USP Group Limited

(Incorporated in Singapore)
(Co. Reg. No: 200409104W)

UNAUDITED QUARTERLY FINANCIAL STATEMENT ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2019

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 3rd QUARTER RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group					
	Unaudited					
	3 months ended			9 months ended		
	31/12/2019 ("Q3 FY2020")	31/12/2018 ("Q3 FY2019")	Increase/ (Decrease)	31/12/2019 ("Q3 FY2020")	31/12/2018 ("Q3 FY2019")	Increase/ (Decrease)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	13,056	11,036	18.3	32,070	34,361	(6.7)
Cost of Sales	(9,601)	(7,298)	31.6	(20,722)	(21,969)	(5.7)
Gross Profit	**3,455**	**3,738**	(7.6)	**11,348**	**12,392**	(8.4)
Other income/(expenses), net (see Note 1(a)(ii))	126	263	(52.1)	181	(317)	N.M.
Selling and distribution expenses	(170)	(471)	(63.9)	(766)	(1,173)	(34.7)
General and administrative expenses (see Note 1(a)(ii))	(2,886)	(3,369)	(14.3)	(9,520)	(10,665)	(10.7)
Finance costs	(640)	(515)	24.3	(1,764)	(1,519)	16.1
Loss before tax	**(115)**	**(354)**	(67.5)	**(521)**	**(1,282)**	(59.4)
Income tax	-	(83)	N.M.	-	(83)	N.M.
Loss after tax	**(115)**	**(437)**	(73.7)	**(521)**	**(1,365)**	(61.8)
Profit/(loss) for the period attributable to:						
Owners of the Company	(129)	(380)	(66.1)	(547)	(1,238)	(55.8)
Non-controlling interests	14	(57)	N.M.	26	(127)	N.M.
Total comprehensive loss for the period	**(115)**	**(437)**	(73.7)	**(521)**	**(1,365)**	(61.8)
EBITDA	**1,126**	**907**	24.1	**3,118**	**2,409**	29.4

1(a)(ii) Notes to Group Consolidated Statement of Comprehensive Income

Profit/(loss) from ordinary activities is stated after charging/(crediting):

	Group			
	Unaudited			
	3 months ended		9 months ended	
	31/12/2019 ("Q3 FY2020")	31/12/2018 ("Q3 FY2019")	31/12/2019 ("Q3 FY2020")	31/12/2018 ("Q3 FY2019")
	S$'000			
Amortization of intangible	43	16	128	50
Depreciation	558	731	1,747	2,122
Penalties	-	-	1	-
Professional fees	148	113	500	493
Rental expenses	198	212	660	634
Staff costs	1,401	1,561	4,530	4,713

Breakdown of other income/(expenses), net

	Group			
	Unaudited			
	3 months ended		9 months ended	
	31/12/2019 ("Q3 FY2020")	31/12/2018 ("Q3 FY2019")	31/12/2019 ("Q3 FY2020")	31/12/2018 ("Q3 FY2019")
	S$'000			
Fair value adjustments on marketable securities (1)	-	195	-	(259)
Exchange gain/(loss), net (2)	47	(135)	(130)	(431)
Bad debt written off	-	-	-	(2)
Gain/(loss) on disposal of property, plant and equipment	(21)	62	35	62
Interest income	31	13	60	37
Others	69	128	216	276
	126	**263**	**181**	**(317)**

(1) Fair value adjustments on marketable securities refer to the adjustment in value of 64,809,400 share in Huan Hsin Holdings Ltd as at 31 December 2018.

