NEW SILKROUTES GROUP LIMITED • ANNUAL REPORT 2018

NEW SILKROUTES

GROUP LIMITED

ANNUAL REPORT

2018

Healthy Momentum

CONTENTS

CORPORATE

FINANCIAL

New Silkroutes Group Limited ("New Silkroutes Group") is an investment holding company listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

New Silkroutes Group, together with its subsidiaries (the "Group"), operate in the Healthcare and Energy sectors.

HEALTHCARE

The Group's healthcare division focuses on the provision of healthcare and related services, and operates mainly under its subsidiary, Healthsciences International Pte. Ltd. ("HSI"). HSI owns and operates primary care medical and dental clinics in Singapore and aims to expand into Vietnam and other Southeast Asian countries through acquisitions and partnerships. It also has a team that specializes in hospital development and management, with a focus in Southeast Asia and China.

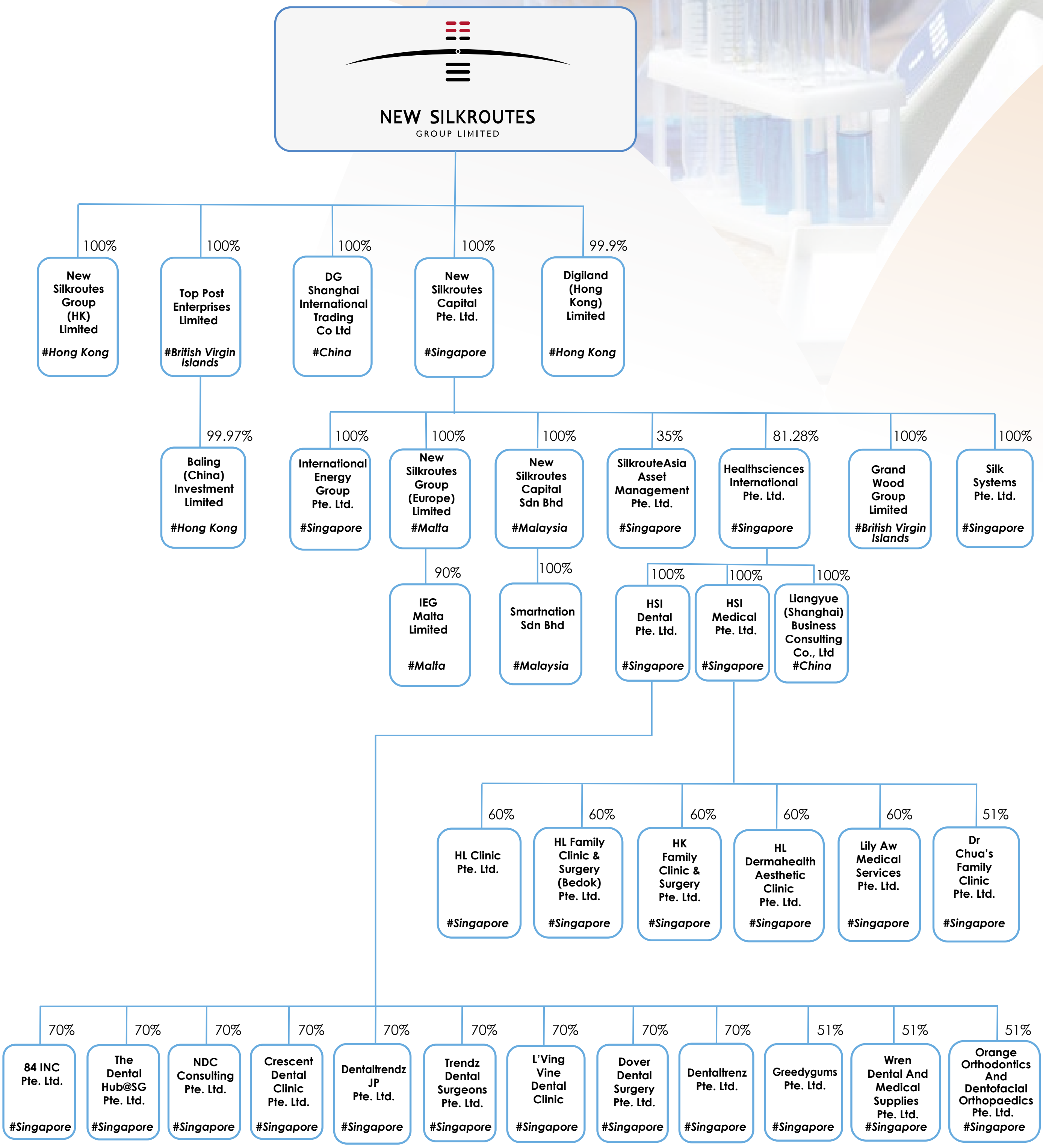
The Group plans to extend its healthcare portfolio into healthcare-related supplies, such as disposable medical consumables like hospital gowns and linen, which can complement its hospital development and management arm.

The Group now owns 17 clinics comprising one dental specialist clinic, eight dental clinics, five family medicine clinics, one aesthetic clinics and two traditional chinese medicine (TCM) clinics as well as two dental supplies companies.

ENERGY

The Group's energy division is through its wholly-owned oil trading subsidiary, International Energy Group Pte. Ltd. ("IEG"), which counts oil majors and national oil companies among its counterparties. Incorporated in 2014, IEG focuses on physical oil trades in the key markets of Southeast Asia and North Asia. To maintain efficiency, IEG charters and operates its own fleet of vessels to support the necessary logistics.

GROUP STRUCTURE



Country of incorporation

Our Flagship of Clinics in Singapore

DENTAL CLINICS

1. **The Dental Hub (Alexandra)**
   The Dental Hub@SG Pte. Ltd.
   Tel: 6274 9682
   460 Alexandra Road
   #02-16 PSA Building,
   Singapore 119963
2. **The Dental Hub (Bedok)**
   84 Inc Pte. Ltd.
   Tel: 6241 7088
   84 Bedok North Street 4 #01-07,
   Singapore 460084
3. **The Dental Hub (Boon Lay)**
   Dentaltrendz JP Pte. Ltd.
   Tel: 6794 0788
   1 Jurong West Central 2,
   #01-16 A&B Jurong Point Shopping
   Centre, Singapore 648886
4. **The Dental Hub (Dover)**
   Dover Dental Surgery Pte. Ltd.
   Tel: 6779 0233
   28 Dover Crescent, #01 - 87,
   Singapore 130028
5. **The Dental Hub (Jurong West)**
   Trendz Dental Surgeons Pte. Ltd.
   Tel: 6397 0284
   762 Jurong West Street 75
   #02-254 Gek Poh Shopping Centre,
   Singapore 640762
6. **The Dental Hub (Telok Blangah)**
   Crescent Dental Clinic Pte. Ltd.
   Tel: 6270 0732
   12 Telok Blangah Crescent,
   #01-115, Singapore 090012
7. **The Dental Hub (West Coast)**
   L'ving Vine Dental Clinic Pte. Ltd.
   Tel: 6775 8385
   154 West Coast Road, #01-84/85,
   West Coast Plaza, Singapore 127371
8. **The Dental Hub (Yew Tee)**
   NDC Consulting Pte. Ltd.
   Tel: 66342 535
   21 Choa Chu Kang North 6
   #B1-24 Yew Tee Point,
   Singapore 689578

DENTAL SPECIALIST

Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd.
Tel: 6737 0544
304 Orchard Road Lucky Plaza Suite,
#05-44 Orchard Medical Specialists,
Singapore 238863

AESTHETIC

HL Dermahealth Aesthetic Clinic Pte. Ltd.
Tel: 6276 9007
12 Telok Blangah Crescent,
#01-111, Singapore 090012

TCM CLINICS

1. **Life!TCM @ Orchard**
   Healthsciences International Pte. Ltd.
   Tel: 6836 3637
   304 Orchard Road
   Lucky Plaza Suite #05-33,
   Singapore 238863
2. **Life!TCM @ Tiong Bahru**
   Healthsciences International Pte. Ltd.
   Tel: 6352 7883
   10B Boon Tiong Road #01-539
   Tiong Bahru View,
   Singapore 164010

GP CLINICS

1. **HL Clinic Pte. Ltd.**
   Tel: 6272 1986
   9 Telok Blangah Crescent, #01-135,
   Singapore 090009
2. **HL Family Clinic & Surgery Pte. Ltd. (Bedok)**
   Tel: 64420494
   89 Bedok North Street 4, #01-83,
   Singapore 460089
3. **HK Family Clinic & Surgery Pte. Ltd.**
   Tel: 6552 8757
   410 Ang Mo Kio Ave 10, #01-817,
   Singapore 560410
4. **Dr Chua's Family Clinic Pte. Ltd.**
   Tel: 6792 8505
   Blk 638 Jurong West Street 61,
   #02-04 Pioneer Mall, Singapore
   640638
5. **Lily Aw Medical Services Pte. Ltd.**
   Tel: 6582 2122
   446 Pasir Ris Drive 6 #01-116,
   Singapore 510446

DEAR SHAREHOLDERS,

For the financial year ended 30 June 2018 ("FY2018"), the New Silkroutes Group Limited ("NSG") remained focussed on securing long-term sustainable value for our shareholders.

This galvanised our efforts and set the tone for the year, as we continued to fine-tune our growth strategy to lay the foundation to become a regional healthcare player over time.

Towards this end, the Board endorsed the NSG management's decision to divest non-core assets and maintain a strategic emphasis on healthcare as a core business, run by Healthsciences International Pte. Ltd. ("HSI"); and underpinned by International Energy Group Pte. Ltd.'s ("IEG") oil trading business.

I am happy to note that NSG's FY2018 performance validates the strategic tack we've taken, as the Group is starting to show growth momentum; revenue and gross profit grew by 10 and 14 times, respectively. The Group revenue rose to US$692.53 million, buoyed by the healthcare business and an increase in oil trading activities.

During the financial year, HSI recorded a full-year net profit of US$0.25 million in FY2018, reversing a net loss of US$0.29 million in the previous year. HSI also expanded into Vietnam and laid plans to enter China; it also grew its Singapore business to include more GP and dental clinics.

IEG showed similar traction and recorded 1.6 times increase in revenue to US$686.13 million and gross profit grew to US$3.90 million. The rise in the revenue and gross profit was mainly due to an increase in oil trading activities and logistic capacities.

FY2018 has been a milestone for the Group in more ways than one. We divested existing businesses and acquired new ones; and formed new partnerships. We also recruited more specialist talent in healthcare and oil trading and invested in efforts to search for organic growth opportunities.

The process of transformation and change is rarely linear. For a relatively young company such as NSG, we will have our share of ups and downs in our effort to create value and achieve superior returns for all shareholders.

We remain watchful and agile, even as we continue to tweak our strategy in response to evolving macro-economic realities. What remains unwavering for us, and on which the Board and Management are in full agreement, is that no sacred cows must stand in the way of getting things done. This is important, if we want to remain on the growth track and not get distracted.

I wish to update shareholders on the following corporate developments:

- Ms Luna Lee, a senior healthcare executive, joins the NSG family as the CEO of HSI. She has more than 20 years of experience in public and private healthcare. She was previously the CEO of Mount Alvernia Hospital, COO of Mount Elizabeth Novena Hospital and COO of SingHealth Polyclinics. Her vast experience in private hospital development and management and her operational experience in the public primary care sector, will be valuable to execute and grow the healthcare business.

- Mr William Teo, joins NSG as the Finance Director. He has more than 18 years of experience in the banking and finance industry with extensive knowledge of treasury, capital market and corporate advisory function. He also headed the Corporate Treasury Sales division at one of the top 5 banks in Southeast Asia. Prior to joining NSG, he was the Senior Manager, Business Development and the COO of a listed mainboard company. He will be responsible for the treasury, finance, audit, fundraising, and strategic planning functions of the Group.

Looking ahead, we are confident that our focus on healthcare as a core business and its related services and geographic diversifications, will deliver shareholder value in the longer term.

New Silkroutes Group's continued transformation journey would not have been possible without the mandate of all our stakeholders.

On behalf of the Board, we thank you for your faith in us and we look forward to your continued support for our efforts to create value and superior returns for all stakeholders.

MR HO SHENG

Independent, Non-Executive Chairman

Ho Sheng was appointed as Lead Independent and Non-Executive Director on 24 June 2015 and as Independent, Non-Executive Chairman on 8 December 2016.

He has more than 25 years of experience in the financial services industry with extensive exposure to regional capital markets and cycles.

Ho Sheng holds a Master of Applied Finance degree from Macquarie University, Sydney. He is a Senior Associate of the Financial Services Institute of Australasia and an Associate of the Institute of Chartered Secretaries and Administrators (UK).

DR GOH JIN HIAN

Executive Director and Chief Executive Officer

Dr Goh Jin Hian was appointed as Executive Director on 24 June 2015 and as Chief Executive Officer on 7 July 2015.

Dr Goh is currently the Chairman and Independent Director of SGX-listed Cordlife Group Limited. Prior to joining New Silkroutes Group, Dr Goh was a C-suite executive in ParkwayHealth from 1999-2011 and an Executive Director in a private oil and gas company from 2012-2014.

He had also served on the Council of the Singapore Human Resource Institute from 2007 to 2017 and on the Council of the Singapore Medical Association from 1996-2000.

Dr Goh obtained his Bachelor of Medicine and Bachelor of Surgery from the National University of Singapore in 1992. He also holds a Master of Business Administration from The University of Hull. In addition, Dr Goh completed The Wharton Advanced Management Program in 2005.

MR OO CHEONG KWAN KELVYN

Executive Director and Chief Corporate Officer

Kelvyn Oo was appointed as Independent and Non-Executive Director on 24 June 2015 and as Executive Director and Chief Corporate Officer on 1 June 2017.

He was a lawyer by profession and for almost 20 years has practiced in several of the large local as well as international law firms. Prior to joining us, Kelvyn was a partner of an international law firm. His area of practice was mainly in corporate finance particularly mergers and acquisitions (public and private, including reverse take-overs), joint ventures, equity capital markets and corporate restructuring. He advised on fund formation and with corporate entities (listed and private) he also advised on various securities, compliance and regulatory matters. Kelvyn is also an Independent Director of Teho International Inc Ltd., a company listed on the Singapore Exchange Securities Trading Limited and an advisory board member of Viridian Asset Advisors Pvt Ltd.

He graduated from The University of Buckingham with LLB (Honours) and subsequently obtained his LL.M (Financial Services) from The University of New South Wales.

MRS CHEN CHOU MEI MEI VIVIEN

Independent and Non-Executive Director

Chen Chou Mei Mei Vivien was appointed as Independent and Non-Executive Director on 24 June 2015.

She graduated with a Bachelor of Arts degree from the University of Colorado in the United States of America and has over 30 years' experience in investments, in particular, property investments and in garment manufacturing and aircraft maintenance businesses. She is also currently a Non-Executive Director of SEHK-listed Wing Tai Properties Limited and an Executive Director of Winsor Industrial Corporation Ltd., HK.

