



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014 ("FY2014")

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

PART I: INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENTS

1. (a) (i) **A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group Year ended 31 December		Increase / (Decrease) %
	2014 RMB'000	2013 RMB'000	
Revenue	377,405	439,146	(14)
Cost of sales	(350,614)	(403,579)	(13)
Gross profit	26,791	35,567	(25)
Other income	2,583	730	254
Distribution expense	(3,472)	(4,440)	(22)
Administrative expense	(22,425)	(18,310)	22
Other expense	(101)	(144)	(30)
Results from operating activities	3,376	13,403	(75)
Finance income	316	29	990
Finance expense	(6,550)	(2,794)	134
(Loss)/Profit before income tax	(2,858)	10,638	NM
Income tax expense	(2,072)	(6,379)	(68)
Net (Loss)/profit	(4,930)	4,259	NM



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	Group Year ended 31 December		
	2014	2013	Increase / (Decrease)
	RMB'000	RMB'000	%
(Loss)/Profit attributable to:			
Owners of the Company	(5,097)	4,756	NM
Non-controlling interests	167	(497)	NM
(Loss)/Profit for the year	(4,930)	4,259	NM
Other comprehensive income for the year			
Items that are or may be reclassified subsequently to profit or loss:			
- Foreign currency translation differences	(224)	(864)	243
Other comprehensive income for the year, net of tax	(224)	(864)	243
Total comprehensive income for the year	(5,154)	3,395	NM
Total comprehensive income attributable to:			
Owners of the Company	(5,334)	3,892	NM
Non-controlling interests	180	(497)	NM
Total comprehensive income for the year	(5,154)	3,395	NM
Net profit margin	NM	0.97%	

NM: Not Meaningful



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

1. (a) (ii) Notes to statement of comprehensive income for the current financial year reported on and the corresponding period of the immediately preceding financial year.

Net profit/(loss) for the year is arrived at after charging/(crediting) the following items:

	Group	
	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Amortisation of lease prepayments	603	253
Amortisation of intangible asset	35	27
Directors' remuneration	1,369	1,179
Directors' fees	800	872
Depreciation of property, plant and equipment	9,642	4,557
Finance income	(316)	(29)
Finance expense comprised of:-		
- Foreign exchange (gain)/loss, net	(123)	630
- Interest expense	6,673	2,164
Impairment loss on inventories	1,693	-
Operating lease expense	1,948	4,210
Other income comprised of:-		
- Gain on disposal of property, plant and equipment	(5)	-
- Gain on disposal of subsidiary	(1,134)	(108)
- Government incentives	(520)	-
- Sale of production slag	(841)	(412)
- Others	(83)	(210)
Property, plant and equipment written off	-	9



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

1. (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	111,732	108,168	2,651	2,048
Lease prepayments	25,229	24,285	-	-
Intangible assets	9	44	-	-
Subsidiaries	-	-	1	1
Deferred tax assets	750	-	-	-
	<u>137,720</u>	<u>132,497</u>	<u>2,652</u>	<u>2,049</u>
Current assets				
Inventories	24,451	36,088	219	-
Trade and other receivables	140,788	129,902	166,278	173,811
Cash and cash equivalents	4,141	16,620	227	3,815
	<u>169,380</u>	<u>182,610</u>	<u>166,724</u>	<u>177,626</u>
Current liabilities				
Trade and other payables	59,002	106,970	18,882	10,541
Other borrowings	8,212	-	3,519	-
Convertible notes	13,752	-	13,752	-
Bank borrowings	65,000	23,992	-	2,992
Current tax payable	796	2,303	-	-
	<u>146,762</u>	<u>133,265</u>	<u>36,153</u>	<u>13,533</u>
Net current assets	22,618	49,344	130,751	164,093
Non-current liability				
Convertible notes	-	13,612	-	13,612
Net assets	<u>160,338</u>	<u>168,229</u>	<u>133,223</u>	<u>152,530</u>
Capital, reserves and non-controlling interests				
Share capital	179,491	179,491	179,491	179,491
Reserves	(18,837)	(10,766)	(46,268)	(26,961)
Equity attributable to owners of the Company	<u>160,654</u>	<u>168,725</u>	<u>133,223</u>	<u>152,530</u>
Non-controlling interests	(316)	(496)	-	-
Total equity	<u>160,338</u>	<u>168,229</u>	<u>133,223</u>	<u>152,530</u>



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

1. (b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand:

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
65,000	21,964	8,992	15,000

Amount repayable after one year:

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
Nil	Nil	Nil	13,612

Explanatory notes on Loans and Borrowings:

Secured loans and borrowings of RMB65 million comprises the following:

1. Bank loan I amounting to RMB20 million was secured by legal charge over land of Jiangyin Chengsheng Engineering Co., Ltd (江阴澄盛机械制造有限公司)("JYCS") and corporate guarantee from Xinghua Rongcheng Precision Manufacturing Co., Ltd (兴化市荣澄精密铸造有限公司)("XHRC"), where both are wholly-owned subsidiaries of the Group in PRC. Average interest rate for bank loan I during the financial year was approximately 6.0% per annum.
2. Bank loan II amounting to RMB15 million was secured by personal guarantee by the Group's Non-Executive Chairman and controlling shareholder of the Company, Wu Dingrong and a corporate guarantee by a related party, Jiangyin Jincheng Steel Co., Ltd ('江阴锦澄钢铁有限公司') ("JYJS") (an associated company of Wu Dingrong) (an associated company of Wu Dingrong). Average interest rate for bank loan II during the financial year was approximately 9.0% per annum.
3. Bank loan III amounting to RMB10 million was secured by legal charge over plant and machinery of XHRC. Average interest rate for bank loan III during the financial year was approximately 8.4% per annum.
4. Bank loan IV amounting to RMB20 million was secured by corporate guarantee from JYCS and JYJS. Average interest rate for bank loan IV during the financial year was approximately 8.4% per annum.

Unsecured loans and borrowings of RMB22 million comprises the following:

5. Other borrowing I amounting to RMB4.7 million from a minority shareholder of the Company was unsecured with nominal interest rate of 8% per annum and was subsequently converted into convertible notes as announced on 8 January 2015.
6. Other borrowing II amounting to RMB3.5 million which was advance payment from third parties during the year in relation to the subscription of the convertible notes subsequently announced on 8 January 2015.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

7. The unsecured convertible notes amounting to RMB13.8M issued on 30 July 2012 and due on 29 July 2015 bear an interest rate of 8% per annum. The notes are convertible into new ordinary shares in the capital of the Company. The terms of conversion are stated below:

The holders of the notes have the rights at any time to convert all or any number of notes (but not part of any note) up to the entire amount of the notes into ordinary shares at the following prices:

- (a) Where the conversion right is exercised on or before the day immediately preceding the expiration of the 12th month following the subscription date, the conversion price of S\$0.12 per share;
- (b) Where the conversion right is exercised on or between the day of the expiration of the 12th month following the subscription date and the day immediately preceding the expiration of the 24th months following the subscription date, the conversion price of S\$0.13 per share;
- (c) Where the conversion right is exercised on or between the day of the expiration of the 24th month following the subscription date and the day immediately preceding the expiration of the 36th months following the subscription date, the conversion price of S\$0.14 per share;
- (d) Where the conversion right is exercised after the day immediately subsequent to the expiration of the 36th month following the subscription date and the expiration of the 37th months from the issue of the note, the conversion price of S\$0.15 per share.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

1. (c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Cash flows from operating activities		
(Loss)/Profit before income tax	(2,858)	10,638
Adjustments for :		
Amortisation of lease prepayments	603	253
Amortisation of intangible asset	35	27
Depreciation of property, plant and equipment	9,642	4,557
Gain on disposal of subsidiary	(1,134)	(108)
Gain on disposal of property, plant, and equipment	(5)	-
Impairment loss on inventories	1,693	-
Interest income	(316)	(29)
Interest expense	6,673	2,164
Property, plant, and equipment written off	-	9
Unrealised foreign exchange gain	(123)	-
	14,210	17,511
Changes in:		
- inventories	9,944	(11,722)
- prepayment for purchase of raw materials	(40,000)	-
- trade and other receivables	102,867	205,803
- trade and other payables	(50,879)	(216,337)
Cash generated from/(used in) operations	36,142	(4,745)
Income taxes paid	(5,125)	(5,946)
Net generated from/(used in) operating activities	31,017	(10,691)
Cash flows from investing activities		
Acquisition of subsidiary, net of cash (Note 1)	-	(48,550)
Disposal of subsidiary, net of cash (Note 2)	1,500	(1,085)
Interest received	316	29
Prepayment for purchase of property, plant and equipment	(72,070)	-
Proceeds from disposal of property, plant and equipment	49	-
Purchase of intangible asset	-	(42)
Purchase of prepaid lease	(1,000)	(408)
Purchase of property, plant and equipment	(13,308)	(49,680)
Net cash used in investing activities	(84,513)	(99,736)



