CIRCULAR DATED 23 JANUARY 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of USP Group Limited (the "**Company**") held through The Central Depository (Pte) Ltd ("**CDP**"), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by the CDP for a separate Circular to be sent to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or to the transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

USP GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200409104W)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(1) PROPOSED APPOINTMENT OF PKF-CAP LLP AS NEW AUDITORS

(2) PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	:	8 February 2020 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	10 February 2020 at 10.00 a.m.
Place of Extraordinary General Meeting	:	16A Joo Koon Circle Singapore 629048

CONTENTS

		PAGE
DEFINITIONS		3
LETTER TO SHAREHOLDERS		6
1.	Introduction	6
2.	Proposed Appointment of New Auditors	6
3.	Proposed Adoption of The Share Purchase Mandate	9
4.	Interests of Directors and Substantial Shareholders	21
5.	Directors' Recommendations	22
6.	Statement of Audit Committee	22
7.	Abstention from Voting	22
8.	Extraordinary General Meeting	23
9.	Action to be taken by Shareholders	23
10.	Directors' Responsibility Statement	23
11.	Documents Available for Inspection	23
NOTICE OF EXTRAORDINARY GENERAL MEETING		24
PROXY FORM		

In this Circular, the following definitions apply throughout unless otherwise stated:

"**ACRA**"	:	Accounting and Corporate Regulatory Authority of Singapore
"**AGM**"	:	Annual general meeting of the Company
"**Audit Committee**"	:	The audit committee of the Company
"**Auditors**"	:	The auditors of the Company
"**PKF**"	:	PKF-CAP LLP
"**Board**"	:	The board of directors of the Company
"**CDP**"	:	The Central Depository (Pte) Limited
"**RSM**"	:	RSM Chio Lim LLP
"**Circular**"	:	This circular to Shareholders dated 23 January 2020
"**Companies Act**"	:	Companies Act, Chapter 50 of Singapore
"**Constitution**"	:	The constitution of the Company, comprising the memorandum and articles of association of the Company or other regulations of the Company for the time being in force
"**Controlling Shareholders**"	:	A person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"**Company**"	:	USP Group Limited
"**Directors**"	:	The directors of the Company as at the Latest Practicable Date, and "**Director**" means any one of them
"**EGM**"	:	The extraordinary general meeting of the Company, notice of which is to be delivered to shareholders together with this Circular
"**EPS**"	:	Earnings per Share
"**FY**"	:	Financial year ended, or as the case may be, ending 31 March
"**Group**"	:	The Company and its subsidiaries
"**Latest Practicable Date**"	:	3 January 2020, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The listing manual of the SGX-ST
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**NAV**"	:	Net asset value

"**Notice of EGM**"	:	The Notice of EGM of the Company as set out in pages 24 to 28 of this Circular
"**NTA**"	:	Net tangible assets
"**Proposed Appointment of New Auditors**"	:	The proposed appointment of PKF as new Auditors of the Company
"**Proposed Adoption of the Share Purchase Mandate**"	:	The proposed adoption of the Share Purchase Mandate
"**Relevant Period**"	:	The period commencing from the date on which the ordinary resolution in relation to the adoption of the Share Purchase Mandate is passed in a general meeting and expiring on the earliest of (i) the date on which the next AGM is or is required by law to be held; (ii) the date on which the Share Purchase are carried out to the full extent mandated, or (iii) the date the said mandate is revoked or varied by the Shareholders in a general meeting
"**Securities Account**"	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
"**SFA**"	:	The Securities and Futures Act, Chapter 289 of Singapore as may be amended, varied or supplemented from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of Shares except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares, mean the persons to whose securities accounts maintained with CDP are credited with the Shares
"**Shares**"	:	Ordinary shares in the capital of the Company
"**Shares Purchase**"	:	The purchase or otherwise acquisition of Shares by the Company pursuant to the terms of the Share Purchase Mandate
"**Shares Purchase Mandate**"	:	The general mandate given by Shareholders to authorise the Directors to purchase Shares in accordance with the terms set out in this Circular and the rules and regulations set forth in the Companies Act and the Listing Manual
"**SIC**"	:	The Securities Industry Council of Singapore
"**Subsidiary**"	:	A corporation which is deemed to be a subsidiary of another corporation within the meaning of Section 5 of the Companies Act
"**Subsidiary holdings**"	:	Shares held by subsidiaries of the Company in accordance with the Companies Act
"**Substantial Shareholder**"	:	A person (including a corporation) who holds directly or indirectly 5% or more of the total issued voting Shares of the Company
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as the same may be amended or modified from time to time

"**Treasury Shares**"	:	Issued Shares which is (or is treated as having been) purchased by the Company in circumstances which Section 76H of the Companies Act applies and has since purchase been continuously held by the Company
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively
"**%**" or "**per cent**"	:	Percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act. The term "**subsidiary**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *VICE VERSA*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the sum of listed amounts and the totals thereof shown are due to rounding.

USP GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200409104W)

Directors:

Yin Kum Choy (Executive Director)
Siew Chen Yei (Non-Executive Director)
Ong Sie Hou Raymond @ Zaim (Non-Executive Director)
Yip Mun Foong James (Lead Independent Director)
Chan Siew Wei (Independent Director)
Tay Tian Leng (Independent Director)

Registered Office:

38 Beach Road
#29-11
South Beach Tower
Singapore 189767

23 January 2020

To: The Shareholders of USP Group Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 The Directors of the Company propose to convene an EGM to be held at 10.00 a.m. on 10 February 2020 to seek Shareholders' approval for the following proposals:

(a) Proposed Appointment of New Auditors; and

(b) Proposed Adoption of the Share Purchase Mandate.

1.2 The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval at the EGM for, the Proposed Appointment of New Auditors and Proposed Adoption of the Share Purchase Mandate.

2. PROPOSED APPOINTMENT OF NEW AUDITORS

2.1 Reasons for the Proposed Appointment of New Auditors

The Company's current auditors, RSM, have served as auditors of the Company since FY2017. RSM were not re-elected by Shareholders at the AGM held on 30 September 2019.

