NEW SILKROUTES GROUP LIMITED

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

THE PROPOSED ACQUISITIONS OF CERTAIN DENTAL COMPANIES

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1. INTRODUCTION

1.1. 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 51%-owned subsidiary, Healthsciences International Pte. Ltd. (the "**Purchaser**") had, on 26 May 2017, entered into separate share sale and purchase agreements with Dr Keith Alan Liew ("**Dr Liew**") and Dr Kee Keng Hsiung ("**Dr Kee**"), to acquire an aggregate of 70% of the shares in each of Crescent Dental Clinic Pte. Ltd. ("**CDC**"), DentalTrendz JP Pte. Ltd. ("**DTJP**"), Trendz Dental Surgeons Pte. Ltd. ("**TDS**"), L'ving Vine Dental Clinic Pte. Ltd. ("**LVDC**"), Dover Dental Surgery Pte. Ltd. ("**DDS**"), and DentalTrendz Pte. Ltd. ("**DTPL**") (collectively, the "**Trendz Companies**").

1.2 In addition, the Company and the Purchaser had, on 26 May 2017, entered into a share sale and purchase agreement with Dr VicPearly Wong ("**Dr Wong**") to acquire 51% of the shares in each of GreedyGums Pte. Ltd. ("**GGPL**"), Wren Dental and Medical Supplies Pte. Ltd. ("**WDMS**"), and Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd. ("**OODO**") (collectively, the "**Orange Companies**").

1.3 The Trendz Companies and the Orange Companies shall collectively be referred to as the "**Target Companies**" and each a "**Target Company**". Dr Liew, Dr Kee, and Dr Wong shall collectively be referred to as the "**Vendors**". The sale and purchase agreements with the Vendors shall collectively be referred to as the "**SPAs**" and each an "**SPA**". The acquisitions shall collectively be referred to as the "**Proposed Acquisitions**".

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 variously engaged in the business of provision of dental services, the business of providing management services to dental companies within the same group, and the business of supply and distribution of medical and dental equipment.

The Trendz Companies

2.2 As at the date of this announcement, each of the Trendz Companies is 50% owned by Dr Liew and 50% owned by Dr Kee, and the sole director of each of the Trendz Companies is Dr Liew. Save for DTPL, all the Trendz Companies are engaged in the business of the provision of dental services and all the clinics operated by them are registered with the Ministry of Health and all dentists employed in the clinics are registered with the Singapore Dental Council. DTPL is the party with whom all employment agreements of all existing employees of the Trendz Companies are entered into and which provides management services for the Trendz companies. The basic details of the each of the Trendz 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
CDC	S$100,000 comprising 100,000 ordinary shares	31 December 2016	Crescent Dental Clinic	Blk 21 Telok Blangah Crescent #01-115, Singapore 090012
DTJP	S$10,000 comprising 10,000 ordinary shares	31 December 2016	DentalTrendz Clinic	1 Jurong West Central, 2 Jurong Point, #01-16A & B, Singapore 648886
TDS	S$15,000 comprising 15,000 ordinary shares	31 March 2016	Trendz Dental Surgeons Pte. Ltd.	Blk 762, Jurong West Street 75, Gek Poh Shopping Centre #02-254, Singapore 640762
LVDC	$15,000 comprising 15,000 ordinary shares	31 March 2016	L'ving Vine Dental Clinic	154 West Coast Road, West Coast Plaza #01-84/85, Singapore 127371
DDS	S$3,000 comprising 3,000 ordinary shares	30 April 2016	Dover Dental Surgery	Blk 28 Dover Crescent, Multi Storey Car Park #01-87, Singapore 130028
DTPL	S$50,000 comprising 50,000 ordinary shares	31 May 2016	N/A	N/A

2.3 Based on the unaudited financial statements of the Trendz Companies for the various financial period-ends as shown in the table above, the net tangible asset value of the Trendz Companies is approximately S$1,317,000.

