

**USP GROUP LIMITED**  
**(the “Company” or “USP”)**  
(Incorporated in Singapore)  
(Company Registration No.: 200409104W)

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**REQUISITION FOR AN EXTRAORDINARY GENERAL MEETING FOR HUAN HSIN HOLDINGS LTD**

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The Board of Directors wish to advise that the Company had, on 7 July 2015, submitted a notice of requisition (“**Requisition Notice**”) under section 176 of the Companies Act, Cap 50, to the Board of Huan Hsin Holdings Ltd, for an extraordinary general meeting to be held. The Company holds an aggregate of 64,809,400 ordinary shares of Huan Hsin Holdings Ltd (“Huan Hsin”), representing approximately 16.2% of its total issued share capital.

The purpose of the requisition is to propose that an independent financial advisor or equivalent professional be appointed for the purposes of reviewing and providing written advice or recommendation to the shareholders of Huan Hsin in respect of each of the following:

- (i) the viability of Huan Hsin’s existing core business, in particular whether it is in the interest of Huan Hsin and its shareholders to allow further borrowings to be obtained and/or proceeds arising from any Asset Divestment (as defined below) to be deployed in funding the working capital requirements of such business, in view of the Shareholders’ Returns Objective (as defined below);
- (ii) an appropriate strategy for the valuation and/or deployment of property assets of Huan Hsin, including any sale or divestment of such property assets (“**Asset Divestment**”), in view of the Shareholders’ Returns Objective (as defined below); and
- (iii) an appropriate overall strategy for the Huan Hsin’s business and/or its assets with a view to ensuring or maximising distributions or returns to its shareholders, including in the event an exit offer is required to be made to its shareholders by Huan Hsin or its controlling shareholders in connection with Rule 1306 of the SGX-ST Listing Manual (the “**Shareholders’ Returns Objective**”).

In the event that the above resolution is not passed, that a resolution of vote of no confidence be passed against the existing Board of Huan Hsin.

The Company has in the Requisition Notice explained its rationale which amongst other issues, included its concern on the following points:

- (a) With respect to the sale of Shanghai Indeed Electronic Technology Co., Ltd (“Shanghai Indeed”), the sale was based on a willing buyer-willing seller basis and supported by a valuation report done by Shanghai San Lian Assets Appraisal Co., Ltd (“SSLA report”) as announced on SGX on 24 April 2015. In the SSLA report, the valuation of the land use and building held by Shanghai Indeed, being its only asset, amounted to RMB175,553,742 (of which, land use rights amounted to RMB67,769,988 and the building amounting to RMB82,524,332).

The Company has separately obtained an international property consultant valuation that values the land use rights alone at RMB162,000,000. The discrepancy in value of the land use rights amounted to an almost RMB100,000,000 difference. Similarly, Huan Hsin has other substantial land assets whose capital appreciation is not yet been reflected in their latest financial results.

- (b) Despite the gross inflow of cash amounting to US\$10.7 million by end March 2015 from the sale of Shanghai Indeed, the borrowings of Huan Hsin have actually increased during the same period. Cash reserves increased from the S\$36.0 million of the previous quarter, 31 Dec 2014 to S\$59.8 million but short term borrowing increased from S\$102.1 million as at 31 Dec 2014 to S\$115.7 million in 31 March 2015 and long term borrowings in the same period from S\$81.7 million to S\$85.2 million. The overall borrowings of Huan Hsin increased by S\$17.1 million.

This is inconsistent with Huan Hsin's representation that the main purpose of the sale of Shanghai Indeed is to reduce borrowings as reiterated to shareholders during the EGM held on 24 April 2015 and again in their clarification dated 28 April 2015.

As the investment in Huan Hsin Holdings Ltd is significant to the Company, the Company will be updating its shareholders periodically.

**BY ORDER OF THE BOARD**

USP Group Limited

Li Hua  
(Executive Chairman and Chief Executive Officer)  
8 July 2015