USP GROUP LIMITED
(Incorporated in Singapore)
(Company Registration No.: 200409104W)

PROPOSED ALLOTMENT AND ISSUANCE OF 4,900,000 ORDINARY SHARES IN THE CAPITAL OF USP GROUP LIMITED

The Board of Directors ("**Directors**") of USP Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcements made by the Company on 30 September 2015, 13 December 2015, 18 February 2016, 4 March 2016, 8 March 2016 and 11 March 2016 in relation to the acquisition of Supratechnic Pte Ltd ("**Supratechnic**") pursuant to a conditional sale and purchase agreement dated 12 December 2015 ("**SPA**") ("**Announcements**").

As disclosed on 8 March 2016, to facilitate the delivery of 49,000,000 consideration shares ("**Consideration Shares**") to one of the vendors of Supratechnic in furtherance of the Company's obligations under the SPA, the Company had entered into a share lending agreement ("**Share Lending Agreement**") with Precious Stream Holdings Ltd ("**PSHL**") to borrow up to 49,000,000 ordinary shares in the capital of the Company ("**Shares**") (the "**Loaned Shares**") from PSHL ("**Share Lending Arrangement**"). No fees, interest or commission was paid to PSHL or to Weng Huixin (a Director of the Company and the sole shareholder of PSHL) for the Share Lending Arrangement.

Subsequent to entry into the Share Lending Arrangement, the Company undertook a share consolidation exercise to consolidate every 10 ordinary Shares into one (1) consolidated share, fractional entitlements to be disregarded. The share consolidation became effective from 11 April 2016. Accordingly, pursuant to:

(i) the terms of the SPA which provide that the Consideration Shares shall be subject to adjustments in the event of any subdivision or consolidation of shares in the Company, and

(ii) the terms of the Share Lending Agreement which provide that in the event of any consolidation or sub-division of Shares taking place at any time throughout the duration of the loan, the number of Shares to be re-delivered by the Company to the Lender shall be adjusted proportionately,

the 49,000,000 Consideration Shares to be delivered by the Company to PSHL shall be adjusted to 4,900,000 post-consolidation Shares.

Further to the Announcements, the Company now wishes to announce that the Company has on 21 February 2017 received a notice of re-delivery dated 15 February 2017 from PSHL requesting the return of the Loaned Shares in accordance with the Share Lending Agreement. Accordingly, the Company would have to return 4,900,000 Shares to PSHL by 20 March 2017, being the first anniversary of the date of delivery of the Loaned Shares from PSHL.

The Company thus intends to facilitate the repayment of the Loaned Shares by the issuance of 4,900,000 new Shares ("**Repayment Shares**") pursuant to the general share issue mandate under Section 161 of the Companies Act (Cap. 50) granted by the shareholders of the Company at the annual general meeting of the Company held on 29 September 2016.

Upon the completion of the repayment to PSHL under the Share Lending Agreement, PSHL will have an interest in 22.52% of the issued and paid-up capital of the Company. PSHL is a controlling shareholder of the Company and Madam Weng Huixin (the sole shareholder of PSHL) is a non-executive Director of the Company.

FINANCIAL EFFECTS

Following the allotment and issuance of the Repayment Shares, the issued and paid-up capital of the Company will increase from 83,768,352 to 88,668,352 Shares.

For illustrative purposes only and based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2016 ("**FY2016**"), the financial effects of the Repayment Shares on (i) the net asset value ("**NAV**") per Share of the Group (assuming that the repayment had been settled at the end of FY2016); and (ii) the earnings per Share ("**EPS**") of the Group (assuming that the repayment had been settled at the beginning of FY2016), are as follows:

	Before the allotment and issuance of the Repayment Shares	**After the allotment and issuance of the Repayment Shares**
NAV per share (SGD cents)	68.87	61.19
Number of Shares excluding treasury shares at the end of FY2016 for calculating NAV per Share (post share consolidation) ('000)	78,775	88,668
EPS (SGD cents)	0.90	0.84
Weighted average number of Shares for calculating EPS	66,799	71,699

The financial effects of the proposed allotment and issuance of the Repayment Shares on the Group are for illustrative purposes only and are, therefore, not indicative of the actual financial performance or position of the Group after the allotment and issuance of the Repayment Shares.

The Company will be submitting an application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the listing and quotation of the Repayment Shares on the SGX-ST. The Company will inform Shareholders of the outcome of the application in due course.

INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as aforementioned, none of the Directors (other than in his capacity as a Director or Shareholder) and to the best of the Directors' knowledge, none of the controlling shareholders of the Company has any interest, direct or indirect, in the Share Lending Arrangement or the repayment of the Loaned Shares.

DIRECTORS' 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 Share Lending Arrangement, 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 these sources and/or reproduced in this Announcement in its proper form and context.

BY ORDER OF THE BOARD

Li Hua
(Executive Chairman and Chief Executive Officer)
23 February 2017