ORIENTAL GROUP LTD.

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

THE PROPOSED DISPOSAL OF 100% SHAREHOLDING INTERESTS 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**" or the "**Directors**") of Oriental Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 27 October 2016 entered into a sale and purchase agreement ("**SPA**") with Dacai Pte Ltd (the "**Purchaser**") for the proposed disposal by the Company of its entire shareholding interests (the "**Sale Shares**") in its wholly owned subsidiary, Wan Dormitory Pte. Ltd. ("**Wan Dormitory**") (the "**Proposed Disposal**").

The Proposed Disposal will result in Wan Dormitory ceasing to be a subsidiary of the Company.

2. INFORMATION ON WAN DORMITORY AND THE PURCHASER

2.1 Wan Dormitory

Wan Dormitory was incorporated in Singapore on 21 September 2005 and has, at the date of this announcement, an issued and paid-up capital of S$1,000,000 comprising 1,000,000 ordinary shares. The Company had completed the acquisition of Wan Dormitory on 30 October 2015.

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

Valuation of the Property

Savills Valuation and Professional Services (S) Pte Ltd ("**Property Valuer**"), an independent valuer, had been appointed by the Company to undertake a desktop valuation of the Property.

The desktop valuation of the Property was carried out by the Property Valuer on an "as-is basis, subject to existing tenancy and free from all encumbrances". In arriving at the desktop valuation, the Property Valuer relied on the "Direct Comparison Method and Income Capitalisation Approach".

As at 3 October 2016, being the effective date of the desktop valuation by the Property Valuer, the market value(1) of the Property is S$26,000,000 and the "forced sale value"(2) of the property is S$20,800,000 (the "**Valuation**").

The desktop valuation of the Property by the Property Valuer involves certain assumptions and limitations, and shareholders of the Company ("**Shareholders**") are advised to read the above in conjunction with the valuation report of the Property Valuer, which is available for inspection as referred to in paragraph 12 below.

Notes:

*(1) "**Market value**" is the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably and prudently without compulsion.*

*(2) "**Forced sale value**" is the amount which may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Forced sale involves a price which arises from deposition under extraordinary or atypical circumstances, usually reflecting an inadequate marketing period without reasonable publicity, an inappropriate mode of sale and sometimes reflecting an unwilling seller condition, and/or disposal under compulsion or duress.*

2.2 **The Purchaser**

The Purchaser, an independent third party, is a company incorporated in Singapore with its principal place of business and registered office at 16 Wholesale Centre #01-95 Pasir Panjang Wholesale Centre, Singapore 11001. The principal activity of the Purchaser is the wholesale of fruits and vegetables.

3. CONSIDERATION FOR THE PROPOSED DISPOSAL

The total consideration for the Sale Shares ("**Consideration**") will be S$24,200,000.00 adjusted as follows:

(a) less the amount of outstanding loan and accrued interest due from Wan Dormitory to DBS Bank Ltd as at the Completion Date (as defined below) and less the Pre Completion Invoices (as defined below) remaining unsettled on or before the Completion Date (if any); and

(b) add the aggregate cash and bank balances of Wan Dormitory as at the Completion Date, including (i) the aggregate escrow amount held with DBS Bank Ltd as at the Completion Date and (ii) utilities deposits paid to SP Services Ltd and Seraya Energy Pte Ltd, but excluding the aggregate of all tenancy deposits held by Wan Dormitory as at the Completion Date.

Purely for illustrative purposes only, if Completion had occurred on 21 October 2016 (being the latest practicable date prior to the date of this announcement), the Consideration would have been S$8,252,000 (approximately RMB40,023,000 based on the exchange rate of S$1 to RMB4.85 on 21 October 2016) ("**Illustrative Consideration**").

The Illustrative Consideration is not to be taken as indicative of the actual Consideration for the Proposed Disposal, which will only be determined on the Completion Date.