Mrs Chen is a Director of Farnham Group Ltd. and Gala Land Investment Co. Ltd., which are the substantial shareholders of Wing Tai Properties Limited within the meaning of Part XV of the SFO. She is also Director of Lian Thai Apparel Co. Ltd., Bangkok, Thailand, and a Director/advisory member of various non-profit organisations in various countries - President of Modernized Chinese Medicine International Association Limited and Vice-President of The Hong Kong Health Food Association Ltd. She is a member of the Young President Organization (YPO) Gold member in the HK Chapter.

MR PAO KIEW TEE

Independent and Non-Executive Director

Mr Pao was appointed as Independent Director on 31 October 2016. He is currently the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Pao was a senior government auditor. The last post he held before his retirement in July 2016 after serving the Civil Service for 37 years was Senior Group Director. As a senior auditor, he was the overall-in-charge of a group responsible for carrying out financial statements and operation audits of government ministries and statutory boards. Prior to joining the Singapore Government, he was with two accounting firms in New Zealand between October 1976 and September 1978. From March 1975 to September 1976, he worked as an analyst for the Commercial Bank of Australia in New Zealand.

Mr Pao is currently an independent director of three other public listed companies in Singapore, namely, Boldtek Holdings Limited, Mary Chia Holdings Limited and Wong Fong Industries Limited. He is also a Trustee of the Serangoon Gardens Country Club and a member of the Audit Committee of the Seletar Country Club. Mr Pao is also active in various grassroots organisations.

Mr Pao graduated with a Bachelor of Commerce (Accounting) degree from the University of Otago, Dunedin, New Zealand in 1974. He is a Fellow of Institute of Chartered Accountant of Singapore and a member of the Singapore Institute of Directors.

MR TEO THIAM CHUAN WILLIAM

Finance Director

William Teo was appointed as the Finance Director on 30 April 2018.

He has more than 18 years of experience in the banking and finance industry with extensive exposure to the treasury, capital market and corporate advisory function.

He then moved on to join a mainboard company where he was the Senior Manager, Business Development and the Chief Operating Officer of the company.

He graduated with a Bachelor of Commerce from the University of Toronto and holds a Master of Applied Finance degree from Macquarie University.

MR WU GUOLIANG

Executive Director, International Energy Group Pte. Ltd. ("IEG")

Mr Wu Guoliang was appointed as Executive Director of IEG on 17 October 2016.

Guoliang has more than 15 years of corporate experience in the energy and investment industries, namely energy logistics, medical, wellness and the real estate. He graduated from University of Heriot-Watt with a Bachelor in Construction Management, and from Reading University with a Master in Real Estate Finance and Economics. He attended the Senior Management Programme on Internationalisation by Lee Kuan Yew School of Public Policy and is currently pursuing a Finance EMBA with TsingHua University focusing on Belt & Road Initiatives.

MR ARTUN GURSEL

Trading Manager and Book Leader, International Energy Group Pte. Ltd. ("IEG")

Artun joined IEG as Trading Manager and Book Leader in September 2015.

He has been in the oil industry since 2003. At the early stages of his career, while based in Europe, he ran supply operations and terminals, managed chartering activities of an European major oil distributor and played a key role in their global expansion.

Following that, in 2007-2009, he was also in charge of developing structured price risk management models for the refining arm of the European group.

Since 2008, he has been trading in Asia-Pacific markets and managing oil asset investments in the Far East. Proficient in both physical and derivative trading, his focus was global fuel oil & feedstock trading prior to IEG.

Artun Gursel holds a bachelor degree in business administration from Galatasaray College, a francophone University, with a major in statistics.

MS LEE LUNA

Chief Executive Officer, Healthsciences International Pte. Ltd. ("HSI")

Ms Luna Lee was appointed as Chief Executive Officer of HSI on 9 April 2018.

Ms Lee has more than 20 years of experience in public and private healthcare. She held several key C-suite executive positions including being the first lady female Chief Executive Officer of Mount Alvernia Hospital, and first Chief Operating Officer of Mount Elizabeth Novena Hospital. She was the pioneer member and was instrumental in development, commissioning and operations of the Mount Elizabeth Novena Hospital, primed to set benchmarks in medical technology, innovation and healing environment in healthcare. Ms Lee had held leadership appointments in National University Hospital and the Parkway group of Hospitals, with responsibilities in operations, quality and service excellence.

Prior to joining HSI, Ms Lee was the Chief Operating Officer of SingHealth Polyclinics, the primary healthcare services provider of Singapore's largest public healthcare group.

Ms Lee graduated from the National University of Singapore with a Bachelor of Science degree and majored in Mathematics.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Dr Goh Jin Hian
(Executive Director and Chief Executive Officer)

Mr Oo Cheong Kwan Kelvyn
(Executive Director and Chief Corporate Officer)

INDEPENDENT & NON-EXECUTIVE DIRECTORS

Mr Ho Sheng *(Chairman)*
Mrs Chen Chou Mei Mei Vivien
Mr Pao Kiew Tee

AUDIT COMMITTEE

Mr Pao Kiew Tee *(Chairman)*
Mr Ho Sheng
Mrs Chen Chou Mei Mei Vivien

NOMINATING COMMITTEE

Mr Ho Sheng *(Chairman)*
Mrs Chen Chou Mei Mei Vivien
Mr Pao Kiew Tee

REMUNERATION COMMITTEE

Mrs Chen Chou Mei Mei Vivien *(Chairman)*
Mr Ho Sheng
Mr Pao Kiew Tee

COMPANY SECRETARY

Ms Ong Beng Hong

REGISTERED OFFICE

456 Alexandra Road
#19-02 Fragrance Empire Building
Singapore 119962
Tel: (65) 6377 0100 Fax: (65) 6377 0600
www.newsilkroutes.org

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

INDEPENDENT AUDITOR

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621
Audit Partner-in-charge: Mr Robin Chin Sin Beng
Date of Appointment: 10 July 2015

PRINCIPAL BANKERS

CIMB Bank Berhad
Credit Suisse (Switzerland) Ltd
Malayan Banking Berhad
United Overseas Bank Limited

EXECUTIVE MANAGEMENT

Dr Goh Jin Hian
Executive Director and Chief Executive Officer

Mr Oo Cheong Kwan Kelvyn
Executive Director and Chief Corporate Officer

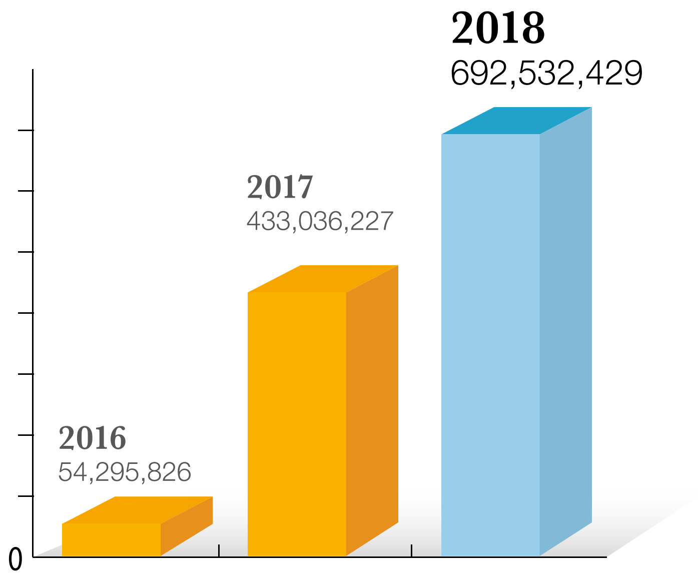
Mr Teo Thiam Chuan William
Finance Director

Mr Wu Guoliang
Executive Director of International Energy Group Pte. Ltd.

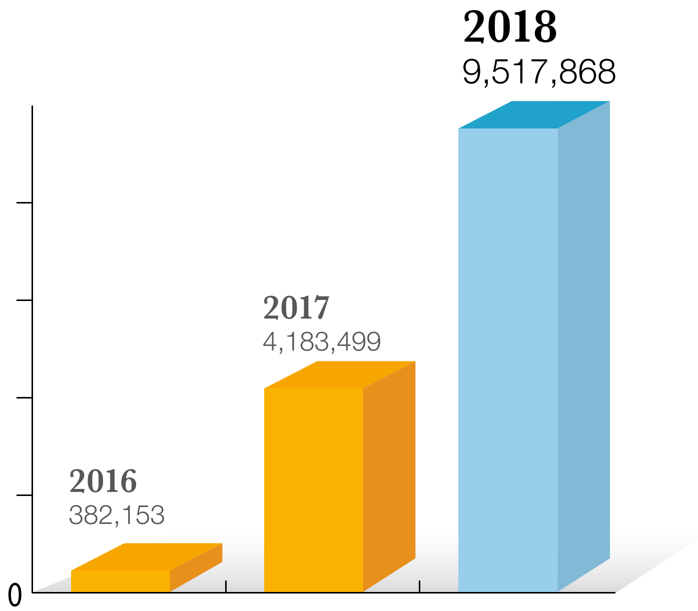
Mr Artun Gursel
Trading Manager and Book Leader of International Energy Group Pte. Ltd.

Ms Lee Luna
Chief Executive Officer of Healthsciences International Pte. Ltd.

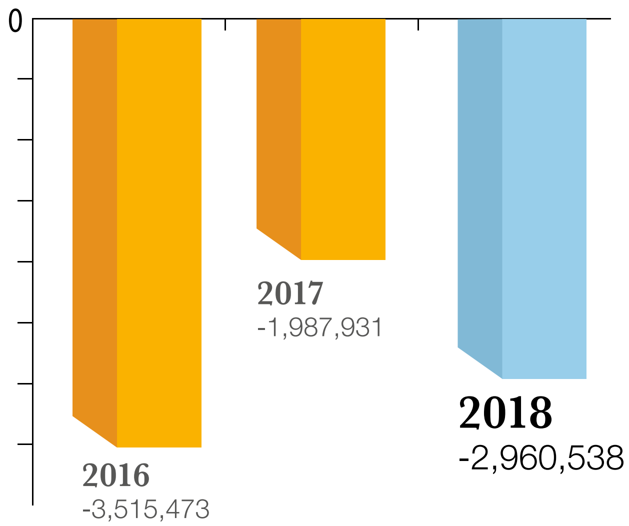
REVENUE



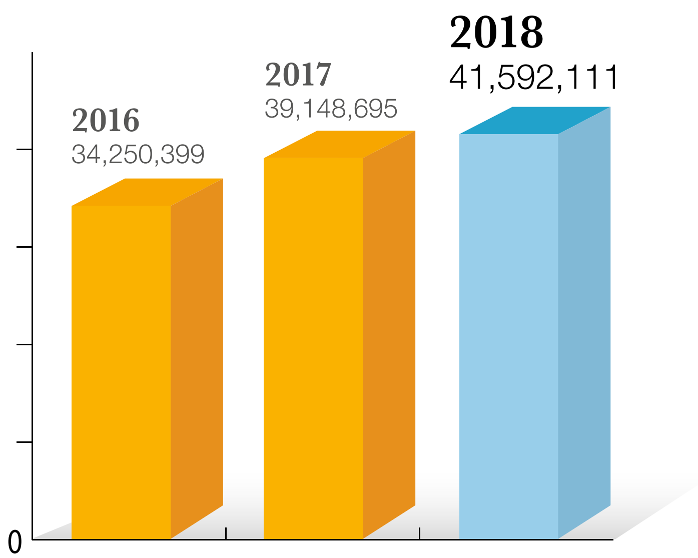
GROSS PROFIT



LOSS AFTER TAX



SHAREHOLDERS' EQUITY



New Silkroutes Group Limited ("NSG"), an investment holding company, together with its subsidiaries (the "Group"), operate in the Healthcare and Energy sectors.

OPERATIONS REVIEW

In FY2018, NSG carried out a strategic review and fine-tuned its strategy to focus on healthcare and energy as core businesses, thereby divesting its non-core assets, such as its 30% stake in New Silkroutes Asset Management Pte. Ltd. in September 2017.

HEALTHCARE

Moving forward, NSG intends to focus on Healthcare as its core business. The Group's Healthcare division provides healthcare and related services mainly under its subsidiary, Healthsciences International Pte. Ltd. ("HSI").

NSG has been strengthening its Healthcare division through a mix of acquisitions and collaborations locally and regionally for the past two years.

NSG first entered the healthcare business in December 2016 through the acquisition of HSI, which operated two TCM clinics in Singapore and provided clinic and pharmacy management systems to external customers in China and Singapore respectively. Following this, HSI then expanded with the further acquisition of eight dental clinics, one dental specialist clinic and two dental supplies companies in 2017. The eight dental clinics have since been re-branded as 'The Dental Hub'.

On 2 August 2018, NSG successfully acquired substantial stakes in six family medicine and aesthetic clinics in Singapore. With the completion of the acquisition of the family medicine and aesthetics clinics, the Group now owns 17 clinics in total and employs over sixty staff, comprising physicians, dentists, clinical and non-clinical professionals.

HSI also entered into a joint venture agreement with Vietnam-based Egroup Education Group Joint Stock Company on 7 August 2018 to set up a dental chain under the brand name 'The Dental Hub International' in Vietnam. The first flagship dental clinic will be set up in Hanoi and will employ expatriate and local dentists and healthcare staff. This regional expansion of the dental chain to Vietnam marks another milestone in NSG's efforts to strengthen its core Healthcare business.

On 13 August 2018, the Group entered into a share sale and purchase agreement to acquire 100% stake of Shanghai Fengwei Garment Accessory Co., Ltd ("Shanghai Fengwei"). This will be a strategic and profitable acquisition for the Group and it will also enable the Company to participate in the growth of China's healthcare market. Shanghai Fengwei manufactures and distributes non-woven fabric, nonwoven converted products, polyester wadding, polypropylene fabrics and related products, which are used as the base materials for the production of healthcare consumables such as isolation gowns, disposable shoe covers, linen and drapes. As China restructures its hospitals and improves its clinical standards, the Group foresees the use of disposable healthcare consumables in the hospitals will increase. The ability to manage the cost of healthcare consumables will be strategic to the Group's hospital management capabilities.

Whilst the Group has taken the acquisition route to jumpstart its entry into Healthcare, it will gradually balance the expansion of its Healthcare division with a mix of organic growth, such as starting its own clinics and facilities, and securing hospital management contracts, with the option of taking permanent equity in the hospitals.

The Group is confident that the Healthcare focus will continue to bear fruit and contribute even more significantly to its profitability moving forward.

ENERGY

The Group's Energy division is through its wholly-owned oil trading subsidiary, International Energy Group Pte. Ltd. ("IEG"), which focuses on physical oil trades in the key markets of Southeast Asia and North Asia. The Energy business underpins NSG's core Healthcare business with a stable revenue stream.

