

**NEW SILKROUTES GROUP LIMITED**
**3rd Quarter Financial Statement and Dividend Announcement For The Period Ended 31 March 2019**

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

|                                                                                     | GROUP<br>3RD QUARTER ENDED |                      |             | GROUP<br>9 MONTHS ENDED |                      |             |
|-------------------------------------------------------------------------------------|----------------------------|----------------------|-------------|-------------------------|----------------------|-------------|
|                                                                                     | 31/03/19<br>US\$'000       | 31/03/18<br>US\$'000 | Change<br>% | 31/03/19<br>US\$'000    | 31/03/18<br>US\$'000 | Change<br>% |
| Revenue                                                                             | 149,775                    | 164,396              | -9%         | 449,195                 | 499,120              | -10%        |
| Other income                                                                        | 581                        | 85                   | 584%        | 721                     | 509                  | 42%         |
| Purchases of finished goods                                                         | (125,631)                  | (160,292)            | -22%        | (423,313)               | (496,025)            | -15%        |
| Changes in inventories of finished goods                                            | (20,053)                   | (2,462)              | 715%        | (14,509)                | 3,539                | NM          |
| Employee benefits expense                                                           | (2,512)                    | (1,613)              | 56%         | (6,546)                 | (4,449)              | 47%         |
| Amortisation of intangible assets                                                   | (75)                       | (46)                 | 63%         | (166)                   | (128)                | 30%         |
| Depreciation of plant and equipment                                                 | (265)                      | (64)                 | 314%        | (512)                   | (128)                | 300%        |
| Net fair value gain on derivative financial instruments                             | 125                        | 1,524                | -92%        | 465                     | 1,816                | -74%        |
| Other operating expenses                                                            | (1,090)                    | (852)                | 28%         | (3,476)                 | (3,312)              | 5%          |
| Finance costs                                                                       | (800)                      | (539)                | 48%         | (2,045)                 | (1,147)              | 78%         |
| Share of results of associates, net of tax                                          | -                          | -                    | NM          | -                       | (61)                 | NM          |
| <b>Profit/(Loss) before taxation</b>                                                | <b>55</b>                  | <b>137</b>           | <b>-60%</b> | <b>(186)</b>            | <b>(266)</b>         | <b>-30%</b> |
| Taxation                                                                            | (31)                       | 3                    | NM          | (246)                   | 16                   | NM          |
| <b>Profit/(Loss) for the period</b>                                                 | <b>24</b>                  | <b>140</b>           | <b>-83%</b> | <b>(432)</b>            | <b>(250)</b>         | <b>73%</b>  |
| <b>Other comprehensive income/(loss) after tax:</b>                                 |                            |                      |             |                         |                      |             |
| <b>Items that may be reclassified subsequently to profit or loss</b>                |                            |                      |             |                         |                      |             |
| Foreign currency translation                                                        | 228                        | 56                   | 307%        | 110                     | 108                  | 2%          |
| <b>Total comprehensive income/(loss) for the period</b>                             | <b>252</b>                 | <b>196</b>           | <b>29%</b>  | <b>(322)</b>            | <b>(142)</b>         | <b>127%</b> |
| <b>(Loss)/Profit attributable to:</b>                                               |                            |                      |             |                         |                      |             |
| Owners of the company                                                               | (104)                      | 80                   | NM          | (911)                   | (384)                | 137%        |
| Non-controlling interests                                                           | 128                        | 60                   | 113%        | 479                     | 134                  | 257%        |
|                                                                                     | <b>24</b>                  | <b>140</b>           | <b>-83%</b> | <b>(432)</b>            | <b>(250)</b>         | <b>73%</b>  |
| <b>Total comprehensive income/(loss) attributable to:</b>                           |                            |                      |             |                         |                      |             |
| Owners of the company                                                               | 81                         | 111                  | -27%        | (806)                   | (328)                | 146%        |
| Non-controlling interests                                                           | 171                        | 85                   | 101%        | 484                     | 186                  | 160%        |
|                                                                                     | <b>252</b>                 | <b>196</b>           | <b>29%</b>  | <b>(322)</b>            | <b>(142)</b>         | <b>127%</b> |
| <b>Notes (The expenses below are included in "Other operating expenses" above):</b> |                            |                      |             |                         |                      |             |
| Foreign exchange (loss)/gain                                                        | (48)                       | (3)                  | NM          | (167)                   | 1                    | NM          |
| Allowance for impairment of trade and other receivables                             | -                          | 28                   | NM          | -                       | -                    | 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       |               |