Satisfaction of Consideration

(A) As at the date of this announcement, the sum of S$242,000.00 ("**1% Payment**") has already been paid by the Purchaser to the Company(1); and

(B) On completion of the Proposed Disposal ("**Completion**"), the Purchaser will pay to the Company the Consideration less the 1% Payment and a deferred amount of S$2,500,000.00 ("**Deferred Amount**").

The Deferred Amount will be paid by the Purchaser in 12 monthly instalments commencing from the end of one month from the Completion Date, and subject to interest at the rate of 3.25% per annum. The Purchaser may at any time accelerate the payment of all outstanding Deferred Amount and interest.

Note:

(1) The 1% Payment (interest free) is refundable in the event the conditions precedent to Completion are not fulfilled or waived by the Long Stop Date (as defined below). Notwithstanding, the Company shall not be obliged to refund the 1% Payment if the non-fulfilment of conditions precedent or the termination of the SPA is caused by the breach or default by the Purchaser. Please refer to paragraph 5.2 below for more details.

Basis of Consideration

The Consideration was arrived at after arms' length negotiations between the Company and the Purchaser on a willing-buyer willing-seller basis, taking into consideration, *inter alia*, the following factors:

(a) the value of the ongoing business of Wan Dormitory;

(b) the Valuation of the Property;

(c) the net borrowings of approximately S$16.6 million with respect to the Property as at the date of the SPA;

(d) the book value and net tangible asset ("**NTA**") value of the Sale Shares of RMB51,218,000 based on the latest announced unaudited consolidated financial statements of the Group for the half-year ended 30 June 2016 ("**HY2016**");

(e) the aggregate net loss before income tax, minority interest and extraordinary items attributable to Wan Dormitory for HY2016 based on the latest announced unaudited consolidated financial statements of the Group for HY2016 as set out in paragraph 7; and

(f) the rationale for and benefits to the Company of the Proposed Disposal as set out in paragraph 4.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED DISPOSAL AND USE OF PROCEEDS

Trading in the shares of the Company ("**Shares**") has been halted on 8 March 2016 and thereafter suspended since 11 March 2016 for reasons including that the Board was unable to reasonably assess whether the Group is able to continue as a going concern due to the lack of assurance on the Group's ability to refinance its debt obligations or to raise funds to address its negative working capital.

Since the suspension, the Company has been actively exploring various options to alleviate the Group's financial situation and enable the Group and Company to continue as a going concern and has previously announced on 15 September 2016 and 14 October 2016 that the Proposed Disposal would be able to provide immediate cash flow for the Group.

The Board is of the view that the Proposed Disposal is in the best interests of the Group and necessary to address and alleviate the Group's cash flow and going concern issues. The Company intends to utilise the net proceeds from the Proposed Disposal for general working capital requirements of the Group, to repay existing debts, and to fund future business expansions, investments and acquisitions when suitable opportunities arise.

5. OTHER SALIENT TERMS OF THE PROPOSED DISPOSAL

5.1 Conditions Precedent

Completion is conditional upon the fulfilment of, *inter alia*, the following conditions:

(a) the Purchaser being reasonably satisfied that the Company is the sole legal and beneficial owner of the Sale Shares and owns the Sale Shares free of encumbrances;

(b) relevant consents and/or waiver of pre-emption rights (where applicable) being obtained from Wan Dormitory, the Company and/or any third parties as may be necessary for the Proposed Disposal;

(c) the business of Wan Dormitory having been carried out in a satisfactory manner in the ordinary course of business on or before the Completion Date (as defined below);

(d) Shareholders' approval being obtained in relation to the Proposed Disposal, if required;

(e) there not being at any time prior to Completion any restriction from the SGX-ST limiting or prohibiting the entry into the SPA or the performance by the Company of its obligations under the SPA;

(f) the Proposed Disposal not being prohibited or restricted by any statute or regulation and all necessary approvals from regulatory authorities for the Proposed Disposal having been obtained and continuing to be in force on terms reasonably acceptable to the parties;

(g) all necessary approvals from any other third parties for the Proposed Disposal having been obtained and continuing to be in force on terms reasonably acceptable to the Purchaser; and

(h) all necessary bank consents and third party approvals for the Proposed Disposal having been obtained by Wan Dormitory on terms reasonably acceptable to the Purchaser and such that the Proposed Disposal will not constitute an event of default or a breach of the terms of any indebtedness of Wan Dormitory with any bank, third party or authority.

