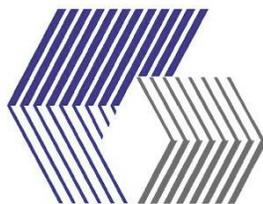


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CHINA ORIENTAL GROUP COMPANY LIMITED

中國東方集團控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 581)

DISCLOSEABLE TRANSACTIONS IN RELATION TO CAPITAL INJECTION INTO SUBSIDIARIES

INTRODUCTION

On 13 June 2023, Qingdao Huadian, a direct wholly-owned subsidiary of HJT (which is in turn an indirect non-wholly owned subsidiary of the Company) and a shareholder of Chongqing Jodear, passed the Chongqing Jodear Capital Injection Resolution, pursuant to which it was resolved that, subject to the shareholders' approval of HJT, Qingdao Huadian would inject capital in the amount of RMB450,000,000 into Chongqing Jodear in the form of registered capital and capital reserves.

In addition, on 13 June 2023, the board of directors of HJT, an indirect non-wholly owned subsidiary of the Company and a shareholder of Chongqing Deyang, passed the Chongqing Deyang Capital Injection Resolution, pursuant to which it was resolved that, subject to the shareholders' approval of HJT, HJT would inject capital in the amount of RMB150,000,000 into Chongqing Deyang in the form of registered capital and capital reserves.

CHONGQING JODEAR CAPITAL INJECTION

On 13 June 2023, Qingdao Huadian, a direct wholly-owned subsidiary of HJT (which is in turn an indirect non-wholly owned subsidiary of the Company) and a shareholder of Chongqing Jodear, passed the Chongqing Jodear Capital Injection Resolution, pursuant to which it was resolved that, subject to the shareholders' approval of HJT, Qingdao Huadian would inject into Chongqing Jodear capital in the amount of RMB450,000,000, of which approximately RMB101.4 million and approximately RMB348.6 million shall be recognised as the registered share capital and the capital reserve of Chongqing Jodear, respectively. Qingdao Huadian shall settle the Chongqing Jodear Capital Injection in cash in a lump sum on the same day following the approval of the shareholders of HJT with respect to the Chongqing Jodear Capital Injection being obtained.

Ms. ZENG Xiangxian, the other shareholder of Chongqing Jodear, has confirmed that she will not exercise her pre-emptive right in connection with the Chongqing Jodear Capital Injection. Ms. ZENG Xiangxian is a PRC citizen. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Ms. ZENG Xiangxian is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

The amount of capital contribution to be made by Qingdao Huadian under the Chongqing Jodear Capital Injection was determined after arm's length negotiations between Qingdao Huadian and Ms. ZENG Xiangxian with reference to, among other things, the value of 100% equity interests in Chongqing Jodear as at 31 December 2021 of approximately RMB357.1 million derived from the valuation report regarding Chongqing Jodear and its subsidiaries as at 31 December 2021 prepared by an independent PRC qualified valuer, the audited financial information of Chongqing Jodear for the financial year ended 31 December 2022 and the operational needs of Chongqing Jodear.

The capital contribution to be made by Qingdao Huadian under the Chongqing Jodear Capital Injection will be financed by the internal resources of Qingdao Huadian.

Shareholding Structure of Chongqing Jodear

The following table illustrates the shareholding structure of Chongqing Jodear as of the date of this announcement and immediately following the completion of the Chongqing Jodear Capital Injection:

	As of the date of this announcement		Immediately following the completion of the Chongqing Jodear Capital Injection	
	<i>Contribution to the registered share capital of Chongqing Jodear (RMB)</i>	<i>Approximate percentage of shareholding</i>	<i>Contribution to the registered share capital of Chongqing Jodear (RMB)</i>	<i>Approximate percentage of shareholding</i>
Qingdao Huadian	48,000,000	80%	149,407,473	92.6%
Ms. ZENG Xiangxian	<u>12,000,000</u>	<u>20%</u>	<u>12,000,000</u>	<u>7.4%</u>
Total	<u><u>60,000,000</u></u>	<u><u>100%</u></u>	<u><u>161,407,473</u></u>	<u><u>100%</u></u>

