

CORPORATE AND BUSINESS UPDATE

The Board of Directors (“The **Board**”) of USP Group Limited (“**USP**” or the **Company** and together with its subsidiaries, the “**Group**”) has conducted a review of its businesses, taking into account of the significant changes in the operating environment and restructuring and wishes to provide an update.

New Core Business Development

1. Oil & its related business.
 - 1.1- In Oct 2014, USP Group and completed the acquisition of Biofuel Research Pte Ltd, and restructured the operations to increase production output and developed new sales channels. After 6 months, in Oct 2015, we doubled the average and increased monthly average revenue by more than 10%. And the business is generating cash.
 - 1.2- USP subsidiary, USP Oil Pte Ltd commenced of manufacturing of animal oil blending product for export to Europe Market. After 3 month of operations, its revenue is stable and is ready to grow in near future. We are planning to manufacture palm oil feed powder, which is in good demand in the market.
We have conduct researches on ways to test and ensure the quality of our products and also built a research team.
 - 1.3- Currently, we are in the process to complete the acquisition of a Singapore company “Supratechnic Pte Ltd”, a distributor of marine equipment and industrial machinery and equipment with an extensive sale and servicing network in Singapore, Malaysia and Indonesia. It has net profit of S\$2.58 million in its audited financial report for the year of end 30 June 2015 (See our announcement on 13 December 2015). We will leverage on this network to help develop the market and sale channels for our oil related products such as biodiesel and lubricants in this region.

Compared to the previous business in mining and trading of non-ferrous metal before 2014, the above business will help the group post reasonable profits from a respectable level of revenue.

2. Property Business
 - 2.1- We are in the process on acquisition of Kong Cheng Development Pte Ltd, which owns and manages with 2 blocks of workshop / office / warehouse and 1 block of dormitory in Woodland. It has a net profit of S\$1.74 million in its audited financial report for the year of end 30 June 2015. (See our announcement on 18 December 2015.)
 - 2.2- We have started developing a residential property in Singapore for sale after completion.

Upon completion of acquisition of the two companies, the Group is expected to hold a portfolio of industrial assets currently estimated value of S\$65 mill and residential assets currently estimated value of S\$5 mill, with a net portfolio of about S\$40 mill.

Moving Forward

Having built a foundation in the oil and oil related business and a portfolio of industrial and residential assets, the board of directors and management of USP are confident that the Group business will be able to generate funds by its own business in the years coming to further its business growth and as returns to shareholders.