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

ENTRY BY THE COMPANY INTO A SUBSCRIPTION AGREEMENT FOR THE ISSUANCE OF AN AGGREGATE OF S$5,500,000 CONVERTIBLE LOAN NOTES

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*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 Catalist. 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 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

The Board of Directors of Oriental Group Ltd (the "**Company**", together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a subscription agreement dated 8 January 2015 (the "**Subscription Agreement**") with 8 lenders (each a "**Lender**" and collectively, the "**Lenders**"), pursuant to which the Lenders have agreed to grant unsecured convertible loans (the "**Loans**"), amounting to an aggregate of S$5,500,000, convertible into new ordinary shares ("**Shares**") in the capital of the Company on the terms and conditions as set out in the Subscription Agreement with each convertible note ("**Note**" and collectively, the "**Notes**") carrying a principal face value of S$250,000.

A. Background of the Lenders

The details and background of the Lenders are:

Name	Number of Notes subscribed for	Total principal amount	Place of Incorporation / Nationality	Shareholders	Directors	Principal Business Activity/ Occupation
AMS Investment Holdings Pte Ltd	2	S$ 500,000	Singapore	Tan Jwee Kiat, 50%, Tan Jwee Hau, 50%	Tan Jwee Kiat, Tan Jwee Hau	Investment Holding
Eng & Eng Holding Pte. Ltd.	2	S$ 500,000	Singapore	Eng Mew Yong (Yu Miaorong), 50% Eng Boon Seng (Yu Wenxin), 50%	Eng Mew Yong (Yu Miaorong), Eng Boon Seng (Yu Wenxin)	Investment and property holdings
Goodeal Marketing Pte Ltd	1	S$ 250,000	Singapore	Ang Kok Beng, 32%, Lee Chuan Aik, 68%	Ang Kok Beng, Lee Chuan Aik	Wholesale Trading of liquors, etc

Lim Soon Heng[#]	2	S$ 500,000	Singapore	Not Applicable	Not Applicable	Businessman
Lim Soon Huat[#]	2	S$ 500,000	Singapore	Not Applicable	Not Applicable	Businessman
Ong Boon Kiat	4	S$ 1,000,000	Singapore	Not Applicable	Not Applicable	Businessman
Tan Siew Tin	8	S$ 2,000,000	Singapore	Not Applicable	Not Applicable	Businesswoman
Vincent Pang Kay Joo	1	S$ 250,000	Singapore	Not Applicable	Not Applicable	Businessman

 # Lim Soon Heng and Lim Soon Huat are siblings.

Each of the Lenders has in the Subscription Agreement represented that it is not related to any of the Directors, Substantial Shareholders or Controlling Shareholders (as defined in Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and is not an entity falling within the categories set out in Rule 812(1) of the Catalist Rules, and are providing the Loans to the Company for investment purposes.

The Lenders do not have any business relationship with the Company. The shareholders of AMS Investment Holdings Pte Ltd, Eng & Eng Holding Pte. Ltd. and Goodeal Marketing Pte Ltd also do not have any relationship (including business relationships) with the Company, its Directors and Substantial Shareholders or Controlling Shareholders.

The Lenders were referred by business associates of the Company who are independent to the Company, its Directors and Substantial Shareholders. No referral fees will be payable by the Company to the referrers.

As of the date of the Subscription Agreement, there has not been any request from, or understanding between the Company and the Lenders, that a representative of the Lenders will be appointed a director of the Company in connection with the Loans.

B. Principal Terms

The principal terms of the Subscription Agreement are set out below.

Repayment

The Loans shall be disbursed by the Lenders to the Company on a date as notified in writing by the Company to the Lenders being a date ("**Subscription Date**") not earlier than 4 days, but not later than 14 days, that all the conditions precedent set out in the Subscription Agreement are fulfilled.

Subject to the rights of conversion as set out below, the Company is obliged to repay the outstanding balance on the Loans at the end of three (3) years from the Subscription Date ("**Maturity Date**").