The Audit Committee and the Board are of the view that it would be appropriate and timely to seek Shareholders' approval for the appointment of new Auditors in place of RSM who were not re-elected.

The Audit Committee, in reviewing and deliberating on the suitability of other audit firms; had evaluated proposals from other audit firms and taken into consideration the Audit Quality Indicators Disclosure Framework issued by ACRA (the "Audit Quality Indicators Disclosure Framework"), and various factors such as the adequacy of resources and experiences of the audit firm to be selected and the audit engagement partner to be assigned to the audit, the audit firm's other engagements, the size and complexity of the Group, and the number of experience of the audit firm to be selected and the audit engagement partner to be assigned. After evaluation, the Audit Committee recommended the appointment of PKF as Auditors of the Company. The quality and scope of audit services to be provided by PKF will be comparable to services currently provided by RSM.

The Audit Committee had also made inquiries on whether the audit engagement partner has been subject to the Practice Monitoring Programme ("PMP"), and was informed that the audit engagement partner had passed the PMP reviews he was subject to, and did not receive any adverse feedback from ACRA.

The cessation of RSM with effect from 30 September 2019 as Auditors of the Company was lodged with ACRA on 30 September 2019.

PKF had on 4 December 2019 given its written consent to act as the Auditors of the Company, which will be subject to the approval of the Shareholders at the EGM. Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of PKF must be approved by Shareholders at a general meeting. The appointment of PKF will therefore take effect upon obtaining the approval of the same by Shareholders at the EGM and, if appointed, PKF will hold office until the conclusion of the next AGM.

2.2 Information on PKF and the audit engagement partner

The information on PKF and the audit engagement partner provided below was provided to the Company by PKF and its representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

About PKF

PKF is a firm of Chartered Accountants in Singapore and is registered with the ACRA.

The firm, together with its affiliated entities has 9 partners, 18 managers/ directors and 95 professional staff servicing a wide array of auditing, accounting, taxation, corporate secretarial and advisory clients in diversified industries such as agriculture, statutory boards, education, trading and distribution, manufacturing, healthcare, shipping, hospitality, fund management, technology, mining and construction.

PKF is a global family of legally independent firms bound together by a shared commitment to quality, integrity and the creation of clarify in a complex regulatory environment.

For more information about PKF, please visit its website at http://www.pkfsingapore.com/.

About the audit engagement partner

John Lim ("John") is the Audit, HR and Training Partner at PKF. He has more than 25 years of public accounting experience in audit and assurance, internal audit and due diligence. John began his career with the legacy Arthur Andersen in 1989 and left as an Audit Manager in 1995 to join the Institute of Certified Public Accountants of Singapore as Practice Review Manager. Together with the Practice Review Director, John pioneered the Practice Review Program for public accountants in Singapore.

In 2000, John joined a large charity as the Chief Financial Officer. In 2005, John rejoined the Institute of Certified Public Accountants of Singapore as the Head of Practice Monitoring. Subsequently in 2008, John worked as the Senior Assurance Manager cum Regional Executive with a mid-tier public accounting firm. In 2010, John became the Co-Managing Partner of HT Khoo & Associates PAC. After 2 years, the firm merged with PKF.

John's experience includes statutory audits of public listed companies namely Acesian Partners Limited and OEL (Holdings) Limited, private limited companies and not-for-profit organisations. In addition, John is also the Audit Committee Chairman and Independent Director of Annaik Limited, a public listed company in Singapore.

John is a member of the Public Accounting and Practice Committee of Institute of Singapore Chartered Accountants ('ISCA") and a member of the Inquiry Panel of the Legal Profession Act, Law Society.

John is a Chartered Accountant and practicing member of ISCA.

About the engagement quality control review partner

PKF would assign Mr Sia Boon Tiong ("Mr Sia"), an independent engagement quality control review partner with the appropriate experience and expertise to provide an objective evaluation of the significant judgments made by the engagement team and the conclusions reached in formulating the report. Mr Sia will also assist Mr John Lim in ensuring that all Ethical Standards are complied with and in particular conflicts, independence and objectivity issues.

He has more than 18 years of public accounting experience in assurance advisory and financial reporting with major accounting firms and commercial firms. During his tenure with the audit firms, Mr Sia was involved in the audit assignments for various clients consisting of multi-national corporations, private and public listed companies which are involved in a wide variety of industrial and commercial business, such as manufacturing, trading and distribution, electronics, etc. Mr Sia also managed a sizeable audit of financial services clients in asset management, brokerage and financial institutions industry including private equity fund, hedge fund, commodities brokers, fund management company, etc.

Mr Sia is a practicing member of the ISCA and also a Fellow member of the Association of Chartered Certified Accountants, United Kingdom (FCCA). He is an ASEAN Chartered Professional Accountant and an associate member of the CFA Society Singapore. He also serves on the Auditing and Assurance Standards Committee of the ISCA.

About engagement team

An engagement team comprising of 1 audit partner, 1 quality control review partner and 6 audit professionals was assigned to the Company and the group of companies in Singapore.

2.3 Requirements under Rules 712 of the Listing Manual

The Board, having taken into account the Audit Committee's recommendation and various factors, including, *inter alia,* the following:

(a) the adequacy of the resources and experience of PKF;

(b) the audit engagement partner assigned to the audit;

(c) the other audit engagements of PKF;

(d) the size and complexity of the Group's operations; and

(e) the number and experience of supervisory and professional staff assigned to the audit of the financial statements of the Group as mentioned in Section 2.2 above,

are of the opinion that PKF will be able to meet the audit requirements of the Group and that Rule 712 of the Listing Manual has been complied with.

2.4 Requirements under Rules 715 of the Listing Manual

The Board confirms that pursuant to Shareholders' approval of the Proposed Appointment of New Auditors, PKF will become the Auditors of the Company as well as its Singapore-incorporated subsidiaries.

The Board also confirms that member firms of PKF will also be appointed as Auditors of the Company's significant foreign-incorporated subsidiaries for the purposes of consolidation of the financial statements of the Group.

