USP GROUP LIMITED
(Incorporated in Singapore)
(Company Registration No: 200409104W)

Response to Queries from a Substantial Shareholder

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 one of the Company's substantial shareholders ("**the said shareholder**") on 29 January 2021 in relation to the Annual Report for the Financial Year ended 31 March 2020 (the "**Annual Report 2020**") announced by the Company on 21 January 2021.

To put in proper perspective, the Board and Management replaced the previous Board managed by the Company's former Executive Director, Mr Yin Kum Choy, after an Extraordinary General Meeting on 20 February 2020. The Management managed the Company for a total of 40 days before the end of Financial Year ended 31 March 2020 ("**FY2020**").

FY2020 is therefore a result of the efforts carried out by the following three (3) Boards:

1. For the period of 1 April 2019 to 30 September 2019 (the "**1st Board**")
   Nah Ee Ling (Executive Director and CFO)
   Yip Mun Foong James (Lead Independent Director)
   Goh Chong Theng (Non-Executive Independent Director)
   Er Kwong Wah (appointed on 1 August 2019 as Non-Executive Independent Director)

2. For the period of 1 October 2019 to 20 February 2020 (the "**2nd Board**")
   Yip Mun Foong James (from the 1st Board)
   Yin Kum Choy (appointed on 15 October 2019 as Executive Director)*
   Siew Chen Yei (appointed on 30 September 2020 as Non-Executive Director)*
   Chan Siew Wei (appointed on 10 October 2019 as Independent Director)
   Tay Tian Leng (appointed on 10 October 2019 as Independent Director)
   Ong Siew Hou Raymond @ Zaim (appointed on 15 October 2019 as Non-Executive Director)*
   **nominated by the said shareholder*

3. For the period of 20 February 2020 to 31 March 2020 (Present Board as at 31 March 2020)
   Tanoto Sau Ian
   Kelvin Tan Wee Peng
   Low Chee Chiew

The Board wishes to reproduce the relevant queries raised by the said shareholder and provide its response in the following paragraphs:

***Query 1*:**

Kindly provide a sufficient explanation for the following (non-exhaustive) discrepancies between the relevant figures in the Annual Report 2020 with those in the Relevant Financial Statements, and what USPGL has done and/or intend to do, to remedy the discrepancies: -

a. In relation to the "*Consolidated Statement of Profit or Loss and Other Comprehensive Income* (at pages 40 to 41 of the Annual Report 2020).-

   i. The *"Loss from continuing operations*· in the Annual Report 2020 being - S$6,636,000 whereas in the FY FS, the same figure is - S$5,378,000 (i.e. a difference of S$1,258,000);

   Company's response:
   As reflected on Consolidated Statement of Profit and Loss and Other Comprehensive Income at page 40 of Annual Report 2020, FY2019 figures were restated, resulting in prior year adjustments being reflected in FY2020. The figures in the Unaudited Financial Statement Announcement for the Full Year Results Ended 31 March 2020 announced by the Group on 7

*September ("**FY FS**") are prior to adjustments and the figures in the Annual Report 2020 are after adjustments."*

ii. The *"Loss from discontinued operations, net of tax"* (i.e. regarding Biofuel Research Pte Ltd, "**Biofuel**") in the Annual Report 2020 being **-S$14,000**, whereas in the FY FS the same figure is **- S$473,000** (i.e. a difference of **S$459,000**);

Company's response:
The difference was due to goodwill of S$458,627 being written off.

iii. The *"Loss for the year"* in the Annual Report 2020 being **-S$6,650,000**, whereas in the FY FS, the same figure is **-S$5,851,000** (i.e. a difference of **S$799,000**);

Company's response:
This is due to the offset of the difference set out in Company's response to Query 1(a)(i) and 1(a)(ii) above.

b. In relation to the "*statement of Financial Position"* (at pages 42 to 43 of the Annual Report 2020):-

i. The *"Total assets"* in the Annual Report 2020 being **S$78,431,000**, whereas in the FY FS, the same figure is **S$80,164,000** (i e. a difference of **S$1,733,000**);

Company's response:
The difference is mainly due to additional provision of PT Supratechnic Instrumentasi Indonesia of S$622,000 and reversal of fair value gain of S$907,000 recognised in FY2020 for the Company's investment securities, namely Huan Hsin Holdings Limited, which were suspended by Singapore Stock Exchange as the exit offer from the investee was subsequent to year end.

ii. The *"Total equity"* (i.e. the Tangible Net Worth of USPGL) in the Annual Report 2020 being **S$23,593,000**, whereas in the FY FS. the same figure is **S$24,973,000** (i.e. a difference of **S$1,380,000**);

Company's response:
Please refer to the Company's response to Query 1(a)(i) above.

c. In relation to the "*Consolidated Statement of Cash Flows"* (at pages 47 to 48 of the Annual Report 2020):-

i. The *"Profit/(loss) before tax from discontinued operations"* (i.e the profit/loss from Biofuel) in the Annual Report 2020 being **S$232,000**, whereas in the FY FS, the same figure Is **-S$227,000** (i.e. a difference of **S$459,000**);

Company's response:
Please refer to the Company's response to Query 1(a)(ii) above.

ii. The *"Net cash generated from operating activities"* in the Annual Report 2020 being **S$9,048,000**, whereas in the FY FS, the same figure is **S$7,304,000** (i.e. a difference of **S$1,744,000**);

Company's response:
There were reclassifications of financing activities to investing and operating activities, resulting in a loss of S$5.4 million from net cash flow from financing activities which are the offset by gain in net cash flow from operating and investing activities of S$1.7 million and S$3.6 million.

iii. The *"Net cash used in investing activities"* in the Annual Report 2020 being - **S$21,000**, whereas in the FY FS, the same figure is **-S$3,673,000** (i.e. a difference of **S$3,652,000**);

Company's response:
Please refer to the Company's response to Query 1(c)(ii) above.

iv. The *"Net cash used In financing activities•* in the Annual Report 2020 being **-S$7,905,000**, whereas in the FY FS, the same figure is **-S$2,457,000** (i.e. a difference of **S$5,448,000**);

Company's response:
Please refer to the Company's response to Query 1(c)(ii) above.

v. The "*Cash and cash equivalents at end of the year"* the Annual Report 2020 being **S$114,000**, whereas in the FY FS, the same figure is **S$166,000** (i.e. a difference of **S$52,000**, or almost 50% of the actual cash and cash equivalents available to USPGL).

