

**NEW SILKROUTES GROUP LIMITED**

**3rd Quarter Financial Statement and Dividend Announcement For The Period Ended 31 March 2021**

This quarterly reporting announcement is mandatory, made pursuant to the Exchange's requirements, as required under Listing Rule 705(2)(d)

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

	GROUP 3RD QUARTER ENDED			GROUP 9 MONTHS ENDED		
	31/3/21 US\$'000 (Unaudited)	31/3/20 US\$'000 (Unaudited)	Change %	31/3/21 US\$'000 (Unaudited)	31/3/20 US\$'000 (Unaudited)	Change %
<b>Continuing operations:</b>						
Revenue	9,119	10,075	-9%	34,681	27,267	27%
Other income	335	365	-8%	1,622	772	110%
Purchases of finished goods	(5,774)	(6,678)	-14%	(21,217)	(17,139)	24%
Changes in inventories of finished goods	470	599	-22%	1	699	-100%
Employee benefits expense	(2,333)	(2,501)	-7%	(6,207)	(6,806)	-9%
Amortisation of intangible assets	(23)	(69)	-67%	(83)	(206)	-60%
Depreciation of property, plant and equipment	(186)	(114)	63%	(415)	(348)	19%
Depreciation of right-of-use assets	(229)	(315)	-27%	(692)	(937)	-26%
Net fair value gain on derivative financial instruments	-	(206)	-100%	-	(206)	-100%
Other operating expenses	(863)	(447)	93%	(5,674)	(1,327)	328%
Finance costs	(133)	(224)	-41%	(385)	(732)	-47%
Profit before taxation	383	485	-21%	1,631	1,037	57%
Taxation	(72)	(163)	-56%	(312)	(349)	-11%
Profit from continuing operations	<b>311</b>	<b>322</b>	-3%	<b>1,319</b>	<b>688</b>	92%
<b>Discontinued operations</b>						
(Loss)/profit from discontinued operations, net of tax	(16,475)	274	-6113%	(18,811)	506	-3818%
<b>(Loss)/profit for the period</b>	<b>(16,164)</b>	<b>596</b>	<b>NM</b>	<b>(17,492)</b>	<b>1,194</b>	<b>NM</b>
<b>Other comprehensive income/(loss) after tax:</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translation	373	(179)	-308%	1,570	(192)	-918%
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>373</b>	<b>(179)</b>	<b>-308%</b>	<b>1,570</b>	<b>(192)</b>	<b>-918%</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>(15,791)</b>	<b>417</b>	<b>NM</b>	<b>(15,922)</b>	<b>1,002</b>	<b>NM</b>
<b>Profit/(loss) attributable to:</b>						
Owners of the company						
- Profit/(loss) from continuing operations, net of tax	119	52	NM	425	(171)	-349%
- (Loss)/profit from discontinuing operations, net of tax	(16,475)	274	-6113%	(18,811)	506	-3818%
	(16,356)	326	<b>NM</b>	(18,386)	335	<b>NM</b>
Non-controlling interests	192	270	-29%	894	859	4%
	<b>(16,164)</b>	<b>596</b>	<b>NM</b>	<b>(17,492)</b>	<b>1,194</b>	<b>NM</b>
<b>Total comprehensive (loss)/income attributable to:</b>						
Owners of the company						
- Profit/(loss) from continuing operations, net of tax	325	(76)	-528%	1,675	(338)	-596%
- (Loss)/profit from discontinuing operations, net of tax	(16,475)	274	-6113%	(18,811)	506	-3818%
	(16,150)	198	<b>NM</b>	(17,136)	168	<b>NM</b>
Non-controlling interests	359	219	64%	1,214	834	46%
	<b>(15,791)</b>	<b>417</b>	<b>NM</b>	<b>(15,922)</b>	<b>1,002</b>	<b>NM</b>
<b>Notes (The expenses below are included in "Other operating expenses" of continuing operations above):</b>						
Foreign exchange gain/(loss)	67	(124)	-154%	(197)	(124)	59%
Impairment losses on trade and other receivables	-	(26)	-100%	(305)	(26)	1073%