(2) The exchange gain for this quarter were attributable to the weakening of the USD in this quarter as the marine business continues to procures in USD terms.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	S$'000		S$'000	
	Unaudited	Audited	Unaudited	Audited
	31/12/2019	31/03/2019	31/12/2019	31/03/2019
Non-current assets				
Property, plant and equipment	24,750	17,599	72	162
Investment properties	31,172	31,603	-	-
Investments in subsidiaries	-	-	1,097	1,097
Intangible assets	1,475	1,144	-	-
Deferred tax asset	565	23	-	-
Total non-current assets	**57,962**	**50,369**	**1,169**	**1,259**
Current assets				
Cash and cash equivalents	3,992	3,258	413	359
Development property	-	3,400	-	-
Trade receivables and other receivables	6,526	7,875	18,476	18,126
Other assets	1,154	1,015	-	19
Inventories	12,429	14,992	-	-
	24,101	**30,540**	**18,889**	**18,504**
Assets of disposed group held for sale [(1)]	-	9,036	-	-
Total current assets	**24,101**	**39,576**	**18,889**	**18,504**
Current liabilities				
Trade payables and other payables	5,759	7,444	1,830	2,332
Deferred rent payable	-	68	-	-
Finance lease liabilities	85	75	-	-
Tax payable	837	573	-	-
Loan and borrowings	39,666	43,658	1,500	-
	46,347	**51,818**	**3,330**	**2,332**
Liabilities of a disposed group held for sale [(1)]	-	3,253	-	-
Total current liabilities	**46,347**	**55,071**	**3,330**	**2,332**
Net current (liabilities)/assets	**(22,246)**	**(15,495)**	**15,559**	**16,172**
Non-current liabilities				
Other payables	716	256	-	-
Deferred tax liabilities	1,860	1,153	-	-
Loan and borrowings	2,580	2,727	-	-
Finance lease liabilities	85	141	-	-
Total non-current liabilities	**5,241**	**4,277**	**-**	**-**
Net assets	**30,475**	**30,597**	**16,728**	**17,431**
Equity attributable to owners of the Company				
Share capital	51,172	50,913	51,172	50,913
Other reserves	5,031	4,617	(454)	(454)
Accumulated losses	(25,838)	(25,017)	(33,990)	(33,028)
	30,365	**30,513**	**16,728**	**17,431**
Non-controlling interests	110	84	-	-
Total equity	**30,475**	**30,597**	**16,728**	**17,431**

[(1)] A subsidiary and its assets and liabilities previously classified as held for sale at 31 March 2019 were restored at 31 December 2019 as the sale of the subsidiary has been aborted.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2019		As at 31/03/2019	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
39,666	-	43,658	-

Amount repayable after one year

As at 31/12/2019		As at 31/03/2019	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	**S$'000**	**S$'000**	**S$'000**
2,580	-	2,727	-

Details of any collateral

Borrowings are secured by fixed charges on properties, shares in the subsidiaries, corporate guarantees of the Company, personal guarantees given by a former director of the Group, fixed deposits pledged to the banks and in respect of certain subsidiaries, the borrowings are also secured by a debenture with floating charge over their assets, past, present and future.