Company's response:
Please refer to revised Annual Report announced by the Company on 1 February 2021 which shows that the figure is S$147,000.

***Query 2*:**

In light of the substantial discrepancies between the relevant figures in the Annual Report 2020 and those in the FY FS, the propriety and reliability of Q1 FS and Q2 FS (which are dependent on the figures set out In the FY FS) are called into serious question.

Company's response:
*As stated in the Annual Report 2020, the Unaudited Quarterly Financial Statement for the Period Ended 30 June 2020 publicly announced by the Company on 7 September 2020 ("**Q1 FS**") and the Unaudited Quarterly Financial Statement for the Period Ended 30 September 2020 publicly announced by the Company on 13 November 2020 ("**Q2 FS**") are unaudited figures and therefore subject to audit. The unaudited figures are the results of the Group's careful assessment and consolidations to the best of its abilities and correct to the best of the Group's knowledge.*

***Query 3*:**

Additionally, errors, inconsistencies and questionable accounting are readily apparent, on the face of the Relevant Financial Statements, even before accounting for the discrepancies set out above. A non-exhaustive list are as follows -

a. Obvious calculation errors in the statement of cash flows (see the FY FS and the Q1 FS);

i. For the FY FS, in the Statement of Cash Flows under 1(c), the *"operating* cash *flows before working capital changes"* is reported as **S$3,754,000.** However, when the figures leading to this figure are summed up, the total sum is only **S$3,254,000.** The operating cash flows before working capital changes and the ending cash balance of **S$166,000** was therefore inflated by **S$500,000;**

Company's response:
Please refer to the Company's response to Query 2 above. The adjustments made for the relevant periods were not updated when the Company announced FY FS and Q1 FS.

ii. For the Q1 FS, in the Statement of Cash Flows under 1(c), an increase in cash and cash equivalents of **S$519,000** during the quarter was reported. However, there is a summation error. Given that the cash and cash equivalents at the beginning of the period was **S$166,000** (which is inflated by S$500,000), the cash and cash equivalents at the end of the period should have been **S$685,000 (519,000 + 166,000)** and not **S$353,000** as reported;

Company's response:
Please refer to the Company's response to Query 3(a)(i) above.

b. Significant sums of money (up to S$500,000) have been unaccounted for and/or inflated in the statement of cash flows (as per the FY FS). These errors in the accounting of cash flows of USPGL has been carried forward into the Q1 FS and the Q2 FS;

i. As set out above at sub-paragraph (a)(i), there is a significant inflation of S$500,000 in the FY FS. This has resulted in USPGL declaring that it had *"cash and cash equivalents"* of **S$166,000** for the period ending on 31 March 2020. This has been **inflated by S$500,000** and should instead read **-S$334,000;**

Company's response:
Please refer to the Company's response to Query 3(a)(i) above.

ii. Due to the error, in the Statement of Cash Flows under 1(c) for the Q1 FS, the **erroneous figure of S$166,000** (inflated by S$500,000) was used as the *"cash and cash equivalents at beginning of period".* Coupled with the calculation error set out at sub-paragraph (a)(ii) above, the declared *"cash and cash equivalents"* amounting to **S$353,000** is entirely inaccurate and unreliable;

Company's response:
Please refer to the Company's response to Query 3(a)(i) above.

iii. To exacerbate the situation, in the Statement of Cash Flows under 1(c) for the Q2 FS, the **erroneous figure of S$353,000** was used as the *"cash and cash equivalents at beginning of period".* This also causes the declared *"cash and cash equivalents"* amounting to **S$1,272,000** to be entirely inaccurate and unreliable;

Company's response:
Please refer to the Company's response to Query 3(a)(i) above.

c. Different figures for the "*profits for the period"* have been set out in different tables in the same financial statements for the same period, when these figures should be the same:

i. For the Q1 FS, in the Statement of Equity Changes under 1(d)(i) for the Group, under the column "*Non-controlling Interests"* and the line *"Profit for the financial year"* for the current quarter, there is a loss/decrease in Non-controlling Interests of **S$26,000.** However, based on the Statement of Comprehensive Income under 1(a)(i), under the heading *'Profit (loss) attributable to',* the loss attributable to Non-controlling interests is **only S$12,000,** not S$26,000. Both the Statement of Equity Changes and the Statement of Comprehensive Income must reflect the same figure in respect of profit for the quarter m the same financial statement;

Company's response:
Please refer to the Company's response to Query 3(a)(i) above.

ii. For the Q2 FS, in the Statement of Equity Changes under 1(d)(i) for the Group, under the column *"Non-control/mg Interests"* and the line *"Profit for the period financial year"* for the current quarter, there was a increase/profit in Non-controlling Interests of **S$21,000.** However, based on the Statement of Comprehensive Income under 1(a)(i), under the heading *"Loss for the period Profit/(loss) attributable to",* the profit attributable to Non-controlling interests is only **S$15,000,** not S$21,000;

Company's response:
Please refer to the Company's response to Query 3(a)(i) above.

d. For the Q2 FS, in the Statement of Equity Changes under 1(d)(i) for the Group, under the column "*Accumulated profits/(losses)"* and the line "*Profit for the period"* for the current quarter, there is a profit of **S$378,000.** However, based on the Statement of Comprehensive Income under 1(a)(i), under the column for the 3 months ended 30 Sep 2020 and under the heading *"Loss for the period attributable to",* the profit attributable to *"Owners of the Company"* is **only S$178,000;**

Company's response:
Please refer to the Company's response to Query 3(a)(i) above.

e. The closing balances for the statement of changes in equity in the Q1 FS (being the status of USPGL as at 30 June 2020) being different from the opening balances for the statement of changes in equity in the

Q2 FS (being the status of USPGL as at 1 July 2020), although the Q2 FS opening balance ought to be identical to the closing balance of the Q1 FS. The difference in the figures is substantial, amounting to several hundreds of thousands of dollars, up to several million dollars in total; and

Company's response:
Please refer to the Company's response to Query 3(a)(i) above

f. In the statement of cash flows, the sum of the figures in the Q1 FS and the Q2 FS, should amount to the same figure as the equivalent half year financial statements, i.e. when you add the same figure in the Q1 FS (3 months) and the Q2 FS (3 months), that should equate to the figure for the first half of the year being the H1 FS (6 months). However, in USPGL's financial statements, the sum of the figures in the Q1 FS and the Q2 FS do not match and differ by enormous margins, up to several million dollars.

Company's response:
Please refer to the Company's response to Query 3(a)(i) above.