The Orange Companies

2.4 As at the date of this announcement, each of the Orange Companies is wholly owned by Dr Wong. GGPL is engaged in the business of import and export of medical and dental equipment and its directors are Dr Wong, Dr Neo Lay Choo Elaine, and Dr William Wong Yoon Foh. WDMS is engaged in the business of distribution of medical and dental equipment to end consumers and its directors are Dr Wong and Dr William Wong Yoon Foh. OODO is engaged in the business of the provision of dental services and its sole director is Dr Wong. The clinics operated by OODO are registered with the Ministry of Health and the dentists employed in these clinics are registered with the Singapore Dental Council. The basic details of the each of the Orange 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
GGPL	S$1,000 comprising 1,000 ordinary shares	31 May 2016	N/A	N/A

WDMS	S$10,000 comprising 10,000 ordinary shares	30 June 2016	N/A	N/A
OODO	S$200,000 comprising 200,000 ordinary shares	31 August 2016	Orange Orthodontics & Dentofacial Orthopaedics	304 Orchard Road, Lucky Plaza, #05-44, Singapore 238863
			Orange Aesthetics and Oral Maxillofacial Surgery	304 Orchard Road, Lucky Plaza, #05-52, Singapore 238863
			Orange Dental Specialist	304 Orchard Road, Lucky Plaza, #05-52, Singapore 238863

2.5 Based on the unaudited financial statements of the Orange Companies for the various financial period-ends as shown in the table above, the net tangible asset value of the Orange Companies is approximately S$49,000.

3. RATIONALE OF THE PROPOSED ACQUISITIONS

The Proposed Acquisitions are 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 Group's healthcare business is carried out through, *inter alia*, the Purchaser. The Board is of the view that the Proposed Acquisitions 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 SPAs, the Purchaser shall acquire such proportion of the issued and paid-up share capital of the Target Companies from the Vendors, free and clear from any encumbrances and claims, and together with all rights, benefits, and entitlements attaching thereto.

4.1.2 Pursuant to the SPA with Dr Liew, the Purchaser shall acquire 20% of the total number of ordinary shares in the share capital of each of the Trendz Companies, as follows:

Target Company	Number of Sale Shares to be acquired by the Company	Percentage of total number of shares in the Target Company
CDC	20,000	20%
DTJP	2,000	20%
TDS	3,000	20%
LVDC	3,000	20%
DDS	600	20%
DTPL	10,000	20%

4.1.3 Pursuant to the SPA with Dr Kee, the Purchaser shall acquire 50% of the total number of ordinary shares in the share capital of each of the Trendz Companies, as follows:

Target Company	Number of Sale Shares to be acquired by the Company	Percentage of total number of shares in the Target Company
CDC	50,000	50%
DTJP	5,000	50%
TDS	7,500	50%
LVDC	7,500	50%
DDS	1,500	50%
DTPL	25,000	50%

4.1.4 Pursuant to the SPA with Dr Wong, the Purchaser shall acquire 51% of the total number of ordinary shares in the share capital of each of the Orange Companies, as follows:

Target Company	Number of Sale Shares to be acquired by the Company	Percentage of total number of shares in the Target Company
GGPL	510	51%
WDMS	5,100	51%
OODO	102,000	51%

4.1.5 The shares to be acquired by the Purchaser in the Trendz Companies shall be referred to as the "**Trendz Sale Shares**" and the shares to be acquired by the Purchaser in the Orange Companies shall be referred to as the "**Orange Sale Shares**". The Trendz Sale Shares and the Orange Sale Shares shall collectively be referred to as the "**Sale Shares**".

4.2 Consideration

4.2.1 The aggregate consideration for the sale and purchase of the Sale Shares is S$5,280,000 (the "**Consideration**"), comprising:

(i) S$1,200,000 to Dr Liew;

(ii) S$3,000,000 to Dr Kee; and

(iii) S$1,080,000 to Dr Wong.

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 issue and allotment to the Vendors of 7,916,044 new ordinary shares in the capital of the Company (the "**Consideration Shares**") on the Completion Date (as defined below), at an issue price of S$0.6670 (the "**Issue Price**", being the average of the closing prices of the Company's shares in the five (5) business days prior to the date of the SPAs).

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.

4.3 Conditions Precedent

4.3.1 The completion of the Proposed Acquisitions 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) employment agreements or contracts for services between each of the Target Companies and each dentist (including but not limited to the Vendors) working in

the clinics owned by each of the Target Companies having been duly executed on terms acceptable to the Purchaser;

(c) 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 May 2017, having been provided to the Purchaser;

(d) the resolution of the board of directors of the Purchaser having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPAs;

(e) the resolution of the Board having been obtained for the issue of the Consideration Shares to the Vendors in connection with the SPAs;

(f) to the extent required by the Listing Manual and/or applicable laws, the approval of the shareholders of the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPAs (if applicable);

(g) the resolution of the board of directors of each of the Target Companies having been obtained for the completion of the transactions contemplated to be entered into in the SPAs (including but not limited to the approval of the transfer of the Sale Shares from the Vendors to the Purchaser and authorising the cancellation of existing share certificate(s) and issuance of new share certificate(s) to the Purchaser;

(h) all rights of pre-emption, rights of first refusal or any other similar right of any other person over any of the Sale Shares, conferred by the constitutional documents of each of the Target Companies or shareholders' agreements or in any other way, having been waived;

(i) 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;

(j) all necessary consents, approvals and waivers of the relevant authorities having jurisdiction over the transactions contemplated in the SPAs (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;

(k) 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 SPAs, 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

(l) the warranties being true, accurate and correct as if made on the Completion Date, with reference to the then existing circumstances and the Vendors having performed in all material respects all of their obligations in the SPAs to be performed on or before the Completion Date.

