

# NEW SILKROUTES GROUP LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199400571K)

## THE PROPOSED ACQUISITION OF 70% OF CERTAIN DENTAL COMPANIES

### 1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of New Silkroutes Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company and its subsidiary, HSI Nominees A Pte. Ltd. (the “**Purchaser**”) had, on 10 October 2017, entered into a share sale and purchase agreement (the “**SPA**”) with Dr Toh Teck Kiong, Ainsley (“**Dr Toh**”) and Dr Foong Siew Hong (“**Dr Foong**”, collectively with Dr Toh, the “**Vendors**”), to acquire an aggregate of 70% of the shares in each of 84 INC Pte. Ltd. (“**84INC**”), The Dental Hub@SG Pte. Ltd. (“**TDH**”), and NDC Consulting Pte. Ltd. (“**NDC**”, collectively with 84INC and TDH, the “**Target Companies**”) (the “**Proposed Acquisition**”).

### 2. INFORMATION ON THE TARGET COMPANIES

- 2.1 The Target Companies are exempt private companies limited by shares incorporated in Singapore and are not subject to audit requirements. The Target Companies are engaged in the business of provision of dental services and the clinics operated by them are registered with the Ministry of Health and the dentists employed in the clinics are registered with the Singapore Dental Council. As at the date of this announcement, each of the Target Companies is 50% owned by Dr Toh and 50% owned by Dr Foong, both of whom are also the only directors of each of the Target Companies. The basic details of the each of the Target Companies as at the date of this announcement are as follows:

Target Company	Issued and Paid-Up Share Capital	Date last unaudited financial statements made up to	Clinic	Location of Clinic
84INC	S\$100 comprising 100 ordinary shares	31 January 2017	The Dental Hub @ Bedok	84 Bedok North Street 4, #01-07, Singapore 460084
TDH	S\$280,000 comprising 280,000 ordinary shares	31 October 2016	The Dental Hub	460 Alexandra Road, #02-16 PSA Building, Alexandra Retail Centre, Singapore 119963
NDC	S\$280,000 comprising 280,000 ordinary shares	31 August 2016	TDH THE DENTAL HUB	21 Choa Chu Kang North 6, #B1-24, YewTee Point, Singapore 689578

- 2.2 Based on the unaudited financial statements of the Target Companies for the various financial period-ends as shown in the table above, the net tangible asset value of the Target Companies is approximately S\$425,606.

### 3. RATIONALE OF THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group's business strategy to expand its healthcare division, which the Board believes has the potential for growth to the benefit of the Company and its shareholders. The Board is of the view that the Proposed Acquisition will reinforce the Company's earnings base, strengthen the Group's operations and financial position, and enhance the long-term interests of shareholders.

#### 4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITIONS

##### 4.1 Introduction

4.1.1 Pursuant to the terms of the SPA, the Purchaser shall acquire an aggregate of 70% of the issued and paid-up share capital of the Target Companies (the “**Sale Shares**”) from the Vendors, free and clear from any encumbrances and claims, and together with all rights, benefits, and entitlements attaching thereto.

4.1.2 The number of ordinary shares in the share capital of each of the Target Companies to be acquired by the Purchaser from each of the Vendors is as follows:

Target Company	Vendor	Number of Sale Shares to be acquired by the Company	Percentage of total number of shares in the Target Company
84INC	Dr Toh	35	35%
	Dr Foong	35	35%
TDH	Dr Toh	98,000	35%
	Dr Foong	98,000	35%
NDC	Dr Toh	98,000	35%
	Dr Foong	98,000	35%

##### 4.2 Consideration

4.2.1 The aggregate consideration for the sale and purchase of the Sale Shares is S\$3,150,000 (the “**Consideration**”), comprising:

- (i) S\$1,575,000 to Dr Toh; and
- (ii) S\$1,575,000 to Dr Foong.

4.2.2 The Consideration shall be satisfied, subject to the general mandate to issue shares obtained at the Company’s annual general meeting on 31 October 2016 or such other general meeting of the Company (the “**General Mandate**”) not being exceeded and the approval from the SGX-ST for the listing and quotation of the new shares having been obtained, by the allotment and issue to the Vendors of 7,159,090 new ordinary shares in the capital of the Company (the “**Consideration Shares**”) at an issue price of S\$0.44 (the “**Issue Price**”). Each Vendor will be issued 3,579,545 Consideration Shares.

4.2.3 The Consideration was arrived at after arm’s length negotiations between the Company, the Purchaser, and the Vendors and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the historical earnings and net tangible asset values of the Target Companies.

4.2.4 The Consideration Shares will rank *pari passu* in all respects with the shares in the capital of the Company existing as at the Completion Date (as defined below), save that they shall not rank for any entitlements, distributions, dividends or rights (if any), the record date in respect of which falls prior to the Completion Date. The Company will be submitting an application to the SGX-ST for the listing and quotation of the Consideration Shares shortly.

