

NEW SILKROUTES GROUP LIMITED
2nd Quarter and Half Year Financial Statement and Dividend Announcement For The Period Ended 31 December 2018

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

	GROUP 2ND QUARTER ENDED			GROUP HALF YEAR ENDED		
	31/12/18 US\$'000	31/12/17 US\$'000	Change %	31/12/18 US\$'000	31/12/17 US\$'000	Change %
Revenue	130,147	185,467	-30%	299,420	334,724	-11%
Other income	87	114	-24%	140	424	-67%
Purchases of finished goods	(146,509)	(188,031)	-22%	(297,682)	(336,304)	-11%
Changes in inventories of finished goods	19,779	5,149	284%	5,544	6,001	-8%
Employee benefits expense	(2,105)	(1,562)	35%	(4,034)	(2,836)	42%
Amortisation of intangible assets	(45)	(43)	5%	(91)	(82)	11%
Depreciation of plant and equipment	(147)	(38)	287%	(247)	(64)	286%
Net fair value gain on derivative financial instruments	589	399	48%	340	292	16%
Other operating expenses	(984)	(920)	7%	(2,386)	(1,889)	26%
Finance costs	(623)	(406)	53%	(1,245)	(608)	105%
Share of results of associates, net of tax	-	-	NM	-	(61)	NM
Profit/(Loss) before taxation	189	129	47%	(241)	(403)	-40%
Taxation	(167)	6	NM	(215)	13	NM
Profit/(Loss) for the period	22	135	-84%	(456)	(390)	17%
Other comprehensive (loss)/income after tax:						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	(3)	6	NM	(118)	52	NM
Total comprehensive income/(loss) for the period	19	141	-87%	(574)	(338)	70%
(Loss)/Profit attributable to:						
Owners of the company	(229)	87	NM	(807)	(464)	74%
Non-controlling interests	251	48	423%	351	74	374%
	22	135	-84%	(456)	(390)	17%
Total comprehensive (loss)/income attributable to:						
Owners of the company	(228)	82	NM	(887)	(439)	102%
Non-controlling interests	247	59	319%	313	101	210%
	19	141	-87%	(574)	(338)	70%
Notes (The expenses below are included in "Other operating expenses" above):						
Foreign exchange (loss)/gain	(18)	28	NM	(119)	4	NM
Allowance for impairment of trade and other receivables	-	-	NM	-	(28)	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	
	31/12/2018	30/06/2018	01/07/2017	31/12/2018	30/06/2018
	US\$'000	(Restated) US\$'000	(Restated) US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Plant and equipment	8,160	962	421	2	5
Intangible assets and goodwill	14,286	6,429	4,791	-	-
Subsidiaries	-	-	-	35,665	31,993
Associates	-	-	402	-	-
Available-for-sale investments	21,673	21,673	14,090	-	-
Deferred tax assets	48	37	-	-	-
Long-term receivables	1,900	1,900	-	1,900	1,900
Total non-current assets	46,067	31,001	19,704	37,567	33,898
Current assets					
Inventories	20,147	14,309	5,267	-	-
Trade and other receivables	30,501	24,181	26,517	6,854	5,629
Prepayments	532	2,773	5,475	11	19
Derivative financial instruments	-	-	136	-	-
Cash and bank balances	17,745	32,883	30,870	1,052	5,987
Total current assets	68,925	74,146	68,265	7,917	11,635
Total assets	114,992	105,147	87,969	45,484	45,533
EQUITY AND LIABILITIES					
Equity					
Share capital	79,961	78,076	71,179	79,961	78,076
Treasury shares	(863)	(863)	(510)	(863)	(863)
Other reserves	(321)	(241)	734	711	711
Accumulated losses	(36,296)	(35,379)	(32,255)	(38,545)	(37,329)
	42,481	41,593	39,148	41,264	40,595
Non-controlling interests	1,420	784	384	-	-
Total equity	43,901	42,377	39,532	41,264	40,595
Non-current liabilities					
Deferred tax liabilities	389	386	413	-	-
Borrowings	7,811	3,872	201	3,737	3,737
Total non-current liabilities	8,200	4,258	614	3,737	3,737
Current liabilities					
Trade and other payables	50,718	43,016	38,330	482	1,199
Borrowings	11,921	14,542	9,452	1	2
Income tax payable	244	72	41	-	-
Derivative financial instruments	8	882	-	-	-
Total current liabilities	62,891	58,512	47,823	483	1,201
Total liabilities	71,091	62,770	48,437	4,220	4,938
Total equity and liabilities	114,992	105,147	87,969	45,484	45,533