2.5 Confirmations pursuant to Rule 1203(5) of the Listing Manual

The Audit Committee and the Board confirm that:

(a) RSM have confirmed that they are not aware of any professional reasons why PKF should not accept the appointment as Auditors of the Company;

(b) there were no disagreements with RSM on accounting treatments within the last 12 months;

(c) the Company is not aware of any circumstances connected with the Proposed Appointment of New Auditors that should be brought to the attention of the Shareholders or creditors of the Group, which has not been disclosed in this Circular;

(d) the specific reasons for the Proposed Appointment of New Auditors are disclosed in Paragraph 2.1 above; and

(e) the Company complies with Rules 712 and 715 of the Listing Manual in relation to the appointment of PKF.

3. THE PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

3.1 Introduction

The Directors are proposing to seek the approval of Shareholders at the EGM for the Proposed Adoption of the Share Purchase Mandate.

3.2 Rationale for the Share Purchase Mandate

The proposed Share Purchase Mandate will give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. The Directors believe that the Share Purchases Mandate will provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The Share Purchase Mandate will also allow the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, with a view to enhancing the net tangible assets and/or earnings per Share. The Directors further believe that Share Purchases may also buffer short-term share price volatility and offset the effects of share price speculation. Where Shares are purchased by the Company and are held as Treasury Shares, it will also enable the Company to transfer the Treasury Shares for the purposes of the Company's Performance Share Plan.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it can benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would have or may have a material adverse effect on the financial condition, liquidity and capital of the Company and the Group.

3.3 Authority and Limits of the Share Purchase Mandate

The authority and limits placed on the Share Purchases under the proposed Share Purchase Mandate are set out below:-

3.3.1 Maximum number of Shares

(a) Only Shares which are issued and fully paid-up may be purchased or acquired by the Company. The total number of Shares which may be purchased or acquired pursuant to the Share Purchase Mandate shall not exceed 10% of the total number of issued Shares as at the date of the forthcoming EGM at which approval for the Proposed Adoption of the Share Purchase Mandate is being sought (the "**Approval Date**"). For purposes of calculating the percentage of issued Shares, any Shares which are held as Treasury Shares and subsidiary holdings will be disregarded for the purpose of computing the 10% limit.

(b) For illustrative purposes only, on the basis of 90,287,403 issued Shares (excluding 634,600 treasury shares, subsidiary holdings, if any and 7.4 million Shares held by Dr Lim Boh Soon due to an originating summons and interim injunction application filed by Mr Oon Koon Cheng with the High Court) as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the EGM, not more than 9,028,740 Shares (representing 10% of the total number of issued Shares as at that date) may be purchased by the Company pursuant to the Share Purchase Mandate.

(c) The Company does not have any subsidiary holdings as of the date of the Circular.

3.3.2 Duration of Authority

(a) Share Purchase may be made, at any time and from time to time, on and from the Approval Date up to:-

(i) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(ii) the date on which the Share Purchases are carried out to the full extent mandated; or

(iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting, whichever is the earliest.

(b) The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed.

3.3.3 Manner of Share Purchases

(a) Share Purchase may be made by way of:-

(i) an on-market share purchase ("**Market Share Purchase**"), transacted on the SGX-ST through the SGX-ST trading system or, as the case may be, any other securities exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) an off-market share purchase ("**Off-market Share Purchase**") (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual.

(b) The Directors may impose such terms and conditions which are not inconsistent with the Share Purchase Mandate, the Listing Manual and the Companies Act, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. However, an Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:-

(i) offers under the scheme are to be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded:-

(1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;

(2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and

(3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

(c) In addition, the Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:-

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptance;

(iii) the reasons for the proposed Share Purchase;

(iv) the consequences, if any, of Share Purchases that will arise under the Take-over Code or other applicable take-over rules;

(v) whether the Share Purchase, if made, could affect the listing of the Shares on the SGX-ST;

(vi) details of any Share Purchases made by the Company during the previous 12 months (whether Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and

(vii) whether the Shares purchased by the Company will be cancelled or kept as Treasury Shares.

3.3.4 Maximum Purchase Price

(a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors.

(b) However, the purchase price to be paid for the Shares pursuant to the Share Purchase Mandate must not exceed:-

(i) in the case of a Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares,

(the "**Maximum Price**") in either case, excluding related expenses of the Share Purchase.

(c) For the above purposes, "Average Closing Price" means (i) the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the Market Share Purchase was made or, as the case may be, before the date of making an announcement by the Company of an offer for an Off-Market Share Purchase; and (ii) deemed to be adjusted for any corporate action that occurs after the relevant five-day period.

3.4 Status of Purchased Shares

Under Section 76B of the Companies Act, any Share which is purchased shall, unless held as a Treasury Share, be deemed cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation. All Shares purchased by the Company, unless held as Treasury Shares, will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following the settlement of any such purchase. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

Certain of the provisions on Treasury Shares under the Companies Act are summarised below:-

(a) Maximum Holdings

The number of Shares held as Treasury Shares shall not at any time exceed 10% of the total number of issued Shares. In the event that the aggregate number of Treasury Shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess Treasury Shares within six months from the day the aforesaid limit is first exceeded.

(b) Voting and Other Rights

The Company cannot exercise any right in respect of Treasury Shares. In particular, the Company cannot exercise any right to attend or vote at meetings; and for the purposes of the Companies Act, the Company shall be treated as having no right to vote in respect of Treasury Shares and the Treasury Shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of the Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed.

Also, a subdivision or consolidation of any Treasury Share into Treasury Shares of a smaller amount is allowed so long as the total value of the Treasury Shares after the sub-division or consolidation is the same as before.

(c) Disposal and Cancellation

Where Shares purchased or acquired by the Company are held as Treasury Shares, the Company may at any time:-

(i) sell the Treasury Shares (or any of them) for cash;

(ii) transfer the Treasury Shares (or any of them) for the purposes of or pursuant to an employees' share scheme (including but without limitation to the Performance Share Plan);

(iii) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancel the Treasury Shares (or any of them); or

(v) sell, transfer or otherwise use the Treasury Shares for such other purposes as may be prescribed by the Minister of Finance.

