



ORIENTAL GROUP

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

PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN WAN DORMITORY PTE. LTD.

*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.

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1. INTRODUCTION

The Board of Directors (the "**Board**") of Oriental Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 13 July 2015 entered into a sale and purchase agreement ("**Agreement**") with Ng Kok Cheng, Lim Soon Heng, Tan Wee Han, Tang Nancy, Tay Yong Hua, and Lim Kok Hui ("**Vendors**") for the acquisition by the Company of the entire issued and paid-up share capital ("**Sale Shares**") of Wan Dormitory Pte. Ltd. ("**Target**") for an aggregate consideration ("**Consideration**") of S\$11 million ("**Proposed Acquisition**").

The Consideration payable for the Sale Shares will be satisfied by both cash and issuance of new ordinary shares in the capital of the Company ("**Consideration Shares**").

2. INFORMATION ON THE TARGET AND VENDORS

2.1. Information on the Target

The Target is a company incorporated with limited liability under the laws of the Singapore on 21 September 2005 and has, at the date hereof, an issued and paid-up share capital of S\$1,000,000 comprising 1,000,000 ordinary shares.

The principal activity of the Target is the business of lodging and boarding houses. Currently, the Target is an industrial property management company and its principal asset is a tenanted 3-storey light industrial development with approved secondary workers' dormitory on a 30-year leasehold land parcel with a gross floor area of 8,243.8 square metres at Woodland Industrial Park, known as the Woodlands Auto Hub ("**Property**"). The Property comprises of industrial units, a food canteen and workers' dormitory.

As at 31 December 2014, based on the unaudited accounts provided by the Vendors, the net tangible asset ("**NTA**") value for the Target represented by the Sale Shares was S\$11,828,000. The net profit before tax of the Target, for the financial year ended 31 December 2014 based on the unaudited accounts provided by the Vendors, was S\$1,355,000.

The shareholding of each of the Vendors in the Target is as follows: Ng Kok Cheng (15%), Lim Soon Heng (8%), Tan Wee Han (5%), Tang Nancy (24%), Tay Yong Hua (24%), and Lim Kok Hui (24%).

2.2. Information on the Vendors

The Vendors are both the directors and shareholders of the Target. None of the Vendors is related to any of the Company's Directors, substantial shareholders, controlling shareholders or their respective associates. As at the date of this announcement, save for Lim Soon Heng who holds 7,374,700 shares in the Company, Tay Yong Hua who holds 2,549,200 shares in the Company and Tang Nancy who holds 5,000,000 shares in the Company, none of the Vendors holds shares in the Company. Lim Soon Heng is the husband of Tang Nancy and each of them is deemed to be interested in the shares held by each other. Save as disclosed, none of the Vendors are related to one another.

3. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

3.1. Sale Shares

The Proposed Acquisition involves the acquisition of the Sale Shares, free from all encumbrances, and together with all risks and rewards attaching thereto as from the 1 July 2015.

3.2. Consideration

The Consideration of S\$11 million, comprises:

- (i) An initial deposit ("**Deposit**") of S\$250,000, payable in cash, to the Vendors as part of the Consideration upon the signing of the Agreement which shall be refunded by the Vendors on a joint and several basis to the Company in the event of rescission of the Agreement, in accordance with the terms and conditions of the Agreement. The Deposit shall be paid to the Vendors in proportion to their respective shareholdings in the Target.
- (ii) The consideration at Completion (as defined herein) which was satisfied in the following manner:
 - (A) The cash sum of S\$250,000, shall be payable at Completion to the Vendors in proportion to their respective shareholdings in the Target.
 - (B) By way of the allotment and issue by the Company to the Vendors (or their nominees, if any) on Completion of 90,000,000 Consideration Shares, calculated based on S\$9,000,000 divided by the issue price of S\$0.10 ("**Issue Price**") for each Consideration Share, to be allotted in the following proportion:

Vendors	Number of Consideration Shares to be issued
Ng Kok Cheng	9,000,000
Lim Soon Heng	4,800,000
Tan Wee Han	3,000,000
Tang Nancy	14,400,000
Tay Yong Hua	44,400,000
Lim Kok Hui	14,400,000
	90,000,000

- (iii) the balance consideration of S\$1,500,000 shall be payable by the Company in cash to the Vendors in proportion to their respective shareholdings in the Target no later than one year after Completion.

