

USP GROUP LIMITED
(Company Registration No: 200409104W)
(Incorporated in the Republic of Singapore)

RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON 12 MAY 2015 WITH RESPECT TO THE COMPANY'S ANNOUNCEMENT DATED 30 APRIL 2015 ON THE PROPOSED ACQUISITION OF 49% OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SG SUPPORT SERVICE PTE LTD ("SGSS")

The Board of Directors of USP Group Limited (the "Company") would like to respond to the following queries raised by the Singapore Exchange Securities Trading ("SGX-ST") dated 12 May 2015 as follows:

SGX Query 1:

Pursuant to Rule 1010(5) of the SGX Listing Manual, please disclose the NTA and NAV of SGSS as at 31 October 2014. Was valuation performed on SGSS? If so, please provide details of the valuation.

Company Response:

NTA/NAV of SGSS as of 31 October 2014 is (S\$557,111). NAV per share is (S\$0.28). No formal external valuation was performed on SGSS.

SGX Query 2:

In respect of the release of guarantees provided by the Vendor, will the Company or any of its subsidiaries be required to provide any guarantee to SGSS' creditors? If yes: (a) Who else have also provided guarantees to these creditors?, (b) What is the amount of liabilities that are subject to the guarantees?, and (c) How is it in the interest of the Company to provide the guarantees, when it is only a minority shareholder of SGSS and does not have any management role in SGSS?

Company Response:

There is currently no requirement for the Company to provide any guarantees to SGSS' creditors. The remaining guarantors are the executive directors of SGSS, Messr Teng Choon Fong (51% shareholder of SGSS) and Dragan Bojovic, and they have agreed to ensure the release of the guarantees provided by the Vendor within 30 days of the Completion.

SGX Query 3:

We refer to paragraph 4.1(xi)(c)(i) of the Announcement. Are there any existing transactions and/or investments entered into by SGSS prior to the Completion Date? If so, please provide details.

Company Response:

There are no existing transactions and/or investments entered into by SGSS prior to the Completion Date that are outside the ordinary course of business undertaken by SGSS.

SGX Query 4:

We refer to paragraph 5 of the Announcement. Please elaborate on how the “Proposed Acquisition is complementary to the Group’s strategy in growing the Oil Blending Business”. In addition, as disclosed in paragraph 7, for the financial year ended 31 October 2014, SGSS incurred a net loss before tax. Therefore, please clarify how the acquisition of SGSS “will contribute positively to the Group’s financial performance”.

Company Response:

One of SGSS core revenue streams is the collection and transportation of oil sludge. Having a strategic investment in SGSS, will enable the Group to obtain a more constant supply of waste oil for its waste oil treatment facility in Biofuel Research Pte Ltd (another of the Group’s subsidiaries) and where the end product can be further used as feedstock for its oil blending business. This allows the Group to have better control on its raw material sourcing and costs.

Furthermore, SGSS was EBITDA positive for the financial year ended 31 October 2014 and barring unforeseen circumstances, hopes to achieve a positive net profit before tax for the new financial year.

BY ORDER OF THE BOARD

USP Group Limited

Li Hua

Executive Chairman and Chief Executive Officer

13 May 2015