

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

**THE PROPOSED CONSOLIDATION OF EVERY TWENTY (20) EXISTING SHARES OF THE
COMPANY INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE
DISREGARDED**

1. INTRODUCTION

The board of Directors of the Company ("**Board**") wishes to announce that the Company is proposing to undertake a share consolidation exercise to consolidate every twenty (20) ordinary shares in the issued share capital of the Company ("**Existing Shares**") registered in the name, or standing to the credit of the securities account, of each shareholder of the Company ("**Shareholder**") as at a books closure date to be determined by the Board ("**Books Closure Date**") into one (1) consolidated share ("**Consolidated Share**"), fractional entitlements to be disregarded ("**Proposed Share Consolidation**").

2. DETAILS

- 2.1. Under the Proposed Share Consolidation, every twenty (20) 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 and not issued.**
- 2.4. **Accordingly, Shareholders holding less than twenty (20) 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 twenty (20) 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\$46,328,284 divided into 670,120,238 Existing Shares. Following the completion of the Proposed Share Consolidation, the Company will have an issued share capital of S\$46,328,284 comprising approximately 33,506,011 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 Monetary Authority of Singapore and the SGX-ST introduced a minimum trading price of S\$0.20 as a continuing listing requirement for issuers listed on the Mainboard of the SGX-ST (the "**MTP Requirement**") with effect from 2 March 2015. A one-time transition period of twelve (12) months from the date of introduction of the MTP Requirement will be given to affected issuers to undertake corporate actions to meet the new requirement.
- 3.2. The six (6)-month VWAP of the Shares as of 13 October 2015 was S\$0.088, 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 13 October 2015 would be S\$1.76. The Company is therefore seeking to undertake the Proposed Share Consolidation to comply with the MTP Requirement.
- 3.3. **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. APPROVALS AND CONDITIONS

- 4.1. The Proposed Share Consolidation is subject to, among others:-
- (a) the approval of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the Proposed Share Consolidation and for the listing and quotation of the Consolidated Shares on the SGX-ST; and
 - (b) the approval of Shareholders by ordinary resolution at an extraordinary general meeting ("**EGM**") to be convened.
- 4.2. An application will be made to the SGX-ST for permission for listing of and quotation of the Consolidated Shares pursuant to the Proposed Share Consolidation on the Main Board of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

5. DESPATCH OF CIRCULAR

Subject to the receipt of the in-principle approval from the SGX-ST, 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.

6. 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.

7. 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
19 October 2015