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 December 2018		As at 30 June 2018	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Borrowings	11,921	-	14,542	-

Amount repayable after one year

	As at 31 December 2018		As at 30 June 2018	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Borrowings	4,074	3,737	135	3,737

Details of any collateral

The Group's secured borrowings are secured by, inter alia,

(a) security over plant and equipment;

(b) floating charge over inventory;

(c) pledge(s) over fixed deposits;

(d) corporate guarantees; and

(e) personal guarantee(s) from a director of the Company and/or directors of subsidiaries.

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	
	6 MONTHS ENDED	
	31/12/2018	31/12/2017
	US\$'000	US\$'000
OPERATING ACTIVITIES		
Loss before taxation	(241)	(403)
Adjustments for:-		
Amortisation of intangible assets	91	82
Depreciation of plant and equipment	247	64
Gain on disposal of associate	-	(301)
Finance costs	1,245	608
Finance income	(12)	(3)
Impairment losses on trade and other receivables	-	28
Loss on deregistration of a subsidiary	150	-
Negative goodwill recognised as income	(21)	-
Net fair value gain on derivative financial instruments	(340)	(292)
Unrealised foreign exchange differences	23	(35)
Plant and equipment written off	14	-
Share of results of associates	-	61
Operating profit/(loss) before working capital changes	1,156	(191)
Increase / decrease in:		
Inventories	(5,544)	(6,001)
Trade and other receivables	(13,511)	(14,011)
Prepayments	2,249	460
Trade and other payables	7,105	16,634
Cash used in operations	(8,545)	(3,109)
Income tax paid	(144)	(24)
Net cash flows used in operating activities	(8,689)	(3,133)
INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired (Note A & B)	(8,288)	178
Acquisition of plant and equipment	(124)	(15)
Interest received	12	3
Proceeds from disposal of associate	-	427
Net cash flows (used in)/from investing activities	(8,400)	593
FINANCING ACTIVITIES		
Cash restricted in use	9,445	(8,167)
Dividends paid	(110)	-
Interest paid	(1,168)	(584)
Pledged fixed deposits	(338)	-
Proceeds from issuance of shares pursuant to exercise of warrants	-	2
Proceeds from placement of shares	1,885	994
Proceeds from short-term loans	14,858	42,011
Proceeds from disposal of treasury shares	-	318
Purchase of treasury shares	-	(2)
Repayment of finance lease payables	(5)	(1)
Repayment of short-term loans	(13,339)	(37,014)
Net cash flows from/(used in) financing activities	11,228	(2,443)
Net decrease in cash and cash equivalents	(5,861)	(4,983)
Cash and cash equivalents at beginning of the period	11,973	6,581
Effect of exchange rate differences in cash and cash equivalents	(24)	7
Cash and cash equivalents at end of financial period	6,088	1,605
Cash and cash equivalents comprise the following:		
Cash and bank balances	17,745	34,048
Less: Bank overdrafts	(138)	(363)
Less: Fixed deposits pledged	(454)	(120)
Less: Restricted cash	(11,065)	(31,960)
Cash and cash equivalents at end of financial period	6,088	1,605

Note A

On 2 August 2018, the Company and its subsidiary HSI Medical Pte. Ltd. (formerly known as HSI Nominees B Pte. Ltd.), completed the acquisitions of between 51% and 60% of the total issued and paid-up share capital of various healthcare companies, namely Lily Aw Medical Services Pte Ltd, HL Family Clinic & Surgery (Bedok) Pte. Ltd., HL Dermahealth Aesthetic Clinic Pte. Ltd., HL Clinic Pte Ltd, HK Family Clinic & Surgery Pte. Ltd. and Dr Chua's Family Clinic Pte. Ltd., which are engaged in the business of provision of family medicine and aesthetic healthcare services through general practitioner and aesthetic clinics, for an aggregate consideration of S\$11,352,000 (US\$8,335,774).

