

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

**RESPONSES TO SGX-ST QUERIES ON THE COMPANY'S ANNOUNCEMENT DATED 16
NOVEMBER 2021 IN RELATION TO THE STATUTORY DEMAND SERVED ON THE
COMPANY**

The Board of Directors (the "**Board**") of USP Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to the Company in relation to the announcement made on 16 November 2021 ("**Previous Announcement**").

SGX-ST's Query (i)(a)

In respect of paragraph 1 of the Previous Announcement which states as follows:

*"The Board of Directors (the "**Board**") of USP Group Limited (the "**Company**") wishes to inform the shareholders that the Company was on 16 November 2021 served a statutory demand under Section 152(2)(a) of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) dated 16 November 2021 ("**Statutory Demand**") by Fervent Chambers LLC ("**Fervent**"), previous solicitors for the Company."*

Please provide details of the circumstances leading to the Statutory Demand by Fervent, previous solicitors for the Company, including the amounts being claimed ("**Claim Amount**").

Company's Response (i)(a)

- (i) *As stated in the Previous Announcement, the Statutory Demand is for the payment of the taxation decision made by the Learned Assistant Registrar Yeo Rong Wei Justin ("**AR Yeo**") on 16 November 2021 ("**AR's Decision**").*
- (ii) *The taxation proceedings were commenced by Fervent as a result of the parties' disagreement on the tax invoices rendered by Fervent. The total quantum of costs sought by Fervent at the taxation proceedings was S\$185,509.39 ("**the Disputed Sum**") (excluding costs and disbursements for the work done for the taxation proceedings).*
- (iii) *The disputed sum was subsequently reduced to S\$140,940.18 ("**taxed amount**") pursuant to the AR Decision.*
- (iv) *The AR's Decision was delivered in the morning of 16 November 2021 and immediately after the AR's Decision, Fervent informed the Company's Solicitors, M/s Luo Ling Ling LLC and M/s Hoh Law Corporation (collectively, "**the Company's Solicitors**"), of its intention to serve the Statutory Demand at 11:54am on the same day.*
- (v) *As stated in the Previous Announcement, despite being notified of the Company's intended application for a Review and proposal, Fervent proceeded to serve the Statutory Demand on 16 November 2021 immediately after the hearing demanding payment of S\$141,440.18 (consisting of the taxed amount and S\$500.00 for costs and expenses for the issuance of the*

Statutory Demand) ("**the Claim Amount**").

SGX-ST's Query (i)(b)

When was the Company first aware of the Claim Amount, and was this announced via SGXNet? If no, why not?

Company's Response (i)(b)

- (i) *The Company was first made aware of the Claim Amount on 16 November 2021 when AR Yeo released AR's Decision on the taxation proceedings and the Company duly announced the fact via SGXNet on the same day.*
- (ii) *For context, the disagreement on legal costs was first raised by the Company in May 2021. As parties could not resolve the issue amicably, Fervent proceeded to commence taxation proceedings on 6 June 2021.*
- (iii) *In any event, as the taxation proceedings are not a significant litigation nor significant dispute and the Disputed Sum is less than 10% of the Company's Net Asset Value ("**NAV**"), the Company is of the view that announcement was not required when the Company first disputed the legal costs in tax invoices issued by Fervent.*

SGX-ST's Query (ii)

Please disclose the number of statutory demands which Fervent has served on the Company till date, providing details (including the respective date(s) and amounts being claimed) of each statutory demand.

Company's Response (ii)

- (a) *Fervent has served a total of three (3) statutory demands on the Company to-date.*
- (b)
 - (i) *In May 2021, the Company disputed the tax invoices rendered by Fervent which included an invoice for the sum of \$92,177.75 ("**the Disputed Invoice**").*
 - (ii) *On 28 May 2021 at 10.37 pm, the Company and Fervent agreed to resolve the Disputed Invoice at a reduced amount of \$55,006.00 ("**the Reduced Amount**").*
 - (iii) *The Company was prepared to pay the Reduced Amount. However, prior to the payment on 4 June 2021, Fervent served a statutory demand ("**the 1st SD**") for the Reduced Amount on the Company.*
 - (iv) *On the same day, Fervent collected the Reduced Amount at the Company's office and the 1st SD was withdrawn by Fervent.*
 - (v) *Based on the abovementioned, the Company was of the view that announcement was not required.*
- (c)
 - (i) *Concurrently, as the Company was of the view that the tax invoices rendered were unreasonably high, the Company reiterated its concerns to Fervent of the same. As stated at Company's Response (i)(b), these concerns were raised as early as May 2021. Several discussions took place but to no avail.*
 - (ii) *Fervent thus filed the Disputed Sum in Court for taxation.*

