

NEW SILKROUTES GROUP LIMITED
Financial Statement and Dividend Announcement For The Year Ended 30 June 2020

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 4TH QUARTER ENDED			GROUP FULL YEAR ENDED		
	30/06/20 US\$'000	30/06/19 US\$'000	Change %	30/06/20 US\$'000	30/06/19 US\$'000	Change %
Revenue	56,885	155,826	-63%	374,968	605,021	-38%
Other income	1,690	93	1717%	3,130	814	285%
Purchases of finished goods	(43,778)	(151,562)	-71%	(350,090)	(574,875)	-39%
Changes in inventories of finished goods	(1,936)	147	NM	231	(14,362)	NM
Employee benefits expense	(2,025)	(2,663)	-24%	(9,549)	(9,209)	4%
Amortisation of intangible assets	(68)	(62)	10%	(274)	(228)	20%
Depreciation of property, plant and equipment	(519)	(238)	118%	(812)	(750)	8%
Depreciation of right-of-use assets	(283)	-	NM	(1,347)	-	NM
Net fair value gain/(loss) on derivative financial instruments	51	821	-94%	(233)	1,286	NM
Other operating expenses	(11,315)	(1,048)	980%	(13,710)	(4,524)	203%
Finance costs	(949)	(771)	23%	(3,029)	(2,816)	8%
Share of results of associate, net of tax	(7)	-	NM	(7)	-	NM
(Loss)/Profit before taxation	(2,254)	543	NM	(722)	357	NM
Taxation	(83)	(4)	1975%	(421)	(250)	68%
(Loss)/Profit for the period/year	(2,337)	539	NM	(1,143)	107	NM
Other comprehensive loss after tax:						
Item that will not be reclassified subsequently to profit or loss						
Fair value loss on equity investments at fair value through other comprehensive income	(2,545)	(1,937)	31%	(2,545)	(1,937)	31%
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	(214)	(342)	-37%	(406)	(232)	75%
Other comprehensive loss for the period/year, net of tax	(2,759)	(2,279)	21%	(2,951)	(2,169)	36%
Total comprehensive loss for the period/year	(5,096)	(1,740)	193%	(4,094)	(2,062)	99%
(Loss)/Profit attributable to:						
Owners of the company	(2,283)	227	NM	(1,948)	(684)	185%
Non-controlling interests	(54)	312	NM	805	791	2%
	(2,337)	539	NM	(1,143)	107	NM
Total comprehensive (loss)/income attributable to:						
Owners of the company	(5,013)	(1,998)	151%	(4,845)	(2,804)	73%
Non-controlling interests	(83)	258	NM	751	742	1%
	(5,096)	(1,740)	193%	(4,094)	(2,062)	99%
Notes (The expenses below are included in "Other operating expenses" above):						
Foreign exchange (loss)/gain	(3)	57	NM	32	(110)	NM
(Allowance for)/Reversal of impairment losses on trade and other receivables	(1,544)	25	NM	(1,570)	25	NM
Impairment on intangible assets	(1,004)	-	NM	(1,004)	-	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	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,739	9,964	7	1
Right-of-use assets	3,010	-	-	-
Intangible assets	18,524	20,098	-	-
Subsidiaries	-	-	46,436	46,436
Associate	-	-	-	-
Financial asset at fair value through other comprehensive income	17,192	19,737	-	-
Long-term receivables	3,565	3,414	-	900
Deferred tax assets	183	199	-	-
Total non-current assets	51,213	53,412	46,443	47,337
Current assets				
Inventories	1,913	1,655	-	-
Trade and other receivables	20,949	30,370	3,687	6,205
Contract assets	3,933	18,288	-	-
Prepayments	858	827	15	17
Derivative financial instruments	1,495	-	-	-
Cash and bank balances	19,323	17,905	432	215
Fixed deposits	391	451	-	-
Total current assets	48,862	69,496	4,134	6,437
Total assets	100,075	122,908	50,577	53,774
EQUITY AND LIABILITIES				
Equity				
Share capital	88,183	88,183	88,183	88,183
Treasury shares	(863)	(863)	(863)	(863)
Other reserves	(9,518)	(6,623)	45	45
Accumulated losses	(38,780)	(36,864)	(42,016)	(39,310)
	39,022	43,833	45,349	48,055
Non-controlling interests	1,099	1,338	-	-
Total equity	40,121	45,171	45,349	48,055
Non-current liabilities				
Borrowings	15,113	97	-	-
Lease liabilities	348	-	-	-
Deferred tax liabilities	387	668	-	-
Other payables	3,596	5,046	-	1,450
Total non-current liabilities	19,444	5,811	-	1,450
Current liabilities				
Trade and other payables	26,026	44,795	5,228	643
Contract liabilities	157	155	-	-
Borrowings	12,509	26,516	-	3,626
Lease liabilities	728	-	-	-
Derivative financial instruments	350	5	-	-
Current tax payable	740	455	-	-
Total current liabilities	40,510	71,926	5,228	4,269
Total liabilities	59,954	77,737	5,228	5,719
Total equity and liabilities	100,075	122,908	50,577	53,774