	31 December 2018 At fair value US\$'000
ASSETS	
Plant and equipment	247
Inventories	294
Trade and other receivables	135
Prepayments	8
Cash and cash equivalents	48
Total assets	<u>732</u>
LIABILITIES	
Deferred tax liabilities	16
Trade and other payables	225
Income tax payables	77
Total liabilities	<u>318</u>
Total identifiable net assets	414
Less: Non-controlling interests	<u>(173)</u>
Total identifiable net assets attributable to the Group	241
Add: Goodwill arising from acquisition	<u>8,095</u>
Total consideration	8,336
Consideration paid by cash	8,336
Less: Cash and cash equivalents of subsidiaries acquired	<u>(48)</u>
Cash outflow on acquisition per consolidated statement of cash flows	<u>8,288</u>

Note B

On 10 October 2017, the Company and its subsidiary HSI Dental Pte. Ltd. (formerly known as HSI Nominees A Pte. Ltd.), entered into a share sale and purchase agreement with Dr Toh Teck Kiong, Ainsley and Dr Foong Siew Hong, to acquire an aggregate of 70% of the shares in each of 84 INC Pte. Ltd., The Dental Hub@SG Pte. Ltd., and NDC Consulting Pte. Ltd.

Completion took place on 30 October 2017.

The aggregate consideration for the sale and purchase of the Sale Shares was S\$2,827,841 (US\$2,081,856) in shares, based on 7,159,090 shares at the Company's closing share price of S\$0.395 on 30 October 2017.

	31 December 2017 At fair value US\$'000
ASSETS	
Plant and equipment	418
Intangible assets	89
Trade and other receivables	145
Cash and cash equivalents	178
Total assets	<u>830</u>
LIABILITIES	
Borrowings	106
Trade and other payables	46
Income tax payables	15
Total liabilities	<u>167</u>
Total identifiable net assets	663
Less: Non-controlling interests	<u>(199)</u>
Total identifiable net assets attributable to the Group	464
Add: Goodwill arising from acquisition	<u>1,618</u>
Total consideration	2,082
Consideration paid by issuance of shares	(2,082)
Less: Cash and cash equivalents of subsidiaries acquired	<u>(178)</u>
Cash inflow on acquisition per consolidated statement of cash flows	<u>(178)</u>

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	Treasury shares	Warrant reserve	Capital reserve	Fair value reserve	Translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
GROUP										
Balance as at 1 July 2018										
- As previously reported	78,076	(863)	666	45	(987)	508	(35,852)	41,593	784	42,377
- Effect of adoption SFRS(I)	-	-	-	-	-	(473)	473	-	-	-
As restated	78,076	(863)	666	45	(987)	35	(35,379)	41,593	784	42,377
(Loss)/Profit for the period	-	-	-	-	-	-	(807)	(807)	351	(456)
Other comprehensive income										
- Foreign currency translation	-	-	-	-	-	(80)	-	(80)	(38)	(118)
Total comprehensive (loss)/income for the period	-	-	-	-	-	(80)	(807)	(887)	313	(574)
Contributions by and distributions to owners										
- Issue of shares	1,885	-	-	-	-	-	-	1,885	-	1,885
- Deregistration of a subsidiary	-	-	-	-	-	-	-	-	150	150
- Dividends	-	-	-	-	-	-	(110)	(110)	-	(110)
Changes in ownership interests in subsidiaries										
- Acquisition of subsidiaries	-	-	-	-	-	-	-	-	173	173
Transactions with owners in their capacity as owners	1,885	-	-	-	-	-	(110)	1,775	323	2,098
Balance as at 31 December 2018	79,961	(863)	666	45	(987)	(45)	(36,296)	42,481	1,420	43,901
Balance as at 1 July 2017										
- As previously reported	71,179	(510)	666	68	-	473	(32,728)	39,148	384	39,532
- Effect of adoption SFRS(I)	-	-	-	-	-	(473)	473	-	-	-
As restated	71,179	(510)	666	68	-	-	(32,255)	39,148	384	39,532
(Loss)/Profit for the period	-	-	-	-	-	-	(464)	(464)	74	(390)
Other comprehensive income										
- Foreign currency translation	-	-	-	-	-	25	-	25	27	52
Total comprehensive income/(loss) for the period	-	-	-	-	-	25	(464)	(439)	101	(338)
Contributions by and distributions to owners										
- Issue of shares	994	-	-	-	-	-	-	994	-	994
- Exercise of warrants	2	-	-	-	-	-	-	2	-	2
- Purchase of treasury shares	-	(2)	-	-	-	-	-	(2)	-	(2)
- Disposal of treasury shares	-	341	-	(23)	-	-	-	318	-	318
Changes in ownership interests in subsidiaries										
- Acquisition of subsidiaries through shares	2,082	-	-	-	-	-	-	2,082	199	2,281
Transactions with owners in their capacity as owners	3,078	339	-	(23)	-	-	-	3,394	199	3,593
Balance as at 31 December 2017	74,257	(171)	666	45	-	25	(32,719)	42,103	684	42,787

