

USP GROUP LIMITED
(Incorporated in Singapore)
(Company Registration No.: 200409104W)

ACCEPTANCE OF OFFER FOR LEASE OF JTC LAND KNOWN AS GOVERNMENT LOT MK07-00799V AT 16 JOO KOON CIRCLE SINGAPORE 629047 (“16 JKC”)

The Board of Directors (“**Directors**”) of USP Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcements made by the Company on 29 May 2017 and 28 July 2017 in relation to the Offer for Lease of JTC Land known as Government Lot MK07-00799V at 16 JKC (the “**Lease**”). The Company is pleased to announce that Supratechnic Pte Ltd, a wholly owned subsidiary of the Company, has accepted the Offer for Lease.

Description of Site

The Site, comprise a land area of approximately 3,672 square metres and a lease term of 20 years, subject to the conditions as set in the Letter of Offer. The Company intends to redevelop its existing premise at 16A Joo Koon Circle with 16 JKC as the headquarters of its marine business spreading from Singapore, Malaysia, Brunei and Indonesia. Since beginning this year when the Company announced that it has secured the exclusive distributor of Mercury marine products for Singapore, Malaysia, Brunei and Indonesia, it has set up new offices in Kuching and Kota Kinabalu in East Malaysia and Batam and Bali in Indonesia. As the Company expands and taps on the market potential in the new markets, Singapore headquarters is expected to play a bigger role, including centralized procurement, finance and treasury, central warehouse, research and development and training. This is inline with the current expansion plan that the Group has for its marine business.

Funding of the Lease

The Company has paid the initial deposit of S\$0.2 million and the balance of the purchase price is payable by 5 October 2017. The Lease is and will be funded by bank borrowings and internal resources.

Material Conditions of Tender

The lease of the Site is subject to the various conditions as set out by JTC. The key terms of such conditions include the following:

(a) Supratechnic is required to fulfil the committed investment value on new plant and machinery of at least S\$4.95 million and complete erecting and installing the buildings, structures and installations at the combined properties to a gross plot ration of not less than 1.37 and not more than 1.4.

Financial Effects

The Lease is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year ending 31 March 2018.

Interests of Directors and Controlling Shareholders

Save through their shareholding (if any) in the Company, none of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the Lease.

By Order of the Board

Li Hua
Executive Chairman
2 Oct 2017