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Group	
	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Cash flows from financing activities		
Amount owing to director (non-trade)	235	-
Capital contribution from non-controlling interest	-	1
Deposits pledged (Note 3)	(2,000)	(9,038)
Dividend paid to equity holders of the company	(2,579)	-
Interest paid	(5,953)	(1,693)
Proceeds from bank borrowings	119,000	17,992
Proceeds from issue of share capital	-	107,158
Proceeds from third party borrowings	8,212	-
Repayment of bank borrowings	(77,992)	-
Net cash from financing activities	38,923	114,420
Net (decrease)/increase in cash and cash equivalents	(14,573)	3,993
Effect of exchange rate fluctuation	94	(1,622)
Cash and cash equivalents at beginning of the year	16,620	5,211
Cash and cash equivalents at end of the year (Note 3)	2,141	7,582



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Note 1 - Acquisition of subsidiary, net of cash:

	2013 RMB'000
Total assets	
Property, plant and equipment	60,112
Lease prepayments	14,067
Trade and other receivables	253,813
Cash and cash equivalents	6,450
	<u>334,442</u>
Total liabilities	
Trade payables and other payables	(273,442)
Bank borrowings	(6,000)
	<u>(279,442)</u>
Net assets	<u>55,000</u>
 Total consideration paid in cash	 (55,000)
Less: cash and cash equivalents acquired	6,450
Net cash outflow on acquisition of subsidiary	<u>(48,550)</u>

Note 2 - Disposal of subsidiary, net of cash:

	2014 RMB'000	2013 RMB'000
Other receivables and prepayments	_*	21
Cash and cash equivalents	-	1,085
Accruals	-	(84)
Amount due to Oriental Group Ltd.	-	(1,233)
Net Assets / (liabilities)	<u>-*</u>	<u>(211)</u>
 Consideration received on reporting date	 1,500	 _*
Less: cash and cash equivalents disposed of	-	(1,085)
Net cash inflow/(outflow) on disposal of subsidiary on reporting date	<u>1,500</u>	<u>(1,085)</u>
Add: outstanding balance of cash proceeds to be received	1,434	-
Less: accrued commission expenses relating to disposal	(1,800)	-
Net cash inflow/(outflow) on disposal of subsidiary upon completion	<u>1,134</u>	<u>(1,085)</u>

* Less than RMB1,000



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Note 3 – Cash and cash equivalents:

	2014	2013
	RMB'000	RMB'000
Cash and cash equivalents	4,141	16,620
Less: Deposit pledged	(2,000)	(9,038)
Cash and cash equivalents in statement of cashflows	2,141	7,582



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

1. (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY (CON'T)

Group	Share capital	Capital reserve	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	72,333	2,174	915	-	(17,747)	57,675	(64)	57,611
Total comprehensive income for the year								
Profit for the year	-	-	1,841	-	2,915	4,756	(497)	4,259
Other comprehensive income								
- Foreign currency translation difference	-	-	-	(864)	-	(864)	-	(864)
Total comprehensive income for the year	-	-	1,841	(864)	2,915	3,892	(497)	3,395
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of shares	107,446	-	-	-	-	107,446	-	107,446
Share issue costs	(288)	-	-	-	-	(288)	-	(288)
Total contributions by and distributions to owners	107,158	-	-	-	-	107,158	-	107,158
Changes in ownership interests in subsidiaries								
Disposal of subsidiary	-	-	-	-	-	-	64	64
Incorporation of subsidiaries with non-controlling interests	-	-	-	-	-	-	1	1
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	65	65
Total transactions with owners of the Company	107,158	-	-	-	-	107,158	65	107,223
Balance at 31 December 2013	179,491	2,174	2,756	(864)	(14,832)	168,725	(496)	168,229



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

STATEMENTS OF CHANGES IN EQUITY (CON'T)

<u>Group</u>	Share capital	Capital reserve	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Attributable to owners of the Company	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	179,491	2,174	2,756	(864)	(14,832)	168,725	(496)	168,229
Total comprehensive income for the year								
(Loss)/profit for the year	-	-	602	-	(5,699)	(5,097)	167	(4,930)
Other comprehensive income								
- Foreign currency translation difference	-	-	-	(237)	-	(237)	13	(224)
Total comprehensive income for the year	-	-	602	(237)	(5,699)	(5,334)	180	(5,154)
Transactions with owners, recorded directly in equity								
Dividend relating to 2013 paid	-	-	-	-	(2,737)	(2,737)	-	(2,737)
Total transactions with owners of the Company	-	-	-	-	(2,737)	(2,737)	-	(2,737)
Balance at 31 December 2014	179,491	2,174	3,358	(1,101)	(23,268)	160,654	(316)	160,338