The Shares purchased under the Share Purchase Mandate will be held as Treasury Shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares, stating the following:

(a) date of the sale, transfer, cancellation and/or use;

(b) purpose of such sale, transfer, cancellation and/or use;

(c) number of Treasury Shares sold, transferred, cancelled and/or used;

(d) number of Treasury Shares before and after such sale, transfer, cancellation and/or use;

(e) percentage of the number of Treasury Shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(f) value of the Treasury Shares if they are used for a sale or transfer, or cancelled.

3.5 Source of Funds

The Company may only apply funds for the Share Purchases in accordance with the applicable laws in Singapore. The Company may not purchase its Shares for a consideration other than in cash and in the case of a Market Share Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Purchases.

The Companies Act stipulates that any purchases of Shares may be made out of the Company's capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the Share Purchases is made out of profits, such consideration will correspondingly reduce the amount of profits available for the distribution of cash dividends by the Company. However, where the consideration paid by the Company for the Share Purchases is made out of capital, the amount of profits available for the distribution of cash dividends by the Company will not be reduced.

3.6 Financial Effects

The financial effects on the Company and the Group arising from the Share Purchases will depend on, *inter alia*, whether the Share Purchases are made by way of Market Share Purchases or Off-Market Share Purchases, the price paid for such Shares and whether the Shares are held in treasury or cancelled.

For illustrative purposes only, the financial effects on the Company and the Group arising from the Share Purchases, based on the unaudited financial statements of the Company and the Group for the financial period ended 30 June 2019, are prepared assuming the following:-

(a) the Share Purchases comprised 9,028,740 Shares [representing the maximum 10% allowed under the Share Purchase Mandate of 90,287,403 issued Shares (excluding 634,600 treasury shares, subsidiary holdings, if any and 7.4 million Shares held by Dr Lim Boh Soon due to an originating summons and interim injunction application filed by Mr Oon Koon Cheng with the High Court)] as at the Latest Practicable Date;

(b) in the case of Market Share Purchases, the Maximum Price was S$0.084 (being 5% above the Average Closing Price prior to 30 June 2019) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Market Share Purchases would amount to approximately S$758,414;

(c) in the case of Off-Market Share Purchases, the Maximum Price was S$0.096 (being 20% above the Average Closing Price prior to 30 June 2019) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Off-Market Share Purchases would amount to approximately S$866,759;

(d) the Share Purchases were made out of the Company's capital and profits as the Company has decided that any Share Purchases made under the Share Purchase Mandate for which approval is sought, will be made out of capital and profits;

(e) the Share Purchases took place on 30 June 2019 and the Shares purchased were

(i) cancelled; or

(ii) held as Treasury Shares; and

(f) the Share Purchases were financed by internal source of funds.

A(i) Market Share Purchases

Assuming the purchased Shares are cancelled:-

	Group		Company	
	Before Share Purchases	**After Share Purchases**	**Before Share Purchases**	**After Share Purchases**
As at 30 June 2019	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Share capital	50,913	50,155	50,913	50,155
Treasury shares	(99)	(99)	(99)	(99)
Other reserves	5,006	5,006	(355)	(355)
Accumulated losses	(24,717)	(24,717)	(33,236)	(33,236)
	31,103	30,345	17,223	16,465
Non-controlling interests	88	88	–	–
Total Equity	31,191	30,433	17,223	16,465
Current assets	39,770	39,012	19,223	18,465
Current liabilities	29,716	29,716	3,249	3,249
Non-current assets	51,167	51,167	1,249	1,249
Non-current liabilities	30,030	30,030	–	–
Net Asset Value (NAV)	31,191	30,433	17,223	16,465
Number of shares as at 30 June 2019 (excluding treasury shares)	90,287,403	81,258,663	90,287,403	81,258,663
Weighted average number of Shares as at 30 June 2019 (excluding treasury shares)				
- Basic	90,287,403	81,258,663	90,287,403	81,258,663
- Diluted	90,287,403	81,258,663	90,287,403	81,258,663
Financial Ratios				
NAV per share[1] (cents)	34.45	37.34	19.08	20.26
Gross debt gear ing[2] (times)	0.61	0.62	–	–
Current ratio[3] (times)	1.34	1.31	5.92	5.68
EPS (cents)[4]				
- Basic	(0.70)	(0.78)	(0.23)	(0.26)
- Diluted	(0.70)	(0.78)	(0.23)	(0.26)

Notes:-

(1) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 30 June 2019.

(2) "Gross debt gearing" represents total borrowings divided by shareholders' funds after non-controlling interests.

(3) "Current ratio" represents current assets divided by current liabilities.

(4) "Basic EPS" represents profit after tax and minority interests divided by the weighted average number of Shares as at 30 June 2019.

A(ii) Market Share Purchases

Assuming the purchased Shares are held as Treasury Shares:-

	Group		Company	
	Before Share Purchases	After Share Purchases	Before Share Purchases	After Share Purchases
As at 30 June 2019	S$'000	S$'000	S$'000	S$'000
Share capital	50,913	50,913	50,913	50,913
Treasury shares	(99)	(857)	(99)	(857)
Other reserves	5,006	5,006	(355)	(355)
Accumulated profit	(24,717)	(24,717)	(33,236)	(33,236)
	31,103	30,345	17,223	16,465
Non-controlling interests	88	88	–	–
Total Equity	31,191	30,433	17,223	16,465
Current assets	39,770	39,012	19,223	18,465
Current liabilities	29,716	29,716	3,249	3,249
Non-current assets	51,167	51,167	1,249	1,249
Non-current liabilities	30,030	30,030	–	–
Net Asset Value (NAV)	31,191	30,433	17,223	16,465
Number of shares as at 30 June 2019 (excluding treasury shares)	90,287,403	81,258,663	90,287,403	81,258,663
Weighted average number of Shares as at 30 June 2019 (excluding treasury shares)				
- Basic	90,287,403	81,258,663	90,287,403	81,258,663
- Diluted	90,287,403	81,258,663	90,287,403	81,258,663
Financial Ratios				
NAV per share[(1)] (cents)	34.45	37.34	19.08	20.26
Gross debt gearing[(2)] (times)	0.61	0.62	–	–
Current ratio[(3)] (times)	1.34	1.31	5.92	5.68
EPS (cents)[(4)]				
- Basic	(0.70)	(0.78)	(0.23)	(0.26)
- Diluted	(0.70)	(0.78)	(0.23)	(0.26)

Notes:-

(1) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 30 June 2019.