NM - not meaningful

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Results of the discontinued operations are as follows:

	GROUP			GROUP		
	3RD QUARTER ENDED 31/3/21 US\$'000 (Unaudited)	31/3/20 US\$'000 (Unaudited)	Change %	9 MONTHS ENDED 31/3/21 US\$'000 (Unaudited)	31/3/20 US\$'000 (Unaudited)	Change %
Revenue and other income	-	73,807	-100%	18,443	291,484	-94%
Expenses	(16,404)	(73,085)	-78%	(36,258)	(289,641)	-87%
Finance costs	(71)	(408)	-83%	(1,008)	(1,348)	-25%
Taxation	-	(40)	-100%	12	11	9%
(Loss)/profit from discontinued operations	<u>(16,475)</u>	<u>274</u>	<b>NM</b>	<u>(18,811)</u>	<u>506</u>	<b>NM</b>

Notes (The expenses below are included in "Expenses" of discontinuing operations above):

Foreign exchange gain/(loss)	16	(36)	-144%	70	(43)	-263%
Impairment loss from discontinued operations	(16,265)	-	NM	(16,265)	-	NM

NM - not meaningful

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	
	31/3/2021 US\$'000 (Unaudited)	30/06/2020 US\$'000 (Audited)	31/3/2021 US\$'000 (Unaudited)	30/06/2020 US\$'000 (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3,512	8,739	9	7
Intangible assets	19,194	18,524	-	-
Right-of-use assets	3,801	3,010	471	-
Subsidiaries	-	-	26,418	46,436
Financial asset at fair value through other comprehensive income	-	17,192	-	-
Long-term receivables	371	1,751	-	-
Deferred tax assets	164	183	-	-
<b>Total non-current assets</b>	<b>27,042</b>	<b>49,399</b>	<b>26,898</b>	<b>46,443</b>
<b>Current assets</b>				
Inventories	2,113	1,913	-	-
Trade and other receivables	7,870	16,993	1,826	3,687
Contract assets	49	3,933	-	-
Prepayments	716	596	32	15
Derivative financial instruments	-	1,495	-	-
Cash and bank balances	6,433	19,323	77	432
Fixed deposits	417	391	-	-
	17,598	44,644	1,935	4,134
Asset held for sale	4,746	-	-	-
<b>Total current assets</b>	<b>22,344</b>	<b>44,644</b>	<b>1,935</b>	<b>4,134</b>
<b>Total assets</b>	<b>49,386</b>	<b>94,043</b>	<b>28,833</b>	<b>50,577</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	88,183	88,183	88,183	88,183
Treasury shares	(863)	(863)	(863)	(863)
Other reserves	(2,800)	(9,518)	45	45
Accumulated losses	(64,217)	(45,831)	(66,093)	(43,283)
	20,303	31,971	21,272	44,082
Non-controlling interests	1,271	1,099	-	-
<b>Total equity</b>	<b>21,574</b>	<b>33,070</b>	<b>21,272</b>	<b>44,082</b>
<b>Non-current liabilities</b>				
Borrowings	4,460	14,906	-	-
Lease liabilities	1,207	348	319	-
Deferred tax liabilities	134	387	-	-
Other payables	4,877	4,877	-	-
<b>Total non-current liabilities</b>	<b>10,678</b>	<b>20,518</b>	<b>319</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	7,758	26,025	7,083	6,495
Contract liabilities	169	157	-	-
Borrowings	7,961	12,455	-	-
Lease liabilities	780	728	159	-
Derivative financial instruments	-	350	-	-
Current tax payable	466	740	-	-
<b>Total current liabilities</b>	<b>17,134</b>	<b>40,455</b>	<b>7,242</b>	<b>6,495</b>
<b>Total liabilities</b>	<b>27,812</b>	<b>60,973</b>	<b>7,561</b>	<b>6,495</b>
<b>Total equity and liabilities</b>	<b>49,386</b>	<b>94,043</b>	<b>28,833</b>	<b>50,577</b>

