ORIENTAL GROUP LTD.

(Company Registration Number: 200401998C)
(Incorporated in the Republic of Singapore)

UPDATE ANNOUNCEMENT

*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 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.

1. INTRODUCTION

The board of directors ("**Board**") of Oriental Group Ltd. (the "**Company**" together with its subsidiaries, the "**Group**") refers to the Company's announcements on SGX-NET dated 19 January 2016, 15 March 2016 and 11 May 2016 as well as the Company's announcements on 8 and 11 March 2016 in relation to the trading halt and suspension respectively (collectively, "**Previous Announcements**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as defined in the Previous Announcements.

The Company wishes to provide the following updates to shareholders of the Company ("**Shareholders**").

2. UPDATES TO SHAREHOLDERS PURSUANT TO THE PREVIOUS ANNOUNCEMENTS

2.1 Unauthorised Guarantees

The Board understands that Mr Wu Dingrong (Non-Executive Chairman of the Company) is responsible for the XHRC Guarantee. However, Mr Sun Lu, who is the legal representative of JYCS has disclaimed responsibility for the JYCS Guarantee. The Company has appointed a Chinese lawyer to challenge the validity of the JYCS Guarantee, and will continue to assess its options and steps to be taken with regards to the Group's legal position.

As stated in the Company's 19 January 2016 announcement ("**January Announcement**"), Mr Wu has provided an indemnity to the Company for any and all losses that the Group may suffer as a result of the Unauthorised Guarantees.

In view of the above, the financial impact of the unauthorised Guarantees to the Group cannot be accurately ascertained as at this point in time.

Further, it was stated in the January Announcement that Mr Lee Wan Sing and Mr Lee Ong had been tasked to lead the management team of both JYCS and XHRC for their daily business operations and finance matters. It was also mentioned that they would also be the custodian of the legal representative seals and had taken control and possession of the company seals of both JYCS and XHRC. The Company would like to update Shareholders that following the appointment of Mr Lim Kok Hui as the Chief Executive Officer of the Company, Mr

Lim Kok Hui will take over the leadership of the management team of both JYCS and XHRC. In respect of the legal representative seals and company seals of both JYCS and XHRC, the Company wishes to update Shareholders that they are now in the possession of Mr Huang Wei, the financial controller of JYCS and XHRC.

2.2 Unauthorised Transactions and Prepayment Balance

In respect of the Unauthorised Transactions and Prepayment Balance as disclosed in the announcement of 15 March 2016, the Company wishes to update Shareholders that the Company is still in the process of obtaining the appropriate evidence to ascertain the amount, validity and recoverability of the Unauthorised Transactions and Prepayment Balance. Please refer to Company's announcement dated 15 March 2016 for more details.

3. FURTHER FINDINGS PURSUANT TO STATUTORY AUDIT AND MANAGEMENT'S REVIEW

3.1 During the course of the on-going statutory audit for the financial year ended 31 December 2015, the auditor had highlighted further issues to the Audit Committee. Following the cessation of Mr Lee Wan Sing as Chief Executive Officer and Mr Lee Ong as Group Financial Controller (collectively, "**Former Senior Employees**") on 11 May 2016 and 16 May 2016 respectively, the Company's new management performed an internal review of the current state of affairs and also engaged an external accounting firm to undertake a review of the accounting records of the Company.

3.2 From the review, it was noted that there were certain matters and transactions entered into by the Company during the tenure and purportedly under the instruction and / or advice of the Former Senior Employees that appear to be irregular. These concerns are set out below.

3.2.1 Share Placement exercise (which was announced as completed on 16 April 2013)

The Company had announced on 16 April 2013 that the share placement exercise of 179,166,667 new ordinary shares was completed and that the new ordinary shares were issued and fully paid for. However, an amount of S$30,000 remained unpaid by one of the placees as at 16 April 2013. Upon discovery of the non-payment, the Board instructed the Former Senior Employees to expedite the recovery of the outstanding balance and the Company has since received the sum of S$30,000.