(2) "Gross debt gearing" represents total borrowings divided by shareholders' funds after non-controlling interests.

(3) "Current ratio" represents current assets divided by current liabilities.

(4) "Basic EPS" represents profit after tax and minority interests divided by the weighted average number of Shares as at 30 June 2019.

B(i) Off-Market Share Purchases

Assuming the purchased Shares are cancelled:-

	Group		Company	
	Before Share Purchases	After Share Purchases	Before Share Purchases	After Share Purchases
As at 30 June 2019	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Share capital	50,913	50,046	50,913	50,046
Treasury shares	(99)	(99)	(99)	(99)
Other reserves	5,006	5,006	(355)	(355)
Accumulated losses	(24,717)	(24,717)	(33,236)	(33,236)
	31,103	30,236	17,223	16,356
Non-controlling interests	88	88	–	–
Total Equity	31,191	30,324	17,223	16,356
Current assets	39,770	38,903	19,223	18,356
Current liabilities	29,716	29,716	3,249	3,249
Non-current assets	51,167	51,167	1,249	1,249
Non-current liabilities	30,030	30,030	–	–
Net Asset Value (NAV)	31,191	30,324	17,223	16,356
Number of shares as at 30 June 2019 (excluding treasury shares)	90,287,403	81,258,663	90,287,403	81,258,663
Weighted average number of Shares as at 30 June 2019 (excluding treasury shares)				
- Basic	90,287,403	81,258,663	90,287,403	81,258,663
- Diluted	90,287,403	81,258,663	90,287,403	81,258,663
Financial Ratios				
NAV per share[1] (cents)	34.45	37.21	19.08	20.13
Gross debt gearing[2] (times)	0.61	0.63	–	–
Current ratio[3] (times)	1.34	1.31	5.92	5.65
EPS (cents)[4]				
- Basic	(0.70)	(0.78)	(0.23)	(0.26)
- Diluted	(0.70)	(0.78)	(0.23)	(0.26)

Notes:-

(1) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 30 June 2019.

(2) "Gross debt gearing" represents total borrowings divided by shareholders' funds after non-controlling interests.

(3) "Current ratio" represents current assets divided by current liabilities.

(4) "Basic EPS" represents profit after tax and minority interests divided by the weighted average number of Shares as at 30 June 2019.

B(ii) Off-Market Share Purchases

Assuming the purchased Shares are held as Treasury Shares:-

	Group		Company	
As at 30 June 2019	**Before Share Purchases S$'000**	**After Share Purchases S$'000**	**Before Share Purchases S$'000**	**After Share Purchases S$'000**
Share capital	50,913	50,913	50,913	50,913
Treasury shares	(99)	(966)	(99)	966)
Other reserves	5,006	5,006	(355)	355)
Accumulated profit	(24,717)	(24,717)	(33,236)	(33,236)
	31,103	30,236	17,223	16,356
Non-controlling interests	88	88	–	–
Total Equity	31,191	30,324	17,223	16,356
Current assets	39,770	38,903	19,223	18,356
Current liabilities	29,716	29,716	3,249	3,249
Non-current assets	51,167	51,167	1,249	1,249
Non-current liabilities	30,030	30,030	–	–
Net Asset Value (NAV)	31,191	30,324	17,223	16,356
Number of shares as at 30 June 2019 (excluding treasury shares)	90,287,403	81,258,663	90,287,403	81,258,663
Weighted average number of Shares as at 30 June 2019 (excluding treasury shares)				
- Basic	90,287,403	81,258,663	90,287,403	81,258,663
- Diluted	90,287,403	81,258,663	90,287,403	81,258,663
Financial Ratios				
NAV per share[(1)] (cents)	34.45	37.21	19.08	20.13
Gross debt gearing[(2)] (times)	0.61	0.63	–	–
Current ratio[(3)] (times)	1.34	1.31	5.92	5.65
EPS (cents)[(4)]				
- Basic	(0.70)	(0.78)	(0.23)	(0.26)
- Diluted	(0.70)	(0.78)	(0.23)	(0.26)

Notes:-

(1) "NAV per share" represents net asset value after non-controlling interests divided by the number of Shares as at 30 June 2019.

(2) "Gross debt gearing" represents total borrowings divided by shareholders' funds after non-controlling interests.

(3) "Current ratio" represents current assets divided by current liabilities.

(4) "Basic EPS" represents profit after tax and minority interests divided by the weighted average number of Shares as at 30 June 2019.

The financial effects set out above are purely for illustrative purposes only. Although the Proposed Adoption of the Share Purchase Mandate would authorise the Company to buy back up to 10% of the total number of issued Shares (excluding Treasury Shares) as at the date that the Share Purchase Mandate is obtained, the Company may not necessarily buy back or be able to buy back 10% of the total number of issued Shares (excluding Treasury Shares) in full.

3.7 Listing Rules

Under the listing rules of the SGX-ST, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made and deemed to be adjusted for any corporate action that occurs after the relevant five-day period. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 3.3.4(b) of this Circular, conforms to this restriction.

The listing rules of the SGX-ST specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase or acquisition of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer. Such announcement must include details of the date of the purchases of the shares, the total number of shares purchased, the number of shares cancelled, the number of shares held as treasury shares, the purchase price per share or the highest and lowest prices paid for such shares (as applicable), the total consideration (including stamp duties and clearing charges) paid or payable for the shares, and the cumulative number of shares purchased. Such announcement will be made in the form prescribed by the Listing Manual.

The Company will not undertake any purchase or acquisition of Shares pursuant to the proposed Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced, because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares,

In observing the best practices recommended in the Listing Manual on securities dealings, the Company is not allowed and will not purchase or acquire any Shares through Market Purchases during the period of 2 weeks immediately preceding the announcement of the Company's quarterly results or 1 month immediately preceding the announcement of the Company's full-year results, as the case may be, and ending on the date of announcement of the relevant results.

