USP GROUP LIMITED
(Company Registration No.: 200409104W)
(Incorporated in the Republic of Singapore)
(the "**Company**", with its subsidiaries, the "**Group**")

UPDATES ON THE PROPOSED ACQUISITION OF SUPRATECHNIC PTE LTD

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1. INTRODUCTION

The Board of Directors (the "**Board**") of the Company refers to its announcements dated 30 September 2015, 13 December 2015, 18 February 2016 and 4 March 2016 in relation to its acquisition of Supratechnic Pte Ltd (the "**Target**") (the "**Earlier Announcements**"). Unless otherwise defined herein, capitalised terms used in this Announcement shall have the meanings ascribed to them in the Earlier Announcements.

As stated in the Company's announcement dated 4 March 2016, with a view that there will likely be a non-continuance of the distributorship arrangements of the Target Group following the completion of the Proposed Acquisition, and that the Company would have to divest and wind down the Trading Business in the near term, the Board had decided to proceed with the Proposed Acquisition with no intention to diversify into the Trading Business.

2. TRADING BUSINESS

Following the Company's announcement dated 4 March 2016, the management has had several discussions with the key principals of the Target ("**Principals**"). The Principals have advised that they would like to continue business arrangements with the Target and the parties are in negotiations for new terms to replace the existing agreements. Given the change in position of the Principals, the Trading Business may continue to be viable. At the same time, the Board has not found any suitable buyers for the business of the Target.

In view of the above developments, the Board is of the view that the Group would be able to extract better value for shareholders by retaining the Trading Business. The Board intends to convene an extraordinary general meeting to seek the approval of Shareholders following the satisfactory negotiations of the revised arrangements with the Principals. Appropriate announcements will be released by the Company on SGXNET in due course.

In the meantime, the Group has also commenced discussions with agents and potential buyers for the Target's investment properties in Australia and the United Kingdom.

3. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors (other than in his capacity as a Director or Shareholder) and to the best of the Directors' knowledge, none of the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in this Announcement 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 these sources and/or reproduced in this Announcement in its proper form and context.

5. CAUTIONARY STATEMENT

Meanwhile, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Company's securities. When in doubt, shareholders and potential investors are advised to seek independent advice from their bankers, stockbrokers, solicitors or other professional advisers.

BY ORDER OF THE BOARD

Li Hua
Executive Chairman
18 May 2016