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

STATEMENTS OF CHANGES IN EQUITY (CON'T)

<u>Company</u>	Share capital	Capital reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013	72,333	2,174	-	(25,626)	48,881
Total comprehensive income for the year					
Profit for the year	-	-	-	2,621	2,621
Other comprehensive income					
- Foreign currency translation difference	-	-	(6,130)	-	(6,130)
Total comprehensive income for the year	-	-	(6,130)	2,621	(3,509)
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Issue of shares	107,446	-	-	-	107,446
Share issue costs	(288)	-	-	-	(288)
Total contributions by and distributions to owners	107,158	-	-	-	107,158
Total transactions with owners of the Company	107,158	-	-	-	107,158
Balance at 31 December 2013	179,491	2,174	(6,130)	(23,005)	152,530



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

STATEMENTS OF CHANGES IN EQUITY (CON'T)

<u>Company</u>	Share capital	Capital reserve	Foreign currency translation reserve	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014	179,491	2,174	(6,130)	(23,005)	152,530
Total comprehensive income for the year					
Profit for the year	-	-	-	(12,389)	(12,389)
Other comprehensive income					
- Foreign currency translation difference	-	-	(4,181)	-	(4,181)
Total comprehensive income for the year	-	-	(4,181)	(12,389)	(16,570)
Transactions with owners, recorded directly in equity					
Dividend relating to 2013 paid	-	-	-	(2,737)	(2,737)
Total transactions with owners of the Company	-	-	-	(2,737)	(2,737)
Balance at 31 December 2014	179,491	2,174	(10,311)	(38,131)	133,223



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

1. (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share Capital of the Company as at	31.12.2014	30.6.2014
Number of ordinary shares	387,730,870	387,730,870

Convertible Shares of the Company as at	31.12.2014	31.12.2013
Number of shares that may be issued on conversion of all outstanding convertible notes	21,428,571	23,076,923

There was no conversion of any outstanding convertible notes from 1 January 2014 to 31 December 2014. Changes in number of shares that may be issued upon conversion of all outstanding convertibles notes as at 31 December 2014 was mainly due to the change in conversion price based on the convertible notes subscription agreement.

The Company did not hold any treasury shares as at 31 December 2014 and 31 December 2013 respectively.

Subsequent to FY2014, the Company had on 8 January 2015 entered into a convertible notes subscription agreement with 8 lenders (the "Lenders"), pursuant to which the Lenders have agreed to grant unsecured convertible loans amounting to an aggregate of S\$5,500,000, convertible into new ordinary shares in the capital of the Company. For details, please refer to the Company's announcement dated 8 January 2015.

1. (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Group and Company	
	31.12.2014	31.12.2013
	No. of shares	No. of shares
Total number of issued shares	387,730,870	387,730,870

1. (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period, which are consistent with the audited financial statements for the year ended 31 December 2013.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new or revised Singapore Financial Reporting Standards (FRS) and the interpretation of FRS (INT FRS) that are relevant to its operations and effective for annual period beginning on or after 1 January 2014. The adoption of the new or revised FRS and INT FRS did not have a material impact on the financial statements of the Group and the Company for the current financial year reported on.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Net (Loss) / Profit for the year attributable to the owners of the Company	(5,097)	4,756
Earnings per share		
Basic (loss)/earnings per share (in RMB cents)	(1.31)	1.41
Diluted (loss)/earnings per share (in RMB cents)	(1.31)	1.41
Weighted average number of shares outstanding for basic earnings per share	387,730,870	336,189,774

At 31 December 2014 and 31 December 2013, the conversion effects of the convertible loan notes were excluded from the diluted weighted average number of ordinary shares calculation as their effects would have been anti-dilutive due to its interest (net of tax) per ordinary shares obtainable from the convertible notes exceeding the Group's earnings per share.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net assets (RMB'000)	160,338	168,229	133,223	152,530
Net asset value per ordinary share based on the existing issued share capital as at the respective period (RMB cents)	41.35	43.39	34.36	39.34

The Group's and the Company's net assets value per ordinary share as at 31 December 2014 and 31 December 2013 have been computed based on the total number of issued ordinary shares of 387,730,870.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

8. (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors.**

REVIEW OF RESULTS OF OPERATIONS

Revenue

	FY2014		FY2013		y-o-y	
	(RMB million)	%	(RMB million)	%	(RMB million)	%
PRC Domestic Sales	315.84	83.7	356.22	81.1	(40.38)	(11.3)
Overseas Sales	57.73	15.3	71.42	16.3	(13.69)	(19.2)
Commission Income	0.76	0.2	5.64	1.3	(4.88)	(86.5)
Sales of Scrap Metal	3.07	0.8	5.87	1.3	(2.80)	(47.7)
Total	377.40	100	439.15	100	(61.75)	(14.1)

Domestic Sales in PRC represents sales of carbon steel bars and billets manufactured by the Group in PRC, whereas Overseas Sales are trading of steel related products in South East Asia countries. Commission income refers to commission income earned from trading of steel billets in PRC. Sales of Scrap Metal refers to sales of scap metal from the production of steel bars.

