

MEDIA RELEASE

NEW SILKROUTES GROUP REPORTS SECOND-QUARTER RESULTS

- *Revenue from healthcare and healthcare consumables up 34% to US\$11.94 million*
- *New CEO to focus on healthcare innovation and technology.*
- *Transition to full healthcare suite with liquidation of oil and gas subsidiary, IEG*

Singapore, 10 February 2021 – New Silkroutes Group (NSG) reported another improved performance from its healthcare businesses in the fiscal second quarter ended 31 December 2020, boosted by increased demand for the non-woven material used in hospital gowns, face masks and other personal protective equipment amid the Covid-19 pandemic.

Revenue from the healthcare and healthcare consumables segment rose 34% from a year ago to US\$11.94 million.

Other income rose to US\$0.88 million due mainly to government grant of US\$0.49 million received in 2Q21.

Employee benefits expense decreased to US\$1.98 million during the period under review, down 22% mainly due to reversal of overprovision of bonuses. Other operating expenses increased to US\$1.61 million as a result of management fees of US\$0.32 million related to the management service agreement entered by China subsidiary, Shanghai Fengwei, with Shanghai Minlin, and US\$0.31m impairment losses on trade receivables.

Finance costs were lower following the reduction in oil trading activities.

After the completion of the strategic review, the Group has decided to put its loss-making oil trading subsidiary under creditor voluntary liquidation as part of a plan to transform itself into an innovative and technology driven healthcare group. This resulted in an inevitable drop in energy trading volumes, resulting in the Group incurring a net loss after tax of US\$1.64 million for the period as revenue fell 92% to US\$11.98 million.

Last month, the Group signed a memorandum of understanding with tech giant Huawei International to develop an artificial intelligence platform that can be used in genomics-driven healthcare. The AI machine will be using the analysis of genomic data to build predictive models for diagnoses, therapeutics, prognoses in oncology and other areas of healthcare. This move is part of the Group's plan to hone focus on tech-based healthcare, and to push the boundaries of medical technological innovations.

NSG said Shanghai Fengwei has been able to secure downstream contracts with Shanghai Minlin, its management partner, even as the market for non-woven material used in the production of medical consumables was becoming saturated. Through its partnership with Shanghai Minlin, it is also pursuing strategic acquisitions or tie-ups in the production chain.

Looking ahead, NSG Chief Executive Officer Dr VicPearly Wong said: “The Group is nearing the end of removing loss-making legacy businesses and will undergo further restructuring to build a strong momentum to pivot fully into tech-based healthcare.”

“We will continue to build partnerships with leading tech players to fulfil and embody our new vision for the Group,” she added.

-The End-

About New Silkroutes Group

NSG is an investment holding company listed on the Mainboard of the Singapore Exchange Securities Trading Limited. NSG’s healthcare subsidiary, Healthsciences International Pte. Ltd (HSI), owns and operates primary care medical and dental clinics in Singapore with plans to expand into Southeast Asia through acquisitions and partnerships. HSI also has a team that specialises in hospital development and management, with a focus in Southeast Asia and China. The Group’s subsidiary in China, Shanghai Fengwei Garment Accessory Co., Ltd, produces the non-woven material used to manufacture disposable medical consumables such as hospital gowns, personal protective equipment and masks.

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