**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 March 2021			As at 30 June 2020		
	Secured US\$'000	Unsecured US\$'000		Secured US\$'000	Unsecured US\$'000	
Borrowings	7,961	-	12,455	-		

**Amount repayable after one year**

	As at 31 March 2021			As at 30 June 2020		
	Secured US\$'000	Unsecured US\$'000		Secured US\$'000	Unsecured US\$'000	
Borrowings	4,460	-	14,906	-		

**Details of any collateral**

The Group's borrowings are secured by,

- (a) fixed deposits of US\$0.417m;
- (b) corporate guarantee by the Company and related parties;
- (c) charges over shares of certain subsidiaries of the Company;
- (d) personal guarantee(s) from a director and a former director of the Company and/or directors of subsidiaries;
- (e) pledge over a related party's land;
- (f) fixed and floating charge on all assets and undertakings of a subsidiary; and/or
- (g) certain property and equipment.

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

	GROUP	
	9 MONTHS ENDED	
	31/3/2021	31/3/20
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation:		
- from continuing operations	1,631	1,037
- from discontinuing operations	(18,823)	495
	(17,192)	1,532
Adjustments for:-		
Amortisation of intangible assets	83	206
Depreciation of property, plant and equipment	1,544	1,101
Depreciation of right-of-use assets	777	1,064
Interest expense	1,393	2,080
Interest income	(111)	(19)
Impairment losses on trade and other receivables	305	26
Impairment losses from discontinued operations	16,265	-
Net fair value gain on derivative financial instruments	(2)	284
Plant and equipment written off	3	2
Unrealised foreign exchange differences	315	(207)
<b>Operating profit before working capital changes</b>	<b>3,380</b>	<b>6,069</b>
Increase/decrease in:		
Inventories	(314)	(1,928)
Trade and other receivables	5,468	2,478
Contract assets	3,883	14,525
Prepayments	(250)	(156)
Trade and other payables	(16,746)	(11,692)
Contract liabilities	12	986
<b>Cash (used in)/from operations</b>	<b>(4,567)</b>	<b>10,282</b>
Income tax paid	(810)	(288)
<b>Net cash flows (used in)/from operating activities</b>	<b>(5,377)</b>	<b>9,994</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(2,324)	(500)
Interest received	111	16
<b>Net cash flows used in investing activities</b>	<b>(2,213)</b>	<b>(484)</b>
<b>FINANCING ACTIVITIES</b>		
Acquisition of non-controlling interests in a subsidiary	-	(100)
Restricted cash	2,258	(2,394)
Dividends paid to the non-controlling interests of the subsidiaries	(1,042)	(801)
Interest paid	(640)	(1,978)
Pledged fixed deposits	-	49
Proceeds from borrowings	4,390	32,269
Repayments of borrowings	(8,728)	(30,639)
Repayments of lease liabilities	(656)	(898)
<b>Net cash flows used in financing activities</b>	<b>(4,418)</b>	<b>(4,492)</b>
Net (decrease)/increase in cash and cash equivalents	(12,008)	5,018
Cash and cash equivalents at beginning of the period	17,065	6,821
Effect of exchange rate differences in cash and cash equivalents	1,376	(30)
<b>Cash and cash equivalents at end of financial period</b>	<b>6,433</b>	<b>11,809</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	6,433	25,287
Less: Restricted cash	-	(13,478)
<b>Cash and cash equivalents at end of financial period</b>	<b>6,433</b>	<b>11,809</b>