The Consideration was arrived based on arm's length negotiations between the parties after an assessment by the Company of the Target, taking into consideration the prevailing market conditions, the net asset value of the Target as at 31 December 2014 of approximately S\$11.8 million where the

principal asset of the Target is an industrial property which valued at S\$29.0 million based on the valuation report done by United Valuers Pte Ltd on 15 June 2015 ("**Valuation Report**").

In respect of the Consideration Shares to be issued as part of the Consideration to the Vendors, each of the Vendors covenants and undertakes to the Company that he agrees to a moratorium on the Consideration Shares and he shall not directly or indirectly sell, transfer, or dispose of all or any part of the Consideration Shares issued to him for the period of six (6) months from the date of issuance of the Consideration Shares ("**First Moratorium Period**"); and each of them shall not directly or indirectly sell, transfer, or dispose of 50% of the Consideration Shares issue to him for an additional six (6) month after the First Moratorium Period.

As at the date of this announcement, the Company has an issued and paid-up share capital of S\$36,413,583 comprising 387,730,870 ordinary shares ("**Existing Share Capital**"). The Consideration Shares represent 18.84% of the enlarged issued and paid-up share capital of the Company of 477,730,870 shares ("**Enlarged Share Capital**") following the allotment and issuance of the Consideration Shares.

The Issue Price represents a premium of approximately 6.38% to the volume weighted average price of S\$0.094 for trades done on the shares of the Company on the Catalist Board of the SGX-ST on 13 July 2015 (being the full market day preceding the date of the Agreement).

3.3. Conditions Precedent

The Proposed Acquisition is conditional upon the fulfillment and satisfaction (or waiver by the Company) of, *inter alia*, the following conditions ("**Conditions Precedent**"):

- (a) the results of the due diligence review (including but not limited to legal, financial, contractual, tax, valuation or otherwise) conducted in respect of the Target being satisfactory to the Company in its sole discretion. For the avoidance of doubt, the Company shall not be required to provide any reason or basis for determining that the due diligence review of the Target is unsatisfactory.
- (b) the Target having no liabilities or obligations (whether actual, contingent, deferred or potential) other than in the ordinary course of trade, save as disclosed in writing to the Company prior to execution of the Agreement and such additional liabilities incurred between execution of the Agreement and Completion as are permitted under the Agreement;
- (c) there has been no Material Adverse Change (as defined in the Agreement) in the prospects, operations, assets, business, liabilities or financial or operating conditions of the Target occurring on or before the Completion Date and there has been no event occurring on or before the Completion Date (as defined herein) which would be likely to result in such Material Adverse Change after the Completion Date;
- (d) the approval by the Board and the shareholders of the Company ("**Shareholders**") if required having been obtained in relation to the Proposed Acquisition and the issue of the Consideration Shares;
- (e) the approval of the SGX-ST for the listing and quotation of the Consideration Shares on the Catalist Board having been obtained and not having been revoked or amended and, where approval is subject to conditions (in respect of such conditions which are not normally imposed by the SGX-ST for a transaction of a similar nature), such conditions being reasonably acceptable to the Company and, to the extent that any conditions for the listing and quotation of the Consideration Shares on the Catalist Board are required to be fulfilled on or before the completion of the Proposed Acquisition, they are so fulfilled;
- (f) there not being at any time prior to Completion any restriction, limitation, prohibition or directive, whether written or verbal, from the SGX-ST limiting prohibiting the entry into or performance the Company of its obligations under the Agreement;
- (g) the purchase and transfer of the Sale Shares upon the terms and conditions of the Agreement not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative,

executive or regulatory body or authority of Singapore and any other relevant jurisdictions; and all necessary approvals and consents from all relevant governmental, statutory, regulatory and other authorities in Singapore and any other relevant jurisdictions and any other third parties for the sale and purchase of the Sale Shares, the completion of the terms of the Agreement and the transactions contemplated thereunder and referred to therein having been obtained and continuing to be in force on terms and conditions acceptable to the Company; and

- (h) all necessary bank consents and other consents and other approvals having been obtained by the Target on terms and conditions reasonably acceptable to the Company for the sale and purchase of the Sale Shares and such that Completion will not constitute an event of default or a breach, or result in the acceleration of indebtedness, or constitute or give rise to a prescribed event or a change in condition or position or otherwise at the date of Completion, under the terms of any indebtedness or otherwise whatsoever in respect of the Target to or with any bank, financial institution, third party or authority.