|----------------------------------------------------------------------|----------------|------------------------|------------------------|---------------|---------------|
|                                                                      | 31/03/2019     | 30/06/2018             | 01/07/2017             | 31/03/2019    | 30/06/2018    |
|                                                                      | US\$'000       | (Restated)<br>US\$'000 | (Restated)<br>US\$'000 | US\$'000      | US\$'000      |
| <b>ASSETS</b>                                                        |                |                        |                        |               |               |
| <b>Non-current assets</b>                                            |                |                        |                        |               |               |
| Plant and equipment                                                  | 10,235         | 962                    | 421                    | 2             | 5             |
| Intangible assets and goodwill                                       | 19,994         | 6,429                  | 4,791                  | -             | -             |
| Subsidiaries                                                         | -              | -                      | -                      | 44,948        | 31,993        |
| Associates                                                           | -              | -                      | 402                    | -             | -             |
| Financial assets at fair value through<br>other comprehensive income | 21,673         | 21,673                 | 14,090                 | -             | -             |
| Other receivables                                                    | 2,026          | 1,900                  | -                      | 1,900         | 1,900         |
| Deferred tax assets                                                  | 48             | 37                     | -                      | -             | -             |
| <b>Total non-current assets</b>                                      | <b>53,976</b>  | <b>31,001</b>          | <b>19,704</b>          | <b>46,850</b> | <b>33,898</b> |
| <b>Current assets</b>                                                |                |                        |                        |               |               |
| Inventories                                                          | 1,672          | 14,309                 | 5,267                  | -             | -             |
| Trade and other receivables                                          | 43,751         | 24,181                 | 26,517                 | 5,263         | 5,629         |
| Prepayments                                                          | 409            | 2,773                  | 5,475                  | 21            | 19            |
| Derivative financial instruments                                     | -              | -                      | 136                    | -             | -             |
| Cash and bank balances                                               | 29,416         | 32,883                 | 30,870                 | 1,977         | 5,987         |
| <b>Total current assets</b>                                          | <b>75,248</b>  | <b>74,146</b>          | <b>68,265</b>          | <b>7,261</b>  | <b>11,635</b> |
| <b>Total assets</b>                                                  | <b>129,224</b> | <b>105,147</b>         | <b>87,969</b>          | <b>54,111</b> | <b>45,533</b> |
| <b>EQUITY AND LIABILITIES</b>                                        |                |                        |                        |               |               |
| <b>Equity</b>                                                        |                |                        |                        |               |               |
| Share capital                                                        | 88,183         | 78,076                 | 71,179                 | 88,183        | 78,076        |
| Treasury shares                                                      | (863)          | (863)                  | (510)                  | (863)         | (863)         |
| Other reserves                                                       | (802)          | (241)                  | 734                    | 45            | 711           |
| Accumulated losses                                                   | (36,801)       | (35,379)               | (32,255)               | (39,004)      | (37,329)      |
|                                                                      | 49,717         | 41,593                 | 39,148                 | 48,361        | 40,595        |
| Non-controlling interests                                            | 1,591          | 784                    | 384                    | -             | -             |
| <b>Total equity</b>                                                  | <b>51,308</b>  | <b>42,377</b>          | <b>39,532</b>          | <b>48,361</b> | <b>40,595</b> |
| <b>Non-current liabilities</b>                                       |                |                        |                        |               |               |
| Deferred tax liabilities                                             | 764            | 386                    | 413                    | -             | -             |
| Borrowings                                                           | 7,758          | 3,872                  | 201                    | 3,708         | 3,737         |
| <b>Total non-current liabilities</b>                                 | <b>8,522</b>   | <b>4,258</b>           | <b>614</b>             | <b>3,708</b>  | <b>3,737</b>  |
| <b>Current liabilities</b>                                           |                |                        |                        |               |               |
| Trade and other payables                                             | 45,110         | 43,016                 | 38,330                 | 2,042         | 1,199         |
| Borrowings                                                           | 23,913         | 14,542                 | 9,452                  | -             | 2             |
| Income tax payable                                                   | 288            | 72                     | 41                     | -             | -             |
| Derivative financial instruments                                     | 83             | 882                    | -                      | -             | -             |
| <b>Total current liabilities</b>                                     | <b>69,394</b>  | <b>58,512</b>          | <b>47,823</b>          | <b>2,042</b>  | <b>1,201</b>  |
| <b>Total liabilities</b>                                             | <b>77,916</b>  | <b>62,770</b>          | <b>48,437</b>          | <b>5,750</b>  | <b>4,938</b>  |
| <b>Total equity and liabilities</b>                                  | <b>129,224</b> | <b>105,147</b>         | <b>87,969</b>          | <b>54,111</b> | <b>45,533</b> |