5.2 **Long Stop Date**

If the conditions precedent to Completion are not fulfilled or waived by 27 February 2017, being four (4) months from the date of the SPA ("**Long Stop Date**"), the SPA will terminate and neither party will have any further claim against the other party unless the termination of the SPA is caused by the wilful default of such party, except that the 1% Payment (interest free) will be refunded by the Company to the Purchaser. Notwithstanding, the Company shall not be obliged to refund the 1% Payment if the non-fulfilment of conditions precedent or the termination of the SPA is caused by the breach or default by the Purchaser.

The Purchaser is entitled to waive, in whole or in part, the conditions precedent described in paragraphs 5.1(a) to (c) and (g) to (h) above.

5.3 **Completion**

Subject to the fulfilment and/or waiver (where applicable) of all the conditions precedent, Completion will take place on a day determined by the Company, being a day falling not less than (i) three (3) business days after Shareholders' approval for the Proposed Disposal has been obtained if Shareholders' approval is required, or (ii) fourteen (14) business days after the date of the SPA if Shareholders' approval is not required, or such other date as the parties may agree ("**Completion Date**").

5.4 **Responsibility for payables and receivables**

Pre Completion Invoices

The Company will be responsible for the settlement of all invoices issued to Wan Dormitory and dated on or before the Completion Date ("**Pre Completion Invoices**").

Pre Completion Receivables

The Purchaser shall account and pay to the Company all receivables of Wan Dormitory arising on or before the Completion Date and for which Wan Dormitory has issued invoices on or before Completion Date without set off, counterclaim or other deductions.

Inter-company receivables and payables

Prior to Completion, the Company will settle or write off all inter-company receivables and payables between Wan Dormitory and the Company.

As at the date of this announcement, there are no outstanding inter-company receivables and payables between Wan Dormitory and the Company.

5.5 **Limitation of Liability**

Provisions relating to limitation of liability under the SPA in respect of breaches of warranties by the Company include, *inter alia*, that the maximum liability of the Company in respect of all breaches of warranties shall not exceed the aggregate amount of the Consideration actually received by the Company.

5.6 **Termination**

The Purchaser may at any time prior to Completion terminate the SPA if any fact, matter or event arises that would constitute a breach of any warranty by the Company.

In the event of termination of the SPA or that Completion cannot occur, none of the parties shall have any claim against the other unless the termination or non-completion is caused by the wilful default of such party.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 **Proceeds over Book Value**

Based on the latest announced unaudited consolidated financial statements of the Group for HY2016, the book value and NTA value of the Sale Shares amounts to RMB51,218,000.

Based on the Illustrative Consideration (approximately RMB40,023,000 based on the exchange rate of S$1 to RMB4.85 on 21 October 2016), the loss on the Proposed Disposal and the deficit over book value of the Sale Shares is approximately RMB11,195,000.

6.2 **Illustrative Financial Effects**

The *pro forma* financial effects of the Proposed Disposal on the Group set out below are purely for illustrative purposes only and are neither indicative of the actual financial effects of the Proposed Disposal on the NTA per Share and loss per Share ("**LPS**") of the Group, nor do they not reflect the future financial position of the Company or the Group after Completion. There will not be any change in the share capital of the Company as a result of the Proposed Disposal.

The following *pro forma* financial effects of the Proposed Disposal have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 with the following assumptions:

(a) for the purpose of computing the financial effects of the Proposed Disposal on the NTA per Share of the Group, the Proposed Disposal is assumed to have been completed on 31 December 2015 and based on the Illustrative Consideration;

(b) for the purpose of computing the financial effects of the Proposed Disposal on the loss per Share of the Group, the Proposed Disposal is assumed to have been completed on 1 January 2015 and based on the Illustrative Consideration; and

(c) the expenses in connection with the Proposed Disposal are disregarded for the purposes of calculating the financial effects.