- (iii) *As stated in the Previous Announcement, upon receipt of the AR's Decision, the Company immediately informed Fervent of its intention to apply for a Review and proposed interim payment pending Review. By that, Fervent was thus made aware that the Claim Amount was a disputed debt and should not have issued the second statutory demand ("the 2nd SD").*
- (iv) *Despite so, the 2nd SD was served on the Company on the same day on 16 November 2021.*
- (v) *Please refer to the Previous Announcement for further information.*
- (d) *The third statutory demand was served on the Company two (2) days later on 18 November 2021 ("the 3^d SD").*
- (e) *The Company wishes to clarify that the 2nd SD and the 3^d SD refer to the same AR's Decision on 16 November 2021. The 2nd SD refers to taxed amount, whilst the 3^d SD refers to the costs and disbursements of the taxation proceedings. As the announcement with regards to the AR's Decision was already announced on 16 November 2021, the Company did not make a further announcement on 18 November 2021.*
- (f) *In respect of the 2nd SD and 3^d SD, please refer to the Company's response to Query (i) above and the Company's announcement dated 19 November 2021 for further information.*

SGX-ST's Query (iii)(a)

In respect of paragraph 5 of the Previous Announcement which states as follows:

"The Company is in the process of applying for a Review of AR's Decision ("the Review") and is seeking legal advice in relation to the Statutory Demand and shall keep the shareholders informed as and when there are material developments on the aforesaid matter."

Has the Company applied for the Review? If yes, please provide the date on which the application for the Review was submitted.

Company's Response (iii)(a)

- (a) *As stated in the Previous Announcement, On 16 November 2021, the Company has instructed its solicitors, M/s Luo Ling Ling LLC and M/s Hoh Law Corporation (collectively, "**the Company's Solicitors**"), to proceed to apply for the Review.*
- (b) *The Company has paid a sum of \$4,249.25 to Fervent for the undisputed taxed bill leaving the balance amount which is disputed to be subject to Review.*
- (c) *The Company has also paid a sum of \$27,338.19 to Fervent which is 20% of the taxed amount, pending the Review of the disputed taxed bills.*
- (d) *The Company applied for review and stay of execution on 23 November 2021, 24 November 2021 and 25 November 2021 for the disputed taxed bills.*

SGX-ST's Query (iii)(b)

Has the Company obtained the legal advice in relation to the Statutory Demand? If yes, please provide

details of the legal advice obtained. In view of the said legal advice, please disclose the Board's assessment and proposed course of action.

Company's Response (iii)(b)

- (a) *The Company has obtained legal advice in relation to the 2nd SD and 3rd SD. The Company has been advised that there is no basis for Fervent to serve the 2nd SD and 3rd SD on the Company. As stated at Company's Response (ii), upon receipt of the AR's Decision, the Company immediately informed Fervent of its intention to apply for a Review and proposed interim payment pending Review. By that, Fervent was thus made aware that the Claim Amount (that originated from the AR's Decision) was a disputed debt and should not have issued a statutory demand. Fervent also should not have issued the 2nd SD and the 3rd SD, because these sums originated from the same AR's Decision.*
- (b) *During the taxation proceedings, the Company informed the Honourable Court that there were overlaps between the tax invoices issued by Fervent and the other tax invoices that were previously paid in full by the Company. These other paid tax invoices were exhibited in the taxation proceedings, but the Company had yet to apply for taxation proceedings at that material time.*
- (c) *Pursuant to the legal advice obtained from the Company's Solicitors and the abovementioned, the Board is of the view that there are merits on the Review.*
- (d) *The Company has also instructed its Solicitors to commence taxation proceedings against Fervent in respect of other tax invoices rendered. Further announcements will be made by the Company at the appropriate time.*