3.8 Listing Status on the SGX-ST

The Company is required under Rule 723 of the SGX-ST Listing Manual to ensure that at least 10% of its issued Shares (excluding treasury shares) are in the hands of the public. The "public", as defined in the Listing Manual, are persons other than the Directors, Chief Executive Officer, Substantial Shareholders and Controlling Shareholders of the Company and its Subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, there were approximately 30,364,288 issued Shares in the hands of the public (as defined above), representing approximately 33.63% of the total number of issued Shares of the Company. Assuming that the Company purchases its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate from the public, the number of issued Shares in the hands of the public would be reduced to 21,335,548 Shares, representing approximately 26.26% of the total number of issued Shares of the Company.

In view of the foregoing, the Company is of the view that there is, at present, a sufficient number of Shares in public hands that would permit the Company to potentially undertake purchases of its Shares through Market Purchases up to the full 10% limit pursuant to the Share Purchase Mandate without:

(a) affecting adversely the listing status of the Shares on the SGX-ST;

(b) causing market illiquidity; or

(c) affecting adversely the orderly trading of Shares.

3.9 Tax Implications

Shareholders who are in doubt as to their respective tax positions or the tax implications of Share Purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

3.10 Implications of Take-over Code

If as a result of any purchase or acquisition by the Company of its Shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change in control, or as a result of such increase a Shareholder or group of Shareholders acting in concert obtain or consolidate control, it may in certain circumstances give rise to an obligation on the part of such Shareholder or Shareholders to make a take-over offer under rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively will incur an obligation to make a take-over offer under rule 14 of the Take-over Code after a purchase of Shares by the Company are set out in Appendix 2 ("**TOC Appendix 2**") of the Take-over Code.

In relation to Directors and persons acting in concert with them, rule 14 of the Take-over Code provides that unless exempted (or if exempted, such exemption is subsequently revoked), Directors and persons acting in concert with them will incur an obligation to make a take-over offer if, as a result of a purchase of Shares by the Company:-

(a) the percentage of voting rights held by such Directors and their concert parties in the Company increases to 30% or more; or

(b) if they together hold between 30% and 50% of the Company's voting rights, their voting rights increase by more than 1% in any period of 6 months.

Under TOC Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares, the voting rights of such Shareholder would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of 6 months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Purchase Mandate.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate control of that company. Unless the contrary is established, the following persons, inter alia, will be presumed to be acting in concert: (i) a company with any of its directors; and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% or more of the voting rights of a company will be regarded as the test of associated company status.

As at Latest Practicable Date, Mr Oon Koon Cheng held 12,868,816 Shares and 13,157,894 Shares through a nominee account, representing 14.25% and 14.57% respectively of the issued share capital of the Company and collectively representing 28.83%. Mr Oon Koon Cheng has confirmed that he is not acting in concert with the Directors, and hence he will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing its Shares.

Based on the shareholdings of the Directors and the Substantial Shareholders in the Company as at the Latest Practicable Date, none of the Directors nor the Substantial Shareholders will become obligated to make a mandatory offer by reason only of the share buyback of 9,028,740 Shares by the Company pursuant to the Share Buyback Mandate.

Exemption under Appendix 2 of the Take-over Code

Section 3(a) of Appendix 2 of the Take-over Code provides, *inter alia*, that for a market acquisition under section 76E of the Companies Act or an off-market acquisition on an equal access scheme under section 76C of the Companies Act by a listed company, directors and persons acting in concert with them will be exempted from the requirement to make a general offer for the Company under rule 14.1 of the Take-over Code, subject to the following conditions:

(a) the circular to shareholders on the resolution to authorise a buy-back to contain advice to the effect that by voting for the buy-back resolution, shareholders are waiving their right to a general offer at the required price (as defined hereinafter) from directors and parties acting in concert with them who, as a result of the Company buying back its Shares, would increase their voting rights to 30% or more, or, if they together hold between 30% and 50% of the Company's voting rights, would increase their voting rights by more than 1% in any period of 6 months; and the names such directors and persons acting in concert with them, their voting rights at the time of the resolution and after the proposed buy-back to be disclosed in the same circular;

(b) the resolution to authorise a share buy-back to be approved by a majority of those shareholders present and voting at the meeting on a poll who could not become obliged to make an offer as a result of the share buy-back;

(c) the directors and/or persons acting in concert with them to abstain from voting for and/or recommending shareholders to vote in favour of the resolution to authorize the share buy-back;

(d) within 7 days after the passing of the resolution to authorise a buy-back, each of the directors to submit to the SIC a duly signed form as prescribed by the SIC;

(e) directors and/or persons acting in concert with them not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of:

    (i) the date on which the authority of the share buy-back expires; and

    (ii) the date on which the Company announces it has bought back such number of Shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be, if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase to 30% or more; and

(f) directors and/or persons acting in concert with them, together holding between 30% and 50% of the company's voting rights, not to have acquired and not to acquire any shares between the date on which they know that the announcement of the share buy-back proposal is imminent and the earlier of

    (i) the date on which the authority of the share buy-back expires; and

    (ii) the date on which the Company announces it has bought back such number of Shares as authorised by shareholders at the latest general meeting or it has decided to cease buying back its Shares, as the case may be,

    if such acquisitions, taken together with the buy-back, would cause their aggregate voting rights to increase by more than 1% in the preceding 6 months.

It follows that where aggregate voting rights held by a director and persons acting in concert with him increase by more than 1% solely as a result of the share purchase and none of them has acquired any shares during the relevant period defined above, then such director and/or persons acting in concert with him would be eligible for SIC's exemption from the requirement to make a general offer under rule 14, or where such exemption had been granted, would continue to enjoy the exemption.

"**Required price**" means in relation to the offer required to be made under the provisions of rule 14.1 of the Take-over Code, the highest of the highest price paid by the offerors and/or person(s) acting in concert with them for the Company's Shares (i) during the offer period and within the preceding six (6) months, (ii) acquired through the exercise of instruments convertible into acquire through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six months of the offer or during the offer period; or at such price as determined by SIC under rule 14.3 of the Take-over Code.

