

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 Catalyst. 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**") wishes to provide an update on the development of its plans to resume the trading of the Company's shares.

Following the last update announcement on 14 October 2016, the Company wishes to update that it had on 27 October 2016 entered into a sale and purchase agreement ("**SPA**") with Dacai Pte Ltd in relation to the proposed disposal of the Company's entire shareholding interests in Wan Dormitory Pte. Ltd. (the "**Proposed Disposal**"). Completion of the Proposed Disposal is conditional upon, *inter alia*, the approval of the Company's shareholders ("**Shareholders**") for the Proposed Disposal at the extraordinary general meeting of the Company to be held on 22 November 2016. For more information on the Proposed Disposal, please refer to the Company's announcement dated 28 October 2016 and the circular to Shareholders dated 7 November 2016.

The Proposed Disposal, if successfully completed, will alleviate the Group's cash flow and going concern issues, and the Company intends to use the 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.

In addition to the Proposed Disposal, the Board wishes to provide the following updates on the other measures being taken by the Company for the resumption of trading in the Company's shares:

I. Irregularities in PRC and Singapore

As announced on 15 September 2016, the Board has appointed the Independent Reviewer and Special Auditor to carry out a review into the irregularities in PRC and Singapore, respectively. As at the date of this announcement, the reviews by the Independent Reviewer and the Special Auditor are still ongoing.

The Board will provide Shareholders with an update on the findings by the Independent Reviewer and the Special Auditor upon the completion of each of their reviews. The Board will review the recommendations provided by the Independent Reviewer and the Special Auditor and take the necessary actions, where possible, to address the corporate governance and internal control lapses.

II. Going Concern Issues

The Board is also actively exploring various other options to enable the Group and Company to continue as a going concern. Such options include, *inter alia*, the following:

- (a) Negotiating with the holders of convertible bonds to extend the maturity tenure of the convertible bonds.
- (b) Restructuring or disposing the Group's operations in the PRC, which are loss making, have bank borrowings amounting to RMB 32,000,000 and RMB 45,000,000 that are already due in the previous financial year and will be due within the current financial year respectively, and are exposed to the potential liability arising from the guarantees given to banks in relation to loans entered into by a related party amounting to RMB 50,000,000.
- (c) Undertaking fund raising and/or share placement exercise(s) to raise funds from potential investors.

Following the satisfactory resolution of the above matters, the Company will submit a proposal to SGX-ST for the resumption of trading of the Company's shares. Pursuant to Catalist Rule 1304(1), the Company is required to submit a proposal to the SGX with a view to resuming trading in the Company's shares within 12 months of the date of suspension on 11 March 2016. The Company will keep Shareholders updated as and when there are material developments.

Shareholders and other investors should note that the Proposed Disposal is subject to the fulfilment of, *inter alia*, the conditions set out in the SPA, including the obtaining of Shareholders' approval. Further, 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 with the Company's shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

BY ORDER OF THE BOARD

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

15 November 2016