**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 March 2019 |                       | As at 30 June 2018  |                       |
|------------|---------------------|-----------------------|---------------------|-----------------------|
|            | Secured<br>US\$'000 | Unsecured<br>US\$'000 | Secured<br>US\$'000 | Unsecured<br>US\$'000 |
| Borrowings | 23,913              | -                     | 14,542              | -                     |

**Amount repayable after one year**

|            | As at 31 March 2019 |                       | As at 30 June 2018  |                       |
|------------|---------------------|-----------------------|---------------------|-----------------------|
|            | Secured<br>US\$'000 | Unsecured<br>US\$'000 | Secured<br>US\$'000 | Unsecured<br>US\$'000 |
| Borrowings | 4,051               | 3,707                 | 135                 | 3,737                 |

**Details of any collateral**

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

- (a) security over leased plant and equipment;
- (b) floating charge over inventory;
- (c) pledge(s) over fixed deposits of US\$0.461m;
- (d) corporate guarantee from the Company and related parties;
- (e) personal guarantee(s) from directors of subsidiaries; and
- (f) pledge over related party's land.

1 (c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

|                                                                     | <b>GROUP</b>          |                   |
|---------------------------------------------------------------------|-----------------------|-------------------|
|                                                                     | <b>9 MONTHS ENDED</b> |                   |
|                                                                     | <b>31/03/2019</b>     | <b>31/03/2018</b> |
|                                                                     | <b>US\$'000</b>       | <b>US\$'000</b>   |
| <b>OPERATING ACTIVITIES</b>                                         |                       |                   |
| Loss before taxation                                                | (186)                 | (266)             |
| Adjustments for:-                                                   |                       |                   |
| Amortisation of intangible assets                                   | 166                   | 128               |
| Depreciation of plant and equipment                                 | 546                   | 128               |
| Gain on disposal of associate                                       | -                     | (301)             |
| Finance costs                                                       | 2,045                 | 1,147             |
| Finance income                                                      | (13)                  | (4)               |
| Loss on deregistration of a subsidiary                              | 150                   | -                 |
| Negative goodwill recognised as income                              | (21)                  | -                 |
| Net fair value gain on derivative financial instruments             | (465)                 | (1,816)           |
| Unrealised foreign exchange differences                             | 284                   | (47)              |
| Plant and equipment written off                                     | 18                    | -                 |
| Share of results of associates                                      | -                     | 61                |
| <b>Operating profit/(loss) before working capital changes</b>       | <b>2,524</b>          | <b>(970)</b>      |
| Increase / decrease in:                                             |                       |                   |
| Inventories                                                         | 14,135                | (3,539)           |
| Trade and other receivables                                         | (17,971)              | (21,276)          |
| Prepayments                                                         | 2,415                 | 343               |
| Trade and other payables                                            | (1,089)               | 41,791            |
| <b>Cash from operations</b>                                         | <b>14</b>             | <b>16,349</b>     |
| Income tax paid                                                     | (192)                 | (38)              |
| <b>Net cash flows (used in)/from operating activities</b>           | <b>(178)</b>          | <b>16,311</b>     |
| <b>INVESTING ACTIVITIES</b>                                         |                       |                   |
| Acquisition of subsidiaries, net of cash acquired (Note A, B & C)   | (14,826)              | 178               |
| Acquisition of plant and equipment                                  | (150)                 | (247)             |
| Interest received                                                   | 13                    | 4                 |
| Proceeds from disposal of associate                                 | -                     | 593               |
| <b>Net cash flows (used in)/from investing activities</b>           | <b>(14,963)</b>       | <b>528</b>        |
| <b>FINANCING ACTIVITIES</b>                                         |                       |                   |
| Restricted cash                                                     | 3,948                 | (14,281)          |
| Dividends paid to the non-controlling interests of the subsidiaries | (511)                 | -                 |
| Interest paid                                                       | (1,928)               | (1,068)           |
| Pledged fixed deposits                                              | (338)                 | -                 |
| Proceeds from issuance of shares pursuant to exercise of warrants   | 128                   | 2                 |
| Proceeds from placement of shares                                   | 9,313                 | 4,813             |
| Proceeds from short-term loans                                      | 28,323                | 51,611            |
| Proceeds from disposal of treasury shares                           | -                     | 318               |
| Purchase of treasury shares                                         | -                     | (447)             |
| Repayment of finance lease payables                                 | (7)                   | (1)               |
| Repayment of short-term loans                                       | (23,437)              | (46,654)          |
| <b>Net cash flows from/(used in) financing activities</b>           | <b>15,491</b>         | <b>(5,707)</b>    |
| Net increase in cash and cash equivalents                           | 350                   | 11,132            |
| Cash and cash equivalents at beginning of the period                | 11,973                | 6,581             |
| Effect of exchange rate differences in cash and cash equivalents    | (8)                   | 13                |
| <b>Cash and cash equivalents at end of financial period</b>         | <b>12,315</b>         | <b>17,726</b>     |
| Cash and cash equivalents comprise the following:                   |                       |                   |
| Cash and bank balances                                              | 29,416                | 56,265            |
| Less: Bank overdrafts                                               | (78)                  | (343)             |
| Less: Fixed deposits pledged                                        | (461)                 | (122)             |
| Less: Restricted cash                                               | (16,562)              | (38,074)          |
| <b>Cash and cash equivalents at end of financial period</b>         | <b>12,315</b>         | <b>17,726</b>     |

