

NEW SILKROUTES GROUP LIMITED

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

RESPONSE TO SGX QUERIES IN RELATION TO THE ANNOUNCEMENT DATED 25 MARCH 2019 ON THE PROPOSED DISPOSAL OF INTERNATIONAL ENERGY GROUP PTE. LTD.

The Board of Directors (the “**Board**” or the “**Directors**”) of New Silkroutes Group Limited (the “**Company**” and collectively with its subsidiary, the “**Group**”) wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (“**SGX**”) in relation to the announcement by the Company dated 25 March 2019 on the proposed disposal of International Energy Group Pte. Ltd. (“**IEG**”). (the “**Announcement**”).

All capitalised terms in this announcement shall have the same meanings as are accorded to them in the Announcement, unless otherwise defined.

1. **SGX’s Query:**

In section 4 of the Announcement, it is stated that “The Board is of the view that the Proposed Disposal will reinforce the Company’s earnings base, strengthen the Group’s operations and financial position, and enhance the long-term interests of shareholders.” Given that IEG is profitable for the financial year ended 30 June 2018 (“**FY2018**”) and the 6 months ended 31 December 2018 (“**1H2019**”) whereas the healthcare business is on the whole lossmaking, please explain the basis for this statement.

Company’s Response:

We wish to correct the impression that the healthcare business of the Group is "on the whole lossmaking". For the financial year ended 30 June 2018, the Group’s healthcare segment contributed a profit of US\$120,000. This has been announced. In addition, referring to our media release and corresponding 2Q19 announcement dated 13 Feb 2019, our healthcare business segment continued to perform well and registered a segmental profit of US\$389,000 in 1HFY19. This represented an increase of 232% as compared to 1HFY18 which recorded a profit of US\$117,000. In fact, the healthcare business segment contributes a significant proportion of the Group’s profits.

In the current financial year ending 2019, we expect continued contributions to the Group from our recent healthcare and healthcare-related acquisition, such as our five general practitioner clinics and one aesthetic clinic as well as our Shanghai entity, Shanghai Fengwei. The contribution from Shanghai Fengwei will be taken into account from 3Q19 onwards.

Upon the successful disposal of IEG, the Group will enjoy a gain of approximately US\$10,000,000. This will be mostly utilised to grow our healthcare business segment. In so doing and barring any unforeseen circumstances, we are of the view the Group’s earnings will be reinforced and the long-term interest of shareholders would be enhanced. Concurrently, the proceeds from the disposal will result in the Group’s financial position being naturally strengthened and this will put the Group in a better position to reorganise its capital structure in preparation for the possibility of making dividend payments to its shareholders. It has always been the intention of the Group to be able to distribute dividends to its shareholders.

Based on the above-mentioned factors, the basis for the Board’s statement was formed.

2. **SGX's Query:**

In section 6.1 of the Announcement, it is stated that the Net Tangible Asset (“NTA”) of IEG as at 31 December was approximately US\$26,011,000, and the adjusted NTA (excluding available-for-sale investment, certain other receivables and waiver of intercompany balances) is US\$10,000. Please provide a breakdown of the adjustments to the NTA of IEG and the reasons for making each adjustment.

Company's Response:

	US\$
NTA of IEG as at 31 December 2018	26,011,000
Adjustment:	
Available-for-sale investment	(21,672,520)
Other receivables	(2,614,119)
Intercompany owing and cash balance*	(1,714,361)

Adjusted NTA	10,000

*Subject to changes depending on the balances at the SPA Completion Date.

The adjustments were made as the Purchaser will not be acquiring, pursuant to the SPA, the items which are the subject of the adjustments.

3. **SGX's Query:**

In section 6.4 of the Announcement, please clarify if “2Q2019” refers to the 3 months or 6 months period ended 31 December 2018.

Company's Response:

“2Q2019” in paragraph 6.4 of the Announcement refers to the 6 months ended 31 December 2018.

4. **SGX's Query:**

In section 8 of the Announcement, please recalculate the ratio required under Rule 1006(a) based on the unadjusted NTA of the Target Company.

Company's Response:

Rule	Proposed Disposal
Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	59.25% ⁽¹⁾

Note:

- (1) Based on the latest announced consolidated financial statements of the Group for 2Q2019, the net asset value of the Group was approximately US\$43,901,000. Based on the unadjusted NTA of the Target Company as set out in paragraph 6.1.1 of the Announcement, the net asset value of the Target Company is approximately US\$26,011,000.

5. **SGX's Query:**

In section 8 of the Announcement, please clarify if "2Q2019" refers to the 3 months or 6 months period ended 31 December 2018.

Company's Response:

"2Q2019" in paragraph 8 of the Announcement refers to the 6 months ended 31 December 2018.

BY ORDER OF THE BOARD

Dr Goh Jin Hian
Executive Director and Chief Executive Officer

28 March 2019