PRC Domestic Sales has dropped by RMB40.4M or 11.3% y-o-y mainly due to:

- the drop in the average selling price of steel billet and flat bar; and
- the drop in sales volume of steel billet as a result of the softened market demand for steel billet.

The decrease in Overseas Sales by RMB13.7M or 19.2% y-o-y was mainly due to a drop in average selling price of steel products and lower sales volume achieved for both Singapore and Malaysia markets due to intensive price competition and soft market demand.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

Commission income has dropped by RMB4.9M or 86.5% y-o-y was mainly due to lower trading volume of steel billet by the Company's subsidiary, Xinghua Xincheng Trading Co., Ltd.

Sales of scrap metal has dropped by RMB2.8M or 47.7% y-o-y due to lower production volume of steel bars as a result of lower Domestic Sales in PRC.

Gross profit

Gross profit has dropped by RMB8.8M or 25% y-o-y, from RMB35.6M in FY2013 to RMB26.8M in FY2014 as a result of the lower revenue achieved in FY2014. The gross profit margin decreased from 8.1% to 7.1% as the production costs for PRC Domestic Sales did not decrease in tandem with lower selling prices.

Other income

Other income increased by RMB1.9M from RMB0.7M in FY2013 to RMB2.6M in FY2014, which was mainly contributed by a gain on disposal of the Group's subsidiary (i.e. OGL Energy Pte Ltd) amounting to RMB1.1M, and export sales incentives of RMB0.5M given by the local PRC authority.

Distribution expense

Distribution expense mainly comprised of selling and transportation expenses incurred for distributing steel products manufactured by the PRC subsidiary. Distribution expense has dropped by RMB0.9M or 22% y-o-y from RMB4.4M in FY2013 to RMB3.5M in FY2014, which was in line with lower sales and transportation costs in FY2014.

Administrative expense

Administrative expense has increased by RMB4.1M or 22% y-o-y, from RMB18.3M in FY2013 to RMB22.4M in FY2014. This was largely due to:

- higher administrative expenses incurred by XHRC of RMB3.6M or 88% y-o-y, from RMB4.1M in FY2013 to RMB7.7M in FY2014. The acquisition of XHRC was completed in April 2013, thus the Group only accounted for 8 months' administrative expense of XHRC in FY2013 as compared to full year in FY2014; and
- impairment loss of inventories of RMB1.69M. As at 31 December 2014, in view of the declining steel prices, the Group impaired certain of its steel products to net realisable value.

Depreciation of property, plant and equipment and Amortisation of lease prepayments

Depreciation of property, plant and equipment increased by RMB5.1M or 112% y-o-y, from RMB4.6M in FY2013 to RMB9.6M in FY2014. Amortisation of lease prepayments also increased by RMB0.3M or 138% y-o-y, from RMB0.3M in FY2013 to RMB0.6M in FY2014. The increase was due to:

- higher depreciation expense incurred by XHRC as its PPE was depreciated over 12 months in FY2014 as compared to 8 months in FY2013. Similarly, higher amortisation expense was due to XHRC's lease prepayments being amortised over 12 months in FY2014 as compared to 8 months in FY2013. The Group completed the acquisition of XHRC in April 2013; and
- higher depreciation expense incurred by JYCS. JYCS acquired its production facilities in second half of FY2013. Previously, the Group leased these production facilities from 江阴市鼎盛金属压延有限公司(Jiangyin Dingsheng Jinshu Yayan Co., Ltd).



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

Operating lease expense

Operating lease expense has fell by RMB2.3M or 54% y-o-y, from RMB4.2M in FY2013 to RMB1.9M in FY2014. This was due to lower operating lease expense incurred by JYCS. As explained above, the Group acquired the production facilities in second half of FY2013. Thus, there was no lease of facilities in FY2014.

Finance income

Finance income has increased by RMB0.3M in FY2014 which was mainly contributed by interest income earned from fixed deposits pledged to bank.