**Note A**

On 2 January 2019, the Company announced that its wholly owned subsidiary New Silkroutes Capital Pte. Ltd. has completed the acquisitions of 100% of the total registered capital of Shanghai Fengwei Garment Accessory Co., Ltd. for a consideration of S\$12,500,000 (US\$9,158,750).

|                                                                      | <b>31 March 2019</b><br><b>At fair value</b><br><b>US\$'000</b> |
|----------------------------------------------------------------------|-----------------------------------------------------------------|
| Total assets                                                         | 14,271                                                          |
| Total liabilities                                                    | 9,842                                                           |
| Total identifiable net assets                                        | 4,429                                                           |
| Add: Goodwill arising from acquisition                               | 4,729                                                           |
| Total consideration                                                  | 9,158                                                           |
| Less: Consideration payable                                          | (1,465)                                                         |
| Consideration paid by cash                                           | 7,693                                                           |
| Less: Cash and cash equivalents of subsidiary acquired               | (1,155)                                                         |
| Cash outflow on acquisition per consolidated statement of cash flows | 6,538                                                           |

**Note B**

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).

|                                                                      | <b>31 March 2019</b><br><b>At fair value</b><br><b>US\$'000</b> |
|----------------------------------------------------------------------|-----------------------------------------------------------------|
| Total assets                                                         | 732                                                             |
| Total liabilities                                                    | 318                                                             |
| Total identifiable net assets                                        | 414                                                             |
| Less: Non-controlling interests                                      | (173)                                                           |
| Total identifiable net assets attributable to the Group              | 241                                                             |
| Add: Goodwill arising from acquisition                               | 8,095                                                           |
| Total consideration                                                  | 8,336                                                           |
| Consideration paid by cash                                           | 8,336                                                           |
| Less: Cash and cash equivalents of subsidiaries acquired             | (48)                                                            |
| Cash outflow on acquisition per consolidated statement of cash flows | 8,288                                                           |

**Note C**

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.