3.2.2 Share Placement exercise (which was announced as completed on 13 August 2015)

The Company had announced on 13 August 2015 that the share placement exercise of 50,000,000 new ordinary shares was completed and that the new ordinary shares were issued and fully paid for. However, it is noted that an amount of S$1,500,000 remained unpaid by one of the placees as at 13 August 2015. The Company is in the midst of ascertaining whether this amount outstanding has since been paid in full and the validity of the issuance of shares relating to this amount.

3.2.3 GL Engineering Pte Ltd

(a) Around early 2015, the Company, without the Board's approval, purchased 7,500 pieces of scaffolding pipes at S$20 per piece for an aggregate amount of S$150,000 ("**Scaffolding Payments**") from GL Engineering Pte Ltd ("**GL Engineering**").

In March 2016, the Company re-sold 2,500 scaffolding pipes at S$17 per piece (at a loss of S$3 per piece) for an aggregate amount of S$42,500.

The current management of the Company is unable to confirm and satisfy its statutory auditors of the validity and recoverability of the remaining 5,000 scaffolding pipes as they are currently not in the Company's possession.

(b) On 21 January 2016, an amount of S$500,000 was transferred from the Company's bank account to GL Engineering without prior knowledge by the Board. The Board is unable to ascertain the purpose of such transfer as there is no supporting document for the transfer.

Pursuant to a business profile search on the Accounting and Regulatory Authority of Singapore dated 18 May 2016, the sole shareholder and director of GL Engineering is Mr Chan Geok Leng. Mr Chan Geok Leng is one of the requisitioning members pursuant to the letter to Shareholders dated 23 May 2016 (please refer to the Company's announcement dated 24 May 2016 for more information).

3.2.4 Purchases of Electronic Equipment

The Company and its wholly owned subsidiary, Oriental Investments Group Pte. Ltd. ("**OIG**") had made several purchases of IT equipment in 2014 and 2015. There appear to be several irregularities surrounding these purchases, such as duplicate payments made, non-receipt of equipment purchased to-date and unauthorised disposals of these equipment. It is also noted that claims had been made to the Inland Revenue Authority of Singapore under the Productivity and Innovation Credit Scheme in relation to these purchases.

3.2.5 Hacking of the Company's Server

On 19 May 2016, the Company's server was hacked into and all data (including the Company's financial and accounting operating system) were deleted. The Company had lodged a police report on 19 May 2016 and the case is currently under investigation by the Criminal Investigation Department. The Company had also taken immediate steps to engage external information technology experts to recover the data from the said server.

4. SPECIAL AUDIT AND UPDATE ON INDEPENDENT REVIEW COMMITTEE

In light of the preliminary findings on the above irregularities, the Company will be engaging an independent special auditor ("**SA**") to carry out thorough investigation into the irregularities within the Group's Singapore operations. The Company will update the Shareholders on the formal appointment of the SA.

As mentioned in the Company's earlier announcement dated 19 January 2016, an independent committee ("**Independent Review Committee**") was established over certain unauthorised transactions entered into by the Company's PRC subsidiaries. The Company wishes to update Shareholders that following the termination of the employment of Mr Lee Ong, who was one of the members of the Independent Review Committee, the Independent Review Committee has been dissolved and the Audit Committee of the Company, consisting of Mr Chua Hung Meng (Chairman of Audit Committee), Mr Tan Song Kwang and Mr Koh Choon Kong have taken over the responsibilities of the Independent Review Committee.

5. EXTENSION OF TIME

The Company refers to its earlier announcement dated 3 May 2016 on the grant of extension of time by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to hold its annual general meeting for the financial year ended 31 December 2015 ("**AGM**") by 30 June 2016. The

Company had also received a corresponding approval from the Accounting & Corporate Regulatory Authority.

In light of the issues disclosed above, the recent change in the management as well as the upcoming extraordinary general meeting relating to the requisition by certain shareholders, the Company will be applying for a further extension of time to hold the AGM.

The Board will provide further update to shareholders when there are material developments. In the meantime, shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

BY ORDER OF THE BOARD

Chua Hung Meng
Lead Independent Director
Oriental Group Ltd.

13 June 2016