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 30 June 2020		As at 30 June 2019	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Borrowings	12,509	-	22,890	3,626

Amount repayable after one year

	As at 30 June 2020		As at 30 June 2019	
	Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
Borrowings	15,113	-	97	-

Details of any collateral

The Group's borrowings are secured by,

- (a) floating charge over certain inventories;
- (b) pledge(s) over fixed deposits of US\$0.391m;
- (c) corporate guarantee from the Company and related parties;
- (d) personal guarantee(s) from directors 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
- (g) charges over shares of certain subsidiaries of the Company.

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	
	FULL YEAR ENDED	
	30/06/2020	30/06/2019
	US\$'000	US\$'000
OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(722)	357
Adjustments for:-		
Amortisation of intangible assets	274	228
Depreciation of property, plant and equipment	1,300	818
Depreciation of right-of-use assets	1,347	-
Finance costs	3,029	2,816
Finance income	(64)	(240)
Allowance for/(Reversal of) impairment losses on trade and other receivables	1,570	(25)
Impairment on intangible assets	1,004	-
Loss on deregistration/disposal of subsidiaries	-	294
Loss on financial liability	7,476	-
Net fair value loss/(gain) on derivative financial instruments	233	(1,286)
Unrealised foreign exchange differences	(451)	(177)
Property, plant and equipment written off	8	23
Share of results of associate	7	-
Operating profit before working capital changes	15,011	2,808
Increase/decrease in:		
Inventories	(258)	13,894
Trade and other receivables	5,691	(6,182)
Contract assets	14,355	(18,153)
Prepayments	(31)	2,016
Trade and other payables	(27,400)	7,974
Contract liabilities	2	(7,662)
Cash from/(used in) operations	7,370	(5,305)
Income tax paid	(401)	(210)
Net cash flows from/(used in) operating activities	6,969	(5,515)
INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	-	(14,826)
Acquisition of property, plant and equipment	(150)	(224)
Disposal of subsidiaries, net of cash outflow	-	(145)
Interest received	61	14
Net cash flows used in investing activities	(89)	(15,181)
FINANCING ACTIVITIES		
Acquisition of non-controlling interests in a subsidiary	(100)	-
Restricted cash	8,826	9,425
Dividends paid to the non-controlling interests of the subsidiaries	(858)	(510)
Interest paid	(2,929)	(2,870)
Pledged fixed deposits	49	(338)
Proceeds from issuance of shares pursuant to exercise of warrants	-	128
Proceeds from placement of shares	-	9,313
Proceeds from borrowings	44,006	32,174
Repayments of borrowings	(44,465)	(31,738)
Repayments of lease liabilities	(1,065)	(10)
Net cash flows from financing activities	3,464	15,574
Net increase/(decrease) in cash and cash equivalents	10,344	(5,122)
Cash and cash equivalents at beginning of the year	6,821	11,973
Effect of exchange rate differences in cash and cash equivalents	(100)	(30)
Cash and cash equivalents at end of financial year	17,065	6,821
Cash and cash equivalents comprise the following:		
Cash and bank balances	19,323	17,905
Less: Restricted cash	(2,258)	(11,084)
Cash and cash equivalents at end of financial year	17,065	6,821