**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.**

	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Translation reserve US\$'000	Accumulated losses US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
<b>GROUP (UNAUDITED)</b>										
Balance as at 1 July 2020	88,183	(863)	45	(3,595)	(5,468)	(500)	(45,831)	31,971	1,099	33,070
Loss for the period	-	-	-	-	-	-	(18,386)	(18,386)	894	(17,492)
Other comprehensive income										
- Foreign currency translation	-	-	-	(4)	-	1,254	-	1,250	320	1,570
Total comprehensive (loss)/income for the period	-	-	-	(4)	-	1,254	(18,386)	(17,136)	1,214	(15,922)
Contributions by and distributions to owners										
- Loss of control of subsidiaries	-	-	-	-	5,468	-	-	5,468	-	5,468
- Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(1,042)	(1,042)
Transactions with owners recognised directly in equity	-	-	-	-	5,468	-	-	5,468	(1,042)	4,426
<b>Balance as at 31 March 2021</b>	<b>88,183</b>	<b>(863)</b>	<b>45</b>	<b>(3,599)</b>	<b>-</b>	<b>754</b>	<b>(64,217)</b>	<b>20,303</b>	<b>1,271</b>	<b>21,574</b>
Balance as at 1 July 2019	88,183	(863)	45	(3,596)	(2,924)	(148)	(36,864)	43,833	1,338	45,171
Profit for the period	-	-	-	-	-	-	335	335	859	1,194
Other comprehensive loss										
- Foreign currency translation	-	-	-	-	-	(167)	-	(167)	(25)	(192)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(167)	335	168	834	1,002
Contributions by and distributions to owners										
- Effects of acquiring of non-controlling interest in a subsidiary	-	-	-	-	-	-	32	32	(132)	(100)
- Deregistration of a subsidiary	-	-	-	2	-	-	-	2	-	2
- Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	(801)	(801)
Transactions with owners recognised directly in equity	-	-	-	2	-	-	32	34	(933)	(899)
<b>Balance as at 31 March 2020</b>	<b>88,183</b>	<b>(863)</b>	<b>45</b>	<b>(3,594)</b>	<b>(2,924)</b>	<b>(315)</b>	<b>(36,497)</b>	<b>44,035</b>	<b>1,239</b>	<b>45,274</b>
	<b>Share capital US\$'000</b>	<b>Treasury shares US\$'000</b>	<b>Capital reserve US\$'000</b>	<b>Accumulated losses US\$'000</b>	<b>Total equity US\$'000</b>					
<b>COMPANY (UNAUDITED)</b>										
Balance as at 1 July 2020	88,183	(863)	45	(43,283)	44,082					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(22,810)	(22,810)					
<b>Balance as at 31 March 2021</b>	<b>88,183</b>	<b>(863)</b>	<b>45</b>	<b>(66,093)</b>	<b>21,272</b>					
Balance as at 1 July 2019	88,183	(863)	45	(39,310)	48,055					
Loss for the period, representing total comprehensive loss for the period	-	-	-	(1,159)	(1,159)					
<b>Balance as at 31 March 2020</b>	<b>88,183</b>	<b>(863)</b>	<b>45</b>	<b>(40,469)</b>	<b>46,896</b>					

- 1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.**

There were no changes in the share capital since the end of the previous period reported on.

The number of shares that may be issued on conversion of the Company's outstanding convertibles as at the end of the financial period is as follows:

	31/3/2021	31/3/2020
<b>Convertible loan note</b>		
Total number of shares that may be issued on conversion of the Company's convertible loan note <sup>(1)</sup>	NIL	11,111,111

Note:

(1) On 30 May 2018, the Company had entered into convertible loan agreement with Haitong International Financial Products (Singapore) Pte. Ltd. (the "Lender"), pursuant to which the Lender has agreed to make available to the Company a convertible loan facility of up to a maximum amount of S\$5,000,000. The Company had drawn down S\$5,000,000 (equivalent to US\$3,660,500). The convertible loan is convertible into 11,111,111 ordinary shares, at a reset floor price of S\$0.45 per share. The convertible loan was repaid on 28 May 2020.