Finance expense

Finance expense has increased by RMB3.8M or y-o-y 134%, from RMB2.8M in FY2013 to RMB6.6M in FY2014. The increase was mainly attributed to interest costs incurred on new bank borrowings obtained by the Group in FY2014. These loans were for working capital and capital expenditure purposes.

Income tax expense

Income tax expense has decreased by RMB4.3M or y-o-y 68%, from RMB6.4M in FY2013 to RMB2.1M in FY2014. The decrease was mainly due to lower income tax expense charged on PRC subsidiaries as a result of lower profit generated in FY2014.

8. (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment (“PPE”) and lease prepayments

The Group’s total PPE and lease prepayments have increased by RMB3.0M from RMB132.4M in FY2013 to RMB135.4M in FY2014. The increase was due to the addition of PPE and lease prepayments amounting to RMB13.3M and RMB1.0M respectively. This was offset by depreciation and amortisation expenses of RMB10.3M incurred during FY2014.

Current assets

Inventories

The Group’s inventories mainly comprised of finished-goods steel products and raw materials such as flat bar, angle bar, billet, and scrap metal, etc. Inventories had dropped by RMB11.6M or 32% y-o-y from RMB36.1M in FY2013 to RMB24.5M in FY2014. The decrease was mainly due to lower volume of inventory as well as lower average cost of inventory held.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

Trade and other receivables:

	31.12.2014	31.12.2013
	RMB '000	RMB '000
Trade receivables and bill receivables	18,980	111,363
Other receivables, prepayments and deposits	49,738	18,539
Prepayment for purchase of property, plant, equipment for XHRC Phase 2 production facilities	72,070	-
	140,788	129,902

During Q4 of FY2014, lower sales volume coupled with improved collection of receivables, has resulted the drop in trade receivables and bill receivables balances by RMB92.4M or 83% y-o-y in FY2014.

Other receivables, prepayments and deposits have increased by RMB31.2M or 168% y-o-y in FY2014. The increase from FY2013 was mainly due to remaining balance of prepayment of RMB44M made to raw material suppliers, offset against net collection from other receivables amounting to RMB8.8M during FY2014. As previously disclosed in our half yearly results, the Group had during the first half of FY2014 made an aggregate prepayment of RMB138M to raw material suppliers in an effort to secure better prices. In anticipation of lower demand and sales, the Group managed to re-negotiate a refund of approximately RMB94M in the second half of FY2014 resulting in a remaining balance prepayment of RMB44M as at 31 December 2014.

As at 31 December 2014, XHRC has made prepayment in aggregate of RMB72M to a supplier for plant construction costs and machineries procurement for its Phase II plant extension project. The prepayment will be capitalised as property, plant and equipment upon fully installed, commissioned, and obtaining the relevant certificate of fitness from PRC local authority which is expected in FY2015. Please refer to Note 10 for details on XHRC's Phase II plant extension project.

Current liabilities

Trade and other payables:

	31.12.2014	31.12.2013
	RMB '000	RMB '000
Trade payables and bill payables	13,341	55,299
Advance payments received from customers	1,984	2,473
Other payables and accruals	43,677	49,198
	59,002	106,970

Trade payables and bill payables has dropped by RMB42.0M or 76% y-o-y from RMB55.3M in FY2013 to RMB13.3M in FY2014, mainly due to the lower purchases of raw materials from suppliers due to lower production volume in second half of FY2014.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

Advance payments received from customers has decreased by RMB0.5M 20% y-o-y from RMB2.5M in FY2013 to RMB2.0M in FY2014, which was due to lower sales made in second half of FY2014.

Other payables and accruals decreased by RMB5.5M or 11% y-o-y from RMB49.2M in FY2013 to RMB43.7M in FY2014. The decrease was due to a repayment of related party advance of RMB17.7M, and offset with higher other payables balances of RMB12.2M arising from XHRC's Phase II plant extension project.

Other borrowings

Other borrowings in FY2014 (FY2013: nil) relate to monies received from third parties amounting to RMB8.2M as advances for the placement of convertible notes that was subsequently placed out after 31 December 2014, as announced by the Company on 8 January 2015.

Convertible Notes

The Convertible Notes issued by the Company was re-classified from non-current liabilities in FY2013, to current liabilities in FY2014 as they will mature in FY2015.

Bank borrowings

The increase in bank borrowings was due to additional bank loans obtained by PRC subsidiaries, namely JYCS and XHRC for working capital and capital expenditure purposes.

REVIEW CONSOLIDATED STATEMENT OF CASH FLOWS

During the year, the Group generated net operating cash flows of RMB31.0M. This was mainly due to lower trade receivables as a result of lower sales in second half of FY2014. This offset by higher prepayment and trade payable balances.