Status of bank borrowings

The Company is in breach of certain bank covenants for failing to maintain Group tangible net worth at above SGD40m. However, it has received written confirmation from the relevant bank dated 3 January 2020 accommodating the breach on a one-of basis and going forward, reduce the covenanted Group tangible net worth to SGD30m. One of the Company's subsidiaries have been late in repaying the trade facilities and have incurred additional interests thereby amounting to SGD0.139m. The trade facilities were converted to short term loan and bridging loan and the balance as outstanding trust receipts and together with the accrued interests amounted to SGD8.9m of the total borrowings of the Group. The Company has been preparing and intends to carry out a Rights Issue to raise the requisite funds to repay these trade facilities.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group S$'000 Unaudited			
	3 months ended		9 months ended	
	31/12/2019	31/12/2018 [1]	31/12/2019	31/12/2018 [1]
Operating activities:				
Loss before tax	(115)	(354)	(521)	(1,283)
Adjustments for:				
Depreciation	558	731	1,747	2,122
Amortization of intangibles	43	16	128	50
Fair value (gain)/loss on marketable securities	-	(195)	-	259
(Gain) / loss on disposal of property, plant and equipment	21	(62)	(35)	(62)
Interest income	(31)	(13)	(60)	(37)
Interest expenses	640	515	1,764	1,519
Share-based compensation	-	-	4	-
Unrealised exchange loss, net	-	145	-	145
Bad debts written off	-	1	-	3
Foreign currency translation [2]	798	(34)	-	(207)
Operating cash flows before working capital changes	**1,914**	**750**	**3,027**	**2,509**
Decrease in development property	3,420	-	3,420	-
Decrease/(increase) in receivables and prepaid operating expenses	1,563	(279)	1,504	(1,920)
Decrease/(increase) in inventories	1,282	(1,643)	2,515	2,506
(Decrease)/increase in payables	(1,177)	467	(2,668)	524
Cash flows generated from/(used in) operations	**7,002**	**(705)**	**7,798**	**3,619**
Interest income	31	13	60	37
Income tax refund/(paid)	-	(25)	264	86
Net cash flows generated from/(used in) operating activities	**7,033**	**(717)**	**8,122**	**3,742**
Investing activities				
Purchase of property, plant and equipment	(31)	(32)	(263)	(160)
Subsequent expenditure on development property	-	-	(20)	-
Proceeds from disposal of property, plant and equipment	102	208	539	208
Net cash flows generated from/(used in) investing activities	**71**	**176**	**256**	**48**
Financing activities:				
Net proceeds/(repayment) of loan, borrowings and trust receipts	(4,835)	1,418	(5,000)	(1,942)
Increase in fixed deposit pledged	(151)	-	(151)	-
Interest paid, net	(640)	(515)	(1,764)	(1,519)
Changes in finance lease liabilities, net	56	(26)	(53)	(86)
Net cash flows (used in)/generated from financing activities	**(5,570)**	**877**	**(6,968)**	**(3,547)**
Net (decrease)/increase in cash and cash equivalents	1,534	336	1,410	243
Cash and cash equivalents at beginning of period (restated)	(1,195)	3,010	(1,071)	3,103
Cash and cash equivalents as per statement of financial position	**339**	**3,346**	**339**	**3,346**

[1] The figures for the 3 months and 9 months ended 31/12/2018 were extracted from the Company's previous announcements. There are errors in these figures especially with regard to the "Cash and cash equivalents at the beginning of the period" leading to wrong figures being computed for "Cash and cash equivalents as per statement of financial position" which is illustrated in the table below. There are possibly other errors in the compilation of the statement of cash flows for these periods.

[2] The change in foreign currency translation in this quarter is due to certain computation errors when compiling the statement of cash flow for the Group in the prior 2 quarters for financial year ended 31 March 2020. The cumulative effect of these errors has been rectified in this current quarter.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

Cash and cash equivalents comprise:

	Group	
	S$'000	
	Unaudited	Unaudited
	31/12/2019	31/12/2018
Cash on hand and at bank	1,281	866
Fixed deposits	2,711	2,480
Cash and cash equivalents as per statement of financial position	**3,992**	**3,346**
Less: Fixed deposits pledged	(2,711)	(2,480)
Less: Bank overdraft	(942)	(1,729)
Cash and cash equivalents at end of period	**339**	**(863)**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Treasury shares	Other reserves	Accumulated profits/ (losses)	Equity attributable to owners of the Company	Non-controlling interests	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 30 September 2019, as previously reported	**51,172**	**(99)**	**4,704**	**(25,436)**	**30,341**	**96**	**30,437**
Effect of restatement of prior year figures	-	-	426	(273)	153	-	153
Balance at 1 October 2019	**51,172**	**(99)**	**5,130**	**(25,709)**	**30,494**	**96**	**30,590**
Profit for the period	-	-	-	(129)	(129)	14	(115)
Balance at 31 December 2019	**51,172**	**(99)**	**5,130**	**(25,838)**	**30,365**	**110**	**30,475**
Balance at 1 October 2018	**50,913**	**(99)**	**1,826**	**(2,891)**	**49,749**	**3,024**	**52,773**
Loss for the period	-	-	-	(380)	(380)	(57)	(437)
Foreign currency translation movement	-	-	115	-	115	-	115
Balance at 31 December 2018	**50,913**	**(99)**	**1,941**	**(3,271)**	**49,484**	**2,967**	**52,451**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