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	Warrant reserve 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
GROUP											
Balance as at 1 July 2019	88,183	(863)	-	45	(3,596)	(2,924)	(148)	(36,864)	43,833	1,338	45,171
(Loss)/Profit for the year	-	-	-	-	-	-	-	(1,948)	(1,948)	805	(1,143)
Other comprehensive loss											
- Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	(2,545)	-	-	(2,545)	-	(2,545)
- Foreign currency translation	-	-	-	-	-	-	(352)	-	(352)	(54)	(406)
Total comprehensive (loss)/income for the year	-	-	-	-	-	(2,545)	(352)	(1,948)	(4,845)	751	(4,094)
Contributions by and distributions to owners											
- Effects of acquiring of non-controlling interest in a subsidiary	-	-	-	-	-	-	-	32	32	(132)	(100)
- Derecognition of a subsidiary	-	-	-	-	2	-	-	-	2	-	2
- Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(858)	(858)
Transactions with owners recognised directly in equity	-	-	-	-	2	-	-	32	34	(990)	(956)
Balance as at 30 June 2020	88,183	(863)	-	45	(3,594)	(5,469)	(500)	(38,780)	39,022	1,099	40,121
Balance as at 1 July 2018											
- As previously reported	78,076	(863)	666	45	-	(987)	508	(35,853)	41,592	784	42,376
- Effect of adoption SFRS(I)	-	-	-	-	-	-	(473)	(327)	(800)	-	(800)
As restated	78,076	(863)	666	45	-	(987)	35	(36,180)	40,792	784	41,576
(Loss)/Profit for the year	-	-	-	-	-	-	-	(684)	(684)	791	107
Other comprehensive loss											
- Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-	(1,937)	-	-	(1,937)	-	(1,937)
- Foreign currency translation	-	-	-	-	-	-	(183)	-	(183)	(49)	(232)
Total comprehensive (loss)/income for the year	-	-	-	-	-	(1,937)	(183)	(684)	(2,804)	742	(2,062)
Contributions by and distributions to owners											
- Issue of shares	9,313	-	-	-	-	-	-	-	9,313	-	9,313
- Exercise of warrants	153	-	(25)	-	-	-	-	-	128	-	128
- Expiry of warrants	641	-	(641)	-	-	-	-	-	-	-	-
- Deregistration/disposal of subsidiaries	-	-	-	-	-	-	-	-	-	149	149
- Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(510)	(510)
Changes in ownership interests in subsidiaries											
- Acquisition of subsidiaries	-	-	-	-	(3,596)	-	-	-	(3,596)	173	(3,423)
Transactions with owners recognised directly in equity	10,107	-	(666)	-	(3,596)	-	-	-	5,845	(188)	5,657
Balance as at 30 June 2019	88,183	(863)	-	45	(3,596)	(2,924)	(148)	(36,864)	43,833	1,338	45,171

	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 2019	88,183	(863)	-	45	(39,310)	48,055
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(2,706)	(2,706)
Balance as at 30 June 2020	88,183	(863)	-	45	(42,016)	45,349
Balance as at 1 July 2018	78,076	(863)	666	45	(37,329)	40,595
Issue of shares	9,313	-	-	-	-	9,313
Exercise of warrants	153	-	(25)	-	-	128
Expiry of warrants	641	-	(641)	-	-	-
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(1,981)	(1,981)
Balance as at 30 June 2019	88,183	(863)	-	45	(39,310)	48,055

- 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 year is as follows:

	30/06/2020	30/06/2019
Convertible loan note		
Total number of shares that may be issued on conversion of the Company's convertible loan note ⁽¹⁾	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\$3,577,500). 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 30 June 2020, the Company held 3,444,200 (30 June 2019: 3,444,200) 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 year was 208,464,669 (30 June 2019: 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 2019 and 30 June 2020	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 modifications or emphasis of a matter).**

Not applicable.