3.4. Completion

Subject to the satisfaction (or waiver) of the Conditions Precedent, completion of the Proposed Acquisition ("**Completion**") shall be no later than ten (10) business days after the date on which the last of the Conditions Precedent has been satisfied or waived or such other date as the parties may agree in writing (the "**Completion Date**"), in any event not later than the Long-Stop Date.

Under the terms of the Agreement, the "**Long-Stop Date**" is defined to mean 31 October 2015, subject to such extension of time as may be agreed in writing between the parties. In the event that any of the Conditions Precedent is not fulfilled by the Long-Stop Date, then save as expressly provided in the Agreement, the Agreement shall terminate and neither party shall have any claim against the other under the Agreement save in respect of any antecedent breach of the Agreement.

4. RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION

The Board is of the view that the Proposed Acquisition would be beneficial to the Group as the Proposed Acquisition would allow the Group to invest in a profitable property management company with an attractive Property and provide the Group with a stable income and alternative cash flow stream.

5. PROPOSED DIVERSIFICATION OF BUSINESS

The Group is currently an integrated steel player which manufactures and trades steel related products in both the People's Republic of China and Singapore. The Group's production facilities are located in both Jiangyin City and Xinghua City, Jiangsu Province, the People's Republic of China.

Upon the completion of the Proposed Acquisition, the Group's will hold and manage one industrial property as a long term investment for the collection of rent and capital growth potential. The Company may also in the future consider the acquisition, investment, management and development of such other industrial properties as a new business of the Group ("**New Business**"). Should such diversification into the New Business significantly change the existing business scope and risk profile of the Group, the Company will seek the approval of Shareholders for the proposed diversification where required.

6. SOURCE OF FUNDS FOR THE PROPOSED ACQUISITION

The Group plans to use a combination of internal funds, bank borrowings and/or fund raising from the capital markets for the payment of S\$2 million in cash and allotment of 90,000,000 Consideration Shares at an issue price of S\$0.10 for each Consideration Share for the remaining S\$9 million Consideration.

7. AUTHORITY TO ISSUE THE CONSIDERATION SHARES

The Consideration Shares will be allotted and issued pursuant to a general share issue mandate (the “**General Mandate**”) obtained from the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company held on 30 April 2015 (“**2015 AGM**”).

The General Mandate authorises the Directors to allot and issue new Shares not exceeding 100% of the total number of issued shares (excluding treasury shares) as at the date of the 2015 AGM, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing Shareholders shall not exceed 50% of the Company’s total number of issued shares (excluding treasury shares).

As at the date of the 2015 AGM, the number of issued shares was 387,730,870. No Shares were previously issued under the General Mandate prior to the Proposed Acquisition. As such, the total number of shares that may be issued pursuant to the General Mandate other than on a pro-rata basis is 193,865,435 shares. The proposed allotment and issuance of an aggregate of 90,000,000 Consideration Shares will fall within the limits of the General Mandate.

The Company will be making an application to the SGX-ST through its sponsor for the listing of and quotation for the Consideration Shares on the Catalist of the SGX-ST, and will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

8. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

8.1. Financial Effects

Purely for illustrative purposes, the financial effects of the Group as set out below are prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 (“**FY2014**”) and the unaudited financial statements of the Target for FY2014. The information below is calculated on the basis of an exchange rate of S\$1 to RMB4.6.

