



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

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NEWS RELEASE

ORIENTAL Reported Revenue of RMB377.4 million in FY2014

- FY2014 revenue dipped 14% mainly due to lower average selling prices for steel products
- Earnings from operation and EBITDA remained positive at RMB3.4 million and RMB13.7 million respectively
- Building up a new angle bar production facility in XHRC to tap into the fast growth of power transmission infrastructure industry in the PRC

FINANCIAL HIGHLIGHTS

	Full Year Ended		Change
	31 Dec 14	31 Dec 13	
	RMB million	RMB million	
Revenue	377.4	439.1	(14%)
Gross Profit	26.8	35.6	(21%)
Gross Profit Margin	7.1%	8.1%	(1 pts)
Profit from operation	3.4	13.4	(75%)
Earnings before interest, tax, depreciation and amortization (EBITDA)	13.7	18.2	(25%)
Net profit after tax	(4.9)	4.3	NM
(Loss)/Earnings per share (in RMB cents)	(1.31)	1.41	NM
NAV per share (in RMB cents)	41.35	43.39	(5%)

*NM: Not meaningful

SINGAPORE - 27 February 2015 - Oriental Group Ltd (“**Oriental**” or the “**Group**”), a steel player which manufactures mild steel bars and high tensile deformed bars for both industrial and construction use, announces today that the Group reported a revenue of RMB377.4 million and a net loss of RMB4.9 million for the 12 months ended 31 December 2014 (“**FY2014**”).

Revenue declined 14% from RMB439.1 million in the previous corresponding full year (“**FY2013**”) to RMB377.4 million in FY2014. Domestic sales in People’s Republic of China (“**PRC**”) in HY2014 decrease by 11% was mainly due to the decrease in average selling prices of steel products and lower sale volume as a result of weaker market demand. Overseas sales dropped by 19% in FY2014 which was mainly a result of intensive price competition and soft market demand. However, the Group managed to achieve a positive earnings from its operating activities amounting to RMB3.4 million.

The Group recorded a net loss of RMB4.9 million in FY2014. This was mainly due to lower operating profit couple with higher administrative and finance expenses. Based on the 12 months ended 31 December 2014 financial results, the Group’s basic and diluted loss per share were RMB1.31 cents. As at 31 December 2014, net asset value (NAV) per share amounted to RMB41.35 cents

As announced on 8 January 2015, the Group entered into a subscription of unsecured convertible loan agreement with eight lenders in Singapore, amounting to S\$5.5 million. Each 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 Group intends to use the proceeds from the convertible loan to support its Singapore existing steel trading operations and business expansion through acquisitions, joint ventures and collaborations as and when opportunities arise.

Outlook and Strategy

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 steel consumption demand.

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.

To tap on the fast growth of power transmission grid infrastructure in PRC, the Group’s wholly-owned subsidiary, Xinghua Rongcheng Precision Manufacturing Co., Ltd (“**XHRC**”) has commenced its Phase II plant extension project in Q4 FY2014 to incorporate the rolling mill capabilities so that the facility in XHRC is able to engage in one continuous production from scrap metal to steel bars (known as strand casting) which will lower production costs, enabling the Group to improve its price competitiveness in this market and profitability. The construction of Phase II plant extension project is expected to complete in Q3 of FY2015.

The Group's other subsidiary, Jiangyin Chengsheng Manufacturing Co., Ltd ("JYCS") will continue to concentrate on the production of its existing products such as flat steel bar used in machinery parts production and steel bar for the construction of elevator shaft guide rail.

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

Mr. Wu Dingrong, Oriental's Chairman, said, *"The current lower demand for steel products coupled with excess production capacities in PRC have squeezed the margins for the steel products for the Group. The Group's strategy is to incorporate the rolling mill capabilities into XHRC so that the facility is able to engage in one continuous production from scrap metal to steel bars. This will help to lower production costs, enabling the Group to improve its price competitiveness in this market and profitability. However, the Group's overall financial results for FY2015 are expected to be affected during the construction period of XHRC's Phase Two plant extension project due to the absence of third party direct billet sales by XHRC. The Group's main source of revenue in the first three quarters in FY2015 will only be contributed by JYCS and its Singapore steel 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. Last but not least, I would like to express my sincere appreciation to our shareholders and investors for your continuous support and trust." Added Mr. Lee Wan Sing, Oriental's CEO.

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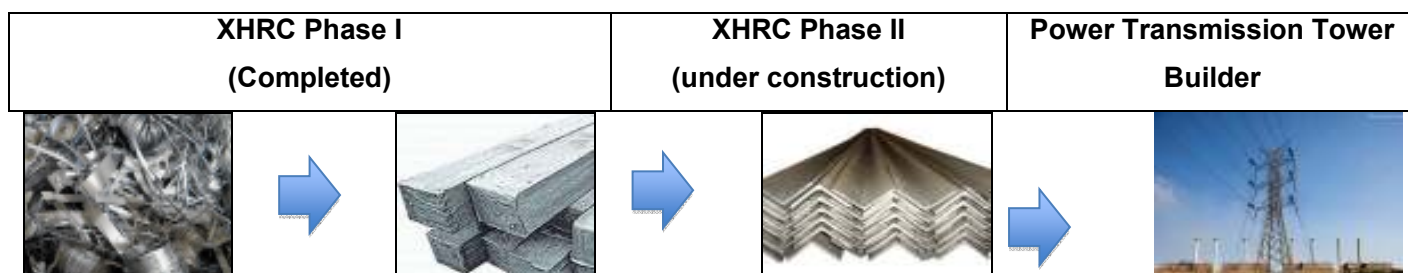
About Oriental Group Ltd

Oriental Group Ltd., stock code 5FI.SG, is a public listed company on the SGX-Catalist since 19 November 2004. Oriental's principal activities are those relating to procurement and supply of metal products, such as mild steel round bars, high tensile deformed bars, angle bars and flat bars. These are used in the industrial and construction industries. The production facilities are located in Jiangyin City and Xinghua City, Jiangsu Province, the People's Republic of China, namely XHRC and JYCS.

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.

XHRC's existing Phase I production facilities uses scrap metal to produce steel billet, is an industrial material sold to rolling mills for the production of steel bars. In Q4 FY2014, XHRC commenced its Phase II plant extension project to incorporate the rolling mill capabilities..

XHRC Production Flow



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