

USP GROUP LIMITED
(INCORPORATED IN SINGAPORE)
(COMPANY REGISTRATION NO.: 200409104W)

BINDING TERM SHEET IN RELATION TO THE PROPOSED DISPOSAL OF SHARES IN THE
ISSUED CAPITAL OF A SUBSIDIARY, BIOFUEL RESEARCH PTE LTD

The Board of Directors ("**Directors**") of USP Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has on 23 May 2019 entered into a legally binding term sheet (the "Term Sheet") with a potential buyer (the "Purchaser") to acquire its entire holdings of 93.09% of Biofuel Research Pte Ltd ("Biofuel") for S\$5,585,400 ("the Proposed Disposal").

INFORMATION ON BIOFUEL

The principal activities of Biofuel are those of research and development, engineering and manufacturing for the biofuel industry. Biofuel is one of the first company in Singapore to pioneer proprietary technology to convert waste oil to biodiesel.

RATIONALE

The rationale for the Proposed Disposal is to allow the Group to monetize its investment value for the benefit of the shareholders of the Company. It will also allow the Group to strengthen its financial position and improve its cash position.

With the Proposed Disposal, it will allow the Group to better concentrate on its marine business. In view of this, the Group will explore new markets and opportunities, investing in R&D for other marine products to increase the product range.

SALIENT TERMS OF THE TERM SHEET

Consideration

The consideration of S\$5,585,400 for the Group's stake of 93.09% is based on a willing buyer willing seller basis. Pursuant to the terms of the legally binding Term Sheet, the Purchaser has placed a deposit of S\$100,000 upon signing of the Term Sheet.

Conditions Precedent

The Proposed Disposal will be subject to certain conditions precedent, including but not limited to, the completion of satisfactory due diligence by the Purchaser and the approval by the shareholders of the Company.

Definitive Agreements

Both parties agree to enter into a definitive sales and purchase agreement and any other supplementary agreements (if applicable) by 15 June 2019.

FURTHER ANNOUNCEMENTS

The Proposed Disposal will constitute a major transaction as defined under Chapter 10 of the Listing Manual of the Singapore Exchange Securities Trading Limited and will be subject to, amongst others, the approval of the shareholders of the Company at an extraordinary general meeting to be convened.

The Company will make further announcements as and when appropriate, including information required under Chapter 10 of the Listing Manual, when a sale and purchase agreement has been entered into in relation to the Proposed Disposal.

INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, save for their shareholdings in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

BY ORDER OF THE BOARD
USP Group Limited

Nah Ee Ling
Executive Director
24 May 2019