

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

ENTRY INTO IMPLEMENTATION AGREEMENT

1. INTRODUCTION

- 1.1.** USP Group Limited (Under Interim Judicial Management) ("**Company**") and together with its subsidiaries, "**Group**") refers to the Company's holding announcement dated 24 April 2024 in relation to the Company's entry into an implementation agreement ("**Implementation Agreement**") with Hinterland Investments Pte. Ltd. ("**Investor**") in relation to, amongst others, rescue financing to facilitate its ongoing restructuring process.
- 1.2.** Following the abovementioned holding announcement, the Company wishes to announce the details of the Implementation Agreement, the Investor and the Restructuring (as defined below).

2. INFORMATION ON THE GROUP AND THE INVESTOR

- 2.1. The Group.** The Company is the holding company of a group of businesses with interests in the distribution of marine engine products, recycling of waste oils, scientific instrumentation/ calibration and property investment and management industries (amongst others). The Company was placed under interim judicial management by an order of court dated 11 March 2024. Messrs Tan Wei Cheong and Lim Loo Khoo of Deloitte & Touche LLP are presently the joint and several interim judicial managers ("**Interim Judicial Managers**") of the Company. There will be a further hearing at a date to be subsequently notified by the Singapore High Court as to whether the Company should be placed in judicial management, and whether the Interim Judicial Managers should be appointed as the Company's Judicial Managers.

The Group includes, in particular, Koon Cheng Development Pte. Ltd. ("**KCD**"), USPI Investment Pte. Ltd. ("**USPI Investment**"), Supratechnic Pte. Ltd. ("**Supra SG**") and Supratechnic (M) Sdn. Bhd. ("**Supra MY**"), all of which are indirect wholly-owned subsidiaries of the Company as at the date of this announcement.

- 2.2. The Investor.** The Investor is a company incorporated in Singapore on 16 April 2024. Its principal activities are those of an investment holding company. The Investor has not carried on any business since its incorporation, except in relation to matters in connection with the Implementation Agreement. As at the date of this announcement, the Investor has an issued and paid-up share capital of S\$10,000 comprising 1,000,000 ordinary shares. The sole shareholder and sole director of the Investor is Tan Wei Yang, Melvin ("**Mr. Tan**"). Mr. Tan is a substantial shareholder of the Company holding 10,225,000 shares in the Company ("**Shares**"), representing 11.2459% of the issued Shares of the Company as at the date of this announcement.

Mr. Tan is also the sole shareholder and sole director of Hinterland Group Pte. Ltd., which had previously extended loans in the sum of S\$315,000 at an interest rate of 10% per annum to the Company pursuant to a loan agreement dated 26 January 2024, the rights in respect of which have been assigned to the Investor ("**First Loan**").

3. PRINCIPAL TERMS OF THE IMPLEMENTATION AGREEMENT

3.1. Restructuring

Pursuant to the Implementation Agreement:

- (a) the Company shall procure that KCD shall extend a loan of at least S\$4,100,000 to Supra SG, at the rate of 6% per annum ("**KCD Loan**"), which shall be secured by a charge over all of the shares of Supra MY ("**Supra MY Share Charge**");
- (b) the Company shall acquire all the shares in Supra SG from USPI Investment for an amount to be agreed by the Company and USPI Investment ("**Supra Acquisition**"); and
- (c) the Investor shall loan to the Company an amount of up to S\$3,000,000 at an interest rate of 6.88% per annum ("**Second Loan**", and collectively with the First Loan, the "**Loans**") which may be drawn down by the Company with two (2) business days' notice (or such other notice period as may be deemed appropriate by the Investor).

The amount drawn down and remaining outstanding from the Company to the Investor in respect of the Loans (including any accrued interest) (collectively the "**Investment Amount**") shall be repayable by the Company no later than 30 days after the Cut-Off Date ("**Maturity Date**"), the Cut-Off Date being the date falling nine (9) months from the date of the Implementation Agreement (or such other date as may be agreed in writing between the Company and the Investor).