The Directors are not aware of any Shareholder of group of Shareholders, acting in concert who may become obligated to make a mandatory offer in the event the Directors exercise the power to purchase Shares pursuant to the Share Purchase Mandate.

Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity.

3.11 Reporting Requirements

Within 30 days of the passing of the Shareholders' resolution to approve the proposed adoption of Share Purchase Mandate, the Directors shall lodge a copy of such resolution with the Registrar of Companies (the "**Registrar**").

The Directors shall lodge with the Registrar a notice of Share Purchase within 30 days of a share purchase. Such notification shall include the date of the purchase, the number of Shares purchased by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase, the amount of consideration paid by the Company for the purchase and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with the Registrar the notice of cancellation or disposal of Treasury Shares in the prescribed form.

3.12 Share Purchases in the Previous 12 months

The Company had not made any Share Buybacks in the last twelve (12) months immediately preceding the Latest Practicable Date.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholder in the Shares as at the Latest Practicable Date, as recorded in the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders respectively, are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	**%[5]**	**No. of Shares**	**%[5]**
Directors				
Yin Kum Choy	–	–	–	–
Siew Chen Yei	–	–	–	–
Ong Sie Hou Raymond @ Zaim	–	–	–	–
Yip Mun Foong	156,250	0.17	–	–
Chan Siew Wei	–	–	–	–
Tay Tian Leng	–	–	–	–

	Direct Interest		Deemed Interest	
	No. of Shares	%[5]	No. of Shares	%[5]
Substantial Shareholders				
Sunmax Global Capital Fund 1 Pte Ltd [1]	–	–	12,800,000	14.18
Li Hua [2]	3,738,700	4.14	12,800,000	14.18
Oon Koon Cheng [3]	12,868,816	14.25	13,157,894	14.57
Bestway Premium Investments Pte Ltd	7,301,455	8.09	–	–
Joshua Huang Thien En	4,900,000	5.43	–	–
Tanoto Sau Ian[4]	5,000,000	5.54	4,900,000	5.43

Notes:

1. Sunmax Global Fund 1 Pte Ltd is deemed to be interested in 12,800,000 shares of the Company registered under DBS Vickers (Securities) Pte. Ltd.

2. Li Hua is deemed to be interested in 12,800,000 shares held by Sunmax Global Capital Fund 1 Pte Ltd, by virtue of Section 7 of the Companies Act.

3. Oon Koon Cheng is deemed to be interested in 13,157,894 shares of the Company registered under Citibank Nominees Singapore Pte Ltd.

4. Tanoto Sau Ian is deemed to be interested in 4,900,000 shares arises from a share purchase agreement dated 6 January 2020 entered into between himself, as purchaser and Joshua Huang Thien En, as seller.

5. 90,287,403 issued Shares (excluding 634,600 treasury shares, subsidiary holdings and 7.4 million ordinary shares held by Dr Lim Boh Soon due to an originating summons and interim injunction application filed by Mr Oon Koon Cheng with the High Court)

None of the Directors or Controlling Shareholders has any interest, direct or indirect in the Proposed Appointment of New Auditors and Proposed Adoption of the Share Purchase Mandate.

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed Appointment of New Auditors

Having fully considered the rationale and benefit of the Proposed Appointment of New Auditors and the Audit Committee's recommendation, the Directors are of the opinion that the Proposed Appointment of New Auditors is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution 1 in respect of the Proposed Appointment of Auditors at the EGM.

5.2 Proposed Adoption of the Share Purchase Mandate

Having considered the rationale for the Proposed Adoption of Share Purchase Mandate as set out in Section 3 of this Circular, the Directors are of the opinion that the Share Purchase Mandate is in the interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 2 to approve the Proposed Adoption of Share Purchase Mandate.

6. STATEMENT OF AUDIT COMMITTEE

The Audit Committee has reviewed the Proposed Appointment of New Auditors and recommended the appointment of PKF as new Auditors of the Company, after taking into account the suitability and independence of PKF and compliance with the requirements of the Listing Manual.

7. ABSTENTION FROM VOTING

Mr Oon Koon Cheng and/or any Substantial Shareholders whose shareholdings would increase to 30% or more as a result of the Share Purchase exercise as at the date of EGM, shall abstain from voting on the Proposed Adoption of the Share Purchase Mandate and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is to be delivered to shareholders together with this Circular, will be held at 16A Joo Koon Circle, Singapore 629048 on 10 February 2020 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications the ordinary resolution set out in the Notice of EGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend on their behalf are requested to complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company not less than 48 hours before the time fixed for the EGM. The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes. However, any appointment of a proxy by such Shareholder shall be deemed to be revoked if the Shareholder attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person, appointed under the instrument of proxy, to the EGM.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the EGM.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Appointment of New Auditors and Proposed Adoption of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 38 Beach Road #29-11 South Beach Tower Singapore 189767 during normal business hours from the date of this Circular up to the date of the EGM:

a. the Constitution of the Company;

b. RSM's professional clearance letter to PKF dated 4 December 2019; and

c. PKF's letter to the Company dated 4 December 2019 in relation to its consent to act as the Auditors of the Company.

Yours faithfully

For and on behalf of the Board

Yin Kum Choy
Executive Director

USP GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200409104W)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of USP Group Limited (the "**Company**") will be held at 16A Joo Koon Circle, Singapore 629048 on 10 February 2020 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions:

1. PROPOSED APPOINTMENT OF NEW AUDITORS

That:

(a) the appointment of PKF-CAP LLP ("PKF"), having consented to act, be and are hereby appointed as auditors of the Company to hold office until the conclusion of the next annual general meeting at a remuneration to be agreed between the Directors and PKF; and

(b) the Directors of the Company and each of them be and are hereby authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they or he may consider expedient or necessary or in the interests of the Company to give effect to the matters set out in (a) above.