4.3.2 The Consideration Shares will rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company 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 date of issue of the Consideration Shares. The Company will be submitting an application to the SGX-ST for the listing and quotation of the Consideration Shares shortly.

4.4 Completion

Completion shall take place on a date notified in writing by the Purchaser to the Vendors as the date of completion, being a date no later than the seventh (7^{th}) business day after the satisfaction of the last 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 July 2017.

5. CONSULTANTS

5.1 In connection with the Proposed Acquisitions of the Trendz Companies, the Company had on 27 April 2017 entered into a consultancy agreement with Mr Ling Chong Boon Paul ("**Mr Ling**") pursuant to which the Company intends to pay S$84,000 (the "**Consultant Fee**") to Mr Ling in consideration of the consultancy services provided by Mr Ling in relation to the Proposed Acquisitions of the Trendz Companies.

5.2 In connection with the Proposed Acquisitions of the Orange Companies, the Company had on 26 May 2017 entered into a consultancy agreement with Mr Ling and Nest Capital Partners Pte. Ltd. ("**Nest Capital**", collectively with Mr Ling, the "**Consultants**") pursuant to which the Company has agreed to allot and issue 137,632 new ordinary shares in the capital of the Company at the Issue Price to the Consultants (the "**Consultant Shares**") in consideration of the consultancy services provided by the Consultants in relation to the Proposed Acquisitions of the Orange Companies. Dr Liew is a shareholder and director of Nest Capital. The allotment of the Consultant Shares would enable the Company to conserve its cash.

5.3 The Company will be relying on the General Mandate for the issue and allotment of the Consultant Shares and will be submitting an application to the SGX-ST for the listing and quotation of the Consultant Shares shortly. The Consultant Shares will rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company 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 date of issue of the Consultant Shares.

5.4 The Consultants were instrumental in deal origination and assisting the Company and the Purchaser in the negotiations in respect of the Proposed Acquisitions. The terms of the consultancy agreements were arrived at after arm's length negotiations between the Company and the Consultants and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the instrumental role played by the Consultants in deal origination and negotiations in respect of the Proposed Acquisitions.

5.5 The Consultant Fee will be payable and the Consultant Shares will be issued and allotted within seven (7) days of the Completion Date. Save as aforementioned, the Consultants do 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

6.1 The Trendz Companies

Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Acquisitions of the Trendz Companies are set out below.

Rule	Proposed Acquisitions of the Trendz Companies
Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable, as this is not a disposal of assets.
Rule 1006(b) – the net profits attributable to the assets acquired, compared with the Group's net profits	Not meaningful[(1)]
Rule 1006(c) – the aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	5%[(2)]
Rule 1006(d) – the number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue (excluding treasury shares)	5%[(3)]
Rule 1006(e) – the aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	Not applicable, as the Company is not a mineral, oil and gas company.

Notes:

(1) Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016, the net loss of the Group is approximately US$3,515,000. Based on the last unaudited financial statements of the Trendz Companies, the net profit attributable to the assets acquired (i.e. 70% of the total net assets of the Trendz Companies) is approximately S$548,000 (equivalent to approximately US$397,000, based on the in-house exchange rate of the Company of S$1.3796 to US$1 for the month of June 2016).

(2) The Consideration for the Trendz Sale Shares is S$4,200,000. The Company's market capitalisation of S$89,829,500 is computed based on 135,397,244 shares in issue (excluding treasury shares) and the weighted average price of S$0.6635 per share transacted on 25 May 2017, being the market day preceding the date of execution of the SPAs.

(3) The number of equity securities, being ordinary shares, issued by the Company as consideration for the Proposed Acquisitions of the Trendz Companies is 6,296,853. The number of shares in issue as at 25 May 2017 is 135,397,244 shares (excluding treasury shares).

6.2 The Orange Companies

Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Acquisitions of the Orange Companies are set out below.