	Share capital US\$'000	Treasury shares US\$'000	Warrant reserve US\$'000	Capital reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
COMPANY						
Balance as at 1 July 2018	78,076	(863)	666	45	(37,329)	40,595
Issue of shares	1,885	-	-	-	-	1,885
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(1,216)	(1,216)
Balance as at 31 December 2018	79,961	(863)	666	45	(38,545)	41,264
Balance as at 1 July 2017	71,179	(510)	666	68	(31,979)	39,424
Issue of shares	994	-	-	-	-	994
Exercise of warrants	2	-	-	-	-	2
Purchase of treasury shares	-	(2)	-	-	-	(2)
Disposal of treasury shares	-	341	-	(23)	-	318
Acquisition of subsidiaries through shares	2,082	-	-	-	-	2,082
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(1,853)	(1,853)
Balance as at 31 December 2017	74,257	(171)	666	45	(33,832)	40,965

- 1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

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:

	31/12/2018	31/12/2017
Warrants		
Total number of shares that may be issued on conversion of the Company's outstanding warrants	15,301,568	15,301,568
Convertible loan note		
Total number of shares that may be issued on conversion of the Company's convertible loan note ⁽¹⁾	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\$3,736,500). The convertible loan is convertible into 11,111,111 ordinary shares, at a reset floor price of S\$0.45 per share.

As at 31 December 2018, the Company held 3,444,200 (31 December 2017: 498,700) of its issued shares as treasury shares.

- 1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the 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 172,798,495 (30 June 2018: 164,198,495).

- 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 2018 and 31 December 2018	3,444,200	863

- 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 qualifications or emphasis of a matter).**

Not applicable.

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

Except as disclosed under item 5 below, 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 2018.

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 Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised SFRS(I)s and interpretation of SFRS(I) which are effective for annual financial periods beginning on or after 1 July 2018 and are relevant to the Group. On transition to SFRS(I), the Group has elected the option to reset its translation reserve to zero at the date of transition on 1 July 2017. As a result, the Group has reclassified an amount of US\$473,029 from translation reserve to accumulated losses as at 1 July 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation differences that arose before the date of transition.

Except as stated above, the Group expects the adoption of SFRS(I), new and revised SFRS(I)s and interpretation of SFRS(I) that are relevant to the Group to have no 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.

Loss per ordinary share for the period based on net loss	HALF YEAR ENDED	
	31/12/2018	31/12/2017
	US\$	US\$
(i) Basic	(0.479) cents	(0.311) cents
(ii) Diluted	(0.479) cents	(0.311) cents

The basic and diluted earnings per ordinary share for the financial period ended 31 December 2018 was calculated based on the weighted average number of issued shares 168,638,712. For comparison, earnings per share for the corresponding period was computed based on the weighted average number of shares of 149,015,945.

At the end of the reporting period, the outstanding warrants and the potential ordinary shares to be converted under the convertible loan note were excluded from the calculation of the diluted weighted average number of ordinary shares in issue as their effect would have been anti-dilutive.

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	
	31/12/2018	30/06/2018	31/12/2018	30/06/2018
	US\$	US\$	US\$	US\$
Net asset value per ordinary share based on the issued share capital at the end of the period	24.584 cents	25.330 cents	23.880 cents	24.723 cents

Net asset value per ordinary share as at 31 December 2018 and 30 June 2018 was calculated based on the number of shares in issue excluding treasury shares of 172,798,495 and 164,198,495 respectively.

- 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

The Group registered a total revenue of US\$130.15m in second quarter ended 31 December 2018 ("2Q19") which was 30% lower than US\$185.47m in second quarter ended 31 December 2017 ("2Q18"). This is mainly due to the decrease in value of the oil trades.