***Query 4*:**

Despite the disclaimer by Baker Tilly and their inability "*to conclude as to the appropriateness of the use of the going concern assumption in the preparation of these financial statements"* (as per page 38 of the Annual Report 2020), USPGL's management is nonetheless, *"of the opinion that the use of the going concern basis in the preparation of the financial statements* is *appropriate"* (as per page 65 of the Annual Report 2020).

Company's response:
Please refer to the Company's announcement dated 22 January 2021 for the Board's assessment on the Company's ability to continue as a going concern.

Query 5:

The purported justifications by the board of directors have been set out under sub-paragraphs (a) to (c) at page 65 of the Annual Report 2020 The following grave concerns arise, which have not been disclosed and/or addressed by the Board or in the Annual Report 2020:

a. In the Annual Report 2020 at page 65, USPGL has represented that "*The Group has on 11 May 2020 received from the purchaser a cashier's order of $1,500,000 being the first tranche of purchase consideration and deposited into the Group's bank account in December 2020.*"

i. USPGL had, in its 11 December 2020 Announcement titled *"Entry Into Deed Of Addendum And Release In Connection With The Proposed Disposal Of Biofuel Research Pte Ltd"* (the "**11 December Announcement**"), expressly stated that:-

> "As *set out in the Previous Announcements, the Vendors' lawyers shall release the cashier's order to the Company upon the closing of the Proposed Disposal. The due date for the presentation of the cashier's order had lapsed on 10 November 2020 ("**Expired Cashier's Order**").*
>
> *The Board wishes to announce that the Vendors and the Purchaser have on 11 December 2020 entered into a deed of addendum and release:*
>
> *(a) to agree that the Purchaser shall reissue the cashier's order in favour of the Company ("**Cashier's Order**"), to be delivered by the Purchaser directly to the Company;*
>
> *(b) to grant the Vendors' lawyers complete, absolute, irrevocable and unconditional consent to release the Expired Cashier's Order to the Company with immediate effect...*
>
> *(e) to agree that in the event that:-*
>
> *(i) closing does not occur by the Extended Long Stop Date (as defined above in (c)); or*

(ii) prior to the Extended Long Stop Date a Party elects not to proceed with Closing by issuing a notice to the other Party to that effect...

Interest shall accrue on the First Payment from the earlier of (i) the Extended Long Stop Date or (ii) the date the Notice is issued (both dates inclusive) at the then-prevailing UOB prime interest rate, and the Company shall pay such interest monthly together with the First Repayment and each Instalment..

(g) to further agree that notwithstanding the reissue and release of the Cashier's Order by the Purchaser to the Company, the Vendors shall use their best reasonable efforts to ensure the smooth transfer of knowledge in relation to the operations of Biofuel"

Company's response:
The Group believes that this is merely an observation by the said shareholder.

ii. It appears from the 11 December Announcement that the agreement between USPGL (under the current Board) and the purchaser (AJ Jetting Pte Ltd) is to release from escrow the sum of S$1.5 million, which was originally paid as the deposit for the transaction for the sale of Biofuel. This would allow USPGL the use of the S$1.5 million. However, in the event that the disposal of Biofuel is not completed, USPGL would be obliged to repay the $1.5 million, together with substantial interest;

Company's response:
*The $1.5 million is the first tranche of purchase consideration (the "**First Payment**") paid by the Purchaser to the Company pursuant to the definitive sale and purchase agreement dated 7 August 2020. As such, the S$1.5 million is not a loan.*

*Pursuant to the deed of addendum and release (the "**Deed**) dated 11 December 2020, in the event that Closing does not occur by the Extended Long Stop Date, i.e. by 12 June 2021, or a party elects not to proceed with Closing, the Group is to repay the First Payment to the purchaser.*

The Group wishes to clarify that interest is only payable in the event that the Company fails to repay the First Payment within the stipulated timeframe pursuant to the Deed.

Please refer to the Company's announcement dated 11 December 2020 for further information.

iii. Accordingly, it would appear that the release of the S$1.5 million to USPGL is essentially a loan to USPGL, with substantial interest payable on the loan. Please explain why, in the Annual Report 2020, the S$1.5 million has been characterized as a *"first tranche"* of payment consideration that was received on 11 May 2020 and deposited into USPGL's bank account in December 2020;

Company's response:
Please refer to the Company's response to Query 5(a)(ii) above.

iv. In any event, it appears from the 11 December Announcement, that USPGL and/or the Board under Tanoto has agreed to transfer Biofuel's knowledge (including confidential and critical business information, know-how, and trade secrets) to the purchaser (who is likely a competitor and an unrelated company). Kindly explain why USPGL and/or the Board under Tanoto has agreed to the transfer of Biofuel's knowledge (including confidential and critical business information, know-how, trade secrets) to the purchaser even before the sale of Biofuel is completed and even before, as set out below, USPGL has obtained the approval of its shareholders and the SGX.

Company's response:
Biofuel does not hold any patent, nor confidential, know-how or critical business information.

The Group wishes to clarify that Biofuel is a research platform in which it had previously worked with the relevant authority and institution for sharing of research result. The Group believes that the relevant research results are readily available online as academic journals and video clips.

Further, the Group believes that the purchaser is an expert in the waste recycling business and is involved in a larger and sizeable portion of the waste recycling business in Singapore.

The Group wishes to clarify that it did not share nor disclose its clientele list to the purchaser.

b. In the Annual Report 2020 at page 65, USPGL has further represented that *"the definitive sales and purchase agreement has been entered between the Group and the purchaser on 7 August 2020 and management expects the disposal to be completed not later than 31 March 2021 upon satisfactory fulfilment of all conditions precedent to the agreement including satisfactory completion of due diligence review by the purchaser and the approval of the disposal by shareholders of the Company and by SGX-ST"*

i. Kindly confirm whether the *"due diligence review"* to be conducted by the purchaser has been completed, taking into account the fact that the sale and purchase agreement was entered into on 7 August 2020 (i e. more than 5 months ago);

Company's response:
The Board believes that the purchaser has conducted its own due diligence review.

ii. In particular. kindly confirm whether the due diligence had been completed before the release of the S$1.5 million from escrow, as set out in the 11 December Announcement;

Company's response:
Please refer to the Company's response to Query 5(b)(i) above.

iii. If the due diligence for the sale has not been completed within the 5 months since the entry into the sale and purchase agreement, please explain why USPGL has entered into the agreement to receive the S$1.5 million for its use and to repay the said sum at substantial interest rates (if the disposal of Biofuel is not completed);

