USP GROUP LIMITED
(Under Judicial Management)
(Incorporated in Singapore)
(Company Registration Number: 200409104W)

PROPOSED DISPOSAL OF THE PROPERTY LOCATED AT
51 BUKIT BATOK CRESCENT #03-26/27 UNITY CENTRE SINGAPORE 658077

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1. INTRODUCTION

USP Group Limited (Under Judicial Management) ("**Company**" and together with its subsidiaries, "**Group**") wishes to announce that its wholly-owned subsidiary, Scientific & Industrial Instrumentation Pte. Ltd. ("**SII**") will be disposing the property located at 51 Bukit Batok Crescent #03-26/27 Unity Centre Singapore 658077 ("**Property**").

2. INFORMATION ON THE PROPERTY

2.1. The Property is a leasehold property with a leasehold tenure of 60 years commencing from 13 March 1997 with a Lot area of 342.0sqm. SII is the proprietor of the Property, and the Property is presently used for the operations of SII.

2.2. Based on a valuation commissioned by SII for the purpose of the proposed disposal of the Property ("**Proposed Disposal**"), the open market value[1] of the Property is S$1,880,000 and the forced sale value of the Property is S$1,500,000 as at 10 July 2024, using the comparable sales method. The valuation report was issued by RHT Valuation Pte. Ltd. on 11 July 2024 ("**Valuation Report**").

2.3. Based on the latest announced consolidated accounts of the Group for the financial year ended 31 March 2023, the book value of the Property is S$1,650,000 as at 31 March 2023.

3. INFORMATION ON THE PURCHASER

The purchaser, B + L Investment Pte. Ltd. ("**Purchaser**") is private company limited by shares incorporated in Singapore on 26 September 2022, and has as its primary activity, the letting of self-owned or leased real estate property (except food courts, coffee shops, and canteens). One of the Purchaser's directors is Mdm Bay Gek Cheng, who is also a shareholder of the Purchaser with a shareholding interest of 30% in the Purchaser.

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[1] The term "open market value" is intended to mean the best price at which an interest in a property might reasonably be expected to be sold at the date of the valuation assuming (a) a willing seller, willing buyer; (b) a reasonable period within which to negotiate the sale, taking into consideration the nature of the property and the state of the market; (c) the property will be freely exposed to the market for a reasonable period of time; and (d) no account is to be taken of an additional bid by a special purchaser.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

4.1. Contract

On 18 July 2024 ("**Contract Date**"), the Purchaser had exercised an Option to Purchase ("**Contract**") granted by SII to Mdm Bay Gek Cheng and/or her nominee for the Property, with a sale price at S$1,650,000 ("**Sale Price**") excluding GST.

4.2. Consideration

The Sale Price plus GST shall be satisfied in cash on Completion Date (as defined below), of which:

(a) S$16,500 was paid as the option fee on or prior to 5 July 2024; and
(b) S$73,425 was paid as the balance of the deposit on 18 July 2024.

The Proposed Disposal is due to be completed within 12 weeks from the Contract Date on 10 October 2024. This was subsequently extended by mutual agreement between the parties to 24 October 2024, and further extended on 23 October 2024 to 29 October 2024 ("**Completion Date**").

In agreeing to the Sale Price (excluding GST), the Company had taken into account the following:

(i) the open market value and forced sale value of the Property, as well as the market conditions – in particular, it was noted that the Sale Price is between the open market value and the forced sale value of the Property reflected in the Valuation Report (as set out under paragraph 2.2 of this announcement);
(ii) based on the Property's book values as at 31 March 2023, (as set out under paragraph 2.3 of this announcement) the Sale Price constitutes a breakeven situation; and
(iii) the lease back arrangements which the Purchaser had agreed to (as set out under paragraph 4.4 of this announcement), which would minimise the disruptions to the existing business operations of SII.

4.3. Conditions to Disposal

The Proposed Disposal is subject to the approval of the shareholders of the Company to be obtained at a general meeting of the Company before the Completion Date. Please refer to paragraph 8 of this Announcement in relation to the Waiver (as defined below).

4.4. Other Salient Terms

Under the terms of the Contract, the Purchaser is required to lease the Property to SII and/or its related entity for a term of up to one (1) year commencing from the Completion Date at the monthly rent of S$10,000 (exclusive of GST), on such terms and conditions as may be agreed between the Purchaser and SII.

5. USE OF PROCEEDS AND RATIONALE FOR THE PROPOSED DISPOSAL

(a) The Company is currently under judicial management and the Company's judicial managers (being Messrs Tan Wei Cheong and Lim Loo Khoon c/o Deloitte & Touche LLP ("**Judicial**

Managers")) have sought the Proposed Disposal to meet the interests of creditors and ongoing capital requirements of the Company at a time of financial distress, and to achieve a more advantageous realisation of the Company's assets or property than on winding up. The Proposed Disposal is in the interest of the Company and SII as it would enable SII to realise the value of the Property thereby reducing the liabilities of the Group and also improve working capital for SII.