During the year, the group had shifted its oil trading strategy slightly, from leasing fixed storage to chartering vessels, in order to strengthen its shipping logistic capabilities. This has allowed the group to adapt swiftly to rapidly changing market demands as it can redeploy its vessels according to such changes.

During FY2018, oil trading activities continued to grow but rising oil prices and the stronger USD made it a difficult operating environment for the company, as its financing costs remained high. Beyond FY2018, IEG will seek refinancing for its trade lines to lower the financing cost and to improve the overall margin of the Energy sector. It may also be necessary for IEG to partner with a strategic investor who can lower its business costs through financing or through the provision of strategic logistic capabilities.

FINANCIAL REVIEW

GROUP FINANCIAL PERFORMANCE

The Group achieved revenue of US$692.53 million in FY2018, an increase of 60% from US$433.04 million in FY2017, driven by the growth of its core healthcare business and increase in oil trading activities.

The Group performance was moderated mainly by the expenses of the newly acquired dental companies, as well as one-off expenses amounting to US$2.34 million. These expenses included writing off of receivables and professional fees for corporate exercises.

As a result, the Group incurred a net loss of US$2.96 million for the FY2018 compared to a net loss of US$1.99 million a year ago. Excluding the one-off expenses, the Group would have improved its performance and reduced its net loss to US$0.62 million in FY2018.

SEGMENTAL FINANCIAL PERFORMANCE

NSG's healthcare arm, HSI, recorded a net profit of US$0.25 million in FY2018, reversing a net loss of US$0.29 million in the previous year. Revenue rose nearly 10 times to US$6.40 million from US$0.66 million the year before mainly due to contribution from the six dental clinics and two dental supplies companies acquired on 30 June 2017 and three additional dental clinics acquired on 30 October 2017.

IEG, NSG's oil trading subsidiary, reported a net profit US$1.31 million on revenue of US$686.13 million in FY2018, an increase of 1.6 times from the revenue of US$432.30 million posted last year. The rise in the revenue was mainly due to an increase in oil trading activities and logistic capacities.

FINANCIAL POSITION

The Group's financial position remained healthy, with net assets at US$41.59 million as at 30 June 2018. This translates into net asset value per share of 25.33 US cents.

Current assets increased 9% to US$74.15 million as at 30 June 2018 mainly due to an increase in inventories of US$9.04 million, and cash and cash equivalent of US$2.01 million. Current liabilities increased 22% to US$58.51 million as at 30 June 2018, because of a US$4.69 million increase in trade and other payables and US$5.06 million of borrowings to finance oil trades. The increase in current assets and current liabilities were mainly due to an increase in oil trading activities.

Non-current assets increased 57% to US$31.00 million as at 30 June 2018, as plant and equipment, intangible assets and goodwill, available-for-sale investments, and other receivables increased. Arising from the acquisition of the three dental clinics on 30 October 2017, the plant and equipment increased by US$0.54 million to US$0.96 million, and intangible assets and goodwill increased by US$1.64 million to US$6.43 million. Other receivables of US$1.90 million for the consideration receivable for the disposal of subsidiaries, Digiland (Thailand) Ltd. and Infonet Systems and Services Pte Ltd was a reclassification from current to non-current assets.

Non-current liabilities increased nearly seven times to US$4.26 million as at 30 June 2018 mainly due to the allotment and issuance of convertible loan notes of US$3.74 million to Haitong International Financial Products (Singapore) Pte. Ltd. (the "Lender") pursuant to the convertible loan agreement entered into between NSG and the Lender on 30 May 2018.

New Silkroutes Group Limited (the "Company", and together with its subsidiaries, the "Group") is committed to maintaining a high standard of corporate governance to protect the interest as well as to enhance the long-term value of its shareholders. This is in line with the Code of Corporate Governance 2012 (the "Code"). This statement describes the corporate governance policies and practices that have been adopted by the Company together with appropriate explanations where there are deviations from the Code.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance ("2018 Code"), which will take effect for annual reports covering financial years commencing from 1 January 2019. The Company will review and implement measures to comply with the 2018 Code, where appropriate, for the Company's annual report for the financial year ending 30 June 2020.

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

The Board of Directors of the Company (the "Board" or "Directors") is entrusted with the overall management of the business affairs of the Company and sets the overall strategy and policies on the Group's business direction.

The principal functions of the Board include:

a) approving the overall policies, strategic plans, key operational initiatives, major investments and funding decisions;

b) approving the budget and monitoring the performance of the business;

c) approving the financial results of the Group for release to shareholders;

d) ensuring the implementation of appropriate control systems to manage the Group's business and financial risks; and

e) considering and approving the nominations and re-nominations to the Board as well as the appointment of key personnel.

All Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the interest of the Company.

The Board holds at least four (4) regular scheduled meetings throughout the year to coincide with the Company's results announcements and convenes ad-hoc meetings as and when required. The Constitution of the Company allows the Directors to participate in a meeting of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. In addition to holding meetings, important matters concerning the Company are also put to the Board for its decision by way of written resolutions.

During the financial year ended 30 June 2018 ("FY2018"), the Board met at five meetings. Board members were present at the meetings, either in person or via teleconferencing. The table below shows the attendance of the Directors at the Board and respective Board Committee meetings during FY2018:

	Board		**Audit and Risk Committee#**		**Nominating Committee**		**Remuneration Committee**	
	Number of Meetings^		**Number of Meetings^**		**Number of Meetings^**		**Number of Meetings^**	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Ho Sheng	5	5	4	4	1	1	1	1
Goh Jin Hian	5	5	4	4*	1	1*	1	1*
Oo Cheong Kwan Kelvyn	5	5	4	4*	1	1*	1	1*
Chen Chou Mei Mei Vivien	5	4	4	3	1	1	1	1
Pao Kiew Tee	5	5	4	4	1	1	1	1
Lee Soek Shen *(ceased to be a Director on 8 January 2018)*	3	3	2	2*	1	1*	1	1*

\# *The Audit Committee was renamed as the "Audit and Risk Committee" with effect from 3 September 2018 to better reflect the scope and responsibilities of the committee.*

^ *Refers to meetings held/attended while each Director was in office.*

* *By invitation*

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group.

In the discharge of its function, the Board is supported by specialty Board Committees that provide independent oversight on the Management, and which also serve to ensure that there are appropriate checks and balances. The key committees are the Audit and Risk Committee, the Nominating Committee and the Remuneration Committee. These Board Committees function within clearly defined terms of reference and operating procedures. The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters still lies with the entire Board. In particular, the Board notes that it has overall responsibility for putting in place a framework of good corporate governance in the Group, including the processes for financial reporting and compliance.

The Executive Directors are primarily responsible for the management of the business and affairs of the Company and endeavours to reduce the administrative time, inconvenience and the expenses associated with the convening of Board meetings by the circulation of resolutions in writing of the Board, without compromising the Group's corporate objectives and adversely affecting the day-to-day operations of the Company. Meetings of the Board are still held and/or resolutions in writing of the Board are circulated for matters which are reserved for the Board's decision, including but not limited to the following:

a) review of the annual budget and the performance of the Group;

b) review of the key activities and business strategies;

c) approval of the corporate strategy and direction of the Group;

d) approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions;

e) material acquisitions and disposals;

f) corporate or financial restructuring and share issuances;

g) declaration of dividends and other returns to shareholders;

h) appointment of new Directors or key personnel.

All newly appointed Directors are given briefings by the Management on the history and business operations of the Group. The Company will, if necessary, organise briefing sessions or circulate memoranda to the Directors to enable them to keep pace with regulatory changes, where such changes have a material bearing on the Group. The Company will also provide the newly-appointed Director with a formal letter setting out his/her duties and obligations. The Directors are also encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as Directors to the Company.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

As at the date of this Annual Report, the Board comprises five members, of whom three (including the Chairman) are Independent Non-Executive Directors and two are Executive Directors. As such, there is a strong and independent element on the Board, with Independent Directors making up a majority of the Board. Further, all the members of each specialty Board Committee are Independent Non-Executive Directors. The list of Directors is as follows:

Mr Ho Sheng	(Independent and Non-Executive Chairman)
Dr Goh Jin Hian	(Executive Director and Chief Executive Officer)
Mr Oo Cheong Kwan Kelvyn	(Executive Director and Chief Corporate Officer)
Mrs Chen Chou Mei Mei Vivien	(Independent and Non-Executive Director)
Mr Pao Kiew Tee	(Independent and Non-Executive Director)

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies, and experience for the Group, regardless of age or gender. The Board is of the view that the current Board members comprise persons whose diverse skills, experience, knowledge, attributes and gender (with one female Independent Director on the Board) provide for effective direction of the Group. The Board's structure, size and composition are reviewed annually by the Nominating Committee to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Nominating Committee, with the concurrence of the Board, is of the view that, given the scope and nature of the Group's operations, the present size of the Board is appropriate in facilitating effective decision-making.

The independent and non-executive members of the Board comprise seasoned professionals with management, financial, and industry backgrounds. This enables the Management to benefit from their external and objective perspectives of issues that are brought before the Board. The Independent and Non-Executive Directors constructively challenge and help develop proposals on strategy, assist the Board in reviewing the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance. The Independent Directors meet at least once annually without the presence of the other Directors and the Management.

The Nominating Committee assesses the suitability of each new Director based on the standing, character and relevance of a candidate's expertise, skills and experience to the Group, before recommending the appointment to the Board.

A Director who is not an employee of the Group and who has no relationship with the Group or its officers or its substantial shareholders that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company, is considered to be independent. The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

None of the Independent Directors has served on the Board for an aggregate period of more than nine years (whether before or after listing). In the event that any Independent Director has served on the Board for nine years or more, the Nominating Committee will subject the independence of such a Director to particularly rigorous review and explain why such a Director should still be considered independent in the Annual Report. In addition, the Company will seek the approval of (i) shareholders excluding the Directors, the CEO and the associates of the Directors and CEO and (ii) all shareholders in separate resolutions for the continued appointment of such Independent Directors.

Key information regarding the Directors is given in the "Board of Directors" section of this Annual Report.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

There is a distinct separation of responsibilities between the Chairman and the Chief Executive Officer ("CEO") to ensure an appropriate balance of power and authority at the top of the Company and no one individual has considerable concentration of power. The positions of the Chairman and the CEO are kept separate and are held by Mr Ho Sheng and Dr Goh Jin Hian respectively. The Board appointed Mr Ho Sheng as the Independent, Non-Executive Chairman on 8 December 2016.

As the Chairman, Mr Ho bears the following responsibilities:

a) leading the Board to ensure its effectiveness on all aspects of its role, stimulating and engendering a robust yet collegiate setting and setting the right ethical and behavioral tone;

b) setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

c) promoting a culture of openness and debate at the Board by encouraging full and frank exchange of views, drawing out contributions from all Directors so that the debate benefits from the full diversity of views around the boardroom table;

d) ensuring that the Directors receive complete, adequate and timely information;

e) ensuring effective communication with shareholders;

f) encouraging constructive relations within the Board and between the Board and Management, in particular, between the Board and the CEO;

g) facilitating the effective contribution of Independent Directors towards the Company; and

h) together with the Audit and Risk Committee, promoting high standards of corporate governance.

The CEO is responsible for the day-to-day management of the Group's affairs. He executes the strategic plans set by the Board and ensures that the Directors are kept updated and informed of the Group's business through Management reports. Major decisions made by the CEO are reviewed by the Audit and Risk Committee and approved by the Board.

PRINCIPLE 4: BOARD MEMBERSHIP

PRINCIPLE 5: BOARD PERFORMANCE

The Nominating Committee comprises the following members, all of whom are independent:

Mr Ho Sheng	(Independent and Non-Executive Director; chairman of the Nominating Committee)
Mrs Chen Chou Mei Mei Vivien	(Independent and Non-Executive Director)
Mr Pao Kiew Tee	(Independent and Non-Executive Director)

The Nominating Committee has written Terms of Reference that describe the responsibilities of its members. The duties are as follows:

a) to recommend all Board appointments, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;

b) to recommend to the Board re-nomination of Directors for re-election at the Company's annual general meeting ("AGM"), having considered the Directors' contribution and performance. All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years;

c) to review the independence of Directors;

d) to ensure that Directors who have multiple board representations give sufficient time and attention to the Company's affairs;

e) to recommend to the Board the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors; To assess the contribution of each individual Board member to the effectiveness of the Board;

f) to assess the effectiveness of the Board as a whole and the Board Committees;

g) to recommend to the Board succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

h) to review and recommend to the Board training and professional development programmes for the Board and its Directors; and

i) to ensure complete disclosure of information of Directors as required under the Code.

New Directors are appointed by way of a Board resolution after the NC has approved their nomination. These new Directors must submit themselves for re-election at the next AGM of the Company in accordance with Article 97 of the Company's Constitution. The NC would through various avenues sources, source for suitable candidates as new Director(s) and appraise the candidates to ensure that they have the relevant experience and calibre to contribute effectively to the Group. These avenues include the Directors' personal contacts, search companies or through internal assessments conducted on any suitable candidates within the Group. As and when necessary, the Company will release announcements on the appointments or cessations of its Directors via SGXNET.

The Nominating Committee evaluates the contribution and performance of the Board members based on assessment parameters set out in a Director Evaluation Form. The evaluation covers a range of qualities and factors and takes into consideration the knowledge and experience of Directors, their attendance and participation at meetings of the Board and Committees, and availability for consultation.

The Nominating Committee has assessed the independence of the Non-Executive Directors and is satisfied that there are no relationships which would deem any of the Non-Executive Directors not to be independent.

All Directors are required to declare their board representations in other companies to the Board and the Management. As a guide, Directors should not have more than six (6) listed companies board representations and other principal commitments. After conducting reviews, the Nominating Committee is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group and that the Directors have been adequately carrying out their duties as Directors of the Company.

Key information on Directors of the Company can be found on pages 6 to 7 of this Annual Report. The Board has set up a formal assessment process to evaluate the effectiveness of the Board as a whole based on input from the individual Board members.

The Board is of the view that the financial indicators set out in the Code as performance criteria for the evaluation of Directors' performance are more a measure of the Management's performance and hence less appropriate for Non-Executive Directors and the Board's performance as a whole.

The Company's Constitution provides for regular retirement of Directors by rotation. At each AGM, one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third), with the exception of the Managing Director, will submit themselves for re-nomination and re-election.

Details of the appointment of Directors including date of initial appointment, date of last re-election and directorships in other listed companies are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present Directorships in Other Listed Companies
Ho Sheng(1)	61	24 June 2015	29 October 2015	–
Goh Jin Hian(1)	49	24 June 2015	29 October 2015	Cordlife Group Limited(2)
Oo Cheong Kwan Kelvyn	48	24 June 2015	29 October 2015	Teho International Inc Ltd.(3)
Chen Chou Mei Mei Vivien	69	24 June 2015	31 October 2017	Wing Tai Properties Limited(4)
Pao Kiew Tee	67	31 October 2016	31 October 2017	Boldtek Holdings Limited(5) Mary Chia Holdings Limited(6) Wong Fong Industries Limited(7)

Notes:

(1) Mr Ho Sheng and Dr Goh Jin Hian will retire at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and will be eligible for re-election.