As at 31 March 2021, the Company held 3,444,200 (31 March 2020: 3,444,200) of its issued shares as treasury shares.

The Company did not have any subsidiary holdings as at 31 March 2021 and 31 March 2020.

- 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.**

The number of issued shares excluding treasury shares as at the end of the financial period was 208,464,669 (30 June 2020: 208,464,669).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	No. of shares	Amount US\$'000
Balance as at 1 July 2020 and 31 March 2021	<u>3,444,200</u>	<u>863</u>

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

The figures have not been audited or reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any modifications 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 efforts taken to resolve each outstanding audit issue.**

The auditors have issued a disclaimer of opinion on the Group's financial statements for the financial year ended 30 June 2020 due to:

i. Management service agreement and management agreement entered by the Company and its wholly-owned subsidiary, Shanghai Fengwei Garment Accessory Co., Ltd ("Shanghai Fengwei") with Shanghai Minlin New Textile Materials Sales Centre ("Shanghai Minlin").

ii. Outstanding audit issue concerning Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC"), a financial asset at fair value through other comprehensive income.

Please refer to page 49 & 50 of the Company's 2020 Annual Report for more information on these outstanding audit issues.

The Board has appointed KPMG Services Pte. Ltd. as the independent reviewer to carry out an independent review into the above audit issues.

The Company will also continue to contact and request for more visibility on the future plans and developments and access to the records from the management of Thai GNCC. The current COVID-19 pandemic further hinders progress with travelling restrictions. The Board will ensure that the new Management continues to follow up on this matter and will update shareholders accordingly and when appropriate. The Board and the management will also continue exploring with the independent reviewer on other methods of valuation that are acceptable to them.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with those of the audited financial statements for the financial year ended 30 June 2020.

**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 Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and interpretation of SFRS(I) which are effective for annual financial periods beginning on or after 1 July 2020 and are relevant to the Group.

The adoption of these new/revised SFRS(I), interpretations and amendments to SFRS(I) did not have any significant impact on the financial statements of the Group.

**6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding year of the immediately preceding financial year, after deducting any provision for preference dividends.**

Profit/(loss) per ordinary share for the period based on net profit/(loss) from continuing operations	9 MONTHS ENDED	
	31/3/2021	31/3/2020
	US\$	US\$
(i) Basic	0.204 cents	(0.082) cents
(ii) Diluted	0.204 cents	(0.078) cents

(Loss)/profit per ordinary share for the period based on net (loss)/profit from discontinuing operations	9 MONTHS ENDED	
	31/3/2021	31/3/2020
	US\$	US\$
(i) Basic	(9.024) cents	0.243 cents
(ii) Diluted	(9.024) cents	0.230 cents

The basic earnings per ordinary share for the financial period ended 31 March 2021 and 31 March 2020 was calculated based on the number of issued shares 208,464,669.

As there were no outstanding potentially dilutive ordinary shares, the diluted earnings per ordinary share were accordingly the same as the earnings per ordinary share for the financial period ended 31 March 2021.

For comparison, the diluted earnings per ordinary shares for the financial period ended 31 March 2020 was calculated based on the weighted average number of issued shares 219,575,780.

**7 Net asset / (liability) 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 year reported on; and**  
**(b) immediately preceding financial year**

	GROUP		COMPANY	
	31/3/2021	30/06/2020	31/3/2021	30/06/2020
	US\$	US\$	US\$	US\$
Net asset value per ordinary share based on the issued share capital at the end of the period	9.740 cents	15.337 cents	10.204 cents	21.146 cents

Net asset value per ordinary share as at 31 March 2021 and 30 June 2020 was calculated based on 208,464,669 shares in issue, excluding treasury shares of 3,444,200.



- 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.**

#### **Income Statement Review**

During the financial period, the Group announced that it has commenced a strategic review of the Group's energy division. The review was commenced as the energy division has experienced a significant reduction in trading volumes whilst lower oil prices have also contributed to the overall drop in its trade revenues during the pandemic.