Company's response:
Please refer to the Company's response to Query 5(b)(i) above.

iv. In light of the significant passage of time since the entry into the sale and purchase agreement, kindly confirm if, and when, the Board has sought SGX approval of the sale of Biofuel, and the status of such an application, if any;

Company's response:
Draft circular has been submitted to SGX and is pending approval. The Company will make further announcement at the appropriate time.

v. Furthermore, in light of the current record prices for palm oil and the substantial demand in the industry, please explain if the Board intends to continue with the disposal of the commercially viable entity; particularly given that USPGL has generated a profit of S$232,000 before tax for the financial year ended 31 March 2020 and is cashflow positive, having obtained S$1,560,000 as cashflow from operating activities (as per page 47, 72 and 115 of the Annual Report). Furthermore, it is stated in the Q2 FS (despite its questionable reliability) that Biofuel has generated a profit net of tax of S$217,000 and a net profit of $193,000 for the period ended 30 September 2020.

Company's response:
*The current record prices for palm oil may appear to be an encouraging sign to the uninformed. The real factor here is that the concentrated grease waste ("**CGW**") supplied to the Group has been reduced drastically to about 20% of its original volume of supply. As such, Biofuel's revenue has been drastically reduced by about 80%. Even if palm oil prices are at record high, the Group is of the view that it cannot recover the lost revenue and be profitable as it was previously.*

Further, the increase of logistics cost negates the beneficial effect of high palm oil prices, as production and distribution costs have also gone up accordingly.

c. In the Annual Report 2020 at page 65. USPGL has stated that *"The Group obtained written confirmations from the bank concerned on 16 December 2020 that the bank has agreed to accommodate the breach of loan covenants on a one-off* basis *for the financial year ended 31 March 2020. As a result, management is of the view that the bank will not request for immediate repayment of the outstanding loan amounts even though there was a breach of loan covenants*…"

Company's response:
The Group believes that this is merely an observation by the said shareholder.

d. In relation to the bank covenants, it is stated (at page 94 of the Annual Report 2020) that "*As at 31 March 2020, certain subsidiaries have breached its loan covenant* as *the Company, who is the corporate guarantor, did not fulfil the requirement to maintain a minimum consolidated tangible net worth of $30 million (2019: $40 million) and a subsidiary did not fulfil the requirement to maintain a minimum debt service coverage ratio of 1.5 times.* As *a result, the bank is contractually entitled to request for immediate repayment of the outstanding loan amounts… On 16 December 2020, the subsidiaries obtained waiver on the breach on a one-off basis together with the revision of loan covenant to maintain a minimum consolidated tangible net worth of $25 million at all times"*

i. In light of the current audited position (as per page 42 of the Annual Report), USPGL's consolidated tangible net worth is presently $23,593,000. This means that USPGL is still in breach of the bank covenants (together with the breach of bank covenants regarding the minimum debt service coverage ratio. What steps is the Board under Tanoto planning to take to remedy the breaches of bank covenants?

Company's response:
*The Group has obtained the assurance from its principal banker, United Overseas Bank Limited ("**UOB**") that it will not request for immediate repayment of the outstanding loan amounts.*

*In view of the Group's profitable results for Q1 FS, Q2 FS, and 3rd Quarter Result for the period ended 3 December 2020 ("**Q3 FS**"), the Board believes that moving forward, waiver from UOB may not be necessary.*

The Board wishes to clarify that the Group's breaches of loan covenants were due to the losses in FY2020 when the Group was under the management of 1st and 2nd Boards.

Please refer to the Company's announcement dated 7 September 2020, 13 November 2020 and 4 February 2021 for further information.

ii. This would be particularly acute given USPGL's extremely high *"Gearing ratio"* at 167% (at page 120 of the Annual Report 2020);

Company's response:
Please refer to Company's response to Query 5(d)(ii) above.

e. In relation to the MCO, the Annual Report 2020 stated at page 65 that *"The recent eruption of the global COVID-19 pandemic has caused significant disruption to the way how the Group* businesses *operate. With the global shutdown* across *borders Recycling of waste oil segment, which largely are exported,* has *taken* a *deep hit to the Group's revenue. The Group's [sic] core revenue contributory from the marine segment has* also *bear the brunt of the impact* as a *result of the Movement Control Order "MCO" in Malaysia where a large part of the Marine revenue is earned. Similarly, for the rental income from the letting out of industrial operating space and dormitory beds, Tenants are taking longer than usual to pay the rent which in turn impact on the* cash *flow of the Group."*

i. What was the adverse impact on the MCO from Malaysia on the revenue of USPGL?

Company's response:
Due to the MCO, the Group's offices in Malaysia were prevented from operating during the relevant period. As such, no sales and collections of payments could take place.

ii. Please explain how and to what extent has the recycling business taken a *"deep hit"* to the Group's revenue, as expressly set out in the Annual Report 2020;

Company's response:
*This is due to the reduction of supply of concentrated grease waste ("**CGW**") to Biofuel Research Pte Ltd which has affected its revenue drastically.*

Moreover, the Group's revenue has also been affected by the Covid-19 outbreak in the Group's dormitory/

iii. Given the *"deep hit to the Group's revenue", "significant disruption"* and serious impact of the MCO that drastically affects the *"core revenue contributor',* and exposes the vulnerabilities of the Group, surely, this "*may* cast *significant doubt on the ability of the Group and the company to continue* as *a going concern"?*

Company's response:
The Board is of the view that the Group is able to continue as a going concern in view of the sustained demand in the marine segment and health segment, as well as the cost cutting measures implemented by the Group which led to the Group's positive financial results in Q1 FS, Q2 FS and Q3 FS.

Please refer to the Company's announcement dated 7 September 2020, 13 November 2020 and 4 February 2021 for further information.

Query 6:

Kindly provide the necessary input on the questions raised and explain why these matters have not been addressed in the Annual Report 2020, despite the clear duty that is incumbent upon the management *"for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, Chapter* 50 *(the "Act")* its responsibility *"for assessing the Group's ability to continue* as *a going concern, disclosing. as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to either liquidate the Group or to cease operations, or has no realistic alternative but to do so"* (as per page 38 of the Annual Report 2020).

Company's response:
The Annual Report 2020 addresses largely issues in FY2020. It provides a financial and audit opinion for FY2020, of which the Board led by Tanoto was only involved for approximately 40 days.

As such, Annual Report 2020 is the result of 1st and 2nd Boards.