(b) The Property is currently mortgaged to the United Overseas Bank Limited ("**UOB**") and the outstanding amount currently due to UOB pursuant to the loan for the Property ("**UOB Loan**") is approximately S$871,000. The Judicial Managers expect net cash proceeds (after deducting estimated expenses) ("**Net Proceeds**") to be approximately S$1,590,000 and the outstanding UOB Loan will be fully repaid with the Net Proceeds. The balance of the Net Proceeds will be put towards working capital for SII.

6. THE RELATIVE FIGURES AS SET OUT IN RULE 1006 OF THE LISTING MANUAL

6.1. The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figure (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets	6.35%[(1)]
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profit	Not Applicable, as the Property is not a revenue-generating asset.
(c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued shares in the share capital of the Company (excluding treasury shares)[(2)]	43.5%
(d)	The number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in issue	Not Applicable, as there is no issuance of equity securities by the Company.
(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not Applicable, as the Company is not a mineral, oil or gas company.

Notes:

(1) Based on the net asset value of the Property as at 31 March 2023, being S$1,650,000. For illustration purposes only, if the comparison is made with the market value of the Property as at 10 July 2024, being S$1,880,000, the relative figure would be 7.29%.

(2) Based on the Sale Price of S$1,650,000 compared to the Company's market capitalisation of approximately S$3,792,070.92 calculated on the basis of 90,287,403 ordinary shares in the capital of the Company in issue (excluding 634,600 treasury shares) ("**Shares**") multiplied by the weighted average price of S$0.042 per Share on 23 February 2024, being the last full market day on which the Shares were traded on the SGX-ST prior to the Contract Date.

6.2. As the relative figure under Rule 1006(c) of the Listing Manual exceeds 20% but does not exceed 100%, the Proposed Disposal would be treated as a "major transaction" under Rule 1014 of the Listing Manual, to which the requirements of Rule 1014 would apply in respect of the Proposed Disposal, unless a waiver is granted by the SGX-ST.

7. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The unaudited pro forma financial effects of the Proposed Disposal on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Disposal.

The pro forma financial effects set out below have been prepared based on the latest announced unaudited consolidated financial statements of the Group, and on the basis that no adjustments have been made to take into account the financial effects arising from the transactions entered into by the Judicial Managers of the Company since their appointment on 11 June 2024 as well as the following bases and assumptions:

(a) the financial effects on the consolidated net asset value ("**NAV**") per Share is computed based on the assumption that the Proposed Disposal had been completed on 31 March 2023;

(b) the financial effects on the consolidated earnings per Share ("**EPS**") is computed based on the assumption that the Proposed Disposal had been completed on 1 April 2022;

(c) expenses to be incurred in respect of the Proposed Disposal are estimated to be approximately S$58,720.

7.1. NAV per Share

As at 31 March 2023	**Before the Proposed Disposal**	**After the Proposed Disposal**
NAV[(1)] (S$'000)	25,700	24,850
NAV per Share (cents)	0.28	0.27

Note:

(1) NAV means total assets less the sum of total liabilities and non-controlling interest.

7.2. EPS

As at 1 April 2022	Before the Proposed Disposal	After the Proposed Disposal
Net profit attributable to the Shareholders of the Company (S$'000)	5,338	5,279
Weighted average number of Shares	90,287	90,287
EPS (cents)	5.91	5.85

7.3. Loss on Disposal

Based on the Property's book value as at 31 March 2023 (as set out under paragraph 2.3 of this announcement), the Sale Price constitutes a breakeven situation (excluding GST and before deducting related expenses).

8. APPLICATION FOR WAIVER FROM COMPLIANCE WITH RULE 1014(2) OF THE LISTING MANUAL OF THE SGT-ST

8.1. On 26 July 2024, the Company had applied for a waiver from the requirement to comply with Rule 1014(2) of the Listing Manual ("**Waiver**"), on the following grounds:

(a) No significant change in the Group's risk profile

The Judicial Managers are of the view that the Proposed Disposal would not materially change the risk profile of the Group based on the following reasons:

(i) No change in control of the Company

The Proposed Disposal will not result in a change in control of the Company as the Proposed Disposal does not involve any issue of the Company's Shares and there will be no change to the Company's board of directors, management or controlling shareholders as a result of the Proposed Disposal.

