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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)

CONNECTED TRANSACTION FURTHER ACQUISITION OF SHARES OF JIANGSU SHENTONG

THE ACQUISITION

On 31 December 2025, Jinxi Heavy Industry, a subsidiary of the Company, effected on-market trade on the Shenzhen Stock Exchange to acquire 1,600,000 shares of Jiangsu Shentong (representing approximately 0.32% of the issued shares of Jiangsu Shentong as of the date of this announcement) at an average price of approximately RMB15.83 per share (equivalent to approximately HK$17.65 per share) for an aggregate consideration of approximately RMB25.33 million (equivalent to approximately HK$28.24 million). The aggregate consideration of the Acquisition will be settled in cash and fully funded by internal resources of the Group.

As the Acquisition was conducted on-market, the price of each trade for the Acquisition represented the then market price of the relevant Target Shares subject to such trade, and the Company is not aware of the identity of the sellers of the Target Shares. Therefore, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the sellers of the Target Shares and their respective ultimate beneficial owner(s) (where applicable) are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Reference is made to the announcements of the Company dated 2 December 2025, 9 December 2025, 11 December 2025, 22 December 2025 and 23 December 2025 in relation to the previous acquisitions by the Group of shares of Jiangsu Shentong. Immediately prior to the Acquisition, the Group held a total of 9,129,000 shares of Jiangsu Shentong (representing approximately 1.80% of the issued shares of Jiangsu Shentong as of the date of this announcement). Immediately following the Acquisition, the Group holds a total of 10,729,000 shares of Jiangsu Shentong (representing approximately 2.11% of the issued shares of Jiangsu Shentong as of the date of this announcement).

INFORMATION ON THE PARTIES

Information on the Group and Jinxi Heavy Industry

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.

Jinxi Heavy Industry 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.

Information on Jiangsu Shentong

Jiangsu Shentong is a company incorporated in the PRC with limited liability, shares of which are listed on the Shenzhen Stock Exchange (stock code: 002438). Jiangsu Shentong is principally engaged in research and development, production and sale of novel special valves. The products offered by Jiangsu Shentong and its subsidiaries have been widely applied in several fields, including the metallurgical industry, the nuclear energy sector, the petrochemical industry, and other energy industries.

Set out below is certain consolidated financial information of Jiangsu Shentong for the years ended 31 December 2023 and 31 December 2024 or as of 30 September 2025 in accordance with the generally accepted accounting principles of the PRC:

	For the financial year ended 31 December	
	2024	2023
	(RMB million)	*(RMB million)*
Net profit before taxation	324.7	294.7
Net profit after taxation	294.2	268.9

	As of 30 September 2025
	(RMB million)
Net assets	3,678.7

REASONS FOR AND BENEFITS OF THE ACQUISITION

As disclosed in the 2025 interim report of the Company, the Group will continuously and actively explore business opportunities that are in line with its corporate strategy, including opportunities for horizontal and vertical corporate mergers and acquisitions, to broaden revenue sources, enhance profitability and achieve sustainable growth.

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 nonexecutive 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.

IMPLICATIONS UNDER THE LISTING RULES

As of the date of this announcement, Mr. HAN Li, an executive Director of the Company, controls approximately 18.2% of shares of Jiangsu Shentong in aggregate through (a) his direct interests in Jiangsu Shentong; and (b) Juyuan Ruili, of which he is the general partner. Accordingly, the Acquisition constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Acquisition, on a standalone basis and when aggregated with previous acquisitions by the Group of shares of Jiangsu Shentong within the last 12 months, is more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. HAN Li is a substantial shareholder (as defined under the Listing Rules) and chairman of the board of Jiangsu Shentong, Mr. HAN Jingyuan is the father of Mr. HAN Li and the brother of a Juyuan Ruili Investor, and Mr. SHEN Xiaoling is the father of another Juyuan Ruili Investor, they have abstained from voting on the relevant resolutions of the Board approving the Acquisition. Save as disclosed above, none of the other Directors is regarded as having a material interest in, and therefore none of them is required to abstain from voting on, the relevant resolutions of the Board approving the Acquisition.

DEFINITIONS

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

"Acquisition"	the acquisition by Jinxi Heavy Industry of the Target Shares through on-market purchases
"Board"	the board of Directors
"Company"	China Oriental Group Company Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
"Director(s)"	the director(s) of the Company
"Group"	collectively, the Company and its subsidiaries from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Jiangsu Shentong"	Jiangsu Shentong Valve Co., Ltd.* (江蘇神通閥門股份有限公司), a company incorporated in the PRC with limited liability, shares of which are listed on the Shenzhen Stock Exchange (stock code: 002438)
"Jinxi Heavy Industry"	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), a company incorporated in the PRC with limited liability and a 97.6% indirectly owned subsidiary of the Company
"Juyuan Ruili"	Ningbo Juyuan Ruili Entrepreneurship Investment Partnership (Limited Partnership)* (寧波聚源瑞利創業投資合夥企業（有限合夥）), the general partner of which is Mr. HAN Li
"Juyuan Ruili Investor"	a limited partner of Juyuan Ruili
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"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)"	the holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Shares"	1,600,000 shares of Jiangsu Shentong
"%"	per cent

Note: This announcement contains translations between Renminbi and Hong Kong dollars at RMB0.8970 = HK$1.00. The translations are not representations that Renminbi and Hong Kong dollars could actually be converted at such rate, if at all.

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

Hong Kong, 31 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.

This announcement is published on the websites of the Company (www.chinaorientalgroup.com) and the Stock Exchange (www.hkexnews.hk)

**For identification purposes only*