

ORIENTAL GROUP LTD.
(Company Registration No. 200401998C)
(Incorporated in Singapore)

DIFFERENCES BETWEEN PRELIMINARY AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2013

This announcement has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte. Ltd. ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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The Board of Directors of Oriental Group Ltd. (the "**Company**") refers to the Company's announcement entitled "Unaudited Financial Statements and Dividend Announcement for Financial Year Ended 31 December 2013 ("FY2013")" ("**FY2013 Results Announcement**") released on 28 February 2014.

Since the release of FY2013 Results Announcement, the audit of the Company and the Group consolidated financial statements has been completed.

Pursuant to Rule 704 (5) of the SGX-ST Listing Manual Section B: Rules of Catalist, the following sections presents the reclassifications and subsequent other adjustments made during the finalisation of the audit.

A. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group Year ended 31 December 2013			
	Audited RMB'000	Unaudited RMB'000	Difference RMB'000	Please refer to
Revenue	439,146	439,146	-	
Cost of sales	(403,579)	(403,579)	-	
Gross profit	35,567	35,567	-	
Other income	730	730	-	
Distribution expenses	(4,440)	(4,440)	-	
Administrative expenses	(18,310)	(18,349)	39	
Other expenses	(144)	(144)	-	
Results from operating activities	13,403	13,364	39	#
Finance income	29	57	(28)	
Finance expenses	(2,794)	(2,645)	(149)	
Net finance expense	(2,765)	(2,588)	(177)	Note 1
Profit before income tax	10,638	10,776	(138)	
Income tax expense	(6,379)	(6,725)	346	Note 2
Profit for the year	4,259	4,051	208	
Profit attributable to:				
Owners of the Company	4,756	4,551	205	
Non-controlling interests	(497)	(500)	3	
Profit for the year	4,259	4,051	208	Note 3
Other comprehensive income for the year				
Items that are or may be reclassified subsequently to profit or loss:				
- Foreign currency translation differences on liquidation of subsidiary reclassified to profit or loss	-	-	-	
- Translation differences relating to financial statement of a subsidiary with functional currency other than RMB	(864)	(1,040)	176	Note 1
Total comprehensive income for the year, net of tax	3,395	3,011	384	
Total comprehensive income attributable to:				
Owners of the Company	3,892	3,511	381	
Non-controlling interests	(497)	(500)	3	
Total comprehensive income for the year, net of tax	3,395	3,011	384	

Amount immaterial

Note:

- 1) The increase in net finance expenses of RMB0.177 million was mainly due to reclassification from translation differences.
- 2) The decrease in income tax expense was mainly due to adjustments made on overprovision of income tax amounting to RMB0.346 million.
- 3) As a result of the adjustments set out in notes 1 to 2 above, the Group's profit after income tax has increased by RMB0.208 million from RMB 4.051 million to RMB 4.259 million.

B. STATEMENT OF FINANCIAL POSITION

	Group Year ended 31 December 2013			
	Audited RMB'000	Unaudited RMB'000	Difference RMB'000	Please refer to
Non-current assets				
Property, plant and equipment	108,168	130,852	(22,684)	Note 4
Lease prepayments	24,285	—	24,285	Note 4
Intangible assets	44	44	-	
Subsidiaries	—	—	-	
	<u>132,497</u>	<u>130,896</u>	1,601	
Current assets				
Inventories	36,088	36,088	-	
Trade and other receivables	129,902	129,345	557	Note 5
Cash at bank and in hand	16,620	16,620	-	
	<u>182,610</u>	<u>182,053</u>	557	
Current liabilities				
Trade and other payables	106,971	103,690	3,281	Note 6
Loans and borrowings	23,992	23,992	-	
Current tax payable	2,303	3,810	(1,507)	Note 7
	<u>133,266</u>	<u>131,492</u>	(1,774)	
Net current assets	<u>49,344</u>	<u>50,561</u>	1,217	
Non-current liabilities				
Loans and borrowings	13,612	13,612	-	
	<u>13,612</u>	<u>13,612</u>	-	
Net Assets	<u>168,229</u>	<u>167,845</u>	384	
Capital, reserves and non-controlling interest				
Share capital	179,491	179,491	-	
Reserves	(10,766)	(11,147)	381	
Equity attributable to owners of the Company	<u>168,725</u>	<u>168,344</u>	381	
Non-controlling interests	(496)	(499)	3	#
Total equity	<u>168,229</u>	<u>167,845</u>	384	

Amount immaterial

Note:

4) The differences due to the followings:

	RMB'000
Reclassification of Lease prepayments from property, plant and equipment	22,684
Adjustment for cost of lease prepayment:	
- Xinghua Rongcheng (as per note 5)	(599)
- Jiangyin Chengsheng (as per note 6)	2,200
	<u>24,285</u>

5) The increase in trade and other receivables was due to the followings:

	RMB'000
Reclassification of cost of lease prepayment-Xinghua Rongcheng to other receivables (as per note 4)	599
Others	(42)
	<u>557</u>