(ii) The Property to be disposed is a non-core asset of the Group

The Property to be disposed is a non-core asset of the Group and it is ancillary and not critical to the principal business activity of the Group, being distribution of marine engine products, recycling of waste oils, scientific instrumentation/calibration, and property investment and management. The principal activity of SII is trading in scientific and industrial instruments and the Property is used for the operations of SII. Under the terms

of the Contract, the Purchaser is required to lease the Property to SII and/or its related entity under a lease back agreement for the term of up to one (1) year commencing from the date of completion of the Proposed Disposal at the monthly rent of S$10,000 (exclusive of GST), on such terms and conditions as may be agreed between the Purchaser and SII. The Judicial Managers do not see the Proposed Disposal as a material change in the nature of the Group's business. Following the Proposed Disposal, the Group will continue to be engaged in all its core operating segments, being distribution of marine engine products, recycling of waste oils, scientific instrumentation/calibration, and property investment and management.

(b) Disposal of Assets by Judicial Managers

The Company is currently under judicial management and the Company's Judicial Managers have sought the Proposed Disposal to meet the interests of creditors and ongoing capital requirements of the Company at a time of financial distress and to achieve a more advantageous realisation of the Company's assets or property than on winding up.[2] It would not be practicable for the Judicial Managers to seek shareholders' approval pursuant to Rule 1014 of the Listing Manual as time is required to convene shareholders' meeting and there is a lack of certainty in obtaining the approval from shareholders.

In addition, the powers, duties and functions of the Judicial Managers are regulated by the Insolvency, Restructuring and Dissolution Act 2018 of Singapore. The Judicial Managers have a duty under law to take reasonable care to obtain a proper price for the Proposed Disposal, which would be for the benefit of the shareholders of the Company;

(c) The Proposed Disposal is time sensitive in nature

The Company needs to expedite the completion of the Proposed Disposal as the Purchaser had indicated that it would like to proceed for early completion on 8 October 2024; and

(d) The Waiver is not prejudicial to shareholders

The Judicial Managers are of the view that the interests of shareholders will not be prejudiced if the Waiver is granted.

This is because:

(i) to the best of the knowledge of the Judicial Managers, neither Mdm Bay Gek Cheng nor the Purchaser are related directly or indirectly to any director or substantial shareholder of the Company;

[2] Such steps are subject to the outcome of HC/OA 1024/2024 and insofar as the Judicial Managers are in a position to do so.

(ii) the Proposal Disposal will realise the Net Proceeds, thereby improving the liquidity of the Group. The Net Proceeds would allow the Group to meet the ongoing capital requirements of the Group at a time of financial distress[3];

(iii) to the best of the knowledge of the Judicial Managers, the offer made by the Purchaser is the only offer which the Group has received to date in respect of the Property via the marketing process which was carried out by the agent in 2022. It is in the interest of the Group to proceed with the Proposed Disposal as expeditiously as possible as there is no certainty that a more advantageous realisation of the Property can be achieved; and

(iv) as referenced under paragraph 8.1(b) of this Announcement, the Judicial Managers have a duty under law to take reasonable care to obtain a proper price for the Proposed Disposal.

8.2. The Company wishes to announce that it had received a letter from the SGX-ST dated 22 October 2024, granting the approval for the Waiver, subject to the following:

(a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Mainboard Listing Rule 107 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and

(b) submission of a written confirmation from the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company.

(collectively, the "**Waiver Conditions**").

8.3. The Waiver will not be effective if any of the Waiver Conditions have not been fulfilled.

8.4. As SGX-ST has granted the Waiver to the Company, the Company will not be convening an extraordinary general meeting to seek shareholders' approval for the Proposed Disposal and accordingly, will not be dispatching a circular to the shareholders in relation thereto.

8.5. Satisfaction of Waiver Conditions

(a) Following this announcement, which sets out, *inter alia*, the Company's reasons for seeking the Waiver, the Company has fulfilled the Waiver Condition set out in paragraph 8.2(a) above.

(b) Following the submission of the written confirmation by the Company that it is not aware of any information that will have a material bearing on investors' decision which has yet to be announced by the Company, to the SGX on 23 October 2024, the Company has fulfilled the Waiver Condition set out in paragraph 8.2(b).

(c) Accordingly, all the Waiver Conditions have been satisfied .

[3] Subject to the outcome of HC/OA 1024/2024, the Net Proceeds will remain with SII and would only be used by the Group to meet the ongoing capital requirements of the Group in the event that the Judicial Managers are in a position to do so.

9. INTERESTS OF JUDICIAL MANAGERS, DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Judicial Managers and Directors of the Company and to the best of the knowledge of the Judicial Managers and Directors of the Company, none of the controlling shareholders of the Company have any direct or indirect interest in the Proposed Disposal, other than through their shareholdings if any in the Company.

10. SERVICE CONTRACT

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract for such appointment is proposed to be entered into between the Company and any such person.

11. DOCUMENTS FOR INSPECTION

A copy of the Contract and the Valuation Report will be made available for inspection during normal business hours at the registered office of the Company for three (3) months from the date of this announcement.

BY ORDER OF THE JUDICIAL MANAGERS

Tan Wei Cheong
Joint and Several Judicial Manager
23 October 2024