Net Tangible Asset Per Share

Assuming that the Proposed Acquisition had been effected on 31 December 2014, the effects of the Proposed Acquisition on the Group’s net tangible assets (“**NTA**”) per share would be as follows:

	Before Proposed Acquisition	After Proposed Acquisition
NTA (S\$’000)	34,626	44,455
Number of shares issued	387,730,870	477,730,870
NTA per share (Singapore cents)	8.93	9.31

Loss Per Share

Assuming that the Proposed Acquisition has effected on 1 January 2014, the effects of the Proposed Acquisition on the Group’s loss per share (“**LPS**”) would be as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Net loss attributable to Shareholders (S\$’000)	1,340	16
Number of shares issued	387,730,870	477,730,870
LPS (Singapore cents)	0.345	0.003

Gearing

Assuming the Proposed Acquisition had been effected on 31 December 2014, the effects of the Proposed Acquisition on the Group's gearing ratio would be as follows:

	Before Proposed Acquisition	After Proposed Acquisition
Total debt (S\$'000)	18,905	43,528
Total equity (S\$'000)	34,626	43,626
Gearing ratio	54.60%	99.77%

Share Capital

After the issue of Consideration Shares pursuant to the Proposed Acquisition, the Company's issued share capital will increase from 387,730,870 shares to 477,730,870 shares. The Consideration Shares represent approximately 23.21% of the Existing Share Capital, and approximately 18.84% of the Enlarged Share Capital following completion of the Proposed Acquisition.

9. RELATIVE FIGURES UNDER CHAPTER 10 OF THE CATALIST RULES

	Relative Figures (%)
Rule 1006 (a) The net asset value of the assets to be disposed of, compared with the group's net asset value	Not applicable
Rule 1006 (b) The net profit before tax attributable to the Target of S\$1,355,000, compared with the Group's net loss before tax of S\$932,000 for the FY2014	Not meaningful as the relative figure is a negative figure due to the losses in the Group. See note below.
Rule 1006 (c) Aggregate value of the Consideration of S\$10,460,000 (90,000,000 shares at S\$0.094 per share plus S\$2,000,000 cash), compared with the market capitalisation of the Company as at 13 July 2015 of approximately S\$36,446,702 ⁽¹⁾	28.70%
Rule 1006 (d) The number of equity securities issued by the issuer as Consideration Shares of 90,000,000 shares, compared with the number of equity securities previously in issue of 387,730,870 shares	23.21%
Rule 1006 (e) The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Note:

(1) The Company's market capitalization of approximately S\$36,446,702 is determined by multiplying the issued share capital of the Company of 387,730,870 Shares with the volume weighted average price of such shares transacted on 13 July 2015 of S\$0.094 per share.

Pursuant to Practice Note 10A, under Rule 1014 of the Catalist Rules, the Rule 1006(b) does not apply to an acquisition of profitable assets as Shareholders are not expected in normal circumstances to be concerned if the assets to be acquired are profit contributors.

Based on the above, the relative figures for the Proposed Acquisition, computed on the bases set out in Rule 1006(c) and (d) of the Catalyst Rules, exceed 5% but are less than 75%. Accordingly, the Proposed Acquisition constitutes a “discloseable transaction” under Rule 1010 of the Catalyst Rules.

10. INTERESTS OF THE VENDORS, DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The direct and deemed interest of the Vendors, Directors and substantial shareholders before and after the Proposed Acquisition are as follows

	Before Proposed Acquisition				After Proposed Acquisition			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
Vendors								
Ng Kok Cheng	-	0.00%	-	0.00%	9,000,000	1.88%	-	0.00%
Lim Soon Heng ⁽¹⁾	7,374,700	1.90%	5,000,000	1.29%	12,174,700	2.55%	19,400,000	4.06%
Tan Wee Han	-	0.00%	-	0.00%	3,000,000	0.63%	-	0.00%
Tang Nancy ⁽¹⁾	5,000,000	1.29%	7,374,700	1.90%	19,400,000	4.06%	12,174,700	2.55%
Tay Yong Hua	2,549,200	0.66%	-	0.00%	46,949,200	9.83%	-	0.00%
Lim Kok Hui	-	0.00%	-	0.00%	14,400,000	3.01%	-	0.00%
Directors								
Wu Dingrong ⁽²⁾	-	0.00%	77,986,667	20.11%	-	0.00%	77,986,667	16.32%
Lee Wan Sing ⁽³⁾	-	0.00%	21,848,653	5.64%	-	0.00%	21,848,653	4.57%
Sun Lu ⁽²⁾	-	0.00%	77,986,667	20.11%	-	0.00%	77,986,667	16.32%
Ong Wee Chuan ⁽⁴⁾	-	0.00%	6,500,000	1.68%	-	0.00%	6,500,000	1.36%
Chua Hung Meng	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Tan Song Kwang	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Koh Choon Kong	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Substantial Shareholders (Other than Directors and Vendors)								
Miao Lina ⁽²⁾	-	0.00%	77,986,667	20.11%	-	0.00%	77,986,667	16.32%
Dingji Investments Ltd ⁽²⁾	77,986,667	20.11%	-	0.00%	77,986,667	16.32%	-	0.00%
Liou Fangyou ⁽⁵⁾	13,838,001	3.57%	8,000,000	2.06%	13,838,001	2.90%	8,000,000	1.67%
Tam Bee Moi ⁽⁶⁾	1,500,000	0.39%	25,000,000	6.45%	1,500,000	0.31%	25,000,000	5.23%
Tan Seow Juay ⁽⁶⁾	4,000,000	1.03%	22,500,000	5.80%	4,000,000	0.84%	22,500,000	4.71%

