ORIENTAL GROUP LTD.
(Company Registration Number: 200401998C)
(Incorporated in the Republic of Singapore)

UPDATES TO SHAREHOLDERS ON VARIOUS MATTERS

The board of directors (the "**Board**" or "**Directors**") of Oriental Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcements on 8 March 2016 and 11 March 2016 in relation to the trading halt and suspension respectively. The Board wishes to provide updates to shareholders on the matters leading to such trading halt and suspension.

1. CONVERTIBLE LOAN NOTES

The Company refers to the earlier announcement made by it on 24 February 2015 regarding the "Entry by the Company into a Subscription Agreement for the Issuance of an Aggregate of S$5,500,000 Convertible Loan Notes – Completion" (the "**Completion Announcement**"). In the Completion Announcement, it was announced that the issuance of an aggregate of S$5,500,000 Notes had been completed and the Notes had been duly issued.

The Board, excluding Lee Wan Sing (the "**Non-Involved Directors**"), wishes to announce that at the date of the Completion Announcement, an amount payable of S$750,000 ("**Outstanding Notes**"), being the principal on the Notes issued to two noteholders, Lim Soon Heng (for S$500,000) and Vincent Pang Kay Joo (for S$250,000) (each a "**Subscriber**" and collectively, the "**Subscribers**"), had not been received by the Company on the date of the Completion Announcement. The Non-Involved Directors had only recently been informed by the management of such non-completion.

The management had taken the decision to announce the completion of the Notes on the Completion Date despite the Outstanding Notes as they had believed that the monies due on the Outstanding Notes would be received by the Company subsequent to the Completion Announcement in due course. The Board has, since being informed of the Outstanding Notes, taken active steps to expedite the payment of the Outstanding Notes from the Subscribers. The Board is pleased to inform the shareholders of the Company that as at the date of this announcement, monies owing on the Outstanding Notes have been received in full by the Company.

No interest or other payment has been made by the Company on the Outstanding Notes and any interest due to the Subscribers will only accrue from the date that the Company had received notification from the respective Subscriber that payment in full has been made by each of them to the Company.

2. INTERESTED PERSON TRANSACTIONS

The Company refers to the earlier announcement made by the Company on 19 January 2016 regarding "Unauthorised Transactions Involving the PRC Subsidiaries of the Company" (the "**Unauthorised Transactions Announcement**"). In the Unauthorised Transactions Announcement, it was announced that two unauthorised transactions were carried out between Jiangyin Jincheng Steel Co., Ltd. ("江阴锦澄钢铁有限公司")("**JYJC**"), an Interested Person, and two of the Group's wholly-owned subsidiaries, namely Jiangyin Chengsheng

Machinery Manufacturing Co., Ltd. (“江阴澄盛机械制造有限公司”)("**JYCS**") and Xinghua Rongcheng Precision Manufacturing Co., Ltd. (“兴化市荣澄精密铸造有限公司”)("**XHRC**").

Following the Unauthorised Transactions Announcement and pursuant to the audit for the financial year ended 31 December 2015 being carried out by the Company's statutory auditor, it has recently come to the attention of the Board that each of JYCS and XHRC had entered into several transactions with JYJC, leading to balances owing by JYJC to JYCS and XHRC of RMB8.3 million and RMB5.5 million respectively ("**Outstanding Balances**").

On 30 April 2015, the Company obtained the approval of shareholders for the proposed renewal of the IPT mandate (the "**IPT Mandate**"), to allow JYCS and XHRC (among others) to enter into any of the transactions falling within the types of Recurrent IPTs (as defined in the circular of the Company dated 15 April 2015) with JYJC, the Interested Person, provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Company and/or its minority shareholders and are in accordance with the guidelines and review procedures for such Recurrent IPTs.

Further investigations conducted by the Company revealed to the Board that the Outstanding Balances appeared to have been incurred by transactions that do not fall within the scope of the IPT Mandate (the "**Unauthorised Transactions**"). The Company is currently unable to ascertain the full value of such Unauthorised Transactions. The Audit Committee, which comprises the independent directors of the Company, will commission an independent reviewer to conduct an independent investigation into the Unauthorised Transactions and will be providing updates on any material development.

3. PREPAYMENT OF MACHINERIES

The Group wishes to inform the shareholders that it has an outstanding amount of prepayments amounting to RMB 30 million to a non-related party (the "**Prepayment Balance**") for the purchase of machineries in relation to the XHRC Phase II expansion.

Pursuant to the audit for the financial year ended 31 December 2015 being carried out by the Company’s statutory auditor, it has been highlighted to the Board that there may be difficulties in obtaining sufficient appropriate audit evidence to ascertain the validity and recoverability of such prepayment balance. Management is currently in the process of obtaining the appropriate audit evidence to ascertain the validity and recoverability of the prepayment balance and will be providing updates on any material development.

4. CORPORATE GOVERNANCE AND INTERNAL CONTROLS

The Audit Committee notes the above issues indicate lapses in internal control within the Group and will conduct an internal review together with the Internal Auditor and/or other third parties. Management has been instructed to review their internal control and processes and to take immediate actions to prevent similar occurrences and make recommendations to the Audit Committee to enhance the internal control and corporate governance within the Group.

5. POTENTIAL IMPAIRMENT LOSSES

(a) Trade and other receivables

Pursuant to the audit for the financial year ended 31 December 2015 being carried out by the Company's statutory auditor, it has been highlighted to the Board that there may be material impairment in receivables in relation to the Group's subsidiaries located in the People's Republic of China arising from trade and non-trade activities with both related and external parties due to difficulty in the collection of these receivables. Based on its initial assessment, management expects the amount of impairment loss to be material.

(b) Property, plant and equipment

Pursuant to the audit for the financial year ended 31 December 2015 being carried out by the Company's statutory auditor, it has been highlighted to the Board that there are indicators of impairment for the property, plant and equipment of the Group's subsidiaries located in the People's Republic of China. Based on its initial assessment, management expects the amount of impairment loss for the property, plant and equipment to be material.

The actual amount of impairment losses will be finalised upon the completion of the audit, and such amount will affect the results of the Group for FY2015.

6. GOING CONCERN OF THE GROUP AND SUSPENSION OF TRADING

The Company refers to the announcement made on 29 February 2016 regarding the "Unaudited financial statements and dividend announcement for financial year ended 31 December 2015" (the "**FY2015 Financial Statement Announcement**"). The Company had disclosed in the FY2015 Financial Statement Announcement that the Group had a negative working capital of approximately RMB 101.34 million as at 31 December 2015.

Although management is still actively exploring various debt and equity funding options, the Board has since re-assessed the situation of the Group in light of the foregoing matters and have concluded that they are currently unable to reasonably assess whether the Group is able to continue as a going concern, on the basis that there is no assurance on the Group's ability to refinance its debt obligations or to raise funds to address its negative working capital.

In view of the foregoing matters raised in this announcement, the Company had, on 11 March 2016, requested for the conversion of its trading halt to a voluntary trading suspension. The Company's trading suspension status will continue until such time that the foregoing matters raised in this announcement have been satisfactorily resolved.

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.

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By Order of the Board

Lee Wan Sing
Chief Executive Officer
Oriental Group Ltd.
15 March 2016

*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.