The Group received a total cash inflow of RMB1.5M from the sale of subsidiary, OGL Energy Pte Ltd. The Company utilized its available cash of RMB72.1M for XHRC's Phase II plant extension project and for the purchase of property, plant and equipment. Net cash used in investing activities was RMB84.5M.

Net cash generated from financing activities was RMB38.9M due to net proceeds from bank borrowings obtained by PRC subsidiaries of RMB39.0M and other borrowings of RMB8.5M. The Group distributed dividends of RMB2.6M to shareholders and paid interest of RMB6.0M.

Net cash and cash equivalents of the Group decreased by RMB14.6M in FY2014.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

Industry Outlook

The outlook of the Global steel industry is expected to remain challenging in 2015. The PRC domestic market is also struggling with both overcapacity in steel production supply and slowdown in steel consumption demand. However, PRC remains one of the fastest growing economies and management believes infrastructure development projects will continue to drive the steel consumption demand.

Group Outlook

Domestic Sales in PRC

The Group currently has two production facilities, namely XHRC and JYCS. XHRC's existing facilities (Phase I) uses scrap metal to produce steel billets, which is an industrial material that is then sold to rolling mills for the production of steel bars. JYCS is a bar rolling mill which processes billets into steel bars that are used in the production of machinery parts and construction of elevator shaft guide rail.

The current lower demand for steel coupled with excess production capacities in PRC has squeezed the margins for both steel bars and steel billets for the Group. In this tight market, the Group's strategy is to incorporate the rolling mill capabilities into XHRC so the facility is able to engage in one continuous production from scrap metal to steel bars (known as strand casting) which will lower production costs, thus enabling the Group to improve its price competitiveness in this market and hence profitability ("**Phase II plant extension project**").

XHRC commenced the Phase II plant extension project in Q4 FY2014 and construction is expected to be completed in Q3 of FY2015. During this period, XHRC's production of steel billets will be temporarily halted. Management does not expect JYCS's operations to be materially affected due to the current ease of sourcing for billets from third party suppliers. JYCS will continue to concentrate on the production of its existing product range i.e. flat steel bar used in machinery parts production and steel bar for the construction of elevator shaft guide rail. However, the Group's overall financial results for FY2015 is expected to be affected because of the absence of third party direct billet sales during the construction period of XHRC's Phase II plant extension project.

The recent announcement made by China's key electricity company, State Grid Corporation of China in its 2015 investment plan which aims to spend RMB420.2 billion on its power transmission grid infrastructure in PRC. (Sources: Xinhua News, "State Grid Investment to hit record in 2015", 16 January 2015). Management believes that the PRC power transmission industry is a fast growing sector with enormous potential and as such, XHRC's focus will be in this sector upon the completion of its extension project.

Sales outside PRC

The Group had on FY2014 recruited an experienced steel trading team in its Singapore sales office to expand its steel trading business operation and market presence to other South East Asian countries.

Other Corporate Activities

The Group will continue to explore and evaluate prospective acquisitions and/or joint venture targets in order to improve the profitability of the Group and diversify its income streams.

As announced on 8 January 2015, the Group entered into a subscription of unsecured convertible loan agreement with eight lenders in Singapore, amounting to an aggregate of S\$5,500,000. Each



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

convertible note carries a principal face value of S\$250,000 and has a maturity date at the end of three years from the subscription date. The convertible note bears an interest of 8% per annum.

The Company intends to use the proceeds to support its Singapore existing steel trading operations and business expansion through acquisitions, joint ventures and collaborations as and when opportunities arise.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividend was declared for FY2014

(b) (i) Amount per share (cents)

Not applicable

(b) (ii) Previous corresponding period (cents)

Yes.

	FY 2013
Name of dividend	First and final paid on 10 September 2014
Type of dividend	Cash
Dividend rate	0.15 cents per ordinary share
Tax rate	(One-tier) tax exempt

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared for FY2014.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Interested person transaction

The Group have obtained a general mandate from shareholders of the Company for interested person transactions (including the Off Take Agreement) (the "General Mandate") on 30 April 2013 which was renewed by the shareholders at the extraordinary general meeting held on 28 April 2014. Interested person transactions entered into in FY2014 were:

