

Response to SGX's Queries on the Company's announcement dated 30 September 2020

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 30 September 2020.

SGX-ST's Queries (i)

Please explain the circumstances leading to the resignations of both Mr Tan Wee Peng Kelvin and Mr Low Chee Chiew on 30 September 2020. It is noted that Mr Tan Wee Peng Kelvin was the Chairman of the Audit and Risk Management Committee and Mr Low Chee Chiew was a member of the Audit and Risk Management Committee. Please also clarify whether the Company's audit for the full financial year ended 31 March 2020 is still ongoing.

Company's Response (i)

Both Mr Tan and Mr Low had earlier expressed desire to not stand for re-election in earlier emails to both the Board and SGX. As such, their original plan was to step down during the AGM in Sep. However, as the AGM is currently postponed pending the completion of the audit of the Indonesian subsidiary, they had asked the Board if it would be alright for them to leave as planned due to their other commitments. The Board agreed and we parted ways amicably.

SGX-ST's Queries (ii)

Please clarify what the current composition of the Audit and Risk Management Committee is, following the resignations of Mr Tan Wee Peng Kelvin and Mr Low Chee Chiew, who held the positions of Chairman of the Audit and Risk Management Committee and member of the Audit and Risk Management Committee respectively. Please provide the Board and the Nominating Committee's assessment as to whether the Audit and Risk Management Committee is able to adequately and effectively function following the resignations of Mr Tan Wee Peng Kelvin and Mr Low Chee Chiew, and the basis for its views.

Company's Response (ii)

The Executive Director, also a member of the Nomination Committee, has been interviewing a few candidates for the ARMC Chair ever since Mr Tan and Mr Low expressed their intended departure two months ago. However, the CVs were not circulated because it was decided by the Board that the new ARMC Chair should be appointed post-AGM to simplify matters. In view of their departure, the Executive Director had circulated the CV of a candidate for review. However, the candidate wasn't able to attend for the interview on 30 September 2020 as required by them as the candidate was pre-occupied. As a follow-up, the Executive Director has arranged for the recomposed board to meet her next week to close up the gap on the ARMC vacancy.

Mr Tan has volunteered to brief the new ARMC Chair after the appointment for a proper handover of duties.

SGX-ST's Queries (iii)

Listing Rule 704(8) states:

"Any appointment or reappointment of a director to the audit committee. The issuer must state in the announcement whether the board considers the director to be independent. The issuer must also provide such additional disclosure as may be appropriate in the circumstances to enable its shareholders to assess the independence or otherwise of the appointed director. In the event of any retirement or resignation which renders the audit committee unable to meet the minimum number (not less than three) the issuer should endeavour to fill the vacancy within two months, but in any case not later than three months." (emphasis added)

Please clarify what the Company's proposed action steps are in ensuring its compliance with Listing Rule 704(8).

Company's Response (iii)

As explained in the above, the position will be filled by next week. There will not be a repeat of Independent Director vacancy as experienced previously.

SGX-ST's Queries (iv)

Please provide the current composition of the Board.

Company's Response (iv)

Board of Directors

Djohan Sutanto – Chairman and Independent Non-Executive Director
Tanoto Sau Ian - Executive Director and Chief Executive Officer
Yip Shee Yin – Independent Non-Executive Director

Audit and Risk Management Committee

Djohan Sutanto (Member)
Yip Shee Yin (Member)

Nominating Committee

Djohan Sutanto (Chairman)
Tanoto Sau Ian (Member)
Yip Shee Yin (Member)

Remuneration Committee

Yip Shee Yin (Chairman)
Djohan Sutanto (Member)

For and on behalf of USP Group Limited

Tanoto Sau Ian
Executive Director and Chief Executive Officer
2 October 2020