|                                                                     | <b>31 March 2018</b><br><b>At fair value</b><br><b>US\$'000</b> |
|---------------------------------------------------------------------|-----------------------------------------------------------------|
| Total assets                                                        | 830                                                             |
| Total liabilities                                                   | 167                                                             |
| Total identifiable net assets                                       | 663                                                             |
| Less: Non-controlling interests                                     | (199)                                                           |
| Total identifiable net assets attributable to the Group             | 464                                                             |
| Add: Goodwill arising from acquisition                              | 1,618                                                           |
| Total consideration                                                 | 2,082                                                           |
| Consideration paid by issuance of shares                            | (2,082)                                                         |
| Less: Cash and cash equivalents of subsidiaries acquired            | (178)                                                           |
| Cash inflow on acquisition per consolidated statement of cash flows | (178)                                                           |

**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      |
| <b>GROUP</b>                                         |               |                 |                 |                 |                    |                     |                    |                                              |                           |               |
| 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                         | -             | -               | -               | -               | -                  | -                   | (911)              | (911)                                        | 479                       | (432)         |
| Other comprehensive income                           |               |                 |                 |                 |                    |                     |                    |                                              |                           |               |
| - Foreign currency translation                       | -             | -               | -               | -               | -                  | 105                 | -                  | 105                                          | 5                         | 110           |
| Total comprehensive income/(loss) for the period     | -             | -               | -               | -               | -                  | 105                 | (911)              | (806)                                        | 484                       | (322)         |
| 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 of a subsidiary                     | -             | -               | -               | -               | -                  | -                   | -                  | -                                            | 150                       | 150           |
| - Dividends                                          | -             | -               | -               | -               | -                  | -                   | (511)              | (511)                                        | -                         | (511)         |
| Changes in ownership interests in subsidiaries       |               |                 |                 |                 |                    |                     |                    |                                              |                           |               |
| - Acquisition of subsidiaries                        | -             | -               | -               | -               | -                  | -                   | -                  | -                                            | 173                       | 173           |
| Transactions with owners in their capacity as owners | 10,107        | -               | (666)           | -               | -                  | -                   | (511)              | 8,930                                        | 323                       | 9,253         |
| <b>Balance as at 31 March 2019</b>                   | <b>88,183</b> | <b>(863)</b>    | <b>-</b>        | <b>45</b>       | <b>(987)</b>       | <b>140</b>          | <b>(36,801)</b>    | <b>49,717</b>                                | <b>1,591</b>              | <b>51,308</b> |
|                                                      |               |                 |                 |                 |                    |                     |                    |                                              |                           |               |
| 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                         | -             | -               | -               | -               | -                  | -                   | (384)              | (384)                                        | 134                       | (250)         |
| Other comprehensive income                           |               |                 |                 |                 |                    |                     |                    |                                              |                           |               |
| - Foreign currency translation                       | -             | -               | -               | -               | -                  | 56                  | -                  | 56                                           | 52                        | 108           |
| Total comprehensive income/(loss) for the period     | -             | -               | -               | -               | -                  | 56                  | (384)              | (328)                                        | 186                       | (142)         |
| Contributions by and distributions to owners         |               |                 |                 |                 |                    |                     |                    |                                              |                           |               |
| - Issue of shares                                    | 4,813         | -               | -               | -               | -                  | -                   | -                  | 4,813                                        | -                         | 4,813         |
| - Exercise of warrants                               | 2             | -               | -               | -               | -                  | -                   | -                  | 2                                            | -                         | 2             |
| - Purchase of treasury shares                        | -             | (447)           | -               | -               | -                  | -                   | -                  | (447)                                        | -                         | (447)         |
| - 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 | 6,897         | (106)           | -               | (23)            | -                  | -                   | -                  | 6,768                                        | 199                       | 6,967         |
| <b>Balance as at 31 March 2018</b>                   | <b>78,076</b> | <b>(616)</b>    | <b>666</b>      | <b>45</b>       | <b>-</b>           | <b>56</b>           | <b>(32,639)</b>    | <b>45,588</b>                                | <b>769</b>                | <b>46,357</b> |