- 3(A) 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 qualified opinion on the Group's financial statements for the financial year ended 30 June 2019 due to the 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 41 of the Company's 2019 Annual Report for more information on this outstanding audit issue.

In an effort to resolve the above outstanding audit issue, the Management had contacted and will 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 Management will also continue exploring with the auditors other methods of valuation that are acceptable to the auditors.

(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.

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 2019.

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 SFRS(I) 16 effective from 1 July 2019. The Group has applied the modified retrospective approach and does not restate comparative amounts for year prior to first adoption.

In compliance with SFRS(I) 16, the Group has applied the practical expedient to recognise the amount of right-of-use assets equal to the lease liabilities as at 1 July 2019. Subsequent to initial recognition, the Group depreciates the right-of-use assets over the lease term, and recognise interest expenses on the lease liabilities.

The total right-of-use assets was US\$3.010 million as at 30 June 2020. Of which, US\$1.015 million was mainly related to leases of premises occupied by the Group and US\$1.995 million was related to prepaid lease of land use rights from Shanghai Fengwei. Accordingly there was a lease liabilities of approximately US\$1.034 million being recorded.

Cash payments for the settlement of lease liabilities and associated interest expense were reported as cash flows from financing activities. The total net cash flows of the Group are unaffected.

Except as stated above, the Group expects the adoption of 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 year based on net loss	FULL YEAR ENDED	
	30/06/2020	30/06/2019
	US\$	US\$
(i) Basic	(0.935) cents	(0.373) cents
(ii) Diluted	(0.935) cents	(0.373) cents

The basic and diluted earnings per ordinary share for the financial year ended 30 June 2020 was calculated based on the number of issued shares 208,464,669. For comparison, loss per share for the corresponding period was computed based on the weighted average number of shares of 183,443,648.

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 year ended 30 June 2020.

For comparison, 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	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
	US\$	US\$	US\$	US\$
Net asset value per ordinary share based on the issued share capital at the end of the year	18.719 cents	21.027 cents	21.754 cents	23.052 cents

Net asset value per ordinary share as at 30 June 2020 and 30 June 2019 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

The Group registered a total revenue of US\$56.885m in the fourth quarter ended 30 June 2020 ("4Q20") which was 63% lower than the US\$155.826m generated in the fourth quarter ended 30 June 2019 ("4Q19"). The healthcare and healthcare consumables segment contributed US\$22.262m while the energy segment contributed US\$34.623m. The decline in revenue was mainly due to a combination of a reduction in the volume of oil products traded and a drop in oil prices and decrease in the clinics revenue due to circuit breaker measures imposed by the government. There was, however, an increase in revenue generated by Shanghai Fengwei Garment Accessory Co. Ltd ("Fengwei") with increase in demand for its non-woven material consequent to the Covid-19 pandemic.

Other income increased to US\$1.690m in 4Q20 as compared to US\$0.093m in 4Q19. This is mainly due to the government grants of US\$0.526m received in 4Q20 and miscellaneous income from the oil trading activities.

As a result of the adoption of the new Singapore Financial Reporting Standards (International) (SFRS(I)) 16 Leases, rental expenses which were previously classified under 'Other operating expenses' are now classified under 'Depreciation of right-of-use assets'.

Depreciation of property, plant and equipment increased to US\$0.519m in 4Q20 as compared to US\$0.238m in 4Q19 mainly due to the depreciation of the vessel.

