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The contact person for the Sponsor is Mr Mark Liew, Managing Director, Corporate Finance, at 20 Cecil Street, #21-02 Equity Plaza, Singapore 049705, telephone (65) 6229 8088.

NEWS RELEASE

ORIENTAL GROUP'S NET PROFIT GREW 128% YOY FOR HY2014

- Revenue increased to RMB251.6 million from RM118.0 million in HY2014, and Group's net profit increased to RMB 3.2 million, a 128% increase over HY2013
- Entry to 20,000MT carbon steel angle bar supply agreement

FINANCIAL HIGHLIGHTS

	Half Year Ended		Change
	30 Jun 14	30 June 13	
	RMB million	RMB million	
Revenue	251.6	118.0	113%
Gross Profit	19.5	11.1	76%
Gross Profit Margin	7.8%	9.4%	-1.6 pts
Profit from operating activities	9.1	3.9	130%
Profit before tax	6.9	3.5	98%

Net profit after tax	3.2	1.4	128%
Basic & Diluted EPS (in RMB cents)	0.83	0.52	60%
NAV per share (in RMB cents)	44.19	42.86	3%

SINGAPORE- 13 August 2014- Oriental Group Ltd (“**Oriental**” or the “**Group**”), a steel player which manufactures and trade mild steel bars and high tensile steel bars for industrial and construction use, is pleased to announce today that the Group reported a net profit of RMB3.2 million for the six months period ended 30 June 2014 (“**HY2014**”), an increase of 128% over the previous corresponding half year (“**HY2013**”).

Revenue increased 113% from RMB 117.9 million a year ago to RMB 251.6 million in HY2014. Domestic sales in People's Republic of China (“**PRC**”) and overseas sales contributed 84% and 16% to Group’s total revenue respectively. Domestic sales in HY2014 increased 125% due mainly to the contribution from the Group’s wholly-owned subsidiary, Xinghua Rongcheng Precision Manufacturing Co., Ltd (“**Xinghua Rongcheng**”) which was acquired in April 2013, coupled with higher sales volume achieved by Group’s another wholly-owned subsidiary, Jiangyin Chengsheng Machinery Manufacturing Co., Ltd (“**Jiangyin Chengsheng**”). The increase in overseas sales was mainly due to greater emphasis placed to extend the Group’s marketing network to South East Asia region especially Singapore and Malaysia since last year.

Based on the six month financial results ended 30 June 2014, the Group’s basic and diluted earnings per share (EPS) were RMB 0.83 cents as compared to RMB 0.52 cents in the previous corresponding period. As at 30 June 2014, the Group’s net asset value per share (NAV) amounted to RMB 44.19 cents and cash and cash equivalents stood at RMB 12.8 million.

Commenting on the financial performance, Mr Wu Dingrong, Oriental’s Chairman, said, ***“Our HY2014 results reflect the Group’s successful synergistic business model in both up and downstream, and domestic and overseas markets. This has allowed the Group to continue to deliver improved operating results, even in periods of slow economic growth and overcapacity in the PRC steel industry.”***

