

**USP GROUP LIMITED**  
(Company Registration No.: 200409104W)  
(Incorporated in the Republic of Singapore)  
(the "**Company**")

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**THE PROPOSED CONSOLIDATION OF EVERY TEN (10) EXISTING SHARES OF THE  
COMPANY INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE  
DISREGARDED – RECEIPT OF APPROVAL IN-PRINCIPLE FROM THE SINGAPORE  
EXCHANGE SECURITIES TRADING LIMITED**

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**1. INTRODUCTION**

1.1 The board of Directors of the Company ("**Board**") refers to the Company's announcements released on 19 October 2015 and 1 March 2016 ("**Previous Announcements**") in relation to the proposed share consolidation exercise. All capitalised terms used herein shall bear the meaning ascribed thereto in the Previous Announcements unless otherwise defined herein or where the context requires otherwise.

1.2 The Board wishes to announce that:

(a) following consultation with the SGX-ST, the Company has revised the proposed share consolidation ratio from the consolidation of every twenty (20) Existing Shares as at the Books Closure Date into one (1) consolidated share to the **consolidation of every ten (10) Existing Shares as at the Books Closure Date into one (1) consolidated share ("Consolidated Share")**, fractional entitlements to be disregarded ("**Proposed Share Consolidation**") and accordingly, **Shareholders are advised to refer to paragraphs 2 and 3 of this Announcement which reflects the effect of the new ratio on the Proposed Share Consolidation;**

(b) on 2 March 2016, the Company has received in-principle approval from the SGX-ST for the listing of and quotation of the Consolidated Shares on the Main Board of the SGX-ST, subject to:

(i) Shareholders' approval being obtained at the forthcoming extraordinary general meeting of the Company for the Proposed Share Consolidation; and

(ii) compliance with the SGX-ST's listing requirements.

1.3 The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company and/or its subsidiaries.

**2. DETAILS**

2.1. Under the Proposed Share Consolidation, every ten (10) Existing Shares registered in the name, or standing to the credit of the securities account, of each Shareholder as at the Books Closure Date will be consolidated into one (1) Consolidated Share, fractional entitlements to be disregarded.

2.2. Each Consolidated Share will carry the same rights in all respects with each other, and will be traded in board lots of one hundred (100) Consolidated Shares.

- 2.3. **Shareholders should note that the number of Consolidated Shares which they will be entitled to pursuant to the Proposed Share Consolidation, based on their holdings of the Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of a Consolidated Share arising from the Proposed Share Consolidation will be disregarded and affected Shareholders will not be paid for the fractional shares which have been disregarded.**
- 2.4. **Accordingly, Shareholders holding less than ten (10) Existing Shares as at the Books Closure Date will not be entitled to participate in the Proposed Share Consolidation and will not be entitled to any Consolidated Shares. Such Shareholders will no longer be Shareholders upon completion of the Proposed Share Consolidation. No allotment of the Consolidated Shares will be made to such Shareholders. Such Shareholders who wish to remain as Shareholders upon completion of the Proposed Share Consolidation are advised to purchase additional Existing Shares so as to increase the number of Existing Shares held to a multiple of ten (10) Existing Shares prior to the Books Closure Date.**
- 2.5. As at the date of this announcement, the Company has an issued share capital of S\$53,480,405 divided into 787,753,814 Existing Shares. Following the completion of the Proposed Share Consolidation, the Company will have an issued share capital of S\$53,480,405 comprising approximately 78,775,381 Consolidated Shares.
- 2.6. The Proposed Share Consolidation will have no impact on the dollar value of the issued and paid-up share capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Company and its subsidiaries. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder as at the Books Closure Date, other than non-material changes due to rounding and the disregard of fractional entitlements arising from the Proposed Share Consolidation.

### **3. RATIONALE**

- 3.1. The Company is seeking to undertake the Proposed Share Consolidation to comply with the MTP Requirement. The six (6)-month VWAP of the Shares as of 29 January 2016 was S\$0.048, which is below the MTP Requirement of S\$0.20. On the assumption that the Proposed Share Consolidation had been in place for the same period, the theoretical adjusted six (6)-month VWAP for the Consolidated Shares as of 29 January 2016 would be S\$0.48.
- 3.2. **Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results as stated in this paragraph 3, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

### **4. DESPATCH OF CIRCULAR**

A circular to Shareholders containing, among others, the notice of EGM and details of the Proposed Share Consolidation will be despatched to Shareholders in due course.

## **5. CAUTION IN TRADING**

Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

## **6. 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 Share Consolidation, 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.

By Order of the Board  
**USP GROUP LIMITED**

Li Hua  
Executive Chairman  
3 March 2016