

USP Group Limited

Full Year Results for USP Group Limited

Pursuant to the announcement dated 4 May 2016, where the Company announced that it has obtained the extension of 2 months to release the Company's full year results by 31 July 2016, the Company is pleased to announce its unaudited Full Year Results for the year ended 31 March 2016.

Financial highlights:

- Revenues of the Group increased to S\$6.8 mil (i.e. 420% over the previous year) with increase contributions from all segments.
- Completed two acquisitions to provide sustainable revenue, profits and cashflow for the Group with a negative goodwill benefit of S\$14.0 mil.
- Profits dropped from S\$3.95 mil to \$420K largely due to revaluation losses for the Group's investment in Huan Hsin International Ltd of S\$8.2 mil, a SGX mainboard company, and investment impairments of S\$2.3 mil.
- EBITDA of the Group was S\$2.1 mil.
- Borrowings increased to S\$41.8 mil due to bank loans to finance the acquisitions and the consolidation of borrowings of the acquired companies.
- Debt gearing remains manageable at 37%.
- Cash and cash equivalents of the Company amounted to S\$6.3 mil with unutilized bank facilities of S\$2.9 mil as of 1 July 2016.
- Net Asset of the Group increased from S\$48.0 mil to S\$55.6 mil, accordingly the net asset per share was at S\$0.70 per share (based on the number of shares post-consolidation in April 2016).

The Group completed two leveraged buy-outs in 2016, namely Koon Cheng Development Pte Ltd in 19 February 2016 and Supratechnic Pte Ltd in 11 March 2016 for S\$32 mil and S\$15.54 mil respectively. Revenue contribution from these acquisitions amounted to S\$2.5 mil despite the short recognition period which was only weeks prior to the year end. Both have recurring revenues and expected to contribute substantially to the Group's revenue moving forward. The profits and cashflow of the two businesses also exceed the interest expenses and loan repayments incurred as a result of the leveraged buy-outs. Other acquisitions during the period included a 49% acquisition of SG Support Services Pte Ltd for S\$5.75 mil.

Huan Hsin Holdings Ltd ("Huan Hsin", in which the Group has 16.2% shareholding) announced on 24 February 2016 that they have secured a placement of US\$250 mil investment at S\$0.022 per share. As this resulted in a change in control, Huan Hsin is seeking SGX approval for the transaction. Nevertheless, Huan Hsin has been granted a one-year extension to meet the requirements for removal from the SGX watchlist.

On 18 May 2016, the Group announced that pursuant to its acquisition of Supratechnic Pte Ltd, it was in discussion with several Principals (as defined therein) of the trading business and would convene an extraordinary general meeting to seek the approval of shareholders following satisfactory negotiations with Principals. The Group is pleased to announce that such negotiations

have been favourable and the Group will be moving to seek shareholder's approval for retaining the trading business at an extraordinary general meeting to be held following the Annual General Meeting.

The Directors believe that the Group has made significant progress in its restructuring efforts from a loss-making mineral trading business over the last 24 months. With the two recent acquisitions, the Group has firm footing in its revenue, profitability and cashflow. The Group will continue to look for strategic acquisitions to build breadth and depth in the business as well as organic growth in the current operations.

Further details of the Company's information can be found in the Unaudited Financial Statement Announcement for the full year results ended 31 March 2016.

BY ORDER OF THE BOARD

Li Hua

Executive Chairman

27 July 2016