NEW SILKROUTES GROUP LIMITED

(Registration No. 199400571K)
(Incorporated in Singapore)

THE PROPOSED ACQUISITION OF 51% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF HEALTHSCIENCES INTERNATIONAL PTE. LTD.

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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 had on 15 September 2016 entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with the existing shareholders (collectively, the "**Vendors**" and each a "**Vendor**") of Healthsciences International Pte. Ltd. ("**HSI**") to acquire 510,000 ordinary shares in the capital of HSI (the "**Sale Shares**"), comprising 51% of the issued and paid-up share capital of HSI, for an aggregate consideration of S$2,167,500 (the "**Proposed Acquisition**").

2. INFORMATION ON THE TARGET GROUP

2.1 HSI is a private company limited by shares incorporated in Singapore and has at the date of this announcement, an issued and paid-up share capital of S$1,719,725 comprising 1,000,000 ordinary shares. HSI owns the entire issued and paid-up share capital of each of Silk Systems Pte. Ltd. ("**SSPL**") and Liangyue (Shanghai) Business Consulting Co., Ltd ("**Liangyue**"). HSI and its subsidiaries shall hereinafter be collectively referred to as the "**Target Group**".

2.2 HSI was incorporated in 1994 and has been established since 1998 as a complementary integrative healthcare ("**CIH**") clinic in Singapore. HSI has since expanded its services to assisting companies with better systems infrastructure within the health industries, and a consulting arm to advise healthcare companies on their workflow, policies, and systems leading to better deliverables and performances. HSI's clinics offer acupuncture, acupressure and traditional Chinese medicine specialists' consultation with a focus on immunology and oncology, geriatrics, pain management, and women's health. It was one of the early pioneers of dispensing of traditional herbs in powder or granule form in sachets produced by state-of-the-art machines. While its clinics do prescribe for general wellness, their focus and strength is in the treatment of specialised conditions such as cancer, arthritis, osteoporosis, post-stroke management, sports injuries such as golf trigger finger and tennis elbow, and menopausal syndrome or menstrual regulation. HSI's operating methodology also sets it apart from other CIH organisations, as its operations are fully computerised end-to-end. Everything from the amount of stock in an outlet to its complete patients' healthcare records (PHR) and electronic medical records (EMR) are stored in its leading-edge proprietary clinic management system.

HSI also runs one of Asia's largest employee / healthcare benefits program with an association to the top private specialists practices and surgeons from hospitals in the region accredited by the Joint Commission International. HSI currently serve thousands of patients from as near as Malaysia, Indonesia, and Vietnam to as far as the United States of America, the United Arab Emirates, and Russia. It is frequently cited in the media as being on the panel of the major five-star hotels and is the service provider of choice for foreign dignitaries and celebrities, with its corporate clientele including familiar names on the Fortune 100 companies.

2.3 Based on the audited financial statements of HSI for the financial period from 1 January 2016 to 31 May 2016, the net tangible liability ("**NTL**") of HSI as at 31 May 2016 is S$381,994. The Company understands from the Vendors that the NTL of HSI was mainly due to non-recognition of intangible assets (which would have resulted in a revaluation

gain) and previous net losses due to HSI having been in investment mode, for the period then ended. Given this and after a review of HSI's operating activities and existing financial resources, the Company is optimistic about the prospects of HSI's earnings recovery on the basis that: the Company expects the investments made by HSI will bear fruit; and the new management contains execution skills previously denied to HSI.

2.4 SSPL was recently incorporated on 25 May 2016. SSPL is principally engaged in the businesses of healthcare consultancy and computer system integration services. As at the date hereof, SSPL has an issued and paid-up share capital of S$10,000 divided into 10,000 ordinary shares.

2.5 Liangyue was incorporated in the People's Republic of China on 10 April 2012. Liangyue is principally engaged in business, management and investment consultancy. As at the date hereof, Liangyue has an issued and paid-up share capital of RMB 380,390.23 (S$75,964).

2.6 Based on the valuation performed on the Target Group by the independent valuer Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the Target Group is valued at S$8.5 million and had a book value of S$2.1 million as at 31 May 2016.