CHONGQING DEYANG CAPITAL INJECTION

On 13 June 2023, the board of directors of HJT, an indirect non-wholly owned subsidiary of the Company and a shareholder of Chongqing Deyang, passed the Chongqing Deyang Capital Injection Resolution, pursuant to which it was resolved that, subject to the shareholders' approval of HJT, HJT would inject into Chongqing Deyang capital in the amount of RMB150,000,000, of which approximately RMB50.7 million and approximately RMB99.3 million shall be recognised as the registered share capital and the capital reserves of Chongqing Deyang, respectively. HJT shall settle the Chongqing Deyang Capital Injection in cash in a lump sum on the same day following the approval of the shareholders of HJT with respect to the Chongqing Deyang Capital Injection being obtained.

Ms. ZENG Xiangxian, the other shareholder of Chongqing Deyang, has confirmed that she will not exercise her pre-emptive right in connection with the Chongqing Deyang Capital Injection.

The amount of capital contribution to be made by HJT under the Chongqing Deyang Capital Injection was determined after arm's length negotiations between HJT and Ms. ZENG Xiangxian with reference to, among other things, the value of 100% equity interests in Chongqing Deyang as at 31 December 2021 of approximately RMB107.3 million derived from the valuation report regarding Chongqing Jodear and its subsidiaries as at 31 December 2021 prepared by an independent PRC qualified valuer, the unaudited financial information of Chongqing Deyang for the financial year ended 31 December 2022 and the operational needs of Chongqing Deyang.

The capital contribution to be made by HJT under the Chongqing Deyang Capital Injection will be financed by the internal resources of HJT.

Shareholding Structure of Chongqing Deyang

The following table illustrates the shareholding structure of Chongqing Deyang as of the date of this announcement and immediately following the completion of the Chongqing Deyang Capital Injection:

	As of the date of this announcement		Immediately following the completion of the Chongqing Deyang Capital Injection	
	<i>Contribution to the registered share capital of Chongqing Deyang (RMB)</i>	<i>Approximate percentage of shareholding</i>	<i>Contribution to the registered share capital of Chongqing Deyang (RMB)</i>	<i>Approximate percentage of shareholding</i>
HJT	24,000,000	80%	74,703,737	92.6%
Ms. ZENG Xiangxian	6,000,000	20%	6,000,000	7.4%
Total	<u>30,000,000</u>	<u>100%</u>	<u>80,703,737</u>	<u>100%</u>

INFORMATION ON 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.

Chongqing Jodear

Chongqing Jodear is a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of HJT, which is in turn an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the research and development, manufacturing and sales of electric power transmission facilities.

A summary of the consolidated financial information of Chongqing Jodear prepared in accordance with the generally accepted accounting principles of the PRC is set out below:

	For the financial year ended 31 December	
	2022	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(audited)</i>	<i>(audited)</i>
Net profit before taxation	13,304.1	17,878.8
Net profit after taxation	11,804.5	14,812.4
		As at 31 December 2022
		<i>(RMB'000)</i>
		<i>(audited)</i>
Net assets		128,381.8

Qingdao Huadian

Qingdao Huadian is a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of HJT, which is in turn an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the research and development, manufacturing and sales of electric power transmission facilities.

Chongqing Deyang

Chongqing Deyang is a company incorporated in the PRC with limited liability and a direct non-wholly owned subsidiary of HJT, which is in turn an indirect non-wholly owned subsidiary of the Company. It is an investment holding company and its subsidiary is principally engaged in the research and development, manufacturing and sales of electric power transmission facilities.

A summary of the consolidated financial information of Chongqing Deyang prepared in accordance with the generally accepted accounting principles of the PRC is set out below:

	For the financial year ended 31 December	
	2022	2021
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit before taxation	2,013.4	1,325.9
Net profit after taxation	1,116.9	817.7
		As at 31 December 2022
		<i>(RMB'000)</i>
		<i>(unaudited)</i>
Net assets		12,916.1

HJT

HJT is a company incorporated in the PRC with limited liability with its issued shares listed on the Shanghai Stock Exchange (stock code: 603577) and an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the research and development, manufacturing and sales of electric power transmission facilities.