Other operating expenses increased to US\$11.315m in 4Q20 as compared to US\$1.048m in 4Q19 was mainly resulted from:

- i. one-off allowance for impairment loss on other receivables of US\$1.366m on the consideration receivable for the disposal of subsidiaries, Digiland (Thailand) Ltd. and Infonet Systems and Services Pte Ltd in financial year ended 30 June 2016;
- ii. one-off impairment on intangible assets of US\$1.004m;
- iii. one-off machinery refurbishment of US\$0.482m incurred by Fengwei; and
- iv. consultancy and marketing fees of US\$7.413m related to the partnership agreement entered by Fengwei.

Finance costs increased to US\$0.949m in 4Q20 as compared to US\$0.771m in 4Q19, arising mainly from the adoption of the new SFRS(I) 16 Leases and discounting interest from the pre-sale profit arising from the partnership agreement entered by Fengwei.

Financial Position Review

Property, plant and equipment decreased from US\$9.964m to US\$8.739m was mainly attributed to the depreciation of the vessel and fixed assets.

As explained above, the right-of-use assets of US\$3.010m as at 30 June 2020 arose from the adoption of the SFRS(I) 16 Leases.

Decrease in financial asset at fair value through other comprehensive income from US\$19.737m to US\$17.192m arose from the equity interest in Thai GNCC.

There was a reduction in trade and other receivables to US\$20.949m from US\$30.370m, mainly due to decrease in receivables from oil trading activities and intensified efforts by Fengwei to collect payment promptly from its customers. The decrease was also due to the one-off allowance for impairment loss on other receivables of US\$1.366m under the consideration receivable for the disposal of subsidiaries.

As at 30 June 2020, oil trading activities accounted for the following variance when compared to 30 June 2019:

- i. Contract assets decreased to US\$3.933m as compared to US\$18.288m;
- ii. Derivative financial instruments recorded an asset of US\$1.495m and a liability of US\$0.350m; and
- iii. Trade and other payables decreased to US\$26.026m as compared to US\$44.795m.

Total borrowings decrease to US\$27.623m as compared to US\$26.613m due to repayment of convertible loan and decrease in short-term loans used to finance the oil trades.

Total lease liabilities of US\$1.076m as at 30 June 2020 were due to the adoption of the SFRS(I) 16 Leases. US\$1.034m arising from the leases of the premises occupied by the Group.

Non-current other payables decrease to US\$3.596m as compared US\$5.046m due to the reclassification of the consideration payable of US\$1.414m from non-current to current payables.

Cash Flow Statement Review

The net cash flows from operating activities of US\$6.969m was mainly attributable to the healthcare activities.

The net cash flows of US\$3.464m from financing activities in the current period resulted mainly from the repayments of borrowings and repayments of lease liabilities.

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.

Covid-19 will continue to be the main factor impacting the Group's healthcare and energy businesses for the next 3-6 months. Barring a second wave of infections in Singapore, clinic revenues will gradually recover, but there will be greater adoption of teleconsultation and tele-pharmacy services by patients, which will require Healthsciences International to invest in technology and innovation to cater to the requirements of the market. The Group also sees opportunities in the application of artificial intelligence in precision and personalised medicine and will allocate more resources to tap growth in this area.

Meanwhile, the supplier market for non-woven material used in the production of PPE is now fairly saturated in China and there will be downward pressure on the pricing of Shanghai Fengwei's products. To mitigate against this trend, Shanghai Fengwei had signed a marketing partnership agreement earlier in the year to gain market share, thereby reducing the impact on its revenues. The Group will continue to look out for strategic and synergistic companies in the production chain to partner or acquire.

With the reduced dependency on oil trading revenues, the Group expects its healthcare businesses to be the major contributor to its cash flows and profitability in the future.

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 and the reasons for the decision.

No dividend has been declared or recommended for the year ended 30 June 2020 due to the accumulated losses of the Company.