Use of Proceeds

The Company shall use the proceeds from the issuance of the Notes to support its Singapore existing steel trading operations and provide liquidity for its Singapore business expansion through acquisitions, joint ventures and collaborations as and when opportunities arise ("**Singapore Business Expansion**"). The expansion will be in the similar business that the Group currently operates in.

The estimated net proceeds from the issuance of the Notes, after deducting estimated expenses pertaining to the issuance of the Notes of approximately S$55,000 (which is approximately 1% of the gross proceeds), would be approximately S$5,445,000 (the "**Net Proceeds**").

The allocation of proceeds from the issuance of the Notes are as follows:

Use of Proceeds	**Percentage allocation**
Singapore Business Expansion	99%
Estimated expenses pertaining to the issuance of the Notes	1%

The Company will make periodic announcements on the utilisation of the Net Proceeds.

The Directors are of the opinion that, after taking into consideration, the present bank facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements. The Company will also provide a status report on the use of proceeds raised from the Loans in its interim and full year financial statements under the Catalist Rules and the Company's annual report. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Rights of Conversion

Each of the Lenders shall have the right ("**Conversion Right**") at any time to convert all or any number of Notes (but not part of any Note) up to the entire amount of the Loans into Shares (**"Conversion Shares")** at the following prices ("**Conversion Price**") per Share:

(a) where the Conversion Right is exercised on or before the day immediately preceding the expiration of the 12th months following the Subscription Date, the Conversion Price of S$0.13 per Share;

(b) where the Conversion Right is exercised on or between the day of the expiration of the 12th months following the Subscription Date and the day immediately preceding the expiration of the 24th months following the Subscription Date, the Conversion Price of S$0.14 per Share;

(c) where the Conversion Right is exercised on or between the day of the expiration of the 24th months following the Subscription Date and the day immediately after the expiration of the 36th months following the Subscription Date, the Conversion Price of S$0.15 per Share;

(d) where the Conversion Right is exercised on or after the 2nd day following the expiration of the 36th month following the Subscription Date, the Conversion Price of S$0.16 per Share; and

(e) the Conversion Right shall lapse on the expiration of the 37th months following the Subscription Date.

Each Note shall be converted in whole, at their principal face value.

The volume weighted average price for trades done on the Shares on the sponsor supervised board (the "**Catalist**") of SGX-ST on 8 January 2015 (being the full market day on which the Subscription Agreement was signed) was S$0.082. The following represents the premium of the Conversion Price to such volume weighted average price:

Conversion Price	**Premium to the volume weighted average price**
S$0.13	58.54%
S$0.14	70.73%
S$0.15	82.93%
S$0.16	95.12%

The Conversion Shares, when issued, will rank *pari passu* with the existing Shares and be entitled to all rights accruing thereto, except that such Conversion Shares shall not be entitled to any dividends, rights, allotments or other distributions, the record date of which is before the date of allotment and issuance of the Conversion Shares.

The Conversion Price is subject to adjustments in the manner set out in the Subscription Agreement in the event of any rights, bonus, distributions (other than declarations of dividends) or other capitalisation issue by the Company.

Number of Conversion Shares

Name		**On the basis of the Conversion Price of S$0.13, and assuming that the Conversion Rights are exercised in respect of the entire principal amount of the Notes held by each Lender**		**On the basis of the Conversion Price of S$0.16, and assuming that the Conversion Rights are exercised in respect of the entire principal amount of the Notes held by each Lender**	
	Number of Shares in the Company as at the date of this announcement	**Number of Conversion Shares issued**	**Shareholding as a percentage the Group's enlarged share capital after the Conversion Rights are exercised for the entire amount of S$5,500,000 Notes**	**Number of Conversion Shares issued**	**Shareholding as a percentage the Group's enlarged share capital after the Conversion Rights are exercised for the entire amount of S$5,500,000 Notes**
AMS Investment Holdings Pte Ltd	-	3,846,154	0.89%	3,125,000	0.74%
Eng & Eng Holding Pte. Ltd.	-	3,846,154	0.89%	3,125,000	0.74%
Goodeal Marketing Pte Ltd	-	1,923,077	0.45%	1,562,500	0.37%
Lim Soon Heng	10,000,000*	3,846,154	3.22%	3,125,000	3.11%
Lim Soon Huat	-	3,846,154	0.89%	3,125,000	0.74%
Ong Boon Kiat	13,139,000	7,692,308	4.84%	6,250,000	4.59%
Tan Siew Tin	-	15,384,615	3.58%	12,500,000	2.96%
Vincent Pang Kay Joo	-	1,923,077	0.45%	1,562,500	0.37%