Employee benefits expense increased to US\$2.11m in 2Q19 as compared to US\$1.56m in 2Q18 mainly due to the employee benefits expense of the 6 newly acquired medical companies on 2 August 2018.

Depreciation of plant and equipment increased to US\$0.15m in 2Q19 as compared to US\$0.04m in 2Q18 due to the depreciation of equipment of the newly acquired medical companies.

Finance costs increased to US\$0.62m in 2Q19 as compared to US\$0.41m in 2Q18, arising mainly from term loan and convertible loan established to finance the expansion of the healthcare business.

Financial Position Review

Plant and equipment increased to US\$8.16m as at 31 December 2018 as compared to US\$0.96m as at 30 June 2018. The increase was mainly due to the vessel owned by the newly acquired subsidiary TXZ Tankers Pte. Ltd. on 23 November 2018.

Intangible assets and goodwill increased to US\$14.29m as at 31 December 2018 as compared to US\$6.43m as at 30 June 2018. The increase was mainly due to the goodwill arising from the acquisition of the 6 medical companies on 2 August 2018.

As at 31 December 2018, the increase/decrease of the following items is primarily due to the oil trading activities:

- i. Inventories increased to US\$20.15m as compared to US\$14.31m.
- ii. Trade and other receivables increased to US\$30.50m as compared to US\$24.18m.
- iii. Derivative financial instruments (for oil price hedging purposes) decreased to US\$0.008m as compared to US\$0.88m.
- iv. Prepayments decreased to US\$0.53m as compared to US\$2.77m.
- v. Trade and other payables increased to US\$50.72m as compared to US\$43.02m.

Total borrowings increased to US\$19.73m as compared to US\$18.41m, mainly due to the US\$4.94m term loan secured by HSI Medical Pte. Ltd. to finance its acquisition of the 6 medical companies on 2 August 2018, which was offset by the decrease of US\$3.44m in short term loan used to finance the oil trades.

Cash Flow Statement Review

The movement in the net cash flows used in operating activities was mainly due to the oil trading activities.

The net cash of US\$11.23m from financing activities in the current period mainly resulted from:

- i. Reduction of US\$9.45m in restricted cash held in designated bank accounts which is earmarked for letters of credit issued.
- ii. Proceeds of US\$1.89m from the issuance of shares.

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

The results reported herein are in line with the announcements previously made.

- 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.**

The Company's healthcare division, Healthsciences International, has started to contribute positively to the consolidated bottomline of the Company, largely from its outpatient GP clinics. The outpatient business is expected to remain strong for the rest of the financial year and in line with the proforma earnings of \$2.4M (including minority interests) declared at the point of acquisition.

The Company also completed its 100% acquisition of Shanghai Fengwei, a manufacturer of healthcare-related consumable linen and will be consolidating the revenues and earnings from this wholly-owned subsidiary in Q3. The contribution from Shanghai Fengwei is expected to further improve the net earnings for the Company.

International Energy Group, the energy division of NSG, maintained its sales volumes amid market turmoil that resulted in a sharp and fast drop in oil prices, and consequently, an overall drop in Q2 revenue contribution from oil trades. To mitigate the increased market and credit risk environment, our energy division had chosen to transact mostly with oil majors in Q2 and will continue to do so in the foreseeable future. Meanwhile, the Company is continuing to seek strategic investors for International Energy Group. If successful, the Company is then likely to be transformed into a healthcare-focused company.

Utilisation of placement and convertible loan proceeds

Total placement proceeds of US\$1.885m on 28 September 2018 were utilised for the following purposes:

	As at 13 February 2019 US\$'000
Placement proceeds	1,885
Less: Placement costs	(31)
Net proceeds	<u>1,854</u>
Less utilised:	
Investment through acquisitions	(1,483)
Working capital (professional fees, staff salaries and related expenses)	<u>(371)</u>
	<u><u>-</u></u>

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) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the period ended 31 December 2018 due to the accumulated losses of the Group.

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 assurance confirmation on the interim financial results under 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 second quarter financial results of the Group and the Company (comprising the statement of financial position, consolidated income statement, statement of changes in equity and the consolidated cash flow statement, if any) as of 31 December 2018 to be false or misleading in any material respect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) 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

Dr Goh Jin Hian
Executive Director and Chief Executive Officer
13 February 2019