Our Ref: REG/LC/ET/AYYS/NOC2023040001

11 April 2023

Board of Directors
USP Group Limited
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

Dear Sirs

USP GROUP LIMITED (THE "COMPANY")
NOTICE OF COMPLIANCE (THE "NOTICE")

1. The Exchange refers to the following announcements:

   (a) The Company's announcement dated 4 December 2019 (Announcement Reference No.: SG191204OTHRQKKT) titled "Notification of Inclusion on the Watch List due to the Financial Entry Criteria"; and

   (b) The Company's announcement dated 28 February 2022 (Announcement Reference No.: SG220213MEETPMFG) titled "Annual General Meeting".

2. On 4 December 2019, the Company announced that the Exchange had, on 3 December 2019, notified it that pursuant to Listing Rule 1311, the Company will be placed on the watch-list ("**Watch-list**) with effect from 4 December 2019. Specifically, the Company recorded (i) pre-tax losses for the 3 most recently completed consecutive financial years; and (ii) an average daily market capitalisation of less than S$40 million over the last 6 months.

3. Listing Rule 1314 provides:

   *"An issuer on the watch-list may apply to the Exchange to be removed from the watch-list if it records consolidated pre-tax profit for the most recently completed financial year (**based on audited full year consolidated accounts**) and has an average daily market capitalisation of S$40 million or more over the last 6 months."* ("**Exit Criteria**") (emphasis added)

4. Paragraph 3.3 of Practice Note 13.2 of the Listing Manual further specifies that "*to provide assurance that the issuer demonstrates actual profitability, the Exchange takes into account **the audit opinion of the financial statements** and the sustainability of the profit."* (emphasis added)

5. Listing Rule 1315 provides:

"An issuer must take active steps to meet the requirements of Rule 1314. If the issuer fails to comply with Rule 1314 within 36 months of the date on which it was placed on the watch-list, the Exchange may either remove the issuer from the Official List, or suspend trading of the listed securities of the issuer (without the agreement of the issuer) with a view to removing the issuer from the Official List."

6. Paragraph 4.2 of Practice Note 13.2 also provides that, *inter alia*, an issuer may apply to the Exchange for an extension to the 36-month cure period and the Exchange may, if the circumstances warrant it, grant an extension *"of up to 12 months if the issuer satisfies at least one of the requirements under Rule 1314 and has achieved healthy cash flow from its operating activities (**based on its audited full year consolidated accounts for the most recently completed financial year**)."* (emphasis added)

7. Based on the above, the Company has to take active steps to meet the requirements of Listing Rule 1314 within 36 months from 4 December 2019 i.e. till 2 December 2022 ("**Cure Period**"). Failing which, the Exchange reserves the right to delist the Company or suspend trading in the Company's shares with a view of delisting the Company.

8. On 2 December 2022, the Cure Period ended.

9. On 28 February 2022, the Company conducted its annual general meeting for the financial year ended 31 March 2021. On the same day, it announced that the resolution to reappoint Baker Tilly TFW LLP as the Company's external auditors ("**Auditors**") was not carried.

10. In its announcement, it further disclosed that *"Messrs. Baker Tilly TFW LLP has retired as Auditors of the Company. **The Company will call for a shareholders' meeting to appoint new Auditors in due course**."* (emphasis added)

11. The Exchange wishes to highlight that since 28 February 2022, **the Company has not appointed any new Auditors**. In the absence of an audited set of full year financial statements, the Company is unable to demonstrate that it has recorded consolidated pre-tax profit and healthy cash flow from its operating activities based on its **audited** full year consolidated accounts for the most recently completed financial year.

12. Accordingly, the Company has not demonstrated to the Exchange that it has fulfilled the Exit Criteria and/or provide basis to enable the Exchange to consider if an extension to the Cure Period is warranted.

Exchange's Directives

13. Listing Rule 1405(1)(f) provides that the Exchange may require an issuer to appoint independent professionals for specified purposes.

14. Pursuant to Listing Rule 1405(1)(f), the Exchange requires the Company to:

    (a) Appoint new Auditors to undertake an audit of the Company's financial statements for the most recently completed financial year i.e. financial year ended 31 March 2023 ("**FY2023**") **by 31 May 2023**; and

(b) Announce the audited financial statements for FY2023 by a deadline to be agreed with the Exchange; and

(c) Based on the audited financial statements for FY2023, submit to the Exchange an application for either (i) its removal from the Watch-list; or (ii) an extension of time to extend the Cure Period, by a deadline to be agreed with the Exchange.

15. Pursuant to Listing Rule 1315, the Exchange reserves the right to either remove the Company from the Official List, or suspend trading of the listed securities of the Company (without the agreement of the Company) with a view to removing the Company from the Official List. **Accordingly, in the event that the Company fails to comply with any of the requirements set out in paragraph 14 of this Notice, the Company will not be able to meet the requirements under Listing Rule 1314 and the Exchange will direct the delisting of the Company**.

16. Pursuant to Listing Rule 1405(4), failure to comply with the requirements imposed by the Exchange will also be deemed to be a contravention of the Listing Rules.

17. Please note that compliance with this Notice does not constitute a waiver of any kind, and the Exchange reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Listing Rules, including any failure to comply with the requirements imposed by the Exchange.

Yours faithfully,

June Sim
Managing Director
Head, Listing Compliance
Regulation