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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 : 00581)

**VOLUNTARY ANNOUNCEMENT
POTENTIAL DISCLOSEABLE TRANSACTION IN
RELATION TO ACQUISITION OF ASSETS**

The Board is pleased to announce that on 21 June 2022, Guangxi Huadian (an indirectly owned subsidiary of the Company) received a notification of the results of its bid for the Target Assets owned by Guangxi SBD at the proposed consideration of approximately RMB297 million (excluding taxation) (the “**Bid**”)(the “**Bid-Winning Confirmation Letter**”), pursuant to which Guangxi Huadian is confirmed to be the preferred bidder and it shall enter into an assignment contract (the “**Assignment Contract**”) with Guangxi SBD to acquire the Target Assets (the “**Potential Acquisition**”).

The relevant payment terms and other terms and conditions in respect of the Potential Acquisition shall be further agreed between Guangxi Huadian and Guangxi SBD in the Assignment Contract.

THE BID

Other principal terms of the Bid are summarised as follows:

Parties:

- (1) Guangxi SBD, as vendor
- (2) Guangxi Huadian, as the preferred bidder

Guangxi SBD is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Guangxi Power Grid Co., Ltd. (廣西電網有限責任公司). It is principally engaged in general contracting of electric power engineering and infrastructure construction projects and exportation of construction equipment and materials.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Guangxi SBD and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under Listing Rules).

Target Assets:

(1) Intangible assets:

- (a) Land use rights over state-owned construction land parcel Nanning State Use (2014) No. 642272 (南寧國用(2014)第642272號國有建設用地), situated at Wuwei Town, Nanning City, Guangxi (廣西南寧市吳圩鎮) with a total site area of 186,454.81 m²;
- (b) Certain software assets including manufacturing execution system (MES) production information management system, tower stakeout design system and SigmaNest cutting management nesting software;
- (c) Three utility model patents including (i) a pickling workshop for a steel structure factory; (ii) a box cross arm for electric power steel pipe pole; and (iii) CNC plasma cutting machine platform and basin to be used for absorbing plasma cutting's smoke and dust; and
- (d) A trademark relating to products registered on 30 July 1998 with registration number of 319811 and expiring on 29 July 2028;

(2) Fixed assets:

- (a) Buildings with a total gross floor area of 83,041.32 m²;
- (b) 665 sets of machinery and equipment;
- (c) 11 transportation vehicles; and
- (d) 227 sets of electronic equipment; and

(3) Inventories including in-process products and raw materials.

Deposit and Signing of the Assignment Contract:

Guangxi Huadian had paid a cash deposit of RMB89,140,000 (the “**Deposit**”) to participate in an online auction (the “**Auction**”) and submit the Bid. The amount of the Deposit was stipulated in the Auction documents issued by China Beijing Equity Exchange pursuant to applicable PRC laws and regulations.

Unless the parties agree otherwise, within 5 business days from the date of the Bid-Winning Confirmation Letter, Guangxi Huadian shall enter into the Assignment Contract with Guangxi SBD to acquire the Target Assets. If Guangxi Huadian fails to enter into the Assignment Contract within 5 business days from the date of the Bid-Winning Confirmation Letter, unless the parties agree otherwise, then Guangxi Huadian’s status as the preferred bidder at the Auction shall be revoked and the Deposit shall be forfeited.

IMPLICATIONS UNDER THE LISTING RULES

If the Potential Acquisition is materialised, as the highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Potential Acquisition is expected to exceed 5% but will be less than 25%, the Potential Acquisition is expected to constitute a discloseable transaction for the Company and will be subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

If the Potential Acquisition is materialised, the Company shall make further announcement in respect of the Potential Acquisition and the terms of the Assignment Contract as and when appropriate in accordance with the Listing Rules.

As completion of the Potential Acquisition is subject to the final terms and the execution of the Assignment Contract, the Potential Acquisition may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“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)”	the director(s) of the Company

“Guangxi Huadian”	Guangxi Huadian Intelligent Equipment Co., Ltd.* (廣西華電智能裝備有限公司), a company incorporated in the PRC with limited liability and an indirectly owned subsidiary of the Company
“Guangxi SBD”	Guangxi Transmission & Substation Construction Co., Ltd.* (廣西送變電建設有限責任公司), a company incorporated in the PRC with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Assets”	has the meaning as defined in the section headed “THE BID” in this announcement
“%”	per cent

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

Hong Kong, 21 June 2022

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. 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 purpose only*