Company	Share capital	Other reserves	Accumulated losses	Total Equity
	S$'000	S$'000	S$'000	S$'000
Current quarter – Q3 FY2020				
Balance at 1 October 2019	**51,172**	**(454)**	**(33,364)**	**17,354**
Loss for the period	-	-	(626)	(626)
Balance at 31 December 2019	**51,172**	**(454)**	**(33,990)**	**16,728**
Previous quarter – Q3 FY2019				
Balance at 1 October 2018	**50,913**	**(454)**	**(11,577)**	**38,882**
Loss for the period	-	-	(35)	(35)
Balance at 31 December 2018	**50,913**	**(454)**	**(11,612)**	**38,847**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary Shares

7.4 million of performance shares were purportedly issued to a former CEO during the previous quarter ended 30 September 2019. The Company takes the view that the shares were improperly issued and/or subject to be forfeited upon the former CEO's resignation. A substantial shareholder had obtained an injunction against the former CEO from exercising his rights to these shares. The Company had also commenced legal proceedings to forfeit the shares. Both the legal actions by the substantial shareholder and the Company had been ordered by the High Court to be combined into a single action by way of a single writ for further disposition. The Company will make the necessary announcements and updates in due course. Recently, the Company was informed by a law firm that it had, pursuant to certain court proceedings commenced by another substantial shareholder that it had obtained an undertaking from the former CEO's counsel that he will not exercise his rights over the shares and will not dispose of the shares.

Performance Shares

Except for the 7.4 million shares referred to above, there were no performance shares granted as at 31 December 2019 (31 December 2018: Nil).

Treasury Shares

As of 31 December 2019, the Company has 634,600 treasury shares (31 December 2018: 636,400) as of the end of the reported period.

None of the Company's subsidiaries hold any shares in the Company at the end of the period under review except for 4,252,920 shares registered in a third party's name where the ultimate beneficial interest in the shares belongs to the Company. The Company commenced legal action to recover the shares from the registered owner of these shares and had obtained a court injunction that restrained him from selling, transferring, charging, pledging, disposing or dealing with the 4,252,920 shares in any way; and he be restrained from exercising any voting or other rights as a member of the Company, in relation to these shares. The Company will make the necessary announcements and updates in due course.

The sum total of 634,600 plus 4,252,920 amounting to 4,887,520 shares represent 5.4% of the total number of shareholdings.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31/12/2019	31/03/2019
Total number of issued ordinary shares excluding treasury shares	90,287,403*	90,287,403

* This exclude the 7.4m number of shares issued to Dr Lim Boh Soon. See note 1(d)(ii) above.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There has been no movement in the Company's treasury shares during the period.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have neither been audited nor reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—
(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Yes.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The adoption of the new Singapore Financial Reporting Standards (International) (SFRS(I)) 16 would impact the Group's financial statements but only to the extent of the amount reflected in Property, Plant and Equipment and long term liabilities but have no material impact on the net profit after tax and net assets. The adjusted net profit after tax, Property, Plant and Equipment and long term liabilities will be reflected in next quarter results after consultation with the auditors.

6. Profits/ (losses) per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	31/12/2019	31/12/2018
Losses per ordinary share from the group, after deducting any provision for preference dividends (in SGD cents):		
(a) Based on weighted average number of ordinary shares on issue; and	(0.61)	(0.48)
Weighted average number of ordinary shares for basic profits/ (losses) per share computation	90,287,403	90,287,403
(b) On a fully diluted basis	(0.61)	(0.48)
Weighted average number of ordinary shares adjusted for the effect for dilution	90,287,403	90,287,403

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31/12/2019	**31/03/2019**	**31/12/2019**	**31/03/2019**
Net asset value per ordinary share based on issued share capital at the end of the respective periods (in SGD cents):	33.63	33.80	18.53	19.31
No. of ordinary shares used in computing net asset value	90,287,403	90,287,403	90,287,403	90,287,403

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF PERFORMANCE (Q3 FY2020 VS Q3 FY2019)

Revenue

Overall revenue for 3Q2020 when compared with 3Q2019 increased by 18% or about SGD2.0m. Part of the increase in the revenue for Q32020 was the sale of a development property for SGD3.2m. Revenue from investment property was constant while revenue from the instruments and recycling businesses increased by SGD0.5m. The marine division register a drop of SGD1.7m with the Singapore marine division accounting for SGD1.2m. This drop was due to the departure of certain sales and marketing personnel and the cessation of an overseas sales office. The business sentiments in Malaysia and Indonesia continue to improve after the recent general elections in these countries and the combined marine division revenue in these countries register a marginal drop of SGD0.5m in this current quarter.

