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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ACQUISITION OF SHARES OF JIANGSU SHENTONG

Reference is made to the announcement of China Oriental Group Company Limited dated 2 December 2025 in relation to the acquisition of shares of Jiangsu Shentong Valve Co., Ltd.* (江蘇神通閥門股份有限公司) by 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) (the "**Announcement**"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Board wishes to provide the following supplemental information in relation to the Acquisition and the Potential Further Acquisition.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the Announcement, Jiangsu Shentong is a supplier of valves and a provider of equipment maintenance services to the Group. In addition to supplying metallurgical valves to steel manufacturers, Jiangsu Shentong has developed a valve information management system utilising 5G Internet of Things technology, which records detailed lifecycle and maintenance data for each valve. This system enables steel manufacturers, including the Group, in optimising maintenance planning and reducing unnecessary inventory levels. Jiangsu Shentong has also successfully implemented several key energy-saving technological upgrades for multiple blast furnaces operated by the Group. Through this deep integration into the Group's core production processes, Jiangsu Shentong and the Group have jointly developed an integrated technical solutions capability combining production technology with specialised equipment.

Given Jiangsu Shentong's long-standing role as an upstream supplier to the Group, the Acquisition constitutes a vertical acquisition of a minority equity stake by Jinxi Heavy Industry. This minority investment enables the Group to strengthen the stability of its existing commercial relationship with Jiangsu Shentong. It is also expected to facilitate deeper cooperation between the Group and Jiangsu Shentong and create a foundation for potential future strategic initiatives.

In addition, as a strategic customer, the Group seeks to benefit from Jiangsu Shentong's continued growth and technological development. Jiangsu Shentong has achieved solid and sustained growth over the past three years. Compared with the year 2022, its revenue and net profits attributable to the shareholders for the year 2024 increased by approximately 9.6% and 29.6%, respectively.

The Group's equity investment in Jiangsu Shentong may also provide financial benefits, including potential appreciation in share value and dividends. Jiangsu Shentong has consistently declared and distributed cash dividends since its listing on the Shenzhen Stock Exchange in 2010. Over the past three financial years, Jiangsu Shentong's dividend payout has exhibited a clear upward trajectory, rising from RMB0.5 per 10 shares of Jiangsu Shentong for the year 2022 to RMB1.6 per 10 shares of Jiangsu Shentong and RMB1.75 per 10 shares of Jiangsu Shentong for the years 2023 and 2024, respectively.

Having taken into account the above factors, the Directors (including all independent non-executive Directors, but excluding (i) Mr. HAN Li, Mr. HAN Jingyuan and Mr. SHEN Xiaoling, who shall abstain from voting on the relevant resolutions of the Board, and (ii) Mr. Sanjay SHARMA and Mr. Ondra OTRADOVEC, who did not vote on the relevant resolutions of the Board) consider that the terms of the Acquisition are fair and reasonable, the Acquisition is on normal commercial terms or better (although it is not conducted in the ordinary and usual course of business of the Group), and the Acquisition is in the interests of the Company and the Shareholders as a whole.

POTENTIAL FURTHER ACQUISITION

In determining the expected total consideration for the Potential Further Acquisition, the Company has taken into account an array of factors, including the intended level of strategic alignment, the prevailing market price of shares of Jiangsu Shentong, the business and financial performance and prospects of Jiangsu Shentong, and the requirements of applicable rules and regulations.

Based on the closing price of the shares of Jiangsu Shentong of RMB14.73 per share on 5 December 2025 and the number of total issued shares of Jiangsu Shentong of 507,537,461 as at 5 December 2025, and assuming that there will be no change to the issued share capital of Jiangsu Shentong between 5 December 2025 and completion of all Potential Further Acquisition (if any), the total equity interest in Jiangsu Shentong that may be further acquired by Jinxi Heavy Industry pursuant to the Potential Further Acquisition would range from approximately 1.34% to 2.07% of shares of Jiangsu Shentong.

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

Hong Kong, 9 December 2025

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, Mr. Sanjay SHARMA and Mr. LI Mingdong being the executive directors, Mr. Ondra OTRADOVEC being the non-executive director and Mr. WONG Man Chung Francis, Mr. WANG Bing, Dr. TSE Cho Che Edward and Ms. YU Fang Jing being the independent non-executive directors.

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