Retrospectively, the MCO officially started on 18 March 2020, a mere 14 days before FY2020. As at that point in time, the COVID-19 pandemic just started, and it was impossible to fully grasp the extent of its impact. To be fair, even as of now, the whole world is still trying to come to terms with it.

The unique position in Annual Report 2020 is that it straddles two financial years; FY2020 and FY2021. The COVID-19 pandemic has a large part to play in its delay. Since it is only released in January 2021, in which FY2021 will end on 31 Mar 2021, it is prepared with a privileged perspective and understanding of the Group's financial position moving forward from end 2020.

The Group has also commenced legal actions against its former directors and officers to recover the Group's losses and further announcements will be made by the Group at the appropriate time.

Taking into account the Company's Q1 FS, Q2 FS and Q3, the Board is of the view that the Group has managed to stem the tide of losses of past years and is able to continue as a going concern, despite the earlier challenges posed by Covid-19 pandemic.

Query 7:

It follows that the statement of the *"opinion of the directors"* of USPGL (at page 33 of the Annual Report 2020) is highly questionable, particularly given that:

a. USPGL has been late in repaying one of the trade facilities amounting to $8.9m (as at 31 December 2019) as per the Unaudited Quarterly Financial Statement Announcement for the period ended 31 December 2019 ("Q3 FS") which stated that "*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";* and that this figure appears to have increased to $$10,875,000 as at 31 March 2020 as per *"Trade financings"* in the Annual Report 2020 (at page 91 of the Annual Report 2020); and

Company's response:
The Board disagrees with the said shareholder's view that the "opinion of the directors" is highly questionable. The Board is of the view that all facts need to be read in the proper perspective and not out of context.

The late payment of trade facilities is due to previous management by the 1st and 2nd Boards. To-date, the Group has repaid an approximate sum of S$1.2 million to UOB and has further pledged to repay a further sum of S$4 million to UOB to reduce its outstanding loan amounts upon the completion of the proposed disposal of Biofuel Research Pte Ltd.

b. There is a sum of at least $4m that will be due and payable as the *"final bullet payment at the end of the loan maturity date"* in April 2021 for Loan IV, as apparent from the Annual Report 2020 at pages 91 to 93, which states, amongst others that *"Loan IV is secured by USPI Investment Pte Ltd on mortgage over certain leasehold properties (Note 12), personal guarantee by a former director of the Company, corporate guarantee by the Company ... the 5-year term loan is repayable over 60 monthly instalments (comprising principal and interest) from May 2016 and amortised over 16 years loan profile with final bullet payment at the end of loan maturity date in 2021.* "(at page 92 of the Annual Report 2020):

Company's response:
Please refer to the Company's response to Query 7(a) above.

Query 8:

Clearly, even if the full consideration sum is received from the completion of the disposal of Biofuel (as per page 65 of the Annual Report), it would be inadequate to satisfy these immediate liabilities.

Company's response:
Please refer to the Company's response to Query 7(a) above.

Query 9:

In light of the above, please:

a. explain the basis for the directors' opinion (if any);

Company's response:
Please refer to the Company's response to Query 7(a) above. The Group wishes to clarify that during the 2nd Board's tenure, no repayment plan has been made by the 2nd Board.

b. explain if USPGL has the necessary funds to make the necessary payments of the outstanding "*trade financings"* that are due and payable, and it not, the steps that the Board under Tanoto intends to take to repay it;

Company's response:
Please refer to the Company's responses to Query 7(a) and Query 9(a) above.

The Board is of the view that the total net value of the Supratechnic Pte Ltd is more than sufficient to cover the outstanding facilities. However, the Group is of the view that it takes time to make a repayment plan that will not impede the Group's operations.

c. explain if USPGL has the necessary funds to make the necessary payment of the final bullet payment as at April 2021, and if not, the steps the Board under Tanoto intends to take to repay the loan; and

Company's response:
Please refer to the Company's responses to Query 7(a), Query 9(a) and (c) above.

d. identify the *"former director of the* Company" who had provided the personal guarantee for Loan IV.

Company's response:
Li Hua.

Query 10:

Mr Djohan Sutanto, in the *"Chairman's message"* stated that *"Moving forward, the Group envisions that the traditional businesses of the Group will continue their exponential growth due to careful calibration and planning"* (at page 2 of the Annual Report 2020):

a. In light of the issues set out above, and the substantial losses incurred by USPGL in the Annual Report 2020, amounting to $6,650,000 for the Group and $6,235,000 for USPGL, please explain the basis for Mr Sutanto's statement that the Group will "***continue*** *their exponential growth".*

Company's response:
The Chairman's message is a forward-looking one beyond the losses in FY2020 in which the Board was involved for only 40 days.

Mr Sutanto's choice of words in, "Moving forward…", is thus self-explanatory.

His confident statement of "continue their exponential growth" is based on the following reasons:

The Group has produced profitable results in Q1 FS, Q2 FS and Q3 FS, stemming from the ***losses suffered*** *by the Group of approximately* ***S$23.2 million for Financial Year ended 31 March 2019*** *("****FY2019****") and* ***S$6.7 million for FY2020.*** *Under the Board, Q1 FS produced a profit of S$267,000, Q2 FS produced S$193,000 and Q3 FY produced approximately S$1.7 million.*

The Board has stemmed the past two (2) years' tide of losses of the Group, which involved both 1st and 2nd Boards, and has managed to show profits for the first three (3) quarters for financial year ended 31 March 2021. The results in Q3 FY in particular is very encouraging.

The Covid-19 pandemic hit everyone and the Group is not excluded. Yet the Management and the staff have worked very closely and effectively to produce these encouraging results despite the Covid-19 pandemic and economic slow-down. The Management will endeavour to continue to calibrate its operations and adopt creative and effective business measures to achieve maintain this positive trend. It takes a lot of effort to do so given the challenges posed by the Covid-19 pandemic but with the close support of committed staff, it is achievable.

Query 11:

Furthermore, the Annual Report 2020 has referred to matters that give rise to serious concerns regarding corporate governance in USPGL (or the lack thereof):

a. From the Annual Report 2020, it appears that the current board under the current sole executive director Tanoto Sau Ian (who was appointed on 20 February 2020) had dismissed the in-house internal auditor ("**IA**") for USPGL on or around 20 February 2020. The ARMC had *"****repeatedly urged Management on the urgency of the appointment of IA*** *to uncover/prevent any possible lapse in the Company's internal controls and risk management system"* (as per pages 22 to 23 of the Annual Report 2020). However, the board under Tanoto only chose to appoint an IA for the financial year ending 31 March 2021 on 19 January 2021:

i. Please explain why the board under Tanoto chose to delay the appointment of an IA for almost 1 year, in spite of the advice of the ARMC and the urgency of the appointment; and

Company's response:
The former IA which operated during the 1st and 2nd Boards' tenure focused primarily on Group's business and operations in Malaysia, of which its performance came under the Management's review since 20 Feb 2020.