13 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Segment information is presented based on the information that is reviewed by the chief operating decision maker for resource allocation and performance measurement.

The Group's reportable segments are as follows :-

- Oil and gas comprising trading of oil and gas and chartering of vessel
- Healthcare comprising dentistry, family medicine, aesthetic, dental supplies and consumables
- Others - general corporate activities and others

Inter-segment pricing is on arm's length basis.

	Oil and gas	Healthcare	Others	Group
	US\$'000	US\$'000	US\$'000	US\$'000
2020				
Revenue	325,439	49,529	-	374,968
Results				
Other income	1,504	1,453	173	3,130
Capital expenditure	(4)	(138)	(8)	(150)
Amortisation of intangible assets	-	(274)	-	(274)
Depreciation of property, plant and equipment	(709)	(590)	(1)	(1,300)
Net fair value loss on derivative financial instruments	(234)	1	-	(233)
Other non-cash items	(419)	(889)	(1,234)	(2,542)
Finance costs	(1,926)	(932)	(171)	(3,029)
Segment profit/(loss)	181	1,785	(3,109)	(1,143)
Segment assets	52,084	46,419	1,572	100,075
Segment liabilities	28,687	26,268	4,999	59,954
2019				
Revenue	583,715	21,306	-	605,021
Results				
Other income	258	504	52	814
Capital expenditure	(16)	(208)	-	(224)
Amortisation of intangible assets	-	(228)	-	(228)
Depreciation of property, plant and equipment	(244)	(570)	(4)	(818)
Net fair value gain/(loss) on derivative financial instruments	1,291	(5)	-	1,286
Other non-cash items	(19)	19	(85)	(85)
Finance costs	(2,160)	(471)	(185)	(2,816)
Segment profit/(loss)	1,106	1,738	(2,737)	107
Segment assets	80,584	39,388	2,936	122,908
Segment liabilities	52,831	19,421	5,485	77,737

GEOGRAPHICAL SEGMENT

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
Australia	67	59	-	-
Cambodia	108,089	118,952	-	-
China	38,011	9,589	9,710	8,126
Hong Kong	-	47,334	-	-
India	2,454	-	-	-
Norway	-	2,729	-	-
Singapore	221,927	348,211	20,563	21,936
South Korea	722	5,363	-	-
Switzerland	1,326	-	-	-
United Arab Emirates	2,368	6,938	-	-
United Kingdom	-	65,846	-	-
Vietnam	4	-	-	-
	374,968	605,021	30,273	30,062

Non-current assets relate to property, plant and equipment, intangible assets and associates, and exclude financial assets at fair value through other comprehensive income, deferred tax assets and long-term receivables.

- 14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 15 A breakdown of sales:**

	Group		
	30/06/20	30/06/19	Change
	US\$'000	US\$'000	%
Revenue reported for first half year	234,332	299,420	-22%
Profit/(Loss) after tax reported for first half year	598	(456)	231%
Revenue reported for second half year	140,636	305,601	-54%
(Loss)/Profit after tax reported for second half year	(1,741)	563	-409%

- 16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

- 17 Interested Person Transaction:**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	US\$'000	US\$'000
Rental: Shanghai Fengwei Nonwovens Co., Ltd.	256	Nil

For full disclosure, please note that there is an amount of US\$1.996 million owing from Shanghai Fengwei Nonwovens Co. Ltd, ("SFNW") a company majority owned by Mr Shen Yuyun (a substantial shareholder of the Company) to Shanghai Fengwei Garment Accessory Co., Ltd. ("Shanghai Fengwei"), a wholly-owned subsidiary of the Company, which amount was owing prior to the Group's acquisition of Shanghai Fengwei. SFNW and New Silkroutes Capital Pte. Ltd. a wholly-owned subsidiary has entered into a lease agreement and the amount owing from SFNW will be used to offset against the rental payable by Shanghai Fengwei for the use of the land.

- 18 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.

- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

There is none.

- 20 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
27 August 2020