* *Lim Soon Heng is the beneficial owner of and deemed interested in the 5,000,000 Shares held under Mayban Nominees (Singapore) Private Limited. Lim Soon Heng is also deemed to be interested in the 5,000,000 Shares held by his spouse, Mdm Tang Nancy. Therefore, Lim Soon Heng is deemed to hold 10,000,000 Shares of the Company.*

The Company confirms that:

- the issue of Conversion Shares will not transfer a controlling interest without prior approval of shareholders in general meeting;
- announcement will be made for any adjustment to the Conversion Price, pursuant to the terms thereof;
- an announcement will be made on the expiration of the Notes; and
- any material alteration to the terms of the Notes after issue to the advantage of the Lenders will be approved by shareholders of the Company, except where the alterations are made pursuant to the terms of the Subscription Agreement.

Prepayment

The Company is entitled to prepay all or any number of Notes to any Lender at the principal face value of S$250,000 for each Note at any time prior to the Maturity Date. Prepayment will not affect the validity of the Conversion Rights held by each Lender for the Notes that have been prepaid and the Lender will continue to

be entitled to exercise the Conversion Rights for such Notes up to the day immediately before the date of expiration of the 37th months following the Subscription Date, save that interest will not continue to be payable on such prepaid Notes. However, if the Lender exercises the Conversion Right for Notes that are prepaid, he will be required to pay to the Company the corresponding prepaid face value amount of the Notes in respect of the Conversion Rights. The time frame for determination of the applicable Conversion Price remains with reference to the Subscription Date.

The Lenders have requested for the entitlement to exercise the Conversion Rights even in respect of Notes that have been prepaid, as a condition for entry into the Subscription Agreement. The Company is of the view that it is in the best interests of the Company to accept such condition, taking into account the other terms of the Subscription Agreement and financial position of the Group. Given that the Group is in the process of establishing its steel trading business operation in Singapore, it might be constrained in sourcing financing from financial institutions. The Directors of the Company are of the view that the prepayment clause is in the best interests of the Company. The prepayment clauses would allow the Company, if appropriate opportunities arise, to refinance the Loans at a lower interest rate cost or to repay the Loans if the Group has funds that are excess to its needs. In this manner, the Company will save on interests expenses on the Loans.

Conditions Precedent

The Company's obligation to issue the Notes, and the Lenders' obligation to subscribe for the Notes, are conditional upon fulfilment of the following conditions precedent:

(a) the receipt of a listing and quotation notice from the SGX-ST to the listing and quotation of the Conversion Shares and such notice not having been withdrawn; and

(b) any direction or requirements of the SGX-ST or the continuing sponsor of the Company, issued by the SGX or the continuing sponsor at any time, to the issuance, allotment or listing of the Conversion Shares to each Lender having been fulfilled.

Interest Rate

The Notes shall bear interest from the respective dates on which they are issued at the rate of 8% simple interest, as calculated on an annual basis assuming a 365-day year, payable in cash at the last day of the 6th, 12th, 18th, 24th, 30th and 36th months following the issue of the Notes (each an "**Interest Payment Date**").

Interest shall only be payable the Notes which have not been:

(a) converted into Conversion Shares, in the capital of the Company as at 12.01 a.m. on the Interest Payment Date, or

(b) for the period that, the Loans have not been repaid or prepaid.