2.7 The number of Sale Shares and remaining shares in HSI following the completion of the Proposed Acquisition held by each Vendor is as follows:

Name	**Number of Sale Shares**	**Balance number of shares held in HSI after completion of the Proposed Acquisition**
Gaw Mi Ching Jeannie	91,684	88,090
Chen Chou Mei Mei Vivien	91,684	88,090
Linda Soetanto	1	0
Ang Liang Kim	63,737	61,236
Lee Soek Shen	108,713	104,449
Tan Yong Kuan Adrian	10,430	10,022
Dr Goh Jin Hian	85,809	82,444
Evelyn Gunawan	57,942	55,669
	510,000	**490,000**

2.8 Ms Chen Chou Mei Mei Vivien, Mr Lee Soek Shen and Dr Goh Jin Hian, each being a Vendor, are Directors of the Company. Accordingly, the Proposed Acquisition constitutes an interested person transaction under Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**").

3. RATIONALE OF THE PROPOSED ACQUISITION

The acquisition of the Target Group is in line with the Group's business strategy to diversify into other sectors, including but not limited to the healthcare industry, which the Board believes has the potential for growth to the benefit of the Company and its shareholders. To this end, the Proposed Acquisition represents an important strategic step for the Group. HSI has operated as a CIH clinic in Singapore since 1998 and has, since then, expanded its services and established a consulting arm to advise healthcare companies on their workflow, policies, and systems. SSPL currently provides management consultancy services for healthcare organisations and is also involved in computer systems integration activities. The Board is of the view that the acquisition of the Target Group 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 ACQUISITION

4.1 Introduction

Pursuant to the terms of the Sale and Purchase Agreement, the Company shall acquire 51% of the issued and paid up share capital in HSI from the Vendors, free and clear from any encumbrances and claims, and together with all rights, benefits, and entitlements attaching thereto.

4.2 Consideration

4.2.1 The consideration for the sale and purchase of each Sale Share shall be Singapore Dollars Four and Cents Twenty-Five (S$4.25) and the aggregate consideration for the sale and purchase of the Sale Shares shall accordingly be Singapore Dollars Two Million and One Hundred and Sixty-Seven Thousand and Five Hundred (S$2,167,500.00) (the "**Consideration**"), to be allocated among the Vendors as follows:

Vendor	**Consideration amount (S$)**
Gaw Mi Ching Jeannie	389,657.00
Chen Chou Mei Mei Vivien	389,657.00
Linda Soetanto	4.25
Ang Liang Kim	270,882.25
Lee Soek Shen	462,030.25
Tan Yong Kuan Adrian	44,327.50
Dr Goh Jin Hian	364,688.25
Evelyn Gunawan	246,253.50
	2,167,500.00

4.2.2 The Consideration shall be satisfied wholly by payment in cash in Singapore Dollars by the Company to the Vendors on completion. The Company intends to fund the Proposed Acquisition by internal resources and/or bank borrowings. The Directors will determine the optimal mix of internal funding and external funding, taking into account the cash flow of the Group and prevailing funding costs. In addition, the Company may consider tapping on the capital market including but not limited to rights issues, share placements and/or issuance of debt instruments as and when necessary and deemed appropriate.

4.2.3 The Consideration for the Sale Shares was arrived at after arm's length negotiations between the Company and the Vendors and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the valuation of HSI, the rationale for the Proposed Acquisition, and the operational needs and financial condition of the Company and the Group.

4.3 Conditions Precedent

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

(i) the resolution of the Board of Directors of the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the Sale and Purchase Agreement;

(ii) 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 Sale and Purchase Agreement;

(iii) the resolution of the board of directors of HSI having been obtained for the completion of the transactions contemplated to be entered into in the Sale and Purchase Agreement;

(iv) all necessary consents, approvals and waivers of the relevant authorities having jurisdiction over the transactions contemplated in the Sale and Purchase Agreement (whether in Singapore or elsewhere), financial institutions or other third parties having been obtained by the Company 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; and

(v) the Vendors and the Company not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Sale and Purchase Agreement, 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.

5. CHAPTER 9 OF THE LISTING MANUAL

5.1 Under Chapter 9 of the Listing Manual, an "**entity at risk**" means a listed company or any of its subsidiaries or associated companies and an "**interested person**" means a director, chief executive officer or controlling shareholder of a listed company, or an associate of such director, chief executive officer or controlling shareholder. An "**interested person transaction**" means a transaction between an entity at risk and an interested person.

5.2 Dr Goh Jin Hian is an executive director and the chief executive officer of the Company. Mr Lee Soek Shen is an executive director of the Company. Ms Chen Chou Mei Mei Vivien is an independent and non-executive director of the Company. Accordingly, each of Dr Goh Jin Hian, Mr Lee Soek Shen and Ms Chen Chou Mei Mei Vivien is an interested person. As they are each a Vendor, the Proposed Acquisition constitutes an interested person transaction under Chapter 9 of the Listing Manual.