REASONS AND BENEFITS FOR THE CHONGQING JODEAR CAPITAL INJECTION AND THE CHONGQING DEYANG CAPITAL INJECTION

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.

As disclosed in the 2022 annual report of the Company, the Group will continue to strengthen the upstream and downstream linkages and integration with HJT's power transmission equipment business this year. The respective capital contribution to be made by Qingdao Huadian and HJT under the Chongqing Jodear Capital Injection and the Chongqing Deyang Capital Injection are expected to be applied to loan repayment and general working capital. The Chongqing Jodear Capital Injection and the Chongqing Deyang Capital Injection are expected to enhance the capital structure of Chongqing Jodear and Chongqing Deyang respectively and allow Chongqing Jodear and Chongqing Deyang to expand their respective scale of operation, which in turn supports the development of the downstream business linkages of the Group, aligning with the aforementioned development strategy of the Group.

In light of the above, the Directors believe that the terms of the Chongqing Jodear Capital Injection and the Chongqing Deyang Capital Injection are fair and reasonable and the Chongqing Jodear Capital Injection and the Chongqing Deyang Capital Injection will be in the interests of the Company and Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

According to Rule 14.22 of the Listing Rules, the Chongqing Jodear Capital Injection and the Chongqing Deyang Capital Injection shall be aggregated as they involved capital injection into a group of non-wholly owned subsidiaries of HJT and 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 Chongqing Jodear Capital Injection alone and, when aggregated with the consideration of the Chongqing Deyang Capital Injection, exceeds 5% but is less than 25%, each of the Chongqing Jodear Capital Injection and the Chongqing Deyang Capital Injection 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:

“Board”	the board of Directors
“Chongqing Deyang”	Chongqing Deyang International Trading Co., Ltd.* (重慶德揚國際貿易有限公司), a company incorporated in the PRC with limited liability and a direct non-wholly owned subsidiary of HJT, which is in turn an indirect non-wholly owned subsidiary of the Company
“Chongqing Deyang Capital Injection”	the proposed conditional capital injection into Chongqing Deyang in an aggregate amount of RMB150,000,000 by HJT, as resolved pursuant to the Chongqing Deyang Capital Injection Resolution
“Chongqing Deyang Capital Injection Resolution”	the resolution passed by the board of directors of HJT on 13 June 2023 in relation to the Chongqing Deyang Capital Injection
“Chongqing Jodear”	Chongqing Jodear Power Equipment Co., Ltd.* (重慶江電電力設備有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of HJT, which is in turn an indirect non-wholly owned subsidiary of the Company
“Chongqing Jodear Capital Injection”	the proposed conditional capital injection into Chongqing Jodear in an aggregate amount of RMB450,000,000 by Qingdao Huadian, as resolved pursuant to the Chongqing Jodear Capital Injection Resolution

“Chongqing Jodear Capital Injection Resolution”	the resolution passed by the board of directors of Qingdao Huadian on 13 June 2023 in relation to the Chongqing Jodear Capital Injection
“Company”	China Oriental Group Company Limited, a company incorporated in Bermuda with limited liability and its issued shares are listed on the main board of the Stock Exchange
“Director(s)”	directors(s) of the Company
“Group”	collectively, the Company and its subsidiaries from time to time
“HJT”	Qingdao Huijintong Power Equipment Company Limited* (青島匯金通電力設備股份有限公司), a company incorporated in the PRC with limited liability with its issued shares listed on the Shanghai Stock Exchange (stock code: 603577) and an indirect non-wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Qingdao Huadian”	Qingdao Huadian Marine Equipment Co., Ltd.* (青島華電海洋裝備有限公司), a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of HJT, which is in turn an indirect non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 13 June 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*