C. Authority to Issue Shares

The Conversion Shares will be issued and allotted by the Company to the Lenders pursuant to the general mandate granted by the Company's shareholders at the annual general meeting of the Company on 28 April 2014 (the "**AGM**"), authorising the Directors to (a) allot and issue Shares of the Company (whether by way of rights, bonus or otherwise); and/or (b) make or grant offers, agreements, or options that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit not exceeding one hundred per cent (100%) of the total issued Shares excluding treasury shares of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company does not exceed fifty per cent (50%) of the total issued Shares excluding treasury shares of the Company as at the date of AGM.

As at the date of the AGM, the Company had an issued capital of 387,730,870 Shares and an issued share capital of RMB179,490,839 (approximately S$38,517,347). The maximum number of Shares approved to be issued under the general mandate at the AGM is up to 387,730,870 Shares, of which the maximum number of Shares to be issued other than on a pro-rata basis is 193,865,435 Shares. As at the date of this announcement, no Shares were issued pursuant to the general mandate. Based on the minimum

Conversion Price of S$0.13, the maximum number of Conversion Shares to be issued is 42,307,692, and is within the limits of the general mandate. Accordingly, specific approval from shareholders for the allotment and issuance of the Conversion Shares is not required.

The Loans will be undertaken by way of a private placement pursuant to the exemption of Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection therewith.

D. Financial Effects

For illustration purposes only, the financial effects below are calculated on the basis of an exchange rate of S$1 to RMB4.66 as at 7 January 2015.

The Company currently has an issued share capital of 387,730,870 Shares and an issued share capital of RMB179,490,839 (approximately S$38,517,347). The financial effects of the issuance of the Notes and the exercise of the Conversion Rights into Conversion Shares are set out below:

The financial effects which have been prepared based on the audited consolidated financial statements of the Group for its most recently completed financial year ended 31 December 2013 ("**FY2013**"), are purely for illustrative purposes only and do not reflect the actual financial position of the Group after the issue of the Notes and Conversion Shares.

NTA

Scenario 1: On the assumption that the entire principal amount of the Loans of S$5,500,000 was disbursed on 1 January 2013, the outstanding principal amount of the Loans outstanding as at 31 December 2013 was S$5,500,000, none of the Loans are converted into Conversion Shares as at 31 December 2013 and 8% interest is payable for 12 months period:

As at 31 December 2013	**Before**	**After**
NTA	RMB168,185,000 (approximately S$36,091,200)	RMB166,134,600 (approximately S$35,651,200)
Number of Shares	387,730,870	387,730,870
NTA per Share	RMB cents 43.38 (approximately S$ cents 9.31)	RMB cents 42.85 (approximately S$ cents 9.19)

Scenario 2: On the assumption that the entire principal amount of the Loans of S$5,500,000 was disbursed on 1 January 2013, that the entire amount of the Loans was converted into 42,307,692 Conversion Shares on 31 December 2013 at the price of S$0.13 per Conversion Shares, and that there was no amount due on the Loans as at 31 December 2013 and 8% interest is payable for 6 months period:

As at 31 December 2013	**Before**	**After**
NTA	RMB168,185,000 (approximately S$36,091,200)	RMB192,789,800 (approximately S$41,371,200)
Number of Shares	387,730,870	430,038,562
NTA per Share	RMB cents 43.38 (approximately S$ cents 9.31)	RMB cents 44.83 (approximately S$ cents 9.62)

Scenario 3: On the assumption that the entire principal amount of the Loans of S$5,500,000 was disbursed on 1 January 2013, that the entire amount of the Loans was converted into 34,375,000 Conversion Shares on 31 December 2013 at the price of S$0.16 per Conversion Shares, and that there was no amount due on the Loans as at 31 December 2013 and 8% interest is payable for 6 months period:

As at 31 December 2013	Before	After
NTA	RMB168,185,000 (approximately S$36,091,200)	RMB192,789,800 (approximately S$41,371,200)
Number of Shares	387,730,870	422,105,870
NTA per Share	RMB cents 43.38 (approximately S$ cents 9.31)	RMB cents 45.67 (approximately S$ cents 9.80)