In respect of the Investment Amount, the Investor may, by the Maturity Date and in respect of the whole (and not part thereof) of the Investment Amount then outstanding, elect at its absolute discretion only one option among the following:

- (i) to convert the Investment Amount into new Shares of the Company, issued free from all encumbrances whatsoever and ranking *pari passu* with all existing Shares, at such issue price per new Share agreed with the Company, provided that the Investor shall hold not less than 50% of the enlarged issued shares of the Company immediately upon conversion ("**Company Equity Option**");
- (ii) to convert the Investment Amount into new shares of Supra SG, issued free from all encumbrances whatsoever and ranking *pari passu* with all existing shares, at such issue price per new share agreed with the Company, provided that the Investor shall hold not less than 50% of the enlarged issued shares of Supra SG immediately upon conversion ("**Supra SG Equity Option**"); or
- (iii) enforce a super-priority charge to be granted by the Company to the Investor over the Company's shares in Supra SG (to be acquired by the Company pursuant to Supra Acquisition), which the Company shall use reasonable endeavours to procure to be sanctioned by the Singapore High Court pursuant to the relevant provisions of the Insolvency, Restructuring and Dissolution Act

2018 of Singapore (the "**Insolvency, Restructuring and Dissolution Act**", and such super-priority share charge, the "**Supra SG Share Charge**").

Upon and from the Investor's election amongst the Company Equity Option, Supra SG Equity Option and Supra SG Share Option, such conversion or enforcement shall constitute full and final settlement of the Investment Amount and both the Company and the Investor shall have no further rights or obligations against each other pursuant to the Implementation Agreement save in respect of the surviving provisions set out therein.

3.2. Conditions Precedent and Conditions to Drawdown

- (a) The Implementation Agreement shall not take effect until the satisfaction (or, where applicable, the waiver) of the following conditions precedent ("**Conditions Precedent**"):
- (i) an order being made by the Courts pursuant to the relevant provisions of the Insolvency, Restructuring and Dissolution Act that the Loans are to be secured by the Supra SG Share Charge on a super-priority basis;
 - (ii) all approvals by the shareholders of the Company ("**Shareholders**"), for the restructuring contemplated under paragraph 3.1 above ("**Restructuring**"), to the extent legally necessary, having been obtained;
 - (iii) the Interim Judicial Managers being appointed as judicial managers of the Company;
 - (iv) the Investor having completed its due diligence of the Company and the Group by 31 May 2024, in scope and with results satisfactory to the Investor;
 - (v) all regulatory approvals being obtained or granted, and remaining in full force and effect, and where subject to conditions, such conditions being acceptable to the Company and the Investor and satisfied;
 - (vi) there being no legal restraints preventing, prohibiting, or materially restricting the consummation of the Restructuring, or resulting in the same;
 - (vii) no Prescribed Occurrence (as defined and set out in Schedule 1 to this announcement) in relation to the Company or the Investor having occurred from the date of the Implementation Agreement other than as required or contemplated by the Implementation Agreement; and
 - (viii) there being no breach of warranties given by the Company or Investor under the Implementation Agreement.
- (b) The drawdown of the Second Loan shall not take place until:
- (i) the KCD Loan is disbursed;
 - (ii) the Supra Acquisition has taken place; and
 - (iii) the Supra MY Share Charge has been granted to KCD.

3.3. Termination

- (a) If any of the Conditions Precedent is not satisfied (or duly waived) on or before 5.00 p.m. on the Cut-Off Date, either the Company or the Investor may immediately terminate the Implementation Agreement by notice in writing to the other; and
- (b) the Implementation Agreement shall immediately terminate if the Interim Judicial Managers are subsequently discharged from their appointment as interim judicial managers or the Company's judicial managers (if so appointed) (as the case may be) and/or the Company is discharged from interim judicial management or judicial management (as the case may be), save where the Second Loan has already been drawn down (whether partially or in full) by the Company in accordance with the Implementation Agreement.

In the event of early termination of the Investment Agreement pursuant to the events stated in paragraphs 3.3(a)-3.3(b) above, the Investment Amount (if any) shall become immediately due and payable. Save for the foregoing and without prejudice to (i) the surviving provisions under the Implementation Agreement; and (ii) the rights of the Company or the Investor which have accrued or arisen prior to termination, the Company and the Investor shall not have any further liability or obligation to the other.