On 5 January 2021, the Group has commenced the winding up process of the wholly-owned indirect subsidiary of the Company, International Energy Group Pte. Ltd. ("IEG") by way of creditors' voluntary liquidation and the Group loses control of IEG. Accordingly, the IEG and its subsidiaries are classified as discontinued operations of the Group.

Group revenue declined by US\$0.96m to US\$9.12m in the third quarter ended 31 March 2021 ("3Q21") when compared to US\$10.01m in 3Q20 for the continuing operations. The Group's performance has been slightly impacted by the decrease in demand for non-woven material as a result of recovery from the Covid-19 pandemic in China.

Other income decreased to US\$0.34m in 3Q21 when compared to US\$0.37m in 3Q20 mainly due to the reduction in value-added tax refund but offset with government grants received in 3Q21.

Employee benefits expense decreased to US\$2.33m in 3Q21 when compared to US\$2.50m in 3Q20 mainly due to reversal of overprovision of bonus.

Amortisation of intangible assets decreased to US\$0.02m in 3Q21 when compared to US\$0.07m in 3Q20 mainly due to the clinic management system being fully impaired in prior financial year.

Depreciation of property, plant and equipment increased to US\$0.19m in 3Q21 when compared to US\$0.11m mainly due to additions of fixed assets.

Net fair value gain on derivative financial instruments decreased to Nil in 3Q21 when compared to US\$0.21m mainly due to the reversal of derivative financial instrument in prior financial year.

Other operating expenses increased to US\$0.86m in 3Q21 when compared to US\$0.45m in 3Q20 mainly due to the legal, consultancy and professional fee incurred during the financial period.

Finance costs decreased to US\$0.13m in 3Q21 when compared to US\$0.22m in 3Q20 mainly due to the repayment of borrowings.

#### **Financial Position Review**

Property, plant and equipment decreased to US\$3.51m as at 31 March 2021 when compared to US\$8.74m as at 30 June 2020 mainly attributed to the loss of control of subsidiaries of US\$6.41m but offset by the addition of new production line in Shanghai Fengwei of US\$1.63m.

Financial asset at fair value through other comprehensive income decreased to Nil due to the loss of control of subsidiaries.

Inventories increased to US\$2.11m as at 31 March 2021 when compared to US\$1.91m as at 30 June 2020 mainly due to a stock up for non-woven materials in the healthcare and healthcare consumables segment.

Trade and other receivables and contract assets decreased to US\$7.87m when compared to US\$16.99m as at 30 June 2020 mainly due to the loss of control of subsidiaries.

Prepayments increased to US\$0.72m as at 31 March 2021 when compared to US\$0.60m as at 30 June 2020 mainly due to advance payment for purchases of non-woven materials. Asset held for sale of US\$4.75m as at 31 March 2021 represents the carrying amount of 4.534% equity interest in Thai GNCC.

Non-current borrowings decreased to US\$4.46m as at 31 March 2021 when compared to US\$14.91m as at 30 June 2020 mainly attributed to the loss of control of subsidiaries of US\$11.79m.

Non-current lease liabilities increased to US\$1.21m as at 31 March 2021 when compared to US\$0.35m as at 30 June 2020 mainly due to renew of the tenancy agreement by clinics and office.

Trade and other payables decreased to US\$7.76m when compared to US\$26.03m as at 30 June 2020 mainly due to the loss of control of subsidiaries.

Current borrowings decreased to US\$7.96m as at 31 March 2021 when compared to US\$12.46m as at 30 June 2020 mainly due to repayment of short-term loans.

### Cash Flow Statement Review

The net cash flows used in operating activities of US\$5.38m was mainly due to repayment of management fees of US\$3.00m to Shanghai Minlin and payment of accrued staff cost of approximately US\$1.86m in Shanghai Fengwei.

The net cash flows used in investing activities of US\$2.21m was mainly due to additions of property, plant and equipment.

The net cash flows used in financing activities of US\$4.41m was mainly due to the repayment of borrowings.

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

No forecast has been issued for the current financial reporting period.

### 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.

Despite the ongoing pandemic, the Group results for Q3FY21 has been steady since the full pivot into the healthcare with the liquidation of its oil and gas sector. The medical and dental clinics saw a steady increase of business during this period of travel restrictions and increased healthcare measures. Our PPE business has taken a small dip due to the increase market forces with new competitors entering the healthcare non-woven manufacturing sector. As we continue to battle the ongoing pandemic, the Group will monitor and stay nimble to weather the challenges ahead.

After reviewing the financial forecast and cashflow projections, the Board of Directors is in the opinion that the Company and the Group can continue as a going concern and have sufficient working capital and financial resources to meet their obligations as and when they fall due for the next twelve months on the following bases and assumption:

(i) The Group had implemented several cost-cutting initiatives;

(ii) The oCap Loan has an enforceable corporate guarantee ("CG") on the Company and it is repayable in the next twelve months from the date of this announcement. The Company has received letters of demand in respect of US\$7,158,133.33 from the provisional liquidators of oCap. The Company is currently discussions and negotiations with the provisional liquidators.

(iii) The Termination Amount (as defined in the Company's announcement entitled "Response to SGX Queries on Creditors Voluntary Liquidation of International Energy Group Pte. Ltd.") on 20 January 2021 is enforceable onto the Company and it is repayable in the next twelve months from the date of this announcement. The Company has received a reservation of rights letter from the counterparty in respect of the BBC Agreement. The Company is currently in discussions and negotiations with the counterparty.

(iv) The Group's healthcare operations generate sufficient operating cash flows to meet its working capital requirements. The health and healthcare subsidiaries of the Company contributed US\$9.12 million to the revenue of 3Q2021. The Group can continue to grow its healthcare operations based on the financials from its subsidiaries, Shanghai Fengwei and Healthsciences International Pte Ltd. The Group is in collaboration to develop a healthcare artificial intelligence (AI) platform and expect income generating stream from this once the reliability verification is complete. In first quarter of the year, the Group has entered into collaborations with two global technology giants to develop an AI platform that can be used in genomics-driven healthcare, including building predictive models for cancer and other ailments.

(v) The Group aims to launch GEIA™, the Group's very own AI solution by Q4 FY21. GEIA™ is a complete and seamless, hybrid cloud-based workflow platform solution with AI-optimised analyses. The Group will continue to build relationships with leading tech players who can provide us with a full range of capabilities in data-driven diagnostics.

(vi) The Group is currently in discussions for external financing from strategic investors to the Company from the ongoing restructuring of the Company into a fully integrated healthcare business.

### 11 Dividend

#### (a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

#### (b) Corresponding Period of the immediately Preceding Financial Year

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

None.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated.)**

Not applicable.

**11 (d) Date payable**

Not applicable.

**(e) Books closure date**

Not applicable.

**12 If no dividend has been declared/recommendeded, a statement to that effect and the reasons for the decision.**

No dividend has been declared or recommended for the period ended 31 March 2021 due to the accumulated losses of the Company.

**13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), 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.**

No IPT mandate has been obtained.

**14 Negative confirmation on the interim financial results pursuant to Rule 705(5)**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited third quarter financial results of the Group and the Company (comprising the statements of financial position, consolidated income statement, statements of changes in equity and the consolidated cash flow statement, if any) as of 31 March 2021 to be false or misleading in any material respect.

On behalf of the Board of Directors

Darrell Lim Chee Lek  
Acting Independent Non-Executive Chairman and Lead Independent Director

Chua Siong Kiat  
Independent Non-Executive Director

**15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that it has procured undertakings from all its directors and executive officers as set out in Appendix 7.7 of Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

**Ong Beng Hong**  
**Company Secretary**  
**14 May 2021**