5.3 Based on the audited financial statements for the Group for the financial year ended 30 June 2015, the audited net tangible assets ("**NTA**") of the Group was approximately S$46,688,729. The value of the Consideration for the Sale Shares is S$2,167,500, which is equivalent to approximately 4.6% of the audited NTA of the Group as at 30 June 2015.

5.4 As the value of the Proposed Acquisition exceeds the relevant threshold of 3% of the Company's latest audited NTA, pursuant to Rule 905(1) and Rule 917 of the Listing Manual, the Company wishes to provide details of the Proposed Acquisition as an interested person transaction in the financial year ending 30 June 2017 ("**FY2017**") as follows:

	Before the Proposed Acquisition		**After Completion of the Proposed Acquisition**	
	Amount	**Percentage of audited NTA of the Group**	**Amount**	**Percentage of audited NTA of the Group**
Total value for FY2017 of all transactions of the Company with the following interested persons:	Nil	Nil	S$1,216,375.50	2.61%

Dr Goh Jin Hian Mr Lee Soek Shen Chen Chou Mei Mei Vivien				
Total value for FY2017 of all interested persons transactions (excluding transactions below S$100,000) of the Company	Nil	Nil	S$1,216,375.50	2.61%

6. CHAPTER 10 OF THE LISTING MANUAL

6.1 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 Acquisition are set out below.

Rule	**Proposed Acquisition**
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	6%(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	3%(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	Not applicable as the Consideration will be wholly satisfied by payment in cash.
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 unaudited consolidated financial statements of the Company for the financial year ended 30 June 2016, the net loss of the Group is approximately US$3,516,000. Based on the audited consolidated financial statements of HSI for the period ended 31 December 2015, the net loss attributable to the assets acquired (i.e. 51% of total net assets of the Target Group) is approximately S$291,372.

(2) The Consideration for the Sale Shares is S$2,167,500. The Company's market capitalisation of S$70,883,619 is computed based on 124,357,227 shares in issue and the closing price of S$0.57 per share transacted on 14 September 2016, being the market day preceding the signing of the Sale and Purchase Agreement.

6.2 Discloseable Transaction

As the relative figure computed on the bases set out in Rule 1006(b) exceeds 5% but does not exceed 20%, the Proposed Acquisition constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual.

7. FINANCIAL EFFECTS

7.1 Bases and Assumptions

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

(i) the unaudited consolidated financial statements of the Company and the Group for the financial year ended 30 June 2016; and

(ii) the audited consolidated financial statements of HSI for the financial period ended 31 December 2015.

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 Acquisition was completed on 30 June 2016, the *pro forma* financial effects of the Proposed Acquisition on the consolidated NTA of the Group are as follows:

	Before the Proposed Acquisition	**After completion of the Proposed Acquisition**
Consolidated NTA attributable to the shareholders (US$'000)	34,250	32,527
Number of shares	124,570,227	124,570,227
Consolidated NTA per share attributable to the shareholders (US cents)	27.495	26.111

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

Assuming that the Proposed Acquisition was completed on 1 July 2015, the financial effects of the Proposed Acquisition on the EPS of the Group are as follows:

	Before the Proposed Acquisition	After completion of the Proposed Acquisition
Consolidated profit/(loss) after taxation and minority interests (US$'000)	(3,362)	(3,568)
Weighted average number of shares	106,939,537	106,939,537
Consolidated earnings/(loss) per share (US cents)	(3.144)	(3.337)

8. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee (save for Ms Chen Chou Mei Mei Vivien who is interested in the Proposed Acquisition) has reviewed the terms of the Proposed Acquisition, and is of the unanimous opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

9. 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.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this announcement in relation to Ms Chen Chou Mei Mei Vivien, Mr Lee Soek Shen and Dr Goh Jin Hian, 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.

Each of Ms Chen Chou Mei Mei Vivien, Mr Lee Soek Shen and Dr Goh Jin Hian has abstained from voting on the Proposed Acquisition due to their interest in the same.

11. CAUTIONARY STATEMENT

Shareholders are advised that the completion of the Proposed Acquisition is subject to the conditions precedents in the Sale and Purchase Agreement 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 Sale and Purchase Agreement. 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.

12. 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 any information has been extracted from published or publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement in its proper form and context.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Sale and Purchase Agreement will be available for inspection during normal business hours at the Company's registered office at 21 Serangoon North Avenue 5, Ban Teck Han Building #05-02, Singapore 554864 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lim Koon Hock
Joint Company Secretary
15 September 2016