As the IA's works were well below expectations and deemed unsatisfactory, the Management decided to dismiss its services and the last day of service was 31 May 2020 after much deliberation.

Since then, the Board and Management started interviewing potential candidates for its in-house IA until MS Risk Management Pte Ltd was finally appointed after taking into account its past record, price and scope of work offered.

In the meantime, the Group was served with a Statutory Demand and subsequently winding up proceedings commenced by the said shareholder, resulting in the delay of the appointment of IA.

As the IA was appointed in January 2021, the Board is of the view that the newly appointed IA should focus primarily on the current FY2021 as it is going to end soon on 31 Mar 2021. This is in preparation for the upcoming Annual Report 2021.

The Board is presently reviewing the 1st and 2nd Boards' reason for appointing the former IA and instructed it to only focus on the Group's business and operations in Malaysia, instead of the entire Group's businesses and operations. The Group will make appropriate announcement upon discovery of suspicious activities, if any.

ii. Please explain why the board under Tanoto chose to forgo the appointment of an IA for the financial year ending 31 March 2020 and only appointed an IA for the financial year ending 31 March 2021.

Company's response:
Please refer to Company's response to Query 11(a)(i) above.

b. In relation to the internal controls of USPGL, it is stated (at page 23 of the Annual Report 2020) that "*The Group's External Auditor ("EA") had in the course of their statuary audit performed review on the Group's internal controls on matters which came to their attention* ***and highlighted the significant deficiencies in internal controls to the ARMC and Board*** *It was noted that the issues highlighted by the EA do not constitute a comprehensive statement of all deficiencies that may exist in internal controls or of all improvements which may be made";*

i. Please explain what issues were highlighted by the EA regarding the review on the Group's internal controls and the measures recommended by the EA for improvement;

Company's response:
Audit finding report was only provided by EA on 19 Jan 2021 and is subject to review by the Board.

ii. Please explain what steps the board under Tanoto has adopted to rectify the *"significant deficiencies in internal controls",* and what measures the board under Tanoto intends to take;

Company's response:
The Board under Tanoto will take necessary steps and measures to rectify the "significant deficiencies in internal control" after reviewing the audit find report during ARMC and Board meetings. The calibration of the business operations, cost cutting measures and the discovery of corrupt practices in the Indonesian operations which started during the 1st Board's tenure and left undetected during the 2nd Board's tenure, shows that the Board is effective in weeding out malpractices effectively and swiftly.

In fact, more reviews are presently being carried out to detect and weed out any other remaining malpractices or unsavory activities that had thrived previously. The Group will make appropriate announcement at the appropriate time.

c. It is stated (at page 23 of the Annual Report 2020) that *"The Board has obtained assurance from: (i) the CEO that the financial records have been property maintained and the financial statements give a true and fair view of the Company's operations and finances; (ii) the CEO and other Key Management Personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems."*

i. In light of the serious issues in relation to the financial statements issued by USPGL (as per paragraphs 8 to 18 above), please explain the basis for the CEO's (Tanoto's) assurance that *"the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances";*

Company's response:
Please refer to Company's response to Query 11(b) above.

The Board did its best to review and understand the extensive operations of the Group. The Board made trips to Jakarta to conduct reviews of its operations in March 2020. Pursuant to the review, it carried out a reorganization of the Jakarta management team and uncovered a case of fraud for S$20,000. Please refer to the Company's announcement dated 28 September 2020 for more information.

The Board has also commenced legal actions against the relevant parties to recover damages.

Please refer to the Company's announcements dated 8 April 2020, 12 June 2020, 8 September 2020, 24 January 2021 and 2 February 2021 for further information.

d. In relation to the ARMC, it is stated (at pages 24 to 26 of the Annual Report 2020) that.

"*The principle functions of the ARMC in accordance with the TOR are as follows:-*

(a) Review significant financial reporting issues and Judgments to ensure integrity of the financial statements of the Company, and any announcements relating to the Company's financial performance...

(i) review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position ...

(k) review the quarterly and full year financial statements of the Company before submission to the Board for approval, focusing in particular, changes in accounting policies and practices to ensure compliance with accounting standards, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with stock exchange and statutory/regulatory requirements and any significant financial reporting issues and judgements so as *to ensure the integrity of the financial statements ...*

(m) review the policy and arrangement by which staff of the Company or of the Group may, in confidence raise concerns about possible improprieties in matters of financial reporting or any other matters and, conduct an independent investigation of such matters for appropriate follow up action pursuant to the Company's whistle-blowing programme …"

"For FY2020, the ARMC members have…

(iii) reviewed and approved financial statements for FY2020. During the process, the ARMC reviewed the key areas of critical judgement and key estimates applied for key financial issues including going concern assumption, calculation of allowance for impairment for financial assets *at amortised cost allowance for inventories, impairment of investment in subsidiaries, useful lives of property, plant and equipment, estimating the incremental borrowing rate for*

*l*eases *and leasehold properties and redevelopment project, critical accounting policies and any other significant matters that might affect the disclosures in the financial statements. The ARMC* a*lso considered the report from the EA, including the findings on the significant risks and audit focus areas. Significant matters were discussed with Management and the external auditors…*

(vi) reviewed any whistle-blowing complaints… "

"Report on wrongdoings by former chairman and Irregularities In share trading

On 16 March 2020, a report containing several allegations was *sent from the outgoing Director Yin Kum Choy to the current Board, against the previous Chairman Tony Li Hua for certain wrongdoing. The report* was *forwarded to the* SGX*and the Commercial Affairs Department for their action"*

i. In light of the functions of the ARMC and the actions taken by the ARMC, please explain the actions taken by the ARMC in reviewing and approving the Relevant Financial Statements;

Company's response:
*The ARMC committee was constituted on 23 December 2020 and tasked to handle reviewing and approving the Relevant Financial Statements. The ARMC Committee is currently in discussion with the Group's external auditor ("**EA**"), IA and company secretary, to look into the various matters and appropriate announcement will be made at the appropriate time.*

ii. Please explain the steps taken by the ARMC to remedy or to advise the Board under Tanoto to remedy the errors, inconsistencies and questionable accounting in the Relevant Financial Statements;

