

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

CORPORATE AND BUSINESS UPDATE

Pursuant to the announcements dated 19 Feb 2016, regarding the completion of the proposed acquisition of Koon Cheng Development Pte Ltd ("Completion"), the Board of Directors (the "Board") of USP Group Limited ("USP" or the Company and together with its subsidiaries, the "Group") are pleased to present its impact on the Group.

Koon Cheng Development Pte Ltd ("KCD") presently owns and manages two blocks of industrial assets that can be used/leased as workshops, offices or warehouses and one block of industrial asset that is used as a dormitory in the Woodlands Industrial Park. All these three blocks are almost fully occupied as at Completion date. In the latest valuation report dated 15 December 2015, these three blocks together with the land area are valued at \$33.5 million

With the Completion, the Group has about \$46.3 million in property assets, with \$43.22 million in industrial assets and another \$3.08 million in residential assets.

To finance acquisition, the Group has taken a bank loan of \$24 million ("Bank Loan"), representing 75.0% of the total consideration. The remaining consideration was paid through the issuance of new shares and the transfer of treasury shares. Following the issuance of the new shares, the issued and paid-up share capital of the Company has increased from 670,120,238 shares to 787,753,814 shares.

KCD posted a net profit of \$1.73 million in its audited financial report for the year ending 30 June 2015 with an EBITDA of \$2.69 million. The net operating cashflow of KCD as at 30 June 2015 amounted to \$2.32 million. This is adequate in servicing the Bank Loan and still provide a net cashflow contribution to the Group.

The revenue and profits generated from KCD is expected to contribute to the profits and cashflow to the Group to further its business growth and increase shareholder return. Assuming the transaction was completed as at 31 December 2015, the proforma net asset of the Group pursuant to the Completion is \$43.71 million and a proforma net asset per share of \$0.06.

BY ORDER OF THE BOARD

Li Hua
Executive Chairman
22 February 2016