|                                                                              | Share<br>capital<br>US\$'000 | Treasury<br>shares<br>US\$'000 | Warrant<br>reserve<br>US\$'000 | Capital<br>reserve<br>US\$'000 | Accumulated<br>losses<br>US\$'000 | Total<br>equity<br>US\$'000 |
|------------------------------------------------------------------------------|------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------|-----------------------------|
| <b>COMPANY</b>                                                               |                              |                                |                                |                                |                                   |                             |
| 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 period, representing total<br>comprehensive loss for the period | -                            | -                              | -                              | -                              | (1,675)                           | (1,675)                     |
| <b>Balance as at 31 March 2019</b>                                           | <b>88,183</b>                | <b>(863)</b>                   | <b>-</b>                       | <b>45</b>                      | <b>(39,004)</b>                   | <b>48,361</b>               |
| Balance as at 1 July 2017                                                    | 71,179                       | (510)                          | 666                            | 68                             | (31,979)                          | 39,424                      |
| Issue of shares                                                              | 4,813                        | -                              | -                              | -                              | -                                 | 4,813                       |
| Exercise of warrants                                                         | 2                            | -                              | -                              | -                              | -                                 | 2                           |
| Purchase of treasury shares                                                  | -                            | (447)                          | -                              | -                              | -                                 | (447)                       |
| Disposal of treasury shares                                                  | -                            | 341                            | -                              | (23)                           | -                                 | 318                         |
| Acquisition of subsidiaries through shares                                   | 2,082                        | -                              | -                              | -                              | -                                 | 2,082                       |
| Loss for the period, representing total<br>comprehensive loss for the period | -                            | -                              | -                              | -                              | (2,461)                           | (2,461)                     |
| <b>Balance as at 31 March 2018</b>                                           | <b>78,076</b>                | <b>(616)</b>                   | <b>666</b>                     | <b>45</b>                      | <b>(34,440)</b>                   | <b>43,731</b>               |

- 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.**

The movement of the Company's share capital, treasury shares reserve and warrant reserve is as follows:

|                                                                  | <b>No of issued shares</b> | <b>Amount<br/>US\$'000</b> |
|------------------------------------------------------------------|----------------------------|----------------------------|
| Balance as at 1 January 2019                                     | 172,798,495                | 79,765                     |
| Issuance of new ordinary shares                                  | 35,087,720                 | 7,427                      |
| Issuance of new ordinary shares pursuant to exercise of warrants | 578,454                    | 128                        |
| Balance as at 31 March 2019                                      | <u>208,464,669</u>         | <u>87,320</u>              |

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:

|                                                                                                               | <b>31/03/2019</b> | <b>31/03/2018</b> |
|---------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>Warrants</b>                                                                                               |                   |                   |
| Total number of shares that may be issued on conversion of the Company's outstanding warrants                 | -                 | 15,301,568        |
| <b>Convertible loan note</b>                                                                                  |                   |                   |
| Total number of shares that may be issued on conversion of the Company's convertible loan note <sup>(1)</sup> | 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 (equivalents to US\$3,707,500). 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 March 2019, the Company held 3,444,200 (31 March 2018: 2,410,400) 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 208,464,669 (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.

|                                             | <b>No. of shares</b> | <b>Amount<br/>US\$'000</b> |
|---------------------------------------------|----------------------|----------------------------|
| Balance as at 1 July 2018 and 31 March 2019 | <u>3,444,200</u>     | <u>863</u>                 |

- 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 | 9 MONTHS ENDED |               |
|----------------------------------------------------------|----------------|---------------|
|                                                          | 31/03/2019     | 31/03/2018    |
|                                                          | US\$           | US\$          |
| (i) Basic                                                | (0.520) cents  | (0.252) cents |
| (ii) Diluted                                             | (0.520) cents  | (0.252) cents |

The basic and diluted earnings per ordinary share for the financial period ended 31 March 2019 was calculated based on the weighted average number of issued shares 175,133,747. For comparison, earnings per share for the corresponding period was computed based on the weighted average number of shares of 152,117,009.

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      |              |
|-----------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                                                               | 31/03/2019   | 30/06/2018   | 31/03/2019   | 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 | 23.849 cents | 25.330 cents | 23.199 cents | 24.723 cents |

Net asset value per ordinary share as at 31 March 2019 and 30 June 2018 was calculated based on the number of shares in issue excluding treasury shares of 208,464,669 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\$149.775m in third quarter ended 31 March 2019 ("3Q19") which was 9% lower than US\$164.396m in third quarter ended 31 March 2018 ("3Q18"). This is mainly due to the decrease in value of the oil trades and offset by the contribution of revenue from the newly acquired subsidiary Shanghai Fengwei Garment Accessory Co., Ltd ("Fengwei") on 2 January 2019.