(2) Dr Goh Jin Hian is an independent director and the non-executive chairman of Cordlife Group Limited, a Singapore-incorporated company listed on the Main Board of the SGX-ST.

(3) Mr Oo Cheong Kwan Kelvyn is an independent director of Teho International Inc Ltd., a Singapore-incorporated company listed on the Catalist Board of the SGX-ST.

(4) Mrs Chen Chou Mei Mei Vivien is a non-executive director of Wing Tai Properties Limited, a Bermuda-incorporated company listed on the Hong Kong Stock Exchange.

(5) Mr Pao Kiew Tee is an independent director and the non-executive chairman of Boldtek Holdings Limited, a Singapore-incorporated company listed on the Catalist Board of the SGX-ST.

(6) Mr Pao Kiew Tee is an independent director of Mary Chia Holdings Limited, a Singapore-incorporated company listed on the Catalist Board of the SGX-ST.

(7) Mr Pao Kiew Tee is the lead independent director of Wong Fong Industries Limited, a Singapore-incorporated company listed on the Catalist Board of the SGX-ST.

The Company recognises that its Executive Directors may be invited to become non-executive directors of other companies and that exposure to such appointments can broaden the experience and knowledge of its Executive Directors which will benefit the Company. Executive Directors are therefore allowed, with the Board's consent, to accept non-executive appointments, as long as these are non-competing companies and are not likely to lead to conflicts of interests.

PRINCIPLE 6: ACCESS TO INFORMATION

The Management provides Board members with complete, adequate and timely information prior to Board meetings. In addition, all relevant information on budgets, forecasts, monthly internal financial statements, material events and transactions complete with background and explanations are circulated to Directors as and when they arise.

For good practice, each business unit head or the key management (or who have submitted proposal to the Board meeting for approval) will be invited to attend and brief the Board on business development and exposure for their respective business units including any material issue, at each Board Meeting held quarterly, at the relevant time during the Board meeting.

The Directors have separate and independent access to the Company's senior management and the advice and services of the Company Secretary. The Company Secretary and/or representatives from the Company Secretary's office attends meetings of the Board and the Board Committees. The Company Secretary will assist to ensure that Board procedures are followed and that the Company complies with the requirements of the relevant regulations, including the requirements of the Companies Act (Cap. 50) and the Listing Manual of the SGX-ST. Directors may, in appropriate circumstances, seek independent professional advice concerning the Company's affairs.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATIONS

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The Remuneration Committee comprises the following members:

Mrs Chen Chou Mei Mei Vivien	(Independent and Non-Executive Director; chairman of the Remuneration Committee)
Mr Ho Sheng	(Independent and Non-Executive Director)
Mr Pao Kiew Tee	(Independent and Non-Executive Director)

All the members of the Remuneration Committee are Independent, Non-Executive Directors. The Remuneration Committee is empowered to engage from time to time human resource professional firms to advise on executive remuneration. The Remuneration Committee will ensure that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the Remuneration Committee. The Company did not appoint any remuneration consultant during FY2018 to provide consulting services in relation to remuneration and compensation matters.

The Remuneration Committee's Terms of Reference provide that the Remuneration Committee's function is primarily to review and make recommendations to the Board on the framework of remuneration for the Board and the key management personnel, as well as the specific remuneration packages for each Director and key management personnel. In particular, the Remuneration Committee reviews the service agreements of the CEO, the Chief Corporate Officer and other key executives of the Group. The Remuneration Committee also administers any existing share option plan or performance share plan of the Company, and recommends to the Board, as and when appropriate, any other incentive share schemes or performance bonus schemes (whether long-term or short-term) which may be set up from time to time.

All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind, are considered by the Remuneration Committee when reviewing and recommending the remuneration package of the Board and key management personnel. The Remuneration Committee and the Board takes into account the remuneration and employment conditions within the same industry and of comparable companies when setting remuneration packages. The Remuneration Committee will also review the Company's obligations arising in the event of termination of the service agreements of the Executive Directors and the key management personnel, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. Each member of the Board and the Remuneration Committee abstains from voting on any resolution in respect of his remuneration package.

In reviewing and recommending the remuneration of the Independent and Non-Executive Directors, the Remuneration Committee adopts a framework based on the guidelines recommended by the Singapore Institute of Directors. The remuneration of the Independent and Non-Executive Directors comprises a base fee as well as fees for chairing Board Committees, taking into consideration the effort, time spent and responsibilities of the Independent Non-Executive Director and the fees paid in comparable companies. Directors' fees, which are only payable and paid to the Non-Executive Directors of the Company, are subject to shareholders' approval at the AGM. The Executive Directors are remunerated in accordance with their service agreements and are not entitled to additional remuneration in the form of Directors' fees.

In reviewing and recommending the remuneration of the Executive Directors and key management personnel (including the key management personnel of the Company's subsidiaries), the Company adopts a remuneration policy comprising a fixed component and a performance-related variable component. The fixed component is in the form of a base salary while the variable component is in the form of a variable bonus that is linked to the performance of the Company (or that of the relevant subsidiary(/ies) within the Group in the case of key management personnel of the Company's subsidiaries) and the individual. In addition, long-term incentives, such as the New Silkroutes Performance Share Plan 2017 ("PSP") whereby eligible Directors and employees may be entitled to receive fully paid shares in the Company upon the achievement of prescribed performance targets, are in place to strengthen the pay-for-performance policy by rewarding and recognising the contributions of employees to the growth of the Company.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss, as the Executive Directors owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of any such breach of fiduciary duties.

The Remuneration Committee oversees the PSP and determines the eligibility of employees to participate in, and the number of options and awards to be granted to each employee. No award was granted under the PSP for FY2018. Please refer to the Circular of the Company dated 5 July 2017 for more information on the PSP.

Details of the remuneration of Directors for FY2018 paid and/or payable to the Directors are set out below:

Directors Remuneration	Salary & CPF %	Directors' Fees %	Bonus %	Total %
S$250,000 to S$500,000				
Goh Jin Hian	100	–	–	100
Oo Cheong Kwan Kelvyn	100	–	–	100
Lee Soek Shen (ceased to be a Director on 8 January 2018)	100	–	–	100
Below S$250,000				
Ho Sheng	–	100	–	100
Chen Chou Mei Mei Vivien	–	100	–	100
Pao Kiew Tee	–	100	–	100

Given the highly competitive industry conditions and the sensitivity and confidentiality of employee remuneration matters, the Company believes that the disclosure of remuneration of individual Directors and executives as recommended by the Code, would be disadvantageous to the Group's interests.

Details of remuneration for FY2018 paid to the top five executives who are not Directors are set out below:

Key Executives Remuneration Band	Salary & CPF %	Bonus %	Total %
S$250,000 to S$500,000			
Artun Gursel	100	–	100
Below S$250,000			
Teo Thiam Chuan William (appointed on 30 April 2018)	100	–	100
Wu Guoliang	100	–	100
Lee Luna (appointed on 9 April 2018)	100	–	100
Lim Koon Hock (retired on 30 April 2018)	100	–	100

During the year under review, the Company considers these five personnel as key management personnel who are not Directors of the Company. Mr Wu Guoliang is a director of one of the Company's principal subsidiaries, International Energy Group Pte. Ltd..

Given the highly competitive industry conditions and sensitivity and confidentiality of employee remuneration matters, the Company believes the disclosure of the remuneration individually and/or in aggregate of the five key management personnel (who are not Directors or the CEO) would be disadvantageous to the Group's interests.

During FY2018, there were no employees who were substantial shareholders of the Company or who were immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during the year.

The Board is of the view that it is not necessary to present the remuneration policy at the AGM for shareholders' approval.

PRINCIPLE 10: ACCOUNTABILITY AND AUDIT

The Board recognises that it is accountable to shareholders and aims to provide shareholders with a balanced and understandable assessment of the Company's performance. Review of performance and prospects are provided to shareholders on a quarterly basis.

For effective monitoring of the Group's business and affairs, Management reports are provided to the Board on a regular basis.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Company carries out a risk assessment of its business and operations on an ongoing basis. The objectives of the continuous risk assessment are to identify and rank the processes most critical to the business and formulate plans to address the risks relating to these processes.

The exercise also aims to establish a proactive risk management environment. The risk assessment covers business operation risk, financial risk, legal risk and reputation risk.

The Company routinely reviews many non-financial factors, such as the quality of corporate governance; employee, vendor and customer management processes; crisis management processes; the Company's use of technology; and its deployment of best practices. Early identification of trends gives the Management time to react before the problems manifest themselves.

For a more detailed discussion of financial risk management, please refer to Note 30 in the Notes to the Financial Statements on pages 101 to 107.

Based on the internal controls established and maintained by the Company, work performed by the internal auditors and reviews by the Management, the Board, with the concurrence of the Audit and Risk Committee, is of the opinion that there are adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems in place within the Group to meet the needs of the Group in its current business environment.

The Board has received assurance from the CEO and the Finance Director:

a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

b) regarding the effectiveness of the Company's risk management and internal control systems.

The Board believes that the system of internal controls maintained by the Management and that was in place throughout the financial year and up to date of this report, provides reasonable, but not absolute, assurance against material financial misstatements or loss, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of business risk. The Board notes that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

PRINCIPLE 12: AUDIT AND RISK COMMITTEE

The Audit Committee was renamed as the "Audit and Risk Committee" in September 2018 to better reflect the scope and responsibilities of the committee. The Audit and Risk Committee comprises the following members, all of whom are independent:

Mr Pao Kiew Tee	(Independent and Non-Executive Director; chairman of the Audit and Risk Committee)
Mr Ho Sheng	(Independent and Non-Executive Director)
Mrs Chen Chou Mei Mei Vivien	(Independent and Non-Executive Director)

All the members of the Audit and Risk Committee are Independent, Non-Executive Directors. The Board is of the opinion that the members of the Audit and Risk Committee are appropriately qualified to discharge their responsibilities. The Audit and Risk Committee does not comprise former partners or directors of the Company's existing audit firm.

The Audit and Risk Committee has full access to the external auditors without the presence of the Management of the Company. The Audit and Risk Committee has explicit authority to investigate any matter within its Terms of Reference, full access to and co-operation by the Management of the Company and full discretion to invite any Director or the Management of the Company to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The Audit and Risk Committee has written Terms of Reference that describe the responsibilities of its members. These responsibilities are as follows:

a) to review with the external and internal auditors the audit plan (including the nature and scope of the audit before the audit commences) and audit report, and to pay full attention to any material weaknesses reported and the recommendations proposed by the external and internal auditors;

b) to review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and the quarterly and annual financial statements;

c) to review the assurance from the CEO and the Finance Director on the financial records and financial statements;

d) to review at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems and review and approve the statements to be included in the annual report concerning the effectiveness of the Company's internal controls and risk management systems;

e) to discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external or internal auditors may wish to discuss without the presence of the Management at least twice a year;

f) to review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually. Where the auditors also supply a substantial volume of non-audit services to the Company, to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the provision of such services would not affect the independence of the auditors. The Audit and Risk Committee also reviews the independence of the external auditors annually;

g) to review the policy and arrangements for concern about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Audit and Risk Committee also discusses with the external auditors, any suspected impropriety in financial reporting, fraud or irregularity, or suspected infringement of any Singapore law, rules or regulations, which has or is likely to have a material impact on the Company's operating results or financial position, and the Management's response;

h) to investigate any matter within its Terms of Reference, having full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

i) to review transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

j) to consider and make recommendations to the Board on the proposals to the shareholders on the appointment/re-appointment and termination of the external and internal auditors, as well as the audit fee and terms of engagement of the external and internal auditors;

k) to ensure that the appointment where applicable, of a different auditing firm for its subsidiary would not compromise the standard and effectiveness of the audit of the Group;

l) to advise the Board on the Company's overall risk tolerance and strategy;

m) to oversee and advise the Board on the current risk exposures and future risk strategy of the Company;

n) in relation to risk assessment:

   (i) keep under review the Company's overall risk assessment processes that inform the Board's decision making;

   (ii) review regularly and approve the parameters used in these measures and the methodology adopted;

   (iii) set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;

(iv) review the Company's capability to identify and manage new risk types;

(v) before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, focusing in particular on risk aspects and implications for the risk tolerance of the Company, and taking independent external advice where appropriate and available;

(vi) review reports on any material breaches of risk limits and the adequacy of proposed actions; and

(vii) monitor the independence of risk management functions throughout the organisation.

The Audit and Risk Committee has undertaken a review of all non-audit services provided by the auditors and is of the opinion that the provision of such services will not affect the independence of the auditors.

All employees have direct access to the chairman of the Audit and Risk Committee.

In appointing the audit firm for the Group, the Audit and Risk Committee is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST.

The Audit and Risk Committee reviews the effectiveness of the Company's material internal controls (including financial, operational, compliance and information technology controls) and risk management systems annually. The Board and Audit and Risk Committee is satisfied that the internal controls are adequate.

The Audit and Risk Committee meets with the external and internal auditors without the presence of the Management at least once every year.

PRINCIPLE 13: INTERNAL AUDIT

For FY2018, the Company has engaged TRS Forensics Pte. Ltd. as the Internal Auditors of the Group to perform internal audit work under an internal audit plan. TRS Forensics Pte. Ltd. is a suitably appointed qualified firm of accountants which meets the standards set by internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The Internal Auditors report directly to the chairman of the Audit and Risk Committee on all internal audit matters.

The role of the Internal Auditors is to support the Audit and Risk Committee in ensuring that the Company maintains a sound system of internal controls and risk management by monitoring and assessing the effectiveness of the key controls and procedures, conducting in-depth audits of high-risk areas and undertaking investigation as directed by the Audit and Risk Committee. The Audit and Risk Committee approves the hiring, removal, evaluation and compensation of the Internal Auditors. The Audit and Risk Committee ensures that the Internal Auditors are adequately resourced and has appropriate standing within the Company and has unfettered access to all the Company's documents, records, properties and personnel, including access to the Audit and Risk Committee.

The primary functions of internal audit are to:

a) assess if adequate systems of internal controls are in place to protect the funds and assets of the Group and to ensure control procedures are complied with;

b) assess if operations of the business processes under review are conducted efficiently and effectively; and

c) identify and recommend improvement to internal control procedures, where required.

The Audit and Risk Committee is satisfied with the adequacy and effectiveness of the internal audit function and will assess the same at least annually.

PRINCIPLE 14: SHAREHOLDER RIGHTS

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

The Company is committed to keeping shareholders informed of material developments in the Group. This is done through appropriate announcements on the SGXNET in accordance with the Listing Manual as well as the Company's website at www.newsilkroutes.org where the public can access information on the Group. The Company does not practice selective disclosures.