Company's response:
Please refer to Company's response to Query 11(d)(ii) above.

iii. Please provide details of the *"several allegations"* regarding the *"previous Chairman Tony LI Hua for certain wrongdoing"* as set out in the report filed by Mr Yin Kum Choy;

Company's response:
The Board has referred the matter to the relevant authorities for investigations and the investigation is still ongoing. The Group will make announcement at the appropriate time.

iv. Please explain the steps taken by the ARMC in relation to the reviewing the report filed by Mr Yin Kum Choy and the conclusions/recommendations reached by the ARMC and whether the Board under Tanoto was advised to take any steps;

Company's response:
Please refer to Company's response to Query 11(d)(iii) above.

v. Please explain the steps taken by the Board under Tanoto to address the issues set out in the report filed by Mr Yin Kum Choy;

Company's response:
Please refer to Company's response to Query 11(d)(iii) above.

vi. Please explain if any police report was made by the ARMC, the Board under Tanoto or USPGL in relation to the matters set out in the report filed by Mr Yin Kum Choy; and if such police report was in fact made, the date (and serial number) of such police report made;

Company's response:
The Board has lodged police reports and the matters are under investigations. The Group will make announcement at the appropriate time. Please refer to Company's response to Query 11(d)(iii) above.

e. USPGL has just made an announcement on 24 January 2021 tilted *"Filing of writ of summons on (1) Tham Wai Mun Raphael (2) Wong Peng Wai (3) Chau Leung Yu, (4) Pua Chieh* Sze; *and (5) Lim* Soh Sian (the**" 24 January Announcement"**). The claim against the 5 individuals set out in the 24 January Announcement appears to relate to the acquisition of three Eco Fuel Production Plants for the sum of USD11 million:

i. Kindly confirm whether the basis for the claims made in the writ of summons as set out in the 24 January Announcement were in respect of any fraud or scam perpetuated on USPGL or its subsidiaries in respect of the acquisition of the three Eco Fuel Production Plants for the sum of USD11 million;

Company's response:
As stated in the Company's announcement dated 24 January 2021, the claim is in relation to the acquisition of three (3) Eco Fuel Production Plants after an investigation carried by the Board and Management. Please refer to the Company's announcement dated 24 January 2021 for further information.

ii. If so:

1. If so, kindly confirm whether the fraud or scam was as identified in the *'Report on wrongdoings by former chairman and irregularities in share trading"* that was submitted by the *"outgoing Director Yin Kum Choy"* on 16 March 2020 (as per page 24 of the Annual Report 2020);

Company's response:
Please refer to the Company's response to Query 11(e)(i) above.

2. Clarify the role of the 5 individuals listed in the 24 January Announcement in the fraud or scam; and

Company's response:
Please refer to Company's response to Query 11(d)(iii) and (e)(i) above.

3. Given that at least two of the 5 individuals listed in the 24 January Announcement were previously on the board of USPGL, whether any other member previously on the board of USPGL or involved in management of USPGL may also have been involved in the fraud or scam; and if not, the basis for such position taken.

Company's response:
Please refer to Company's response to Query 11(d)(iii) and (e)(i) above.

Query 12:

Additionally, there is no sufficient clarity on the following items/figures in the Annual Report 2020:

a. In relation to the *"New Businesses"* started by USPGL (at page 5 of the Annual Report 2020), kindly confirm if these new businesses cross the threshold for major transactions, and if so, whether the investment plan and quantum have been announced to shareholders;

Company's response:
The "New Businesses" are still under discussion and announcement will be made by the Group at appropriate time.

b. In relation to the "Loss *for the year"* incurred by USPGL (at page 6 of the Annual Report 2020), USPGL has indicated that *"The Group recorded a loss after tax of $6.7 million which mainly partly due to the impairment tosses of $2.3 million undertaken by the Group and fair value toss on investment properties of $2 million."*

i. Please explain and account for the significant impairment losses amounting to $2.3 million and the reasons for the impairment;

Company's response:
The impairment losses of S$2 million were due to Covid-19 outbreak at the Group's dormitory. Please refer to the Company's response to Query 5(e)(ii) above.

c. In relation to the *"Assets and liabilities"* of USPGL (at page 6 of the Annual Report 2020), USPGL has indicated that *"trade receivables suffered an impairment loss of $1.3 million as of 31 March 2020";*

i. Kindly explain and account for the significant impairment losses in respect of the trade receivables amounting to $1.3 million;

Company's response:
The impairment losses came from the Group's business and operation in Indonesia.

d. In relation to the directors fees payable, USPGL has stated (at page 20 of the Annual Report 2020) that *"The RC had recommended to the Board an amount of S$220,000 as Directors' fees for the financial year ending 31 March 2021, payable quarterly in arrears":*

i. In light of the recent departures of many independent directors (who were only appointed for several months) from the board of USPGL under Tanoto, kindly provide the justification for the quantum of Directors' fees intended to be paid for the financial year ending 31 March 2021;

Company's response:
The amount of S$220,000 was for five (5) directors.

ii. The Annual Report 2020 states that there is a sum of S$141,000 incurred as Directors' fees (at page 69 of the Annual Report 2020). Please explain how and when the shareholders of USPGL approved of such a payment of directors' fees in FY2020 and who the recipients of such directors' fees are;

Company's response:
This was approved by the 1st and 2nd Boards.

e. With regard to the key management personnel (KMP) of USPGL, the Annual Report 2020 states at page 22 that "*Notwithstanding Provision 8.2 of the Code, there* was *only one KMP (who are not Directors or the CEO) during FY2020 In view of the sensitivity and confidentiality of remuneration, Management opined not to disclose the aggregate remuneration paid to the sofa KMP for FY2020... Other than Mr Tanoto Sau Ian, the Company does not have employee who is* a *substantial shareholder of the Company or immediate family members of a Director the CEO or* a *substantial shareholder and whose remuneration exceeds S$100,000 during FY2020"*

i. I understand that a substantial shareholder, one Anne Lee King, was employed by USPGL as an *"Investment & Operations Consultant"* during FY2020 Kindly confirm if Ms Lee is the KMP referred to above. and if not, who the KMP of USPGL is;

Company's response:
No. Ms Lee is only a Consultant and not a KMP. The only KMP in the Group is Mr. Tanoto Sau Ian.

ii. Furthermore, page 114 of the Annual Report 2020 states the *"Total key management personnel compensation is analysed as follows·* that a total of S$347,000 was paid as" *Salaries, director's fee and other short-term employee benefits". "Directors' remuneration"* is also indicated to be in the sum of S$106,000 As set out above, a sum of S$141,000 incurred as *"directors' fees"* (at page 69 of the Annual Report 2020) This would mean that the sum of exactly S$100,000 was paid to the only KMP who was not a director, even before the *"Contributions to defined benefits plans"* amounting to $31,000 (as per page 114 of the Annual Report 2020) are taken into consideration Accordingly, the statement set out at page 22 of the Annual Report is not accurate.