Other income increased to US\$0.581m in 3Q19 as compared to US\$0.085m in 3Q18 mainly due to the interest income from the structured oil trades and government subsidy from the newly acquired subsidiary Fengwei.

Employee benefits expense increased to US\$2.512m in 3Q19 as compared to US\$1.613m in 3Q18 mainly due to the the 6 newly acquired medical companies on 2 August 2018 and Fengwei.

Amortisation of intangible assets and depreciation of plant and equipment increased to US\$0.075m and US\$0.265m in 3Q19 as compared to US\$0.046m and US\$0.064m respectively in 3Q18 mainly due to the newly acquired subsidiary Fengwei.

Other operating expenses increased to US\$1.090m in 3Q19 as compared to US\$0.852m in 3Q18 mainly due to the newly acquired medical companies and Fengwei.

Finance costs increased to US\$0.800m in 3Q19 as compared to US\$0.539m in 3Q18, arising mainly from loans established to finance the expansion of the healthcare business and interest expense from the newly acquired subsidiary Fengwei.

#### **Financial Position Review**

Plant and equipment increased to US\$10.235m as at 31 March 2019 as compared to US\$0.962m 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 and the plant and equipment from the newly acquired subsidiary Fengwei.

Intangible assets and goodwill increased to US\$19.994m as at 31 March 2019 as compared to US\$6.429m as at 30 June 2018. The increase was due to the goodwill of US\$8.095m arising from the acquisition of the 6 medical companies as well as goodwill and intangible assets of US\$5.588m arising from the acquisition of Fengwei.

As at 31 March 2019, the increase/decrease of the following items is primarily due to the oil trading activities as compared to 30 June 2018:

- i. Inventories decreased to US\$1.672m as compared to US\$14.309m.
- ii. Trade and other receivables increased to US\$43.751m as compared to US\$24.181m.
- iii. Derivative financial instruments decreased to US\$0.083m as compared to US\$0.882m.
- iv. Prepayments decreased to US\$0.409m as compared to US\$2.773m.
- v. Trade and other payables increased to US\$45.110m as compared to US\$43.016m.

Deferred tax liabilities increased to US\$0.764m as compared to US\$0.386m as at 30 June 2018. The increase was mainly due to the deferred tax liability arising from the acquisition of Fengwei.

Total borrowings increased to US\$31.671m as compared to US\$18.414m, mainly due to the term loan secured by HSI Medical Pte. Ltd. to finance its acquisition of the 6 medical companies and term loan arising from the newly acquired subsidiary Fengwei.

#### **Cash Flow Statement Review**

The net cash flows of US\$0.178m used in operating activities was mainly due to the oil trading activities.

The net cash of US\$15.491m from financing activities in the current period mainly resulted from:

- i. Reduction of US\$3.948m in restricted cash held in designated bank accounts which is earmarked for letters of credit issued.
- ii. Proceeds of US\$9.313m 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 disposal of the energy business, International Energy Group, is still in progress and the Company will make the necessary announcements regarding the disposal, when appropriate.

NSG's healthcare division, Healthsciences International, has been contributing positively to the consolidated bottom line of the Company. This was mainly due to its outpatient GP clinics which is expected to remain strong through Q4.

The Company has completed the acquisition of Shanghai Fengwei, a profitable manufacturer of healthcare-related consumable linen, on 2 January 2019. Shanghai Fengwei started to contribute positively to NSG's revenue and earnings this quarter, as it has become a wholly-owned subsidiary of the Company. With its stable operations, it is expected to continue to boost the Company's net earnings going forward.

As the Company embarks on its transformation into a healthcare-focused company, NSG will continue to look out for strategic opportunities locally and regionally, such as expanding into specialist care and hospital management, to grow its healthcare business.

## Utilisation of placement proceeds

Total placement proceeds of US\$7.427m on 20 February 2019 were utilised for the following purposes:

|                                 | <b>As at<br/>31 March 2019<br/>US\$'000</b> |
|---------------------------------|---------------------------------------------|
| Placement proceeds              | 7,427                                       |
| Less: Placement costs           | (23)                                        |
| Net proceeds                    | <u>7,404</u>                                |
| Less utilised:                  |                                             |
| Investment through acquisitions | <u>(7,404)</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 March 2019 due to the accumulated losses of the Company.

### 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 third 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 March 2019 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  
14 May 2019