Note:

- (1) Lim Soon Heng is the husband of Tang Nancy. Each of them is deemed to be interested in the shares held by each other. As announced on 8 January 2015, Lim Soon Heng also holds S\$500,000 convertible loan notes which at the prevailing conversion price of S\$0.13 (for the period from 8 January 2015 to 7 January 2016) will, if converted, entitle him to 3,846,154 new ordinary shares of the Company.

- (2) Dingji Investments Ltd is a company established in British Virgin Islands and its shares are held equally between Sun Lu and Miao Lina. Sun Lu is son in law of Wu Dingrong and Miao Lina is adopted daughter of Wu Dingrong. Sun Lu and Miao Lina are holding the shares in Dingji Investments Ltd on trust for Wu Dingrong, therefore, Wu Dingrong is the beneficial owner of and deemed interested in the 77,986,667 shares of the Company held under Dingji Investments Ltd.
- (3) Lee Wan Sing is the beneficial owner of and deemed interested in (i) 6,348,653 shares held under Mayban Nominees (S) Pte Ltd, (ii) 9,000,000 shares held under OCBC Limited, (iii) 5,000,000 shares held under Hong Leong Finance Limited and (iv) 1,500,000 shares held under United Overseas Bank Nominees Limited. Therefore, Lee Wan Sing is deemed interested in 848,653 shares of the Company.
- (4) Ong Wee Chuan is the beneficial owner of and deemed interested in the 6,500,000 shares of the Company held under DBS Nominees.
- (5) As Liou Fangyou holds 100% of the issued and paid up shares in the share capital of Giant Success Investments Limited, in accordance with Section 7 of the Companies Act, he is deemed interested in all the 8,000,000 shares of the Company owned by Giant Success Investments Limited. Therefore, Liou Fangyou is deemed interested in 8,000,000 shares of the Company.
- (6) Tan Seow Juay is the beneficial owner of and deemed interested in (i) 6,000,000 shares held under Mayban Nominees (S) Pte Ltd, (ii) 9,000,000 Shares held under OCBC Limited and (iii) 6,000,000 Shares held under Hong Leong Finance Limited. Tam Bee Mooi is the wife of Tan Seow Juay, Tan Seow Juay is deemed interested in 1,500,000 shares held by Tam Bee Mooi. Therefore, Tan Seow Juay is deemed interested in 22,500,000 shares of the Company. Tan Seow Juay is the husband of Tam Bee Mooi. Tam Bee Mooi is deemed interested in 25,000,000 shares of the Company held by Tan Seow Juay.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, save through their respective shareholdings in the Company (if any).

11. SERVICE AGREEMENTS

No person will be appointed as a Director of the Company in connection with the Proposed Acquisition and Proposed Diversification. Two Vendors, namely, Lim Soon Heng and Tay Yong Hua will serve as directors of the Target for the period of one (1) year from the Completion Date and will each enter into a service agreement with the Target on the terms to be agreed.

12. 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 Proposed Acquisition and Proposed Diversification, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the 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.

13. INSPECTION OF DOCUMENTS

The Agreement and the Valuation Report are available for inspection during normal business hours at the registered office of the Company at 10 Upper Aljunied Link, #04-09 Singapore 367904 for a period of three (3) months from the date of this announcement.

14. TRADING CAUTION

Shareholders and potential investors should exercise caution when trading in shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.

BY ORDER OF THE BOARD

Lee Wan Sing
Chief Executive Officer

14 July 2015