Overall gross margin dropped to 26% in Q32020 from 33% in Q32019. The loss from the sale of the development property was SGD0.2m and had an adverse effect on the overall gross margin. Barring the impact of this loss, the overall gross margin declined from 31% in Q32019 to 28% in Q32020. The decline was highest in the Singapore marine division. However, sustained gross margins in the other business sectors helped to cushion the decline caused by the Singapore marine division.

Other income

In Q32019, the Group recorded a gain in fair value adjustment of SGD0.195m from marketable securities. The Group did not have any fair value gain or loss in Q32020. The other major movements are illustrated in the table in para 1(a)(ii) above.

Selling and Distribution

The primary reason for the decline in selling and distribution expenses of about SGD0.3m was due to the departure of certain sales and marketing personnel and the cessation of an overseas sales office.

General and Administrative

This Q32020 saw a decline of SGD0.5m as compared to Q32019 due primarily to reduction in manpower costs.

Finance Costs

The increase in finance costs from SGD0.515m in Q32019 to SGD0.640m in Q32020 was due to the higher interests being charged arising from deferred repayments and delayed payments of the Group's trade facilities with a bank.

Profit After Tax

The Group recorded a loss of SGD0.115m in Q32020 as compared to a loss of SGD0.437m in Q32019. The accrual of overdue and higher interest arising from the overdue trade facilities in Q32020 of SGD0.139m reduce the profit of SGD0.024m to a loss of SGD0.115m. Despite the fall in gross profits and lower sale recorded for the marine division and the higher interest costs, the reduction in losses was achieved primarily on the back of significant costs savings and selling and distribution costs and selling; and, general and administration expenses.

REVIEW OF FINANCIAL POSITION AND CASH FLOW STATEMENT

Fixed Assets

The increase in the fixed assets of Property, Plant and Equipment is due to the reclassification of a subsidiary as held for sale previously to a fully consolidated subsidiary. The sale of the subsidiary was aborted in Q32020.

Current Assets

Overall current assets dropped by SGD6.5m from SGD30.5m as at 31/3/2019 to SGD24m as at 31/12/2019. The decline was caused by the disposal of the development property during Q32020 which accounted for SGD3.4m, lower inventory holding of about SGD2.5m and reduced trade and other receivables of about SGD1.3m amounting to SGD7.2m decline. The decline was reduced by increase in cash balances of SGD0.7m.

Current Liabilities

The decline in current liabilities of about SGD5.6m is primarily due to repayment of bank loans out of which SGD2.3m was for the loan on the development property sold during Q32020.

Cash Flow

For the 9 months ended 31/12/2019, the Group generated cash surplus of about SGD1.4m and reduced bank overdraft by about SGD0.9m, adding about SGD0.5m increase to its cash balance and SGD0.2m increase in the fixed deposit amounts.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Distributorship

Based on the momentum for past 3 quarters of 2020, our marine business will continue to be our revenue driver for the remaining quarter.

Recycling of waste oil

The recycling business is expected to improve going into Q4 2020 with expected increases in volume of product process and better selling prices.

Property Investments

The Group has disposed its London investment property and completed the sale on 15 January 2020 with a sale proceeds of GBP0.6 million, giving the Group a gain on disposal of approximately SGD0.5 million. Meanwhile, property investments in Koon Cheng Development Pte Ltd continues to exhibit good occupancy and good cashflow.

Impact of the novel corona virus

The Group expects the prolonged COVID-19 outbreak to have adverse effect on its group businesses. However, the Group is unable to quantify the impact at this point in time.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period ended 31 December 2019 as the Group has accumulated losses as of 31 December 2019.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have any IPT mandate.

14. Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers (In the format set out in Appendix 7.7) under Rule 720(1).

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

15. Negative Assurance Confirmation

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of USP Group Limited which may render these interim financial results for the quarter ended 31 December 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Yin Kum Choy
Executive Director
13 February 2020