##### 4.3 Conditions Precedent

The completion of the Proposed Acquisition is conditional upon, *inter alia*:

- (a) completion of the Purchaser’s due diligence investigations in respect of the Target Companies and the results thereof being satisfactory to the Purchaser;
- (b) each of the Vendors entering into service contracts with a minimum term of five (5) years with each of the Target Companies;

- (c) each of the dental clinics owned by the Target Companies (other than The Dental Hub @ Bedok) having renewed its lease for clinic premises with the respective landlords up to a term of at least 31 December 2020;
- (d) all loans or debts owing by the Target Companies to third parties, save for the dental bond payable to Ethoz Capital Ltd and trade debts or liabilities (which include, for the avoidance of any doubt, accounts payables, accrued expenses and trade payables) created or incurred in, or arising out of, the ordinary course of business of the Target Companies or the dental clinics, having been repaid;
- (e) the Target Companies collectively having at least S\$200,000 in their bank accounts which is not subject to any encumbrance and which may be freely disbursed for the operation of the dental clinics post-Completion;
- (f) the management accounts of each of the Target Companies from the date each of their last unaudited financial statements were made up to, to 31 August 2017, having been provided to the Purchaser and NSG;
- (g) approval in-principle for the listing and quotation of the Consideration Shares on the Official List of the SGX-ST (on conditions, if any, acceptable to the Company and the Vendors) having been obtained from the SGX-ST and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the Completion Date, such conditions being reasonably acceptable to the Vendors or fulfilled by the Company, as the case may be;
- (f) all necessary consents, approvals and waivers of the relevant authorities having jurisdiction over the transactions contemplated in the SPA (whether in Singapore or elsewhere), financial institutions or other third parties having been obtained by the Purchaser or the Vendors, as the case may be, such consents, approvals and waivers not having been amended or revoked before the Completion Date, and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled;
- (g) the Vendors and the Purchaser not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened; and
- (h) the warranties being true, accurate and correct as if made on the Completion Date, with reference to the then existing circumstances and the Vendors, NSG and the Purchaser having performed in all material respects all of their obligations in the SPA to be performed on or before the Completion Date.

#### 4.4 Completion

Completion shall take place on a date no later than the seventh (7<sup>th</sup>) business day after the satisfaction, or waiver, as the case may be, of the conditions precedent, or such other date as the Parties may agree in writing (the “**Completion Date**”), but in any event, not later than 31 March 2018.

### 5. **CONSULTANT FEE**

In connection with the Proposed Acquisition, the Company will be paying a consultant fee of S\$63,000 (being 2% of the Consideration) to Mr Ling in consideration for the consultancy services provided by him in relation to the Proposed Acquisition. Mr Ling was instrumental in deal origination and assisting the Company and the Purchaser in the negotiations in respect of the Proposed Acquisition. Save as aforementioned, the Consultant does not have

any connection (including business dealings) with the Group, the substantial shareholders or Directors of the Company.

## 6. CHAPTER 10 OF THE LISTING MANUAL

As the Proposed Acquisition is in the ordinary course of the Company's healthcare business, Chapter 10 is not applicable.

## 7. FINANCIAL EFFECTS

### 7.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Acquisitions are based on, *inter alia*:

- (i) the audited consolidated financial statements of the Company and the Group for the financial year ended 30 June 2017; and
- (ii) the unaudited financial statements of 84INC for the 12 months ended 31 January 2017;
- (iii) the unaudited financial statements of TDH for the 12 months ended 31 October 2016; and
- (iv) the unaudited financial statements of NDC for the 12 months ended 31 August 2016.

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group following the completion of the Proposed Acquisition.

### 7.2 NTA per share

Assuming that the Proposed Acquisitions were completed on 30 June 2017, the *pro forma* financial effects of the Proposed Acquisition on the consolidated NTA of the Group are as follows:

	Before the Proposed Acquisitions	After completion of the Proposed Acquisitions
Consolidated NTA attributable to the shareholders (US\$'000)	34,358	34,591 <sup>(1)</sup>
Number of shares	144,563,187	151,722,277 <sup>(2)</sup>
Consolidated NTA per share attributable to the shareholders (US cents)	23.7669	22.7992

#### Notes:

- (1) Based on the last unaudited financial statements of the Target Companies, 70% of the total net assets of the Target Companies is approximately S\$316,824 (equivalent to approximately US\$233,246 based on the in-house exchange rate of the Company of S\$1 to US\$0.7362 for the month of October 2017).
- (2) The number of shares issued by the Company as consideration for the Proposed Acquisition is 7,159,090.

### 7.3 Earnings per Share (“EPS”)

Assuming that the Proposed Acquisitions were completed on 1 July 2016, the *pro forma* financial effects of the Proposed Acquisition on the EPS of the Group are as follows:

	Before the Proposed Acquisitions	After completion of the Proposed Acquisitions
Consolidated profit/(loss) after taxation and minority interests (US\$'000)	(1,794)	(1,558)
Weighted average number of shares	129,844,580	137,003,670 <sup>(1)</sup>
Consolidated earnings/(loss) per share (US cents)	(1.3816)	(1.1375)

**Note:**

(1) The number of shares issued by the Company as consideration for the Proposed Acquisition is 7,159,090.

## 8. **SERVICE AGREEMENTS**

As at the date of this announcement, no person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition.

## 9. **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Company's Directors or controlling shareholders or their associates has any interest, direct or indirect, in the Proposed Acquisition, other than through their respective shareholdings (if any) in the Company.

## 10. **CAUTIONARY STATEMENT**

Shareholders are advised that the completion of the Proposed Acquisition is subject to the conditions precedents in the SPA being fulfilled and there is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms of the SPA. Accordingly, shareholders are advised to exercise caution in dealings with the shares, to read this announcement and any further update announcement(s) released by the Company carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

## 11. **RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Company, and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of each of the SPAs will be available for inspection during normal business hours at the Company's registered office at 460 Alexandra Road #24-06 PSA Building, Singapore 119963 for a period of three (3) months from the date of this announcement.

**BY ORDER OF THE BOARD**

Lim Koon Hock  
Joint Company Secretary  
11 October 2017