

USP GROUP LIMITED
(Formerly Known as Unionmet (Singapore) Limited)
(Company Registration No: 200409104W)
(Incorporated in the Republic of Singapore)

INVESTMENT IN QUOTED SECURITIES – HUAN HSIN HOLDINGS LTD

1. INTRODUCTION

Reference the earlier announcement by USP Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) on 27 February 2015, the Board of Directors of wishes to announce that it has, as at 27 March 2015, acquired an aggregate of 64,709,900 ordinary voting shares (16.18%) in Huan Hsin Holdings Ltd (“**HH**”).

2. RULE 704(17)(B) OF THE LISTING MANUAL

The acquisition of the 16.18% equity stake in HH will result in an increase in the Group’s aggregate cost of investment in quoted securities to 5.87% of its latest audited consolidated NTA. Details relating to the Group’s cost of investment in and value of these quoted investments are as follows:

		Before Acquisition	After Acquisition
(i)	Aggregate cost of the Group’s quoted investments (S\$)	1,384,988	2,795,330
	Aggregate cost of the Group’s quoted investments as a percentage of the latest audited consolidated net tangible assets of the Group as at 30 November 2013* *Audited consolidated net tangible assets of the Group as at 30 November 2013 is US\$34,771,920 (S\$47,658,394), using exchange rate of US\$1 : S\$ 1.3706	2.94%	5.87%
(ii)	Total market value of the Group’s quoted investments (S\$) (computed based on the closing market price as at 27 March 2015)	4,048,740	7,700,478
(iii)	Amount of any provision for diminution in value of quoted investments (S\$)	NIL	NIL

3. INFORMATION ON HH

HH, an investment holding company, operates as an integrated contract manufacturer of telecommunications and electronic products. Its operations include design, mock up, tooling, plastic injection, precision injection, metal stamping, magnesium alloy stamping, spray painting, PCB assembly, SMT assembly, vacuum sputtering, wire and cable, EMS, and finished product assembly. The company is listed in the SGX-ST.

4. RATIONALE FOR THE ACQUISITION

HH has been undergoing restructuring and the results of these have been reflected in their financial statements. HH also has \$76 million of undrawn committed short term borrowing facilities with no non-current borrowings. The management of HH has indicated that the strategies in place to improve the operating performance of the financial position of the company in their recent financial results.

The Company is of the view that HH's efforts to restructure the existing operations will pay off and that the current market value of HH does not reflect its business nor its assets.

5. CONSIDERATION

The aggregate consideration for the investment, which is to be wholly satisfied in cash, will be funded by internal resources.

6. FINANCIAL EFFECTS

6.1 The financial effects of the acquisition on the Group as set out below are for illustrative purposes only. The financial effects of the acquisition set out below have been prepared based on the Group's audited consolidated financial statements for the financial year ended 30 November 2013.

6.1.1 Net tangible assets ("NTA")

The effects of the acquisition on the audited consolidated NTA per share of the Group as at FY2013, assuming that the acquisition had been effected on 30 November 2013, are summarized below:-

	Before the acquisition	After the acquisition
Consolidated NTA (US\$'000)	34,772	34,772
Number of shares	613,553,995	613,553,995
Consolidated NTA per share (US cents)	5.67	5.67

6.1.2 Earnings per Share ("EPS")

The effects of the acquisition on the audited consolidated EPS of the Group for FY2013, assuming that the acquisition had been effected on 1 December 2012 are summarized below:-

	Before the acquisition	After the acquisition
Earnings attributable to equity holders of the Company (US\$'000)	(3,159)	(3,159)
Weighted average number of shares	613,553,995	613,553,995
Consolidated EPS (US cents)	(0.51)	(0.51)

7. Rule 1006

- 7.1 The relative figures in relation to the acquisition computed on the applicable bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "Listing Manual"), based on the Group's audited consolidated financial statements for FY2013, being the latest announced audited consolidated financial statements of the Group as at the date of the Agreement, are as follows:-

Rule 1006(a)	Net asset value of acquisition compared with the Group's net asset value	Not applicable
Rule 1006(b)	Net profits attributable to the Assets to be acquired, compared with the Group's net loss	Not applicable
Rule 1006(c)	Aggregate value of the purchase consideration to be given, compared with the Company's market capitalization	6.33% ⁽¹⁾
Rule 1006(d)	Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue.	Not applicable
Rule 1006(e)	Aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

Having regard to the above, the Acquisition is a "Discloseable Transaction" under Rule 1010 of the Listing Manual.

⁽¹⁾Computed based on the consideration of approximately S\$2.79 million, divided by the market capitalization of the Company of approximately S\$44.05m (excluding treasury shares) as at 27 March 2015.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors and the controlling shareholders of the Company have any interest or are deemed to be interested in the acquisition.

9. DIRECTORS' SERVICE CONTRACTS

Not applicable

BY ORDER OF THE BOARD
USP Group Limited

Li Hua
Executive Chairman and Chief Executive Officer
30 March 2015