Name of the Interested Person	Aggregate value of all interested person transactions entered during the financial year under review (excluding transactions less than S\$100,000 and excluding transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalyst Rules)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules (excluding transactions less than S\$100,000)
	RMB'000	RMB'000
Purchase of steel related products from 江阴锦澄钢铁有限公司* (Jiangyin Jincheng Steel Co., Ltd.). The transaction was conducted under the generate mandate.	-	1,404
Sales of steel related products to 江阴锦澄钢铁有限公司* (Jiangyin Jincheng Steel Co., Ltd.). The transaction was conducted under the general mandate.	-	161
Sales of steel related products to 江阴市荣达经贸有限公司* (Jiangyin Rongda Jingmao Co., Ltd.). The transaction was conducted under the general mandate.	-	12,240
Fees paid to 江阴锦澄钢铁有限公司* (Jiangyin Jincheng Steel Co., Ltd.). for outsourcing of production on certain steel products.	1,521	-
Payment of capital expenditures and administrative expenses made on behalf by 江阴锦澄钢铁有限公司* (Jiangyin Jincheng Steel Co., Ltd.).	8,808	-

* These companies are deemed as associates of the Non-Executive Chairman and the controlling shareholder of the Company, Wu Dingrong by virtue of his interests in these companies.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

14. Use of Proceeds

Further to the Company's announcement made on 8 January 2015 in relation to the entry of subscription agreement of S\$5,500,000 convertible notes, the proceeds have not been materially utilised as at the date of this announcement.

PART II-ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for the business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediately preceding year.

a) Operating segment

For FY2014, all revenue, capital expenditure, assets and liabilities were derived from one operating business segment in Industrial and Construction Materials.

(b) Geographical information

Revenue	2014		2013	
	RMB '000	%	RMB '000	%
China	319,672	84.70	367,730	83.74
Singapore	32,869	8.71	58,353	13.29
Malaysia	15,388	4.08	9,828	2.23
Indonesia	6,360	1.69	-	-
Brunei	3,116	0.83	-	-
India	-	-	3,235	0.74
Total	<u>377,405</u>	<u>100.00</u>	<u>439,146</u>	<u>100.00</u>
Segmental non-current assets				
China	129,986	94.38	130,441	98.32
Singapore	7,727	5.61	2,048	1.67
Malaysia	<u>7</u>	<u>0.01</u>	<u>8</u>	<u>0.01</u>
Total	<u>137,720</u>	<u>100.00</u>	<u>132,497</u>	<u>100.00</u>

Major customer

Revenue from top one customer of the Group's industrial and construction materials segment represents approximately RMB 134.3 million (FY2013: RMB 178.1 million) of the Group's total revenue.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

- 16. In the review of performance, the factors leading to any material changes in the contribution to turnover and earnings by the business or geographical segments.**

Please refer to the section on “Review of results of Operations” in paragraph 8 of this announcement for details.

- 17. A breakdown of sales as follows:**

	2014 RMB'000	Group 2013 RMB'000	% increase/ (decrease)
(a) Sales reported for first half year	251,596	117,961	113
(b) Net profit after tax before deducting non-controlling interests reported for first half year	3,234	1,417	128
(c) Sales reported for second half year	125,809	321,185	(61)
(d) Net (loss)/profit after tax before deducting non-controlling interests reported for second half year	(8,164)	2,842	NM

NM: Not Meaningful

- 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	FY 2014	FY 2013 ⁽¹⁾
Name of dividend	Nil	First and final (One-tier) tax exempt
Type of dividend	Nil	Cash
Dividend per share (in Singapore cents)	Nil	0.15 cents
Annual dividend (RMB'000)	Nil	2,737 ⁽²⁾
Annual dividend (S\$'000)	Nil	582

Note:

- The Board of Directors has recommended a tax exempt one-tier first and final dividend of S\$0.0015 for FY2013. Payment of the said dividend was approved by the shareholders at the annual general meeting held on 28 April 2014.
- The said dividend was paid in Singapore dollar on 10 September 2014.



ORIENTAL GROUP

(Incorporated in the Republic of Singapore)

Company Registration No.: 200401998C

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the SGX-ST (“**Catalist Rules**”), the details of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company are as follows:

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Wu Dingrong	64	Father-in-law of the Executive Director of the Company, Sun Lu	Non-executive Chairman and Controlling Shareholder of the Company since 27 April 2012.	No change.
Sun Lu	36	Son-in-law of the Non-executive Chairman and Controlling Shareholder of the Company, Wu Dingrong	Executive Director of the Company since 26 September 2012 and a director of Jiangyin Chengsheng Engineering Co., Ltd., a wholly-owned subsidiary of the Company. Sun Lu is responsible for the promotion, development and expansion of the business of the Group and the management of the Group's operations.	No change.

BY ORDER OF THE BOARD

Lee Wan Sing
Group CEO
27 February 2015