6) The increase in trade and other payables was due to the followings:

	RMB'000
Increase in loan from related parties due to increase in the cost of lease prepayment by Jiangyin Chengsheng which paid on behalf by related parties (as per note 4)	2,200
GST Payable has been reclassified from current tax payable to other payables (as per note 7)	1,161
Decrease in accrued operating expenses	(80)
	<u>3,281</u>

7) The decrease in current tax payable was due to the followings:

	RMB'000
Overprovision of income tax expenses by Xinghua Rongcheng Precision Casting Co., Ltd. ('Xinghua Rongcheng') (as per note 2)	346
Reclassification of GST Payable from current tax payable to trade and other payables (as per note 6)	1,161
	<u>1,507</u>

C. CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Year ended 31 December 2013			
	Audited RMB'000	Unaudited RMB'000	Difference RMB'000	Please refer to
<u>Cash flows from operating activities</u>				
Profit after income tax	4,259	4,051	208	
Add: Income tax expense	6,379	6,725	(346)	Note 2
Profit before income tax	10,638	10,776	(138)	Note 8
Adjustments for :				
Gain on disposal of subsidiary*	(108)	(108)	-	
Property, plant and equipment written off	9	-	9	#
Depreciation of property, plant and equipment	4,557	4,810	(253)	Note 9
Amortisation of lease prepayments	253	-	253	Note 9
Amortisation of intangible asset	27	27	-	
Interest income	(29)	(29)	-	
Interest expense	2,164	2,164	-	
Unrealised foreign exchange loss in relation to convertible loan notes	-	(30)	30	#
	17,511	17,610	(99)	
Changes in:				
Inventories	(11,722)	(11,722)	-	
Trade and other receivables	205,803	209,737	(3,934)	Note 10
Trade and other payables	(216,337)	(221,802)	5,465	Note 11
Cash used in operations	(4,745)	(6,177)	1,432	
Income taxes paid	(5,946)	(4,785)	(1,161)	Note 6
Net cash used in operating activities	(10,691)	(10,962)	271	
<u>Cash flows from investing activities</u>				
Non-controlling interest on additional investment in subsidiary	-	1	(1)	#
Interest received	29	29	-	
Acquisition of subsidiary, net of cash	(48,550)	(48,550)	-	
Purchase of prepaid lease	(408)	-	(408)	Note 12
Purchase of property, plant and equipment	(49,680)	(49,671)	(9)	#
Purchase of intangible assets	(42)	(42)	-	
Disposal of subsidiaries, net of cash	(1,085)	(1,085)	-	
Net cash used in investing activities	(99,736)	(99,318)	(418)	
<u>Cash flows from financing activities</u>				
Non-controlling interest on additional investment in subsidiary	1	-	1	#
Proceeds from issue of shares	107,158	105,668	1,490	Note 13
Proceeds from bank borrowings	17,992	17,992	-	
Deposit pledged	(9,038)	(9,038)	-	
Interest paid	(1,693)	(2,451)	758	Note 14
Net cash generated from financing activities	114,420	112,171	2,249	
Net increase in cash and cash equivalents	3,993	1,891		
Effect of exchange rate fluctuation on cash	(1,622)	480	(2,102)	Note 15
Cash and cash equivalents at beginning of the year	5,211	5,211	-	
Cash and cash equivalents at end of the year	7,582	7,582	-	

Amount immaterial

Note:

- 8) As a result of the adjustments and reclassifications as set out in note 1 to 3 above, the Group's profit before tax has decreased by RMB0.138 million from RMB10.776 million to RMB10.638 million.
- 9) Decrease in depreciation on property, plant and equipment of RMB0.253 million has been reclassified to amortisation of lease prepayments.
- 10) Decrease in changes in working capital for Trade and other receivables is mainly due to reclassification of VAT tax receivables amounting to RMB3.377 million from changes in working capital in Trade and other payables, and reclassification of cost of lease prepayment to other receivables (see Note 5) amounting to RMB0.557 million.
- 11) Decrease in changes in working capital for Trade and other payables is mainly due to reclassification of VAT tax receivables amounting to RMB3.377 million to changes in working capital in Trade and other receivables (see Note 10), increase of loan from related parties of RMB2.2 million (see Note 6) and decrease in other payables of RMB0.112 million.
- 12) Increase in purchase of prepaid lease of RMB0.408 million was due to reclassification of lease prepayments from property, plant and equipment (see note 4).
- 13) Increase in proceeds from issue of shares was mainly due to reclassification from effect of exchange rate fluctuation on cash of RMB1.49 million (see note 15).
- 14) Decrease in interest paid was mainly due to reclassification to effect of exchange rate fluctuation on cash of RMB0.758 million (see note 15).
- 15) Decrease in effect of exchange rate fluctuation on cash was due to the followings:

	RMB'000
Proceeds from issue of shares (see note 13)	1,490
Interest paid (see note 14)	758
Others	(146)
	2,102

BY ORDER OF THE BOARD

LEE WAN SING
EXECUTIVE DIRECTOR
10 April 2013