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.

The board of directors ("**Board**") of Oriental Group Ltd. (the "**Company**" together with its subsidiaries, the "**Group**") refers to the Company's announcement dated 15 September 2016 ("**September Update Announcement**") and the Company's announcement on 14 October 2016 on the Company's unaudited financial results for the half-year ended 30 June 2016 (collectively, "**Previous Announcements**"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the September Update Announcement.

Further to the Previous Announcements, the Company wishes to provide the following updates to shareholders of the Company ("**Shareholders**").

Jiangyin Chengsheng Machinery Manufacturing Co., Ltd. (江阴澄盛机械制造有限公司) ("**JYCS**"), a wholly-owned subsidiary of the Group, originally owned a piece of land in the People's Republic of China ("**PRC**") with an area of approximately 23,403 square metres (the "**Land**") with the intention to develop it.

Due to the financial situation of the Group, JYCS was not able to develop the Land and was requested by the Yuecheng Industrial Park Management Committee (月城镇工业园区管理委员会) ("**YIPMC**"), part of the Jiangyin City government, to return the Land to the YIPMC ("the "**Land Return**"). As the Land had been mortgaged to Shanghai Pudong Development Bank, all proceeds from the Land Return were used to reduce the bank borrowings of JYCS.

The Company is actively exploring various options to enable the Group and Company to continue as a going concern and will keep Shareholders updated as and when there are material developments. Such options include, *inter alia*, the following:

(i) Negotiating with the bank to extend the fixed advance facility of Wan Dormitory Pte. Ltd and negotiating with former owners of Wan Dormitory Pte. Ltd. to extend the payment deadline for the deferred consideration. The Company is also looking at disposing Wan Dormitory Pte. Ltd, which owns the investment properties, to provide immediate cash flow for the Group. Shareholders' approval will be sought for such disposal. The Company wishes to update that it is in an advanced stage of negotiations with a prospective buyer in relation to the proposed disposal.

(ii) Negotiating with the holders of convertible bonds to extend the maturity tenure of the convertible bonds and undertaking fund raising from potential investors.

(iii) Restructuring or disposing the Group's operations in the PRC.

The Company will keep Shareholders updated as and when there are material developments.

Shareholders and other investors should note that there is no assurance that the options being explored by the Company as described above will materialise. Shareholders and other investors are reminded to exercise caution when dealing in the Shares. In the event that Shareholders and other investors are in doubt when dealing in the Shares, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Lim Kok Hui
Director and Chief Executive Officer
Oriental Group Ltd.

14 October 2016