Rule	Proposed Acquisitions of the Orange Companies
Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable, as this is not a disposal of assets.
Rule 1006(b) – the net profits attributable to the assets acquired, compared with the Group's net profits	1%[(1)]
Rule 1006(c) – the aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	1%[(2)]

Rule 1006(d) – the number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue (excluding treasury shares)	1%[(3)]
Rule 1006(e) – the aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	Not applicable, as the Company is not a mineral, oil and gas company.

Notes:

(1) Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016, the net loss of the Group is approximately US$3,515,000. Based on the last unaudited financial statements of the Orange Companies, the net loss attributable to the assets acquired (i.e. 51% of total net assets of the Orange Companies) is approximately S$41,000 (equivalent to approximately US$30,000, based on the in-house exchange rate of the Company of S$1.3796 to US$1 for the month of June 2016).

(2) The Consideration for the Orange Sale Shares is S$1,080,000. The Company's market capitalisation of S$89,829,500 is computed based on 135,397,244 shares in issue (excluding treasury shares) and the weighted average price of S$0.6635 per share transacted on 25 May 2017, being the market day preceding the date of execution of the SPA.

(3) The number of equity securities, being ordinary shares, issued by the Company as consideration for the Proposed Acquisitions of the Orange Companies is 1,619,191. The number of shares in issue as at 25 May 2017 is 135,397,244 shares (excluding treasury shares).

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 2016; and

(ii) the unaudited financial statements of CDC for the 12 months ended 31 December 2016;

(iii) the unaudited financial statements of DTJP for the 12 months ended 31 December 2016;

(iv) the unaudited financial statements of TDS for the 12 months ended 31 March 2016;

(v) the unaudited financial statements of LVDC for the 12 months ended 31 March 2016;

(vi) the unaudited financial statements of DDS for the 12 months ended 30 April 2016;

(vii) the unaudited financial statements of DTPL for the 12 months ended 31 May 2016;

(viii) the unaudited financial statements of GGPL for the 12 months ended 31 May 2016;

(ix) the unaudited financial statements of WDMS for the 12 months ended 30 June 2016; and

(x) the unaudited financial statements of OODO 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 Acquisitions.

7.2 NTA per share

Assuming that the Proposed Acquisitions were completed on 30 June 2016, the *pro forma* financial effects of the Proposed Acquisitions 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)	34,250	34,936[(1)]
Number of shares	124,570,227	132,623,903[(2)]
Consolidated NTA per share attributable to the shareholders (US cents)	27.495	26.342[(2)]

Note:

(1) Based on the last unaudited financial statements of the Trendz Companies, 70% of the total net assets of the Trendz Companies is approximately S$922,000 (equivalent to approximately US$668,000, based on the in-house exchange rate of the Company of S$1.3796 to US$1 for the month of June 2016). Based on the last unaudited financial statements of the Orange Companies, 51% of the total net assets of the Orange Companies is approximately S$25,000 (equivalent to approximately US$18,000, based on the in-house exchange rate of the Company of S$1.3796 to US$1 for the month of June 2016).

(2) The number of shares issued by the Company as consideration for the Proposed Acquisitions of the Trendz Companies is 6,296,853. The number of shares issued by the Company as consideration for the Proposed Acquisitions of the Orange Companies is 1,619,191. The number of Consultant Shares to be issued is 137,632. The number of shares in issue as at 25 May 2017 is 135,397,244 shares (excluding treasury shares).

7.3 Earnings per Share ("**EPS**")

Assuming that the Proposed Acquisitions were completed on 1 July 2015, the *pro forma* financial effects of the Proposed Acquisitions 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)	(3,361)	(3,059)
Weighted average number of shares	106,939,537	114,993,212 [(1)]
Consolidated earnings/(loss) per share (US cents)	(3.143)	(2.660)[(1)]

Note:

(1) The number of shares issued by the Company as consideration for the Proposed Acquisitions of the Trendz Companies is 6,296,853. The number of shares issued by the Company as consideration for the Proposed Acquisitions of the Orange Companies is 1,619,191. The number of Consultant Shares to be issued is 137,632. The number of shares in issue as at 25 May 2017 is 135,397,244 shares (excluding treasury shares).

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 Acquisitions.

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 Acquisitions, other than through their respective shareholdings (if any) in the Company.

10. CAUTIONARY STATEMENT

Shareholders are advised that the completion of the Proposed Acquisitions is subject to the conditions precedents in the SPAs being fulfilled and there is no certainty or assurance that the Proposed Acquisitions will be completed or that no changes will be made to the terms of the SPAs. 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 Acquisitions, 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
29 May 2017