Company's response:
This was occurred during the 1st and 2nd Boards' tenure.

f. In relation to the borrowings of USPGL there is a *"Loan from third party"* (at page 93 of the Annual Report 2020) which states *"The loan from third party is unsecured, bear interest of 4% per annum and is repayable in agreed instalments with the final instalment in December 2020"*

i. Please confirm the details of the substantial loan to a third party, who the third party is, the basis for obtaining the loan, the amount outstanding as at 31 March 2020, and whether the loan has been fully repaid as of the date of the Annual Report 2020;

Company's response:
This is a loan from a consultant of the Group. Please refer to page 93 of the Annual Report 2020, the final instalment is in December 2020.

g. The Annual Report 2020 states that there has been a sum of S$243,000 of *"bad debts written off"* (at page 69 of the Annual Report 2020):

i. Please provide details and an explanation for the substantial sum of almost a quarter of a million dollars being written off, and which debtor(s) is/are responsible for these debts;

Company's response:
Bad debt of S$143,000 from Supratechnic Pte Ltd and S$84,000 from Supratechnic (M) Sdn Bhd, which were incurred by customers of the 1st and 2nd Boards.

h. With regard to certain shares owed to USPGL, the Annual Report 2020 states (at page 87 of the Annual Report 2020)". *The Group entered into conditional agreement with Gadius Assets Pte Ltd ("Gadius") in February 2017 to jointly develop two strata bungalows at Punggol Seventeenth Avenue, Singapore. Based on the agreement, the Group shall advance a sum of $3.2 million* as *working capital for Gadius to develop the 2 properties in expectation of a fixed and determinable return within a short period of time. The advance was guaranteed by Gadius and its shareholders for a minimum return of $3.31 million* as *well* as *an additional sum of $110,000 in cash by 30 September 2018. The agreement was terminated in 2018 due to the disposal of the land by Gadius. Gadius repaid all cash advances to date except for the portion of the advance amounting to $829,000 recognised as other receivable which is secured by the Company's shares. This amount was assigned to a former shareholder of Gadius in 2018. As at 31 March, management has estimated the expected credit loss on other receivables by considering the fair value of the collateral shares amounting to $331,000 (2019 $365,000). Accordingly, an impairment loss of $34,000 (2019. 464,000) was recognised in profit or loss The Company is in the mid of recovering the collateral shares through its legal counsel".*

i. Please explain what steps USPGL has taken to date and/or intends to take in order to recover the collateral shares from the former shareholder of Gadius, in particular, if any legal proceedings have been commenced;

Company's response:
This is a 'legacy' left behind by the 1st Board. Actions have been taken to recover the said shares. Shareholders will be updated when the shares are properly returned to the Group.

ii. Please provide an explanation for the delay in recovering the collateral shares from the former shareholder of Gadius as the agreement was terminated in 2018 (almost 3 years ago);

Company's response:
Please refer to Company's response to Query 12 (h)(i) above.

iii. Please provide details of the *"former shareholder of Gadius"* (as referred to at page 87 of the Annual Report 2020) and the amount of shares owned by him/her;

Company's response:
Please refer to Company's response to Query 12 (h)(i) above.

iv. Please confirm if the "*former shareholder of Gadius" is* listed as one of the "*Twenty Largest Shareholders"* of USPGL (as per page 127 of the Annual Report 2020);

Company's response:
Please refer to Company's response to Query 12 (h)(i) above.

v. Kindly confirm if the former shareholder (or any other person/entity on his behalf) will be entitled to exercise the right to vote at any meetings of the company, in light of USPGL's position that the shares are collateral shares that are to be returned to the company;

Company's response:
Please refer to Company's response to Query 12 (h)(i) above.

vi. Please explain the plans of the current Board to deal with the collateral shares, the timeline for the return of the collateral shares, and what the current board will do once the collateral shares are returned;

Company's response:
Please refer to Company's response to Query 12 (h)(i) above.

i. Please explain how the Foreign exchange sum of S$837,000 was obtained (at page 68 of the Annual Report 2020);

Company's response:
Net exchange gain as a result of intercompany transaction for FY2020 as well as audit adjustments for prior year adjustments.

j. With regard to the Financial asset measured at fair value through profit or loss **("FVTPL")** as stated at page 86 of the Annual Report 2020:

i. Please provide details relating to the "*investment in equity securities of an electronics contract*

manufacturer in Singapore", in particular, the rationale for making the investment, the amount invested and the loss suffered;

Company's response:
This matter is also another 'legacy' left behind by the 1st Board and is under review by the Board. Shareholders will be apprised of the development, if any.

ii. Please provide reasons as to why USPGL subscribed to the exit offer at S$0.016 per share, which amounted to S$1,037000;

Company's response:
Please refer to the Company's response to Query 12(j)(i) above.

k. It is apparent from page 86 of the Annual Report that the sum of S$39,140,000 was advanced to USPGL's subsidiaries and that there has been an increase of S$5,766,000 in the allowance for impairment:

i. Please provide an account of the sum of S$3,9140,000 advanced to USPGL's subsidiaries;

Company's response:
The amount was advanced over the years prior to FY2020, to the Group via bank loans and other means of financing, primarily for the Group operations.

ii. Please provide an explanation why there is an increase of S$5,766,000 in the allowance for impairment and the adequacy of the impairment;

Company's response:
The increase was in view of the Covid-19 pandemic situation and financial status of the Group. The figure has been properly assessed by EA.

iii. Kindly confirm if USPGL will be able to make repayment of the trade receivables amounting to S$13,861,000 in the next 12 months.

Company's response:
This matter is under review by the Management and Board, and appropriate measures will be taken to recover these funds. The Group will make further announcement at the appropriate time.

By Order of the Board

Tanoto Sau Ian
Executive Director and Chief Executive Officer
4 February 2021