SGX-ST's Queries (iv)(a)

On 14 July 2021 and 18 July 2021, the Company announced that it has applied to the Exchange for time extensions to comply with Rules 705(1), 705(2) and 707(1) of the Listing Manual, in respect of (1) announcing the Company's full year financial results for the financial year ended 31 March 2021 ("FY2021"); (2) holding its annual general meeting ("AGM") for FY2021; (3) announcing the Company's financial results for the first quarter of the financial year ended 31 March 2022 ("Q1FY2022"); and (4) announcing the Company's financial results for the second quarter of the financial year ended 31 March 2022 ("Q2FY2022").

Please provide an update on the Company's proposed deadlines to announce its audited financial statements for FY2021, conduct its FY2021 AGM, and announce its financial results for Q1FY2022 and Q2FY2022.

Company's Response (iv)(a)

The Company expects to announce its audited financial statements for FY 2021 and conduct its FY2021 AGM by end February 2022. Announcement for the Company's financial results for Q1FY2022 and Q2FY2022 will be made thereafter. Further announcements will be made by the Company at the appropriate time.

SGX-ST's Queries (iv)(b)

Please provide an update on the status and progress of the audit for FY2021, including whether the Company's external auditors, Baker Tilly TFW LLP, has since completed the audit fieldwork.

Company's Response (iv)(b)

The Company's external auditors, Baker Tilly TFW LLP, is in the midst of completing its audit fieldwork and finalizing the consolidated figures for FY2021. The Company expects to complete its Annual Report for FY2021 by end January 2022. Further announcement will be made by the Company at the appropriate time.

SGX-ST's Queries (iv)(c)

Based on the Company's response in (a), please provide an indicative timetable showing each of the key milestones in the audit and preparation of the relevant financial statements which have been completed / will be completed and their respective deadlines.

Company's Response (iv)(c)

The financial annual audit of the Group is almost completed subject to the finalization of audit adjustments for prior and current years, Further announcement will be made at the appropriate time.

SGX-ST's Queries (v)(a)

In view of Fervent's claim(s) against the Company, please provide the following:

the Board's assessment of the Group's ability to continue operating as a going concern and the bases for the said assessment;

Company's Response (v)(a)

The Board is of the view that the Group is able to continue as a going concern:

- (a) Despite the Covid situation, the Company has performed exceedingly well for FY 2021 and is expected to continue doing so.*
- (b) The amounts demanded by Fervent are not significant. They were disputed as the Company is of the view that the Disputed Sum is unreasonably high.*
- (c) The Board and Management wish to ensure that the Company does not pay disputed debts.*

SGX-ST's Queries (v)(b)

the Board's opinion as to whether trading of the Company's shares should be suspended pursuant to Listing Rule 1303(3) and the bases of its views; and

Company's Response (v)(b)

In view of the Company's Response (v)(a), the Board is of the opinion that the Group is able to continue as a going concern, there is absolutely no requirement for the Company to call for a suspension of trading of the Company's shares pursuant to Listing Rule 1303(3).

SGX-ST's Queries (v)(c)

the Board's confirmation as to whether all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner; and the bases for its views.

Company's Response (v)(c)

In view of the Company's Response (v)(a), the Board is of the opinion that sufficient information has been disclosed for trading of the Company's shares to continue in an orderly manner and confirms that all material disclosures have been provided for trading of the Company's shares to continue.

SGX-ST's Queries (vi)

Please provide details of all statutory demands, letters of demand or legal claims for amounts owed (if any) which the Company has received from any other parties in the past 12 months. If there are none, please provide the Board's confirmation.

Company's Response (vi)

The Board confirms that apart from Fervent, there have been no statutory demands, letters of demand and/or legal claims received by the Company from any other parties in the past 12 months.

By Order of the Board
USP GROUP LIMITED

Tanoto Sau Ian
CEO and Executive
Director
25 November 2021