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

INTENTION TO EXPLORE POTENTIAL LISTING OF SUPRATECHNIC PTE LTD

The Board of Directors (the "Board") of USP Group Limited (the "Company"), and together with its subsidiaries, the "Group") wishes to announce that the Company is in preliminary discussions to explore the spin-off listing of its 100% subsidiary, Supratechnic Pte Ltd ("Supratechnic") on the Growth Enterprise Market ("GEM"), an alternative stock market set up and operated by the Stock Exchange of Hong Kong (the "Proposed Listing").

Supratechnic is a Singapore company acquired by the Company in March 2016 with subsidiaries in Singapore, Malaysia and Indonesia. It is a regional distribution and trading company in marine products and represents global brands like Mercury, Raymarine, AB and Sillinger. Supratechnic achieved revenues of S$40.0 million and profit before tax of S$2.7 million for the 15-month financial period ending March 2016.

Since the acquisition by the Company, Supratechnic has been appointed the exclusive distributor of Mercury Marine for Singapore, Malaysia, Brunei and Indonesia. This effectively increases Supratechic market representation by more than 100% as Indonesia is Southeast Asia's largest marine market. It expanded its operations from 8 branches in West Malaysia and one office in Singapore, to include branches and offices in East Malaysia and Indonesia. Supratechnic is also bidding for a piece of JTC land to expand its operations in Singapore. With the new expansion and growth opportunities of Supratechnic, the Company is exploring options to raise capital to fund Supratechnic's growth. The Board believes that the potential spin-off listing of Supratechnic in Hong Kong, will offer the least dilutive option to raise funds for Supratechnic's expansion.

The Proposed Listing is also part of the Company's efforts to maximize shareholder value. The Board believes that, if the Proposed Listing is successful, the potential market capitalization of Supratechnic on its listing will exceed the Company's current carrying value of Supratechnic.

The Company has initiated preliminary discussions with several sponsors in Hong Kong with respect to the Proposed Listing and with other professional advisers, including Singapore and Hong Kong legal counsels for the purposes of advising on the Proposed Listing and to seek consultation with the Singapore Exchange Securities Trading Limited ("SGX-ST").

As the Company will have to make a public offering of new shares in Supratechnic in conjunction with the Proposed Listing, it will result in, *inter alia*, a restructuring and a spin-off of the Company's assets and is subject to the SGX-ST's and shareholders' approval. SGX-ST's approval would depend on, *inter alia*, the rationale and benefits of the Proposed Listing, and compliance with the applicable rules of the SGX-ST Listing Manual.

As at the date of this announcement, preparatory works are on-going, and the Company has not submitted any application to the SGX-ST to seek the SGX-ST's views on the proposed restructuring and spin-off of the Group's assets under the Proposed Listing. Any application to GEM or further application to the SGX-ST in connection with the Proposed Listing will be subject to, *inter alia*, the outcome of the consultation with the SGX-ST as aforesaid.

In addition, exploration of the Proposed Listing is in a preliminary stage, subject to, among others, the suitability of the Company to undertake the restructuring and spin-off of the Group's assets under the Proposed Listing, satisfactory due diligence and assessment of Supratechnic's suitability for listing by the sponsors and other professional advisers as well as approval from the GEM for the Proposed Listing, as applicable or required, other legal or regulatory approvals including the approval of the shareholders of the Company (the "Shareholders") and the SGX-ST. The success of the Proposed Listing will further be subject to the then prevailing market conditions.

Shareholders and other investors are advised to exercise caution when dealing in the shares of the Company, and to refrain from taking any action which may be prejudicial to their interests. In the event of any doubt, Shareholders and other investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers. Information disclosed in this announcement is also subject to change.

By Order of the Board

Li Hua
Executive Chairman

29 May 2017