enforcement of relevant laws and regulations. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Qianxi Land Bureau and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

IMPLICATIONS UNDER THE LISTING RULES

According to Rule 14.22 of the Listing Rules, the 2022 Acquisition and the 2023 Acquisition shall be aggregated as they were entered into within a 12-month period. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the consideration of the 2023 Acquisition alone and, when aggregated with the consideration of the 2022 Acquisition, exceeds 5% but is less than 25%, the entering into of the 2023 Assignment Contracts by the Relevant Subsidiaries constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“2022 Acquisition”	the acquisition of the land use rights of the 2022 Land Parcel pursuant to the 2022 Assignment Contract
“2023 Acquisition”	the acquisition of the land use rights of the 2023 Land Parcel pursuant to the 2023 Assignment Contracts
“2022 Assignment Contract”	the contract for state-owned construction land use right assignment* (國有建設用地使用權出讓合同) entered into between Jinxi Limited and the Vendor in respect of the 2022 Acquisition dated 8 September 2022

“2023 Assignment Contracts” the contracts for state-owned construction land use right assignment* (國有建設用地使用權出讓合同) entered into between the Relevant Subsidiaries and the Vendor in respect of the 2023 Acquisition dated 27 March 2023

“Assignment Contracts” the 2022 Assignment Contract and the 2023 Assignment Contracts

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

Hong Kong, 27 March 2023

As at the date of this announcement, the Board comprises Mr. HAN Jingyuan, Mr. ZHU Jun, Mr. SHEN Xiaoling, Mr. HAN Li and Mr. Sanjay SHARMA being the Executive Directors, Mr. Ondra OTRADOVEC and Mr. ZHU Hao being the Non-executive Directors and Mr. WONG Man Chung, Francis, Mr. WANG Tianyi, Mr. WANG Bing and Dr. TSE Cho Che, Edward 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*