EPS

Scenario 1: On the assumption that the entire principal amount of the Loans of S$5,500,000 was disbursed on 1 January 2013, the outstanding principal amount of the Loans outstanding as at 31 December 2013 was S$5,500,000, none of the Loans are converted into Conversion Shares as at 31 December 2013 and 8% interest is payable for 12 months period:

As at 31 December 2013	Before	After
Net Profit attributable to Shareholders	RMB4,756,000 (approximately S$1,020,600)	RMB2,705,600 (approximately S$580,600)
Number of Shares	387,730,870	387,730,870
Earnings per Share attributable to Shareholders	RMB cents 1.41 (approximately S$ cents 0.30)	RMB cents 0.70 (approximately S$ cents 0.15)

Scenario 2: On the assumption that the entire principal amount of the Loans of S$5,500,000 was disbursed on 1 January 2013, that the entire amount of the Loans was converted into 42,307,692 Conversion Shares on 31 December 2013 at the price of S$0.13 per Conversion Shares, and that there was no amount due on the Loans as at 31 December 2013 and 8% interest is payable for 6 months period:

As at 31 December 2013	Before	After
Net Profit attributable to Shareholders	RMB4,756,000 (approximately S$1,020,600)	RMB3,730,800 (approximately S$800,600)
Number of Shares	387,730,870	430,038,562
Earnings per Share attributable to Shareholders	RMB cents 1.41 (approximately S$ cents 0.30)	RMB cents 0.87 (approximately S$ cents 0.19)

Scenario 3: On the assumption that the entire principal amount of the Loans of S$5,500,000 was disbursed on 1 January 2013, that the entire amount of the Loans was converted into 34,375,000 Conversion Shares on 31 December 2013 at the price of S$0.16 per Conversion Shares, and that there was no amount due on the Loans as at 31 December 2013 and 8% interest is payable for 6 months period:

As at 31 December 2013	Before	After
Net Profit attributable to Shareholders	RMB4,756,000 (approximately S$1,020,600)	RMB3,730,800 (approximately S$800,600)
Number of Shares	387,730,870	422,105,870
Earnings per Share attributable to Shareholders	RMB cents 1.41 (approximately S$ cents 0.30)	RMB cents 0.88 (approximately S$0.19)

E. Rationale for the Loans

The Company intends to strengthen its financial position through the Loans and expand its business operations in Singapore through acquisitions, joint ventures and collaborations as and when opportunities arise.

F. Additional Listing and Quotation Application to the SGX-ST

An application will be made to the SGX-ST in due course for the listing and quotation of the Conversion Shares to be issued upon conversion of the Loans from time to time. The Company will make the necessary announcements once the approval-in-principle for the listing and quotation of the Conversion Shares has been obtained from the SGX-ST and/or the Sponsor (as the case may be).

G. Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any direct or indirect interest in the Subscription Agreement, other than through their respective shareholdings in the Company.

H. Rule 812 of the Catalist Rules

The Conversion Shares will not be placed to any of the persons set out under Rule 812 of the Catalist Rules. The issuance of the Notes will also not result in a change of controlling interest in the Company.

I. Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Subscription Agreement, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

J. Document for Inspection

Shareholders should note that a copy of the Subscription Agreement shall be available for inspection during normal business hours at the Company's registered office at 10 Upper Aljunied Link, #04-09 Singapore 367904 for three (3) months from the date hereof.

K. Cautionary Statement

Shareholders of the Company and potential investors should exercise caution when trading in the Shares of the Company in relation to this announcement as there is no certainty that the issuance of Notes will be completed as it is subjected to the fulfilment of terms and conditions set out in the Subscription Agreement. When in doubt as to the action they should take, shareholders and potential investors should consult their financial, tax or other advisors.

BY ORDER OF THE BOARD

Lee Wan Sing
Chief Executive Officer

8 January 2015