[See Explanatory Note (i)] **(Resolution 1)**

2. PROPOSED ADOPTION OF THE SHARE PURCHASE MANDATE

That:

(a) for the purposes of the Companies Act, Chapter 50 of Singapore (the **"Act"**) and the Listing Manual of the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares in the capital of the Company (the **"Shares"**) not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period, at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases (**"Market Purchases"**) transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (**"Off-Market Purchases"**) (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other provisions of the Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the **"Share Purchase Mandate"**);

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law or the Constitution of the Company to be held;

(ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by the shareholders of the Company in a general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means that number of Shares representing 10% of the issued ordinary share capital as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Act at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered;

"Relevant Period" means the period commencing from the date on which the Annual General Meeting at which this Resolution is passed and expiring on the date the next Annual General Meeting is held or is required by law or the Constitution of the Company to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme: 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.
[See Explanatory Note (ii)] **(Resolution 2)**

3. DIRECTORS' FEES

That the payment of Directors' fees of S$300,000 for the year ending 31 March 2020, to be paid quarterly in arrears. **(Resolution 3)**

4. AUTHORITY TO ALLOT AND ISSUE SHARES

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and in accordance with Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion, deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of Share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 4)**

5. AUTHORITY TO GRANT AWARDS AND/OR ISSUE SHARES UNDER THE PERFORMANCE SHARE PLAN

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be authorised and empowered to grant awards (**"Awards"**) in accordance with the provisions of the Company's Performance Share Plan (**"Share Plan"**) and to issue from time to time such number of fully-paid shares in the capital of the Company as may be required to be issued pursuant to the vesting of the Awards under the Share Plan, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Share Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] **(Resolution 5)**

By Order of the Board

Yin Kum Choy
Executive Director
Singapore, 23 January 2020

EXPLANATORY NOTES ON RESOLUTIONS TO BE PASSED:

(i) In accordance with the requirements of Rule 1203(5) of the Listing Manual:-

(a) RSM Chio Lim LLP ("RSM"), who were not re-elected at the Annual General Meeting held on 30 September 2019, have confirmed that they are not aware of any professional reasons why PKF should not accept the appointment as Auditors of the Company;

(b) there were no disagreements with RSM on accounting treatments within the last 12 months;

(c) the Company is not aware of any circumstances connected with the Proposed Appointment of New Auditors that should be brought to the attention of the Shareholders or creditors of the Group, which has not been disclosed in this Circular;

(d) the specific reasons for the Proposed Appointment of New Auditors are disclosed in the Circular under Paragraph 2.1; and

(e) the Company complies with Rules 712 and 715 of the Listing Manual in relation to the appointment of PKF.

(ii) The Ordinary Resolution 2 proposed in item 2 above, if passed, will empower the Directors of the Company from the date of this EGM until the next Annual General Meeting to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the Maximum Price. Information relating to Proposed Adoption of Share Purchase Mandate is set out in the Circular under Paragraph 3.

(iii) The Ordinary Resolution 4 proposed in item 4 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) The Ordinary Resolution 5 proposed in item 5 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue from time to time such number of fully-paid shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted or to be granted under the Share Plan. The aggregate number of shares which may be issued pursuant to the Share Plan and any other share plan which the Company may have in place shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company from time to time.

Notes:

(1) Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the Extraordinary General Meeting ("**EGM**") is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the Proxy Form.

(3) Any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the EGM. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

(4) A corporation which is a member of the Company may, by resolution of its directors, authorise any person to act as its representative at the EGM of the Company, and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual member of the Company.

(5) The instrument appointing a proxy must be deposited at the registered office of the Company at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767 not less than forty-eight (48) hours before the time set for holding the EGM.

Personal Data Privacy Terms:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

USP GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200409104W)

PROXY FORM

IMPORTANT

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the Extraordinary General Meeting in person. CPF and SRS Investors who are unable to attend the Extraordinary General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Extraordinary General Meeting to act as their proxy, in which case, CPF and SRS Investors shall be precluded from attending the Extraordinary General Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Please read the notes to the Proxy Form.

I/We _____ (Name) _____ (NRIC/Passport/Registration Number)

of _____ (Address)

being a *member/members of USP GROUP LIMITED (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

as *my/our *proxy/proxies to attend and to vote for *me/us on *my/our behalf, at the Extraordinary General Meeting ("EGM") of the Company to be held at 16A Joo Koon Circle, Singapore 629048 on 10 February 2020 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the EGM and at any adjournment thereof.

Ordinary Resolutions	For	Against
1. To approve the Proposed Appointment of New Auditors		
2. To approve the Proposed Adoption of the Share Purchase Mandate		
3. To approve the Directors' Fees of S$300,000 for the year ending 31 March 2020		
4. To approve the authority to allot and issue shares		
5. To approve the authority to grant awards and/or issue shares under the Performance Share Plan		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolution as set out in the Notice of the EGM.)

Signed this _____ day of _____ 2020

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

_____

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his behalf at the EGM. Where a member appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified, failing which, the nomination shall be deemed to be alternative.

3. A proxy need not be a member of the Company.

4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50, who is either:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities under the Securities and Futures Act, Chapter 289 and holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

   You are entitled to appoint one (1) or more proxies to attend and vote at the EGM. Where such member's form of proxy appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the form of proxy. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming EGM.

5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767 not less than forty-eight (48) hours before the time set for holding the EGM.

6. The instrument appointing a proxy or proxies shall be in writing and signed by the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. The dispensation of the use of common seal pursuant to Sections 41A, 41B and 41C of the Companies Act, Chapter 50 effective 31 March 2017 is applicable at this EGM.

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney, the power of attorney or other authority or a notarially certified copy thereof shall be deposited at the Company's registered office at 38 Beach Road, #29-11 South Beach Tower, Singapore 189767 not less than forty-eight (48) hours before the time set for holding the EGM or adjourned meeting. Otherwise, the person so named in the instrument of proxy shall not be entitled to vote in respect thereof.

8. A corporation which is a member may by resolution of its directors, authorise any person to act as its representative at the EGM.

GENERAL

The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in this instrument of proxy. In addition, in the case of members whose shares are entered in the Depository Register, the Company may reject an instrument of proxy or proxies lodged if the member, being the appointer, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time set for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 23 January 2020.