NTA

	Before Proposed Disposal	After Proposed Disposal
NTA (RMB)	143,784,000	126,365,000
Number of Shares as at 31 December 2015 ('000)	527,730,870	527,730,870
NTA per Share (RMB cents)	27.25	23.95

LPS

	Before Proposed Disposal	After Proposed Disposal
Net loss attributable to Shareholders (RMB)	(88,303,000)	(114,277,000)
Weighted average number of Shares ('000)	422,580,185	422,580,185
LPS (RMB cents)	(20.90)	(27.04)

7. RELATIVE FIGURES UNDER RULE 1006 OF THE CATALIST RULES

The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the Catalist Rules and the latest announced unaudited consolidated financial statements of the Group for HY2016 are as follows:

		Relative Figures (%)
Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value.	41.89[(1)]
Rule 1006(b)	The net loss attributable to the assets disposed of, compared with the Group's net loss.	42.55[(2)]
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	13.72[(3)(4)(5)]
Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable.
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with	Not applicable.

	the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	

***Notes**:*

(1) Based on the unaudited net asset value of Wan Dormitory as at 30 June 2016 of RMB51,218,000 and the Group's unaudited consolidated net asset value as at 30 June 2016 of RMB122,282,000.

(2) Based on the unaudited net loss before income tax, minority interest and extraordinary items attributable to Wan Dormitory for HY2016 of RMB10,518,000 and the unaudited net loss before income tax, minority interest and extraordinary items of the Group for HY2016 of RMB24,718,000.

(3) Based on the Illustrative Consideration of S$8,252,000.

(4) The Company's closing share price as at 7 March 2016 being the last full market day on which the Shares were traded on Catalist prior to suspension of trading of the Shares is S$0.114. Source: Bloomberg L.P.

(5) The market capitalisation of the Company is S$60,161,000, based on 527,730,870 Shares in issue as at 7 March 2016 (being the last full market day on which the Shares were traded on Catalist prior to suspension of trading of the Shares) and the closing price of the Shares transacted on the SGX-ST on the same date of S$0.114.

Based on the latest announced consolidated accounts for the Group for HY2016, the relative figures computed on the basis set out in Rule 1006(a), (b) and (c) are between 5% and 50% and the Proposed Disposal constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules.

Notwithstanding the foregoing and in consideration that the Proposed Disposal relates to a key asset of the Company, the Board has decided to seek the approval of the Shareholders at an extraordinary general meeting of the Company ("**EGM**") to be convened at a later date. The circular in relation to the Proposed Disposal will be despatched by the Company to Shareholders in due course.

8 SERVICE CONTRACTS

No person will be appointed as a Director of the Company in connection with the Proposed Disposal and accordingly, no service contract in relation thereto will be entered into between the Company and any such person.

9 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

10 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 Disposal, 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 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.

11 EGM AND CIRCULAR TO SHAREHOLDERS

As mentioned in paragraph 7 above, the Company will be seeking the approval of the Shareholders for the Proposed Disposal at an EGM to be convened. The circular to Shareholders containing, *inter alia*, further information on the Proposed Disposal and enclosing the notice of the EGM of the Company will be despatched by the Company to Shareholders in due course.

12 DOCUMENTS FOR INSPECTION

A copy of the SPA and the valuation report by the Property Valuer is available for inspection at the registered office of the Company at 180 Woodlands Industrial Park E5, Woodlands Auto Hub #02-09, Singapore 757512 during normal business hours for three (3) months from the date of this announcement.

Shareholders and potential investors should note that the Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions set out in paragraph 5.1 above, including the obtaining of Shareholders' approval, and accordingly should exercise caution when dealing with the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers. The Company will make further announcements on the Proposed Disposal as and when appropriate.

BY ORDER OF THE BOARD

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

28 October 2016