Outlook and Strategy

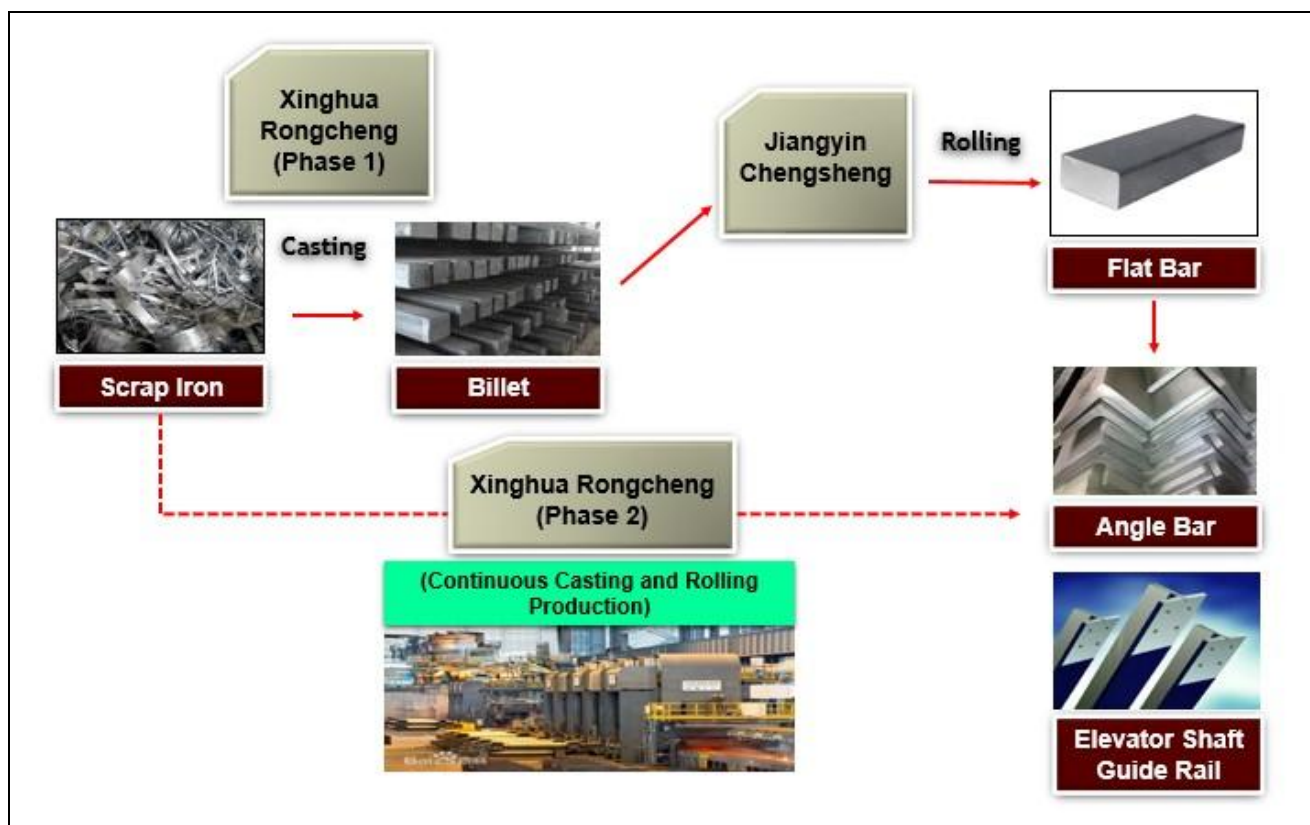
The global outlook for the steel industry remains challenging in second half of 2014 (“2H2014”). However, as one of the fastest growing economies, the PRC’s infrastructure development projects will continue to drive steel demand. Its urbanisation developments plan, building of social housing projects and countrywide expansion of electrical transmission coverage would have a positive impact to the Group’s steel products. The Group will continue to extend its product mix to include angle bar which is used for building of transmission tower, as well as continue to concentrate on its existing major product such as flat steel bar which is used for construction of elevator shaft guide rail in 2H2014. In addition, Xinghua Rongcheng will commence its development on phase 2 continuous casting and rolling production line in 2H2014. The development is expected to be funded by both internal and external resources.



(Phase 1 manufacturing plant of Xinghua Rongcheng acquired in April 2014, located at Taizhou Xinghua City, Jiangsu Province, PRC)



(Phase 2 manufacturing plant of Xinghua Rongcheng commenced since July 2014, located at Taizhou Xinghua City, Jiangsu Province, PRC)



(Production flows of continuous casting and rolling production line)

The Group has on 28 April 2014 entered into a non-binding strategic cooperation memorandum of understanding (“**MOU**”) with Chongqing Jodear Power Equipment Co., Ltd (“**CJPE**”). Pursuant to this MOU, the Group will become a strategic partner and a preferential carbon steel angle bar supplier to CJPE. CJPE is one of the key power transmission tower and telecom transmission tower manufacturers in the PRC. Recently, the Group’s wholly-owned subsidiary, Jiangyin Chengsheng has on 6 August 2014 entered into a supply agreement with an affiliate company of CJPE, Jiangsu Jodear Power Equipment Co., Ltd (“**JJPE**”) to supply 20,000 tonnes of angle bars from August 2014 to January 2015 to JJPE. This agreement is expected to have a positive impact on the consolidated earnings of the Group from second half of 2014 till early 2015.

Commenting on the Agreement, Mr Wu Dingrong, Oriental’s Chairman, said, ***“China’s expansion of electrical and telecom transmission coverage project drives steel demand and brought a good opportunity to our steel industry. Partnered with CJPE Group, we would be able to secure our order book for a mid-term and further enhance our established presence in carbon steel bars sector in the PRC.”***

Madam Zeng Xiangxian, Chairman of CJPE Group, remarked: *“I am pleased to seal this supply agreement with Oriental Group. Through cooperation and mutual understanding over the years, Oriental’s business reputation and superior product quality made them as our reliable partner. We expect a long term cooperation perspective between us.”*



(New manufacturing plant of Jiangsu Jodear Power Equipment Co., Ltd completed in July 2014, located at Taizhou Xinghua City, Jiangsu Province, PRC)

“Moving forward, the Group will leverage on the China production base and expand market presence from Singapore to South East Asia area. The Group will continue to focus on growing our business, both organically in our supply chain and through acquisitions and/or joint ventures to enhance the Group’s production capabilities. We will work towards this goal with strong supports from our valued customers, our loyal shareholders and our professional management team.” Mr. Wu added.

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About Oriental Group Limited

Oriental Group Ltd, formerly known as Oriental Food (Holdings) Ltd, (“Oriental”), is a listed company in SGX-Catalist since 19 November 2004. Oriental is a steel manufacturing and trading group with an integrated carbon steel mill which manufactures mild steel bars and high tensile steel bars for the industrial and construction use.

For more information, please contact:

Lee Ong, Group Financial Controller, leeong@orientalgroup.com.sg,

Jennie Liu, IR Manager, ir@orientalgroup.com.sg

Tel: (65) 6282 3382 Fax: (65) 6282 3381