USP GROUP LIMITED

(Incorporated in Singapore)

(Company Registration No.: 200409104W)

COMMENCEMENT OF LEGAL ACTION

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1. USP Group Limited (the "**Company**") wishes to announce that its subsidiary, Scientific & Industrial Instrumentation Pte Ltd ("**SII**" or "**Plaintiff**"), in which the Company has an effective 51% shareholding, has on 15 March 2017, commenced legal action against two of SII's former directors, a local company, two other persons and three former employees (collectively, the "**Defendants**") who are alleged to have, either individually or in combinations thereof, *inter alia:*

    a. breached their fiduciary duties to the Plaintiff;
    b. breached their employment and contractual duties to the Plaintiff; and/or
    c. conspired with unlawful means.

2. SII claims for recovery of loss and damage caused by the Defendants, which is to be assessed by the Court. Characterist LLC has been appointed by SII in the legal action.

3. The Company will make further announcements as and when there are any material developments in this matter.

BY ORDER OF THE BOARD

Li Hua

(Executive Chairman and Chief Executive Officer)

17 March 2017