3.4. Warranties

Each of the Company and Investor has provided to the other customary warranties including that in relation to incorporation, authority, capacity and no litigation, as further set out under Schedule 3 to the Implementation Agreement.

4. RATIONALE FOR THE IMPLEMENTATION AGREEMENT AND THE RESTRUCTURING

- 4.1. The Parties and the Interim Judicial Managers are desirous of restructuring the Company and the Group and have thereby entered into the Implementation Agreement with the object and intention of achieving the transactions and outcomes under the Implementation Agreement and the Restructuring.
- 4.2. The Company believes that the transactions and outcomes under the Implementation Agreement and the Restructuring will allow the Company to have access to funds (through the Loans), which will facilitate the ongoing restructuring process of the Group. Such additional financing can be put towards working capital purposes (amongst others). The Restructuring contemplates that both USPI Investment and KCD will receive adequate consideration and security (on ordinary commercial terms) for the Supra Acquisition and KCD Loan respectively.

5. INTERESTS OF INTERIM JUDICIAL MANAGERS, DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement, none of the Interim Judicial Managers, Directors or controlling shareholders of the Company has any interest, whether direct or indirect in the Implementation Agreement.

6. DOCUMENTS FOR INSPECTION

A copy of the Implementation Agreement 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.

7. FURTHER ANNOUNCEMENT

The Company will make further announcements and if required, provide further information on the Restructuring in a circular to the Shareholders and seek the approval of the Shareholders in an extraordinary general meeting of the Company, in compliance with requirements of the listing manual of the Singapore Exchange Securities Trading Limited (including under Chapters 8 and/or 9, as applicable), as and when there are further developments on the matters contemplated by this announcement.

8. CAUTIONARY STATEMENT

The Implementation Agreement is subject to, *inter alia*, satisfaction of various Conditions Precedents, and there is no certainty as at this date whether the Implementation Agreement will take effect and/or that the Second Loan can be drawn down. Additionally, the shares in the Company have been suspended from trading since 23 February 2024. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company and the Interim Judicial Managers carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE INTERIM JUDICIAL MANAGERS

Tan Wei Cheong and Lim Loo Khoon
Joint and Several Interim Judicial Managers
2 May 2024

Information in this announcement relating to the Investor has been provided by the Investor, or otherwise extracted or reproduced from published or otherwise publicly available sources. Shareholders of the Company are cautioned that the Interim Judicial Managers have not independently verified the accuracy and correctness of such information, and accordingly do not accept any responsibility for any such information.

Schedule 1
Prescribed Occurrence

Part 1 – Prescribed Occurrence in relation to the Company

“**Prescribed Occurrence**” means, in relation to the Company, any of the following:

1. **Injunction:** an injunction or other order issued against the Company by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Restructuring or any part thereof;
2. **Resolution for Winding Up:** a resolution by the Company resolving that it be wound up;
3. **Appointment of Liquidator:** the appointment of a liquidator or provisional liquidator in respect of the Company;
4. **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Company;
5. **Cessation of Business:** Supra MY ceases or threatens to cease for any reason to carry on business in the usual and ordinary course;
6. **Investigations and Proceedings:** if the Company or any of its directors is the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
7. **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

Part 2 – Prescribed Occurrence in relation to the Investor

“**Prescribed Occurrence**” means, in relation to the Investor, any of the following:

1. **Injunction:** an injunction or other order issued against the Investor by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Restructuring or any part thereof;
2. **Resolution for Winding Up:** The Investor resolving that it be wound up;
3. **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, interim judicial manager and/or any other similar officer of the Investor;
4. **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Investor;
5. **Composition:** The Investor entering into any arrangement or general assignment or composition for the benefits of its creditors generally;
6. **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Investor;
7. **Insolvency:** The Investor becoming or being deemed by law or a court to be insolvent or being unable to pay its debts when they fall due or stops or suspends or threatens to stop or suspend payment of its debts of a material amount as they fall due;
8. **Cessation of Business:** The Investor ceases or threatens to cease for any reason to carry on business in the usual and ordinary course;
9. **Investigations and Proceedings:** if the Investor or any of its directors is the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
10. **Analogous Event:** any event occurs which, under the laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).