At general meetings, shareholders are given the opportunity to communicate their views and direct questions to the Board and the Management relating to the business affairs of the Group. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders. All Directors attended the AGM of the Company held during FY2018.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion, unless the issues are interdependent and linked so as to form one significant proposal. Shareholders can also exercise their right to vote in absentia by the use of proxies.

Relevant intermediaries, as defined in Section 181 of the Companies Act (Cap. 50), such as banks, capital market services licence holders which provide custodial services for securities and the Central Provident Fund Board are allowed to appoint more than two (2) proxies to attend, speak and vote at the shareholders' meeting.

In compliance with Rule 730A(2) of the Listing Manual of the SGX-ST, resolutions tabled at general meetings of Shareholders will be put to vote by poll, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings. The Company prefers electronic poll voting as it gives a faster turnaround time to generate poll results.

The Group does not have a formal dividend policy. The form, frequency and amount of any proposed dividend will take into consideration the Group's operating results, financial position, working capital requirements and any other relevant considerations the Board deem appropriate. As the Group incurred losses in FY2018, no dividend has been proposed by the Board at the forthcoming AGM.

INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial period 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)
Goodwood Associates Pte. Ltd.	Specialised advice and services fee (value of transactions amounting to US$0.25M)	Nil
Goodwood Associates Pte. Ltd.	Interest expenses (value of transactions amounting to US$0.002M)	Nil

USE OF SHARE PLACEMENT AND CONVERTIBLE LOAN PROCEEDS

As at the date of this Annual Report, total Placement proceeds of US$0.994M and US$3.819M were utilised as follows:

	Placement	
	28 October 2017 US$M	**8 March 2018 US$M**
Placement Proceeds	0.994	3.819
Less placement costs	(0.024)	(0.113)
Net Proceeds	0.970	3.706
Less utilised:		
Working capital (repayment of loans; professional fees and staff salaries and related expenses)	(0.970)	(1.297)
Investment through acquisitions	–	(2.409)
Unutilised Placement Proceeds	–	–

As at the date of this Annual Report, total convertible loan proceeds of US$3.737M were utilised as follows:

	Convertible loan 30 May 2018 US$M
Convertible Loan Proceeds	3.737
Less issuance costs	(0.070)
Net Proceeds	3.667
Less utilised:	
Investment through acquisitions	(3.667)
Unutilised Convertible Loan Proceeds	–

DEALINGS IN COMPANY'S SECURITIES

In compliance with Rule 1207(19) of the SGX-ST Listing Manual, all employees of the Group are reminded to abstain from dealing in securities of the Company two weeks before the announcement of the quarterly results of the Group and one month before the announcement of the full year results of the Group. Officers of the Group are expected to observe insider trading laws at all times and are discouraged from dealing in the Company's securities on short-term considerations.

MATERIAL CONTRACTS

Save as previously disclosed by the Company on SGXNET, there are no material contracts entered into by the Company or any of its subsidiary companies involving the interests of the Chief Executive Officer, and any Director or controlling shareholder.

SUSTAINABILITY REPORTING

The Company is preparing a sustainability report with regard to its practices for the financial year ended 30 June 2018 and such report shall describe the Company's sustainability practices with reference to the following: (a) material environmental, social and governance factors; (b) policies, practices and performance; (c) targets; and (d) sustainability reporting framework. The Company expects to issue such report by 30 June 2019.

The directors submit this annual report to the members together with the audited consolidated financial statements of the Group and statement of financial position of the Company for the financial year ended 30 June 2018.

In the opinion of the directors:

(a) the accompanying statements of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Names of directors

The directors of the Company in office at the date of this statement are:

Ho Sheng	(Independent Non-Executive Chairman)
Dr Goh Jin Hian	(Executive Director and Chief Executive Officer)
Oo Cheong Kwan Kelvyn	(Executive Director and Chief Corporate Officer)
Chen Chou Mei Mei Vivien	(Independent Director)
Pao Kiew Tee	(Independent Director)

Directors' interest in shares, debentures or warrants

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50, none of the directors who held office at the end of the financial year was interested in shares, debentures or warrants of the Company and its related corporations, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 1.7.2017	**As at 30.6.2018 #**	As at 1.7.2017	**As at 30.6.2018 #**
The Company - <u>New Silkroutes Group Limited</u>		Number of ordinary shares		
Dr Goh Jin Hian [(a)]	–	**–**	5,296,849	**5,988,749**
Chen Chou Mei Mei Vivien [(b)]	–	**–**	526,000	**576,000**
		Number of warrants		
Dr Goh Jin Hian [(a)]	–	**–**	1,096,849	**1,096,849**
Chen Chou Mei Mei Vivien [(b)]	–	**–**	111,860	**111,860**

(a) Dr Goh Jin Hian is deemed to be interested in 5,988,749 shares and 1,096,849 warrants held in the name of Citibank Nominees Singapore Pte Ltd and DBS Nominees (Private) Limited, both of which are nominee companies.

(b) Chen Chou Mei Mei Vivien is deemed to be interested in 576,000 shares in which 46,837 shares are held by Avec Inc., 79,163 shares are held by a family trust "Chow Wen Hsien Estate" and 450,000 shares are held in the name of a nominee, and 111,860 warrants in which 12,697 warrants are held by Avec Inc., 19,163 warrants are held by a family trust "Chow Wen Hsien Estate" and 80,000 warrants are held in the name of a nominee.

Directors' interest in shares, debentures or warrants (cont'd)

\# There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2018, except as follows:

	Holdings registered in the name of director		Holdings in which director is deemed to have an interest	
	As at 30.6.2018	**As at 21.7.2018**	As at 30.6.2018	**As at 21.7.2018**
The Company -				
New Silkroutes Group Limited	Number of ordinary shares			
Dr Goh Jin Hian	–	**–**	5,988,749	**6,072,749**

Share options

No options were granted during the financial year to take up issued shares of the Company or its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Warrants

During the financial year ended 30 June 2016, the Company undertook a renounceable non-underwritten rights shares and warrants issue on the basis of one rights share for every four existing ordinary shares and one free detachable warrant for every one rights share subscribed.

25,172,385 rights shares at an issue price of S$0.20 per share and 25,172,385 warrants with each carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.30 were allotted and issued on 1 April 2016 and 31 March 2016, respectively. The warrants expire on the date immediately preceding the third anniversary of the date of their issue.

During the financial year ended 30 June 2018, 7,500 warrants were exercised and converted into ordinary shares in the capital of the Company. The remaining 15,301,568 warrants will expire on 29 March 2019.

Except as mentioned above, no shares have been issued during the financial year by virtue of the exercise of warrants to take up unissued shares of the Company or its subsidiaries.

Performance Share Plan

The New Silkroutes Performance Share Plan 2017 (the "NSPSP") was approved by the shareholders during the Extraordinary General Meeting on 21 July 2017. The NSPSP contemplates the awarding of fully paid-up shares, free of payment, to selected employees of the Company and its subsidiaries, including executive directors of the Company.

The total number of new ordinary shares in the Company which may be issued in all awards granted under the NSPSP shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time. The Company does not have any subsidiary holdings.

No awards have been granted to directors, controlling shareholders of the Company or their associates and no directors or employees of the Company have received 5% or more of the total awards available under the NSPSP.

No awards have been granted under the NSPSP since the commencement of the NSPSP and during the financial year. At the end of the financial year, there were no outstanding awards or unissued shares of the Company or its subsidiaries under the NSPSP.

The NSPSP is subject to a maximum period of ten years, and will expire on 20 July 2027.

Audit and Risk Committee

The Audit and Risk Committee of the Company comprises three independent and non-executive directors, and at the date of this statement, they are:

Pao Kiew Tee (Chairman)
Ho Sheng
Chen Chou Mei Mei Vivien

The Audit and Risk Committee performs the functions set out in Section 201B(5) of the Companies Act, Chapter 50, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Code of Corporate Governance. In performing those functions, the Audit and Risk Committee performed the following:

(i) reviewed the overall scope of both the internal and external audits and the assistance given by the Company's officers to the auditors. It also met with the Company's internal auditor to discuss the results of their examination and evaluation of the Group's system of internal accounting controls;

(ii) reviewed the audit plan of the Company's external auditor and any recommendations on the Group's internal accounting controls arising from the statutory audit;

(iii) reviewed the quarterly financial information, the statement of financial position of the Company as at 30 June 2018 and the consolidated financial statements of the Group for the financial year ended 30 June 2018, as well as the auditor's report thereon;

(iv) reviewed and discussed with management and the external auditor the key audit matters communicated in the auditor's report;

(v) reviewed the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and information technology controls and risk management systems via reviews carried out by the internal auditor;

(vi) met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the Audit and Risk Committee;

(vii) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(viii) reviewed the cost effectiveness and the independence and objectivity of the external auditor;

(ix) reviewed the nature and extent of non-audit services provided by the external auditor;

(x) recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;

(xi) reported actions and minutes of the Audit and Risk Committee to the Board of Directors with such recommendations as the Audit and Risk Committee considered appropriate; and

(xii) reviewed interested person transactions (as defined in Chapter 9 of the Listing Manual of the SGX-ST).

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditor and reviews the level of audit and non-audit fees.

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditor.

Full details regarding the Audit and Risk Committee are provided in the Report on Corporate Governance.

Audit and Risk Committee (cont'd)

In appointing the external auditor for the Company and its Singapore-incorporated subsidiaries, the Company has complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Independent auditor

The retiring auditor, Foo Kon Tan LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting. Deloitte & Touche LLP has expressed its willingness to accept appointment as auditor.

On behalf of the Directors

....
DR GOH JIN HIAN

....
OO CHEONG KWAN KELVYN

Dated: 10 October 2018

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of New Silkroutes Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Qualified Opinion

<u>Opening balance</u>

We had issued a qualified opinion on the financial statements for the year ended 30 June 2017 on 10 October 2017 in respect of prepayments as at 30 June 2017, comprising US$500,494 and US$4,400,000 made by the subsidiaries, Top Post Enterprises Limited and Baling (China) Investment Limited, respectively, to a supplier, Assure Win International Holdings Limited ("Assure Win"), for the purchase of iron ore fines (Note 11). We were unable to obtain sufficient appropriate audit evidence on the recoverability or utilisation of the prepayments to the supplier. Consequently, we were unable to satisfy ourselves as to the appropriateness of the carrying amount of the prepayments to the supplier as at 30 June 2017.

In view of the significance of the above-mentioned matter, we are unable to determine whether the opening balance as at 1 July 2017 is appropriately stated. Since the opening balance as at 1 July 2017 enters into the determination of the Group's results and cash flows for the financial year ended 30 June 2018, we are unable to determine whether any adjustments might have been found necessary in respect of the financial statements for the financial year ended 30 June 2018.

<u>Available-for-sale investment</u>

Stated on the face of the consolidated statement of financial position as at 30 June 2018 are available-for-sale investments of US$21,672,521, which primarily relate to the Group's 4.534% equity interest in Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC") of US$21,672,520 (Note 7).

As disclosed in Note 7 to the financial statements, on 26 June 2018, the Company entered into a debt repayment agreement ("Debt Repayment Agreement") with Tianjin General Nice Coke & Chemicals Co., Ltd ("Tianjin GNCC"), pursuant to which the aforesaid prepayments of US$4,900,000, together with the outstanding amount of US$3,669,996 due from Tianjin GNCC, amounting to US$8,569,996 (the "Debt") in total, shall be fully settled by Tianjin GNCC by way of the transfer of 857,000 ordinary shares in the capital of Thai GNCC at the price of approximately US$10 per share from Tianjin GNCC to the Group's wholly-owned subsidiary, International Energy Group Pte. Ltd. ("IEG"). It is stated under the Debt Repayment Agreement that as Assure Win is unable to deliver the commodities, Tianjin GNCC agrees to repay the said prepayment amounts on behalf of Assure Win, and Tianjin GNCC confirms that it owes the Debt to the Group. The share transfer agreement was made between Tianjin GNCC and IEG on 30 June 2018.

Basis for Qualified Opinion (cont'd)

Available-for-sale investment (cont'd)

Prior to the above transaction, the Group had acquired 2.82% of the equity interest comprising 1,410,000 ordinary shares in Thai GNCC for a purchase consideration of US$14,090,000. With the settlement of the Debt and transfer of 857,000 ordinary shares in the capital of Thai GNCC from Tianjin GNCC to the Group, the total investment of the Group in Thai GNCC became 4.534%, and the cost of the investment in Thai GNCC became US$22,659,996.

As disclosed in Note 7 to the financial statements, management has engaged a firm of independent professional valuers to carry out valuation of Thai GNCC. In determining the fair value of Thai GNCC, the valuers used the income approach. Based on the valuation of the business enterprise of US$478,000,000, the equity interest in Thai GNCC held by the Group was determined to be US$21,672,520 on a pro-rata basis. Accordingly, a fair value loss of US$987,476 was recognised in other comprehensive income for the financial year ended 30 June 2018.

The use of income approach by applying present value techniques require key assumptions which include forecasted revenue, growth rates, profit margins and discount rate. The valuation by the independent professional valuers is solely the enterprise value of the investee company, and no other valuation adjustments have been made to determine the equity value of the 4.534% interest held by the Group. We have been unable to obtain any historical data or supporting documentation and information to evaluate the reliability of the inputs used to prepare the forecasts, and the appropriateness of the methodology and reasonableness of the assumptions underlying the forecasts.

In view of the above, we were unable to obtain sufficient appropriate audit evidence on the fair value of US$21,672,520 and fair value loss of US$987,476 of the available-for-sale investment. Consequently, we were unable to satisfy ourselves as to the appropriateness of the carrying amount of the available-for-sale investment as at 30 June 2018. We were also unable to ascertain the adequacy of the related disclosures in the financial statements.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, which we obtained prior to the date of this auditor's report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Other Information (cont'd)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the carrying amount of the prepayments to a supplier as at 30 June 2017 and the effects of the opening balance as at 1 July 2017 on the Group's results and cash flows for the financial year ended 30 June 2018, and the fair value of the available-for-sale investment as at 30 June 2018. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	Our responses and work performed
Impairment of goodwill and intangible assets	
Under FRS 36 *Impairment of Assets*, a cash-generating unit ("CGU") to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. Goodwill and intangible assets are significant accounts in the consolidated statement of financial position, and significant judgement, assumptions and estimates are applied by management in the impairment testing of the associated CGUs. Value in use involves cash flow projections and applying the growth rate and discount rate in the cash flow projections, while fair value less costs of disposal is the price that would be received in an orderly transaction between market participants at the measurement date, less the incremental costs directly attributable to the disposal of the CGUs. Input inaccuracies or inappropriate bases used to determine the level of impairment, including the discount rate and growth rate used in the value in use computations, and the market comparables used in the fair value measurements, could result in material misstatement in the financial statements. As at 30 June 2018, the Group had goodwill and intangible assets of US$6,429,248 which arose from the acquisition of subsidiaries. The disclosures on goodwill and intangible assets and the impairment testing of the CGUs are included in Note 4 to the financial statements.	We have assessed the key assumptions used by management in performing the impairment test, including reference to recent transactions and market comparables. We have obtained an understanding and evaluated the appropriateness of management's work as audit evidence for the relevant assertions. In addition, we have engaged our valuation expert ("auditor's expert") to assist us in evaluating the assumptions, methodologies and data used in the impairment test. The auditor's expert independently developed expectations of the assumptions used in the impairment test, including the discount rate and growth rate. We have evaluated the competence, capabilities and objectivity of the auditor's expert, and the adequacy of the work performed by the auditor's expert. We have also performed sensitivity test to determine the available headroom of the CGUs, where a reasonably possible change in assumptions could cause the recoverable amount to be less than the carrying amount. Based on our procedures, we noted the key assumptions used by management to be within a reasonable range of our expectations. We have also assessed and corroborated the adequacy and appropriateness of the disclosures made by management in the financial statements.

Key Audit Matters (cont'd)

Key audit matter	Our responses and work performed
Amounts due from a former related party	
Included in trade and other receivables as at 30 June 2018 are amounts of US$2,614,119 due from a former related party, Goodwood Associates Pte. Ltd., which is wholly-owned by a former director of the Company. During the financial year, the Company made a legal claim against the former related party to seek payment of the outstanding amounts, as well as interest and legal costs. There is an inherent uncertainty relating to the probability of success of the claim and recoverability of the claimed sum from the defendant.	We have read the correspondences provided by management and the external solicitor pertaining to the legal claim. We have discussed with the external solicitor to understand the nature and details of the legal claim, the progress and developments of the claim to date, and the likelihood of a favourable outcome and an estimate of the amounts recoverable. We have also received confirmation from the external solicitor with regard to the aforesaid, and obtained confirmation from the external solicitor that the probability of the Company winning the case is high, although it is noted by the external solicitor that the defendant is asserting allegations made in other lawsuits, which the external solicitor deems to be irrelevant. Notwithstanding this, the Company's chances of winning may be affected by the outcome and the findings made in those other suits which are beyond the Company's control. Management has represented that it is at present confident of success in the Company's claim, and there is no reason to believe that the Company would be unable to recover the outstanding amounts if the Company prevails in its claim. Based on management's assessment, management is reasonably confident of recovering the entire outstanding amounts from the defendant. We noted that management has considered relevant factors in its assessment of impairment loss on the outstanding amounts.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chin Sin Beng.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 10 October 2018

		The Group		The Company	
		2018	2017	**2018**	2017
	Note	**US$**	US$	**US$**	US$
ASSETS					
Non-Current Assets					
Plant and equipment	3	**962,361**	421,144	**5,170**	10,460
Intangible assets	4	**6,429,248**	4,790,500	**–**	–
Subsidiaries	5	**–**	–	**31,993,193**	29,903,973
Associates	6	**–**	401,835	**–**	–
Available-for-sale investments	7	**21,672,521**	14,090,000	**–**	–
Deferred tax assets	8	**36,755**	–	**–**	–
Long-term receivables	10	**1,900,000**	–	**1,900,000**	–
		31,000,885	19,703,479	**33,898,363**	29,914,433
Current Assets					
Inventories	9	**14,309,143**	5,267,122	**–**	–
Trade and other receivables	10	**24,180,813**	26,517,391	**5,628,366**	11,200,197
Prepayments	11	**2,772,691**	5,475,195	**18,851**	26,637
Derivative financial instruments	12	**–**	136,425	**–**	–
Cash and bank balances	13	**32,762,163**	30,753,160	**5,987,301**	251,385
Fixed deposits	13	**121,010**	116,731	**–**	–
		74,145,820	68,266,024	**11,634,518**	11,478,219
Total assets		**105,146,705**	87,969,503	**45,532,881**	41,392,652
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	**78,076,108**	71,178,899	**78,076,108**	71,178,899
Treasury shares	15	**(862,540)**	(509,526)	**(862,540)**	(509,526)
Other reserves	16	**230,907**	1,207,332	**710,338**	734,303
Accumulated losses		**(35,852,364)**	(32,728,010)	**(37,328,684)**	(31,978,847)
Equity attributable to owners of the Company		**41,592,111**	39,148,695	**40,595,222**	39,424,829
Non-controlling interests		**784,193**	383,836	**–**	–
Total equity		**42,376,304**	39,532,531	**40,595,222**	39,424,829
Non-Current Liabilities					
Deferred tax liabilities	8	**386,433**	412,678	**–**	–
Borrowings	17	**3,871,743**	201,164	**3,736,500**	1,539
		4,258,176	613,842	**3,736,500**	1,539
Current Liabilities					
Borrowings	17	**14,541,575**	9,452,346	**1,637**	610,132
Trade and other payables	18	**43,016,643**	38,329,833	**1,199,522**	1,356,152
Derivative financial instruments	12	**882,325**	–	**–**	–
Current tax payable		**71,682**	40,951	**–**	–
		58,512,225	47,823,130	**1,201,159**	1,966,284
Total liabilities		**62,770,401**	48,436,972	**4,937,659**	1,967,823
Total equity and liabilities		**105,146,705**	87,969,503	**45,532,881**	41,392,652

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

	Note	**2018** **US$**	2017 US$
Revenue	19	**692,532,429**	433,036,227
Other income	20	**1,625,832**	920,866
Purchases of finished goods		**(691,368,210)**	(433,184,473)
Changes in inventories of finished goods		**9,042,021**	3,892,593
Employee benefits expense	21	**(6,351,113)**	(2,728,069)
Amortisation of intangible assets		**(173,505)**	(89,123)
Depreciation of plant and equipment		**(186,120)**	(63,601)
Net fair value (loss)/gain on derivative financial instruments		**(688,372)**	439,152
Other operating expenses	22	**(5,611,519)**	(2,393,266)
Finance costs	23	**(1,682,090)**	(1,216,327)
Share of results of associates, net of tax		**(110,521)**	(457,098)
Loss before taxation		**(2,971,168)**	(1,843,119)
Taxation	24	**10,630**	(144,812)
Loss for the year		**(2,960,538)**	(1,987,931)
Other comprehensive income after tax:			
Items that are or may be reclassified subsequently to profit or loss			
Fair value loss on available-for-sale investment	7	**(987,476)**	–
Foreign currency translation gain/(loss) on consolidation		**72,801**	(4,214)
Foreign currency translation loss reclassified to profit or loss on disposal of subsidiaries		**–**	9,036
Other comprehensive (loss)/income for the year, net of tax of nil		**(914,675)**	4,822
Total comprehensive loss for the year		**(3,875,213)**	(1,983,109)
Loss attributable to			
- owners of the Company		**(3,124,354)**	(1,793,985)
- non-controlling interests		**163,816**	(193,946)
		(2,960,538)	(1,987,931)
Total comprehensive loss attributable to			
- owners of the Company		**(4,076,814)**	(1,781,139)
- non-controlling interests		**201,601**	(201,970)
		(3,875,213)	(1,983,109)
Loss per share attributable to owners of the Company (US cent)			
- basic and diluted	25	**(2.0126)**	(1.3816)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

	<------- Attributable to owners of the Company							------>		
	Share capital US$	Treasury shares US$	Warrant reserve US$	Foreign currency translation reserve US$	Capital reserve US$	Fair value reserve US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total equity US$
Balance at 1 July 2017	71,178,899	(509,526)	665,807	473,029	68,496	–	(32,728,010)	39,148,695	383,836	39,532,531
(Loss)/Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(3,124,354)**	**(3,124,354)**	**163,816**	**(2,960,538)**
Other comprehensive income/ (loss) for the year										
- Net fair value loss on available-for-sale investment	**–**	**–**	**–**	**–**	**–**	**(987,476)**	**–**	**(987,476)**	**–**	**(987,476)**
- Foreign currency translation differences	**–**	**–**	**–**	**35,016**	**–**	**–**	**–**	**35,016**	**37,785**	**72,801**
Total comprehensive income/ (loss) for the year	**–**	**–**	**–**	**35,016**	**–**	**(987,476)**	**(3,124,354)**	**(4,076,814)**	**201,601**	**(3,875,213)**
Contributions by and distributions to owners										
- Issue of shares (Note 14)	**4,813,370**	**–**	**–**	**–**	**–**	**–**	**–**	**4,813,370**	**–**	**4,813,370**
- Exercise of warrants	**1,983**	**–**	**(326)**	**–**	**–**	**–**	**–**	**1,657**	**–**	**1,657**
- Purchase of treasury shares	**–**	**(694,384)**	**–**	**–**	**–**	**–**	**–**	**(694,384)**	**–**	**(694,384)**
- Disposal of treasury shares	**–**	**341,370**	**–**	**–**	**(23,639)**	**–**	**–**	**317,731**	**–**	**317,731**
Changes in ownership interests in subsidiaries										
- Acquisition of subsidiaries through shares (Note 5)	**2,081,856**	**–**	**–**	**–**	**–**	**–**	**–**	**2,081,856**	**198,756**	**2,280,612**
Transactions with owners in their capacity as owners	**6,897,209**	**(353,014)**	**(326)**	**–**	**(23,639)**	**–**	**–**	**6,520,230**	**198,756**	**6,718,986**
Balance at 30 June 2018	**78,076,108**	**(862,540)**	**665,481**	**508,045**	**44,857**	**(987,476)**	**(35,852,364)**	**41,592,111**	**784,193**	**42,376,304**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

	< ------ Attributable to owners of the Company						------>		
	Share capital US$	Treasury shares US$	Warrant reserve US$	Foreign currency translation reserve US$	Capital reserve US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total equity US$
Balance at 1 July 2016	63,957,747	(321,751)	1,088,245	460,183	–	(30,934,025)	34,250,399	(43,320)	34,207,079
Loss for the year	–	–	–	–	–	(1,793,985)	(1,793,985)	(193,946)	(1,987,931)
Other comprehensive income/(loss) for the year									
- Foreign currency translation differences	–	–	–	12,846	–	–	12,846	(8,024)	4,822
Total comprehensive income/(loss) for the year	–	–	–	12,846	–	(1,793,985)	(1,781,139)	(201,970)	(1,983,109)
Contributions by and distributions to owners									
- Issue of shares (Note 14)	2,042,105	–	–	–	–	–	2,042,105	–	2,042,105
- Exercise of warrants	2,509,712	–	(422,438)	–	–	–	2,087,274	–	2,087,274
- Purchase of treasury shares	–	(577,239)	–	–	–	–	(577,239)	–	(577,239)
- Disposal of treasury shares	–	389,464	–	–	68,496	–	457,960	–	457,960
Changes in ownership interests in subsidiaries									
- Acquisition of subsidiaries through shares (Note 5)	2,619,139	–	–	–	–	–	2,619,139	637,150	3,256,289
- Consultancy fees paid through shares	50,196	–	–	–	–	–	50,196	–	50,196
- Disposal of subsidiaries	–	–	–	–	–	–	–	(8,067)	(8,067)
- Incorporation of subsidiaries with non-controlling interests	–	–	–	–	–	–	–	43	43
Transactions with owners in their capacity as owners	7,221,152	(187,775)	(422,438)	–	68,496	–	6,679,435	629,126	7,308,561
Balance at 30 June 2017	71,178,899	(509,526)	665,807	473,029	68,496	(32,728,010)	39,148,695	383,836	39,532,531

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

	Note	**2018 US$**	2017 US$
Cash Flows from Operating Activities			
Loss before taxation		**(2,971,168)**	(1,843,119)
Adjustments for:			
Amortisation of intangible assets	4	**173,505**	89,123
Consultancy fees paid by issue of shares		**–**	50,196
Depreciation of plant and equipment	3	**186,120**	63,601
Gain on disposal of an associate	20	**(301,327)**	–
Interest expense	23	**1,682,090**	1,216,327
Interest income	20	**(4,871)**	(568,085)
Loss on disposal of subsidiaries	22	**–**	9,552
Net fair value loss/(gain) on derivative financial instruments		**688,372**	(439,152)
Other receivables written off	22	**1,176,860**	–
Plant and equipment written off		**20,374**	–
Share of results of associates		**110,521**	457,098
Unrealised foreign exchange differences		**(43,046)**	9,202
Operating profit/(loss) before working capital changes		**717,430**	(955,257)
Changes in inventories		**(9,042,021)**	(3,892,593)
Changes in trade and other receivables		**(3,971,734)**	(4,229,194)
Changes in prepayments		**(2,197,496)**	(855)
Changes in trade and other payables		**5,178,208**	26,240,607
Cash (used in)/generated from operating activities		**(9,315,613)**	17,162,708
Income taxes paid		**(36,788)**	(607)
Net cash (used in)/generated from operating activities		**(9,352,401)**	17,162,101
Cash Flows from Investing Activities			
Acquisition of subsidiaries, net of cash acquired	5	**177,892**	(974,700)
Consideration paid in respect of acquisition of subsidiaries in prior year		**(544,825)**	–
Disposal of subsidiaries, net of cash disposed of	A	**–**	(24,694)
Incorporation of associates	6	**–**	(858,926)
Interest received		**4,728**	1,604
Proceeds from disposal of available-for-sale investment		**–**	36,242
Proceeds from disposal of an associate		**592,641**	–
Purchase of plant and equipment	3	**(310,025)**	(7,085)
Net cash used in investing activities		**(79,589)**	(1,827,559)
Cash Flows from Financing Activities			
Capital contributions from non-controlling interests of subsidiaries		**–**	43
Cash restricted in use		**3,283,936**	(23,793,508)
Fixed deposits pledged		**–**	(3,409)
Interest paid		**(1,657,796)**	(1,198,983)
Proceeds from convertible loan		**3,736,500**	–
Proceeds from disposal of treasury shares		**317,731**	457,960
Proceeds from issue of shares pursuant to exercise of warrants		**1,657**	2,087,274
Proceeds from loans		**58,940,097**	34,273,637
Proceeds from placement of shares		**4,813,370**	2,042,105
Purchase of treasury shares		**(694,384)**	(577,239)
Repayment of finance leases		**(2,092)**	(2,429)
Repayment of loans		**(53,924,514)**	(25,602,221)
Net cash generated from/(used in) financing activities		**14,814,505**	(12,316,770)
Net increase in cash and cash equivalents		**5,382,515**	3,017,772
Cash and cash equivalents at beginning of year		**6,580,757**	3,563,310
Exchange differences on translation of cash and cash equivalents		**9,822**	(325)
Cash and cash equivalents at end of year	13	**11,973,094**	6,580,757

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

A. Disposal of subsidiaries

On 30 June 2017, the Company's wholly-owned subsidiary, Digiland Pte. Ltd., transferred 26,000 ordinary shares representing its entire 65% shareholding interest in the capital of IBase Technology International Pte. Ltd. to the non-controlling interest, IBase Technology Pte Ltd, for a cash consideration of S$20,000 (US$14,444), and the Company transferred its entire shareholding in Digiland Pte. Ltd. to a third party, Globalports Pte. Ltd., for a cash consideration of S$1. The effects of the disposals on the cash flows of the Group were as follows:

The Group	2017 US$
Cash and bank balances	24,694
Other payables and accruals	(1,667)
Net assets	23,027
Foreign currency translation reserve	9,036
Non-controlling interest	(8,067)
Loss on disposal of subsidiaries (Note 22)	(9,552)
Consideration receivable (Note 10)	14,444
Analysis of net flow of cash and bank balances arising on disposal:	
Cash and bank balances disposed of	(24,694)
Net cash outflow on disposal	(24,694)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

B. Reconciliation of movements of liabilities to cash flows arising from financing activities

	Obligations under finance leases US$	Loans from financial institutions US$	Bank overdrafts US$	Loans from a former related party US$	Loans from a former director US$	Convertible loan US$	Others US$	Total US$
Balance at 1 July 2017	7,155	8,341,527	378,895	317,768	608,165	–	–	9,653,510
Changes from financing cash flows								
- Interest paid	**(309)**	**(983,953)**	**(19,776)**	**(31,986)**	**–**	**–**	**(621,772)**	**(1,657,796)**
- Proceeds from convertible loan	**–**	**–**	**–**	**–**	**–**	**3,736,500**	**–**	**3,736,500**
- Proceeds from loans	**–**	**58,713,421**	**–**	**–**	**226,676**	**–**	**–**	**58,940,097**
- Repayment of finance lease liabilities	**(2,092)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,092)**
- Repayment of loans	**–**	**(52,802,450)**	**–**	**(287,223)**	**(834,841)**	**–**	**–**	**(53,924,514)**
Total changes from financing cash flows	**(2,401)**	**4,927,018**	**(19,776)**	**(319,209)**	**(608,165)**	**3,736,500**	**(621,772)**	**7,092,195**
Effect of changes in foreign exchange rates	**(2)**	**(13,341)**	**(23)**	**(794)**	**–**	**–**	**–**	**(14,160)**
Other changes								
- Acquisition of subsidiaries	**–**	**105,837**	**–**	**–**	**–**	**–**	**–**	**105,837**
- Interest expense	**309**	**1,031,219**	**19,799**	**2,235**	**–**	**6,756**	**621,772**	**1,682,090**
- Others	**–**	**–**	**(99,398)**	**–**	**–**	**(6,756)**	**–**	**(106,154)**
Total liability-related other changes	**309**	**1,137,056**	**(79,599)**	**2,235**	**–**	**–**	**621,772**	**1,681,773**
Balance at 30 June 2018	**5,061**	**14,392,260**	**279,497**	**–**	**–**	**3,736,500**	**–**	**18,413,318**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

The financial statements of New Silkroutes Group Limited (the “Company”) and its subsidiaries (the “Group”) for the year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on the date of the Directors’ Statement.

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore. The Company is listed on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and principal place of business of the Company was located at 460 Alexandra Road, #24-06 PSA Building, Singapore 119963. On 1 January 2018, the registered office and principal place of business of the Company was changed to 456 Alexandra Road #19-02 Fragrance Empire Building, Singapore 119962.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements.

2(a) Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”) including related Interpretations promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in United States dollar which is the Company’s functional currency. All financial information is presented in United States dollar, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant accounting estimates and assumptions used and areas involving a high degree of judgement are described below.

Significant judgements in applying accounting policies

Going concern

The Group had incurred net loss and net operating cash outflows of US$2,960,538 (2017: US$1,987,931) and US$9,352,401 (2017: net operating cash inflows of US$17,162,101), respectively, for the financial year ended 30 June 2018. Notwithstanding this, the directors are of the view that the going concern assumption is appropriate for the preparation of these financial statements, due to the following:

(i) As disclosed in Note 29 to the financial statements, the oil and gas operating segment and healthcare segment had generated profits for the financial year ended 30 June 2018. The net loss incurred by the Group was mainly due to the corporate segment, as a result of various corporate expenses incurred, and one-off write-offs on other receivables amounting to US$1,176,860 (Note 22). Having regard to measures to tighten controls over expenses and to better manage the Group’s working capital, the directors believe that the Group is able to continue to generate sufficient cash flows from operations.

(ii) The Group had net current assets and net assets of US$15,633,595 (2017: US$20,442,894) and US$42,376,304 (2017: US$39,532,531), respectively, as at 30 June 2018. In addition, the Company had net current assets and net assets of US$10,433,359 (2017: US$9,511,935) and US$40,595,222 (2017: US$39,424,829), respectively, as at 30 June 2018.

2(a) Basis of preparation (cont'd)

Significant judgements in applying accounting policies (cont'd)

Going concern (cont'd)

(iii) As disclosed in Note 13 to the financial statements, the Group had cash and bank balances and fixed deposits amounting to US$32,883,173 (2017: US$30,869,891). Including bank overdrafts and excluding cash restricted for trade financing purposes and fixed deposits pledged, the Group had cash and bank balances of US$11,973,094 (2017: US$6,580,757) as at 30 June 2018.

(iv) As disclosed in Note 33 to the financial statements, the Group has embarked on various acquisitions subsequent to the end of the reporting period. On 2 August 2018, the Group completed the acquisitions of between 51% and 60% of the total issued and paid-up share capital of various companies which are engaged in the business of provision of family medicine and aesthetic healthcare services through general practitioner and aesthetic clinics. On 13 August 2018, the Group entered into a share sale and purchase agreement with various vendors to acquire 100% of the total registered and paid-up capital of a company in the People's Republic of China which is engaged in the business of production and processing of non-woven fabric, nonwoven converted products and polyester wadding to be used in the medical industry. The clinics and medical supply company are profitable, and are expected to further contribute to the earnings of the Group's healthcare segment.

(v) As disclosed in Note 33 to the financial statements, the Company has undertaken various fund-raising exercises subsequent to the end of the reporting period. On 13 August 2018, the Company entered into separate subscription agreements with two subscribers, pursuant to which the subscribers agree to subscribe for 29,614,035 and 5,473,685 new ordinary shares in the issued and paid up capital of the Company, respectively, at an issue price of S$0.285 per share. Further, on 29 August 2018, the Company entered into a subscription agreement with an individual investor, pursuant to which the investor agrees to subscribe for 8,600,000 new ordinary shares in the issued and paid up capital of the Company at an issue price of S$0.30 per share. The placement was completed on 28 September 2018. The proceeds from the placements will be used for general working capital purposes and expansion of the business of the Group through further investments and acquisitions.

Based on the above, the directors believe that the Group and the Company will have sufficient working capital and financial resources to meet their obligations as and when they fall due for the next twelve months from the end of the reporting period. Consequently, the directors consider that there is no material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concern.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

Impairment of investments in subsidiaries and associates

The Company assesses at the end of each reporting period whether there is any indication that the investments in subsidiaries and associates may be impaired. If any indication exists, the investment in subsidiary or associate is tested for impairment. The determination of the recoverable amount requires an estimation of the value in use of the cash-generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash-generating units, a suitable growth rate to extrapolate the future cash flows, and an appropriate discount rate in order to calculate the present value of the future cash flows. The carrying amounts of the Company's investments in subsidiaries and associates at the end of the reporting period are disclosed in Note 5 and Note 6 to the financial statements, respectively.

2(a) Basis of preparation (cont'd)

Significant judgements in applying accounting policies (cont'd)

Revenue – gross presentation

For the sale of gas oil and fuel oil, the Group assesses its sales arrangements to determine if it acts as a principal or an agent. In determining whether the Group acts as a principal, the Group considers factors such as if the Group has primary responsibility for providing the goods or services to the customer, bears inventory risks before or after the customer order during shipping or on return, has latitude in establishing prices either directly or indirectly, and bears the customer's credit risks for the amount receivable from the customer.

The Group has determined, based on an evaluation of the terms and conditions of the sales arrangements, that the Group acts as a principal and so accounts the revenue as gross presentation in the consolidated statement of profit or loss and other comprehensive income. The Group's revenue from the sale of oil products is disclosed in Note 19 to the financial statements.

Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement and estimates are involved in determining group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's deferred taxation at the end of the reporting period and the Group's income taxes for the year are disclosed in Note 8 and Note 24 to the financial statements, respectively.

Significant assumptions used and accounting estimates in applying accounting policies

Impairment test for cash-generating unit containing goodwill

A cash-generating unit ("CGU") to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use. Where the recoverable amount of the CGU is less than its carrying amount, such impairment loss is recognised in profit or loss.

Significant judgement and estimates by management are required in assessing: (i) whether the carrying amount of the CGU can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (ii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment, including the growth rate and discount rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amounts of the Group's intangible assets, including goodwill, at the end of the reporting period, and the basis and assumptions used to determine the recoverable amount of the CGU, are disclosed in Note 4 to the financial statements.

Fair value of available-for-sale financial asset

Unquoted available-for-sale financial asset is stated at fair value. If the market for a financial asset is not active or not available, the fair value is established by using valuation techniques, such as the expected selling price involving identical or similar assets and transactions, or present value based on discounted cash flows reflecting the investee's specific circumstances. Considerable subjective judgement is required in selecting the suitable valuation techniques and methodologies, choosing the appropriate comparables, and estimating the expected future cash flows, growth rate and discount rate.

2(a) Basis of preparation (cont'd)

Significant assumptions used and accounting estimates in applying accounting policies (cont'd)

Fair value of available-for-sale financial asset (cont'd)

When valuing unquoted available-for-sale financial asset, the cost or latest financing price of the investment may be taken into consideration, which may be a good indication of fair value upon purchase or the latest financing round. Nonetheless, after some period of time, the cost or latest financing price becomes less reliable as an approximation of fair value. Therefore, management will assess whether the fair value has changed, taking into account changes in circumstances such as the current performance of the investee company, and whether market, economic or company-specific conditions have significantly improved or deteriorated since the time of the original investment. These estimated values may differ significantly from the values that would have been used had a readily available market for such investments existed, or had such investments been liquidated, and the differences could be material to the financial statements.

The fair value of available-for-sale financial asset at the end of the reporting period is disclosed in Note 7 to the financial statements. If the fair value decreases/increases by 10% from management's estimates, the Group's other comprehensive loss for the year will increase/decrease by US$2,167,252 (2017: US$1,409,000).

Impairment of loans and receivables

The Group and the Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows for collective assessment are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and the Company's loans and receivables at the end of the reporting period are disclosed in Note 10 to the financial statements. If the present value of estimated future cash flows decreases/increases by 10% from management's estimates, the Group's and the Company's allowance for impairment of loans and receivables will increase/decrease by US$2,608,081 (2017: US$2,651,739) and US$752,837 (2017: US$1,120,020), respectively.

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

2(b) Interpretations and amendments to published standards effective in 2018

On 1 July 2017, the Group adopted the following FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

Reference	**Description**
Amendments to FRS 7	Statement of Cash Flows: Disclosure Initiative
Amendments to FRS 12	Recognition of Deferred Tax Assets for Unrealised Losses
INT FRS 121	Levies
Improvements to FRSs (December 2016):	
- Amendment to FRS 28	Investments in Associates and Joint Ventures
- Amendment to FRS 101	First-time Adoption of Financial Reporting Standards
- Amendment to FRS 112	Disclosure of Interests in Other Entities

2(b) Interpretations and amendments to published standards effective in 2018 (cont'd)

The adoption of these new and amended FRS did not result in substantial changes to the Group's accounting policies nor any significant impact on these financial statements except for the following:

Amendments to FRS 7 *Statement of Cash Flows: Disclosure Initiative*

Under Amendments to FRS 7, an entity would need to reconcile cash flows arising from financing activities as reported in the statement of cash flows, excluding contributed equity, to the corresponding liabilities in the opening and closing statements of financial position. Additional disclosures are also required about information that is relevant to an understanding of the liquidity of an entity. This includes any restrictions over the decisions of an entity to use cash and cash equivalent balances, e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. As this is a disclosure standard, it affects the disclosures in the consolidated statement of cash flows but does not affect the financial position and performance of the Group.

2(c) SFRS(I) not yet effective

In December 2017, the ASC issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018. SFRS(I) comprise standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board.

The Group's financial statements for the financial year ending 30 June 2019 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

When the Group adopts SFRS(I) in the financial year ending 30 June 2019, the Group will apply SFRS(I) 1 with 1 July 2018 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in the financial year ending 30 June 2019, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRS applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

The assessment made by the Group is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustment.

Foreign currency translation reserve

The Group plans to elect the optional exemption in SFRS(I) 1 to zerorise its cumulative foreign currency translation reserve ("FCTR") for all foreign operations at the date of transition, and reclassify the cumulative FCTR of US$473,029 as at 1 July 2017 determined in accordance with FRS at that date to accumulated losses. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group expects the reclassification to result in a decrease in cumulative FCTR by US$508,045 and a decrease in accumulated losses by the same amount as at 30 June 2018.

2(c) SFRS(I) not yet effective (cont'd)

The following are the new or amended SFRS(I) and SFRS(I) INT issued that are not yet effective:

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 9	Financial Instruments	1 January 2018
SFRS(I) 15	Revenue from Contracts with Customers	1 January 2018
SFRS(I) 16	Leases	1 January 2019
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

Management does not anticipate that the adoption of the above SFRS(I) in future periods will have a material impact on the financial statements of the Group and the Company in the period of their initial adoption, except for the following:

SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all loans and receivables. Upon application of the expected credit loss model, the Group expects that due to unsecured nature of its loans and receivables, there will be an increase in expected credit loss allowance.

Under SFRS(I) 9, an investment in an equity instrument that does not have a quoted price in an active market for an identical instrument shall be measured at fair value at the date of initial application. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies SFRS(I) 9.

The Group is adopting SFRS(I) 9 in its financial statements for the financial year ending 30 June 2019. The Group is adopting SFRS(I) 9 without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings. Based on the Group's assessment, the Group does not expect any significant adjustments on adoption of SFRS(I) 9.

SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SFRS(I) 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

2(c) SFRS(I) not yet effective (cont'd)

SFRS(I) 15 *Revenue from Contracts with Customers (cont'd)*

SFRS(I) 15 also includes clarifications on how to:
- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The Group is adopting SFRS(I) 15 in its financial statements for the financial year ending 30 June 2019. Retrospective application is required. The Group has assessed based on currently available information and does not expect material impact on the financial statements. The assessment may be subject to changes arising from ongoing analysis.

SFRS(I) 16 *Leases*

SFRS(I) 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases.

For a lessee, SFRS(I) 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying SFRS(I) 1-7 *Statement of Cash Flows*.

For a lessor, SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 1-17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

SFRS(I) 16 is effective for the Group's financial statements for the financial year ending 30 June 2020. The Group has assessed the impact of SFRS(I) 16 and expects the adoption of SFRS(I) 16 to result in increased total assets and total liabilities and to affect the gearing ratio of the Group.

SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*

The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. It is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

SFRS(I) INT 22 is effective for the Group's financial statements for the financial year ending 30 June 2019.

2(d) Summary of significant accounting policies

Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interests even if that results in a deficit balance.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Group controls an investee if and only if the Group has all of the following:

(i) power over the investee;

(ii) exposure, or rights or variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets – Goodwill" for the subsequent accounting policy on goodwill.

2(d) Summary of significant accounting policies (cont'd)

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation of plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Medical and other equipment	2 to 5 years
Computers	2 to 5 years
Furniture, fittings and renovations	3 to 10 years
Office equipment	2 to 5 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is recognised in profit or loss from the month that the plant and equipment are installed and are available for use, and to the month of disposal, respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less accumulated amortisation and impairment losses, if any. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the indefinite useful life assessment continues to be supportable.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

2(d) Summary of significant accounting policies (cont'd)

Intangible assets (cont'd)

Goodwill

Goodwill on acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses, if any.

Development costs

Development costs which relates to the design and testing of new or improved materials, products or processes are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

Development costs are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful life of ten years.

Costs that are directly attributable to the development phase are recognised as intangible asset provided that they meet the following recognition requirements:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) the intention to complete the intangible asset and use or sell it;

(iii) the ability to use or sell the intangible asset;

(iv) how the intangible asset will generate probable future economic benefits; among other things, demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Directly attributable costs include direct employee costs incurred on product development with an appropriate portion of relevant overheads. Amortisation commences upon the launch of the sales of the products or from the date the processes are put into use.

Service right

Service right relates to a contractual right which requires a party to provide services to the Group for a certain period. It is amortised over the contractual period of 4.8 years.

Subsidiaries

In the Company's separate statement of financial position, subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

2(d) Summary of significant accounting policies (cont'd)

Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group accounts for its investments in associates using the equity method from the date on which they become an associate.

Under the equity method, the investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of operations of the associates. Distributions received from associates reduce the carrying amount of the investments. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and loss resulting from transaction between the Group and the associates are eliminated to the extent of the interests in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise additional impairment losses on the Group's investments in associates. The Group determines at the end of each reporting period whether there is any indication that the investments in the associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and their carrying amount, and recognises the amount in profit or loss.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the end of the reporting period with the exception that a financial asset shall not be reclassified into or out of the fair value through profit or loss category while it is held or issued.

All financial assets are recognised on their trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of each reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not hold any held-to-maturity investments.

2(d) Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include trade and other receivables and cash and cash equivalents. They are subsequently measured at amortised cost using the effective interest method, less allowance for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write-back is recognised in profit or loss.

Available-for-sale financial asset

Available-for-sale financial asset includes non-derivative financial asset that does not qualify for inclusion in any of the other categories of financial assets. It is included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity through other comprehensive income, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss for the period.

When a decline in the fair value of an available-for-sale financial asset has been recognised in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in equity shall be removed from the equity and recognised in the profit or loss even though the financial asset has not been derecognised.

The amount of the cumulative loss that is removed from equity and recognised in profit or loss shall be the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

2(d) Summary of significant accounting policies (cont'd)

Derivative financial instruments

The Group holds derivative financial instruments to hedge its oil commodity price exposures.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into, and is subsequently measured at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Attributable transaction costs are recognised in profit or loss as incurred.

The Group's derivative financial instruments do not qualify for hedge accounting. Subsequent to initial recognition, changes in the fair value of such derivative financial instruments are recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and includes all costs in bringing the inventories to their present location and condition. Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Inventories of oil products held for trading are stated at fair value less costs to sell and any changes in fair value less costs to sell are recognised in profit or loss in the period of change.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of fixed deposits pledged as collateral, cash restricted in use, and bank overdrafts which are repayable on demand and which form an integral part of cash management.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently sold, the cost of treasury shares is reversed from the treasury shares account, and the realised gain or loss on sale, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

Warrant reserve

The fair value ascribed to warrants less issue expenses is credited as a reserve in equity under warrant reserve and the related balance is transferred to the share capital account as and when the warrants are exercised.

2(d) Summary of significant accounting policies (cont'd)

Dividends

Final dividends proposed by the directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because of the articles of association of the Company grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Financial liabilities

The Group's financial liabilities comprise borrowings and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in "finance cost" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Financial liabilities and financial assets are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled more than 12 months after the end of the reporting period are included in current borrowings in the statement of financial position, if the loan facility agreements include an overriding repayment on demand clause, which gives the lender the right to demand repayment at any time, at its sole discretion and irrespective of whether a default event has occurred, or when the Group has defaulted or breached a provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the borrowings become payable on demand, even if the lender agreed, after the reporting period and before the authorisation of the financial statements for issue, not to demand payment as a consequence of the breach. These borrowings are classified as current because, at the end of the reporting period, the Group does not have an unconditional right to defer its settlement for at least twelve months after that date.

However, those borrowings with breaches or defaults of loan agreement terms are classified as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the Group can rectify the breach and/or during which the lender cannot demand immediate repayment. Other borrowings due to be settled more than 12 months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

2(d) Summary of significant accounting policies (cont'd)

Financial liabilities (cont'd)

Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

Finance lease liabilities

Finance lease liabilities are measured at initial value less the capital element of lease repayments (see policy on finance leases).

Financial guarantees

The Company has issued corporate guarantees to financial institutions for the borrowings of certain subsidiaries. The guarantees are financial guarantee contracts as they require the Company to reimburse the financial institutions if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts, if assessed to be material, are initially recognised at their fair value plus transaction costs in the statement of financial position.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the subsidiary's borrowings, unless the Group has incurred an obligation to reimburse the financial institutions for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the financial institutions.

Leases
Where the Group and the Company are the lessees,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Plant and equipment".

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

2(d) Summary of significant accounting policies (cont'd)

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity.

Employee benefits

Pension obligations

The Group participates in the defined contribution national pension schemes as provided by the laws of the countries in which it has operations. Pension contributions are provided at rates stipulated by the regulations and are contributed to pension funds managed by government agencies, which are responsible for administering these amounts for the subsidiaries' employees. The Company and its Singapore incorporated subsidiaries make contributions to the Central Provident Fund, a defined contribution pension scheme regulated and managed by the Government of Singapore.

A defined contribution national pension scheme is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

2(d) Summary of significant accounting policies (cont'd)

Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or the Company or of a parent of the Company.

b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) both entities are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain management executives are considered key management personnel.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the company at which management controls the related cash flows.

2(d) Summary of significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to profit or loss.

With the exception of goodwill,

(i) An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

(ii) An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

(iii) A reversal of an impairment loss is recognised as income in profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of the reporting period.

Revenue recognition

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For local sale of goods, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading the goods onto the relevant carrier at the port.

The Group assesses its sales arrangements to determine if it is acting as a principal or an agent. The Group has concluded that it is acting as a principal in all of its sales arrangements.

Revenue from the physical sale of oil products is recognised when the oil is transferred upon loading at the named port of shipment or destination.

Revenue from the sale of healthcare products is recognised upon delivery of goods and acceptance by customers.

Revenue from the sale of IT products is recognised when the goods are delivered at customers' premises for local sales, or upon loading the goods onto the relevant carrier at the port of shipment or when the goods arrive at the port of destination for international shipments.

2(d) Summary of significant accounting policies (cont'd)

Revenue recognition (cont'd)

Revenue from the rendering of healthcare consultancy services is recognised which the services are rendered.

Revenue from the rendering of healthcare management system services is recognised on a straight-line basis over the period of the contract.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Government grants

Government grants are recognised at its fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.

Functional currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in United States dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Foreign currency gains and losses are reported on a net basis as either other income or other expenses depending on whether foreign currency movements are in a net gain or net loss position.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transactions.

Group entities

The results and financial positions of all the entities (none of which has the currency of a hyperinflationary economy) within the Group that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the end of each reporting period;

(ii) Income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) are translated at exchange rates at the dates of the transactions; and

(iii) All resulting currency translation differences are recognised as other comprehensive income in the consolidated statement of profit or loss and other comprehensive income, and accumulated in the currency translation reserve in the consolidated statement of changes in equity.

2(d) Summary of significant accounting policies (cont'd)

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's executive directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 29 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

Segment results that are reported to the executive directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire plant and equipment.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share awards granted to employees.

3 Plant and equipment

The Group	Medical and other equipment US$	Computers US$	Furniture, fittings and renovations US$	Office equipment US$	Total US$
Cost					
At 1 July 2016	1,967	143,629	20,461	51,226	217,283
Additions	–	7,085	–	–	7,085
Write-offs	(1,967)	–	–	–	(1,967)
Acquisition of subsidiaries	288,309	28,669	86,250	24,761	427,989
Exchange difference on translation	48	238	301	176	763
At 30 June 2017	288,357	179,621	107,012	76,163	651,153
Additions	**92,964**	**37,063**	**179,998**	**–**	**310,025**
Write-offs	**(56,048)**	**(97,686)**	**(15,179)**	**(19,165)**	**(188,078)**
Acquisition of subsidiaries	**298,087**	**589**	**119,492**	**–**	**418,168**
Exchange difference on translation	**31,419**	**2,524**	**10,441**	**1,834**	**46,218**
At 30 June 2018	**654,779**	**122,111**	**401,764**	**58,832**	**1,237,486**
Accumulated depreciation					
At 1 July 2016	1,967	118,972	16,635	30,690	168,264
Depreciation	1,538	23,660	28,784	9,619	63,601
Write-offs	(1,967)	–	–	–	(1,967)
Exchange difference on translation	4	49	39	19	111
At 30 June 2017	1,542	142,681	45,458	40,328	230,009
Depreciation	**92,346**	**24,904**	**56,821**	**12,049**	**186,120**
Write-offs	**(36,431)**	**(97,686)**	**(14,422)**	**(19,165)**	**(167,704)**
Exchange difference on translation	**17,405**	**1,661**	**6,515**	**1,119**	**26,700**
At 30 June 2018	**74,862**	**71,560**	**94,372**	**34,331**	**275,125**
Carrying amount					
At 30 June 2018	**579,917**	**50,551**	**307,392**	**24,501**	**962,361**
At 30 June 2017	286,815	36,940	61,554	35,835	421,144

3 Plant and equipment (cont'd)

The Company	Medical and other equipment US$	Computers US$	Furniture, fittings and renovations US$	Office equipment US$	Total US$
Cost					
At 1 July 2016	1,967	100,860	14,543	36,313	153,683
Additions	–	1,681	–	–	1,681
Write-offs	(1,967)	–	–	–	(1,967)
At 30 June 2017	–	102,541	14,543	36,313	153,397
Additions	**–**	**6,068**	**–**	**–**	**6,068**
Write-offs	**–**	**(97,686)**	**(14,034)**	**(19,165)**	**(130,885)**
At 30 June 2018	**–**	**10,923**	**509**	**17,148**	**28,580**
Accumulated depreciation					
At 1 July 2016	1,967	95,634	14,543	25,489	137,633
Depreciation	–	3,939	–	3,332	7,271
Write-offs	(1,967)	–	–	–	(1,967)
At 30 June 2017	–	99,573	14,543	28,821	142,937
Depreciation	**–**	**8,026**	**–**	**3,332**	**11,358**
Write-offs	**–**	**(97,686)**	**(14,034)**	**(19,165)**	**(130,885)**
At 30 June 2018	**–**	**9,913**	**509**	**12,988**	**23,410**
Carrying amount					
At 30 June 2018	**–**	**1,010**	**–**	**4,160**	**5,170**
At 30 June 2017	–	2,968	–	7,492	10,460

At the end of the reporting period, the carrying amount of the Group's and the Company's plant and equipment held under finance leases comprised office equipment of US$3,961 (2017: US$6,486) and US$1,141 (2017: US$2,852) (Note 17), respectively.

4 Intangible assets

The Group	Goodwill US$	Customer relationship US$	Development costs US$	Service right US$	Total US$
Cost					
At 1 July 2016	–	–	–	–	–
Acquisition of subsidiaries (Note 5)	3,323,831	11,930	1,543,862	–	4,879,623
At 30 June 2017	3,323,831	11,930	1,543,862	–	4,879,623
Acquisition of subsidiaries (Note 5)	**1,618,091**	**–**	**–**	**89,016**	**1,707,107**
Exchange difference on translation	**103,356**	**–**	**365**	**1,343**	**105,064**
At 30 June 2018	**5,045,278**	**11,930**	**1,544,227**	**90,359**	**6,691,794**
Accumulated amortisation					
At 1 July 2016	–	–	–	–	–
Amortisation	–	11,930	77,193	–	89,123
At 30 June 2017	–	11,930	77,193	–	89,123
Amortisation	**–**	**–**	**154,386**	**19,119**	**173,505**
Exchange difference on translation	**–**	**–**	**14**	**(96)**	**(82)**
At 30 June 2018	**–**	**11,930**	**231,593**	**19,023**	**262,546**
Carrying amount					
At 30 June 2018	**5,045,278**	**–**	**1,312,634**	**71,336**	**6,429,248**
At 30 June 2017	3,323,831	–	1,466,669	–	4,790,500

Impairment testing for a cash-generating unit containing goodwill

At the end of the reporting period, goodwill is attributable to the Group's cash-generating units ("CGUs") comprising (i) Healthsciences International Pte. Ltd. ("HSI"), (ii) Crescent Dental Clinic Pte. Ltd., Dentaltrendz JP Pte. Ltd., Trendz Dental Surgeons Pte. Ltd., L'ving Vine Dental Clinic Pte. Ltd., Dover Dental Surgery Pte. Ltd. and Dentaltrendz Pte. Ltd. (collectively, the "Trendz" companies), (iii) Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd., Greedygums Pte. Ltd. and Wren Dental and Medical Supplies Pte. Ltd. (collectively, the "Orange" companies), and (iv) 84 INC Pte. Ltd., The Dental Hub@SG Pte. Ltd. and NDC Consulting Pte. Ltd. (collectively, the "TDH" companies), as follows:

The Group	**2018 US$**	2017 US$
HSI	**1,051,957**	1,051,957
Trendz	**1,812,919**	1,752,028
Orange	**537,914**	519,846
TDH	**1,642,488**	–
	5,045,278	3,323,831

4 Intangible assets (cont'd)

The acquisition of the TDH companies was completed on 30 October 2017. Accordingly, the HSI, Trendz and Orange and TDH CGUs were tested for impairment as at 30 June 2018. The recoverable amounts of the CGUs were determined from value in use calculations based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period. Revenue is assumed to grow at 5% annually. The cash flows for the subsequent years are extrapolated from the fifth year cash flow using nil growth rate, and discounted using a pre-tax discount rate of 18.1%.

The acquisition of HSI was completed on 7 December 2016, while the acquisition of the Trendz companies and Orange companies was completed on 30 June 2017. Accordingly, the HSI CGU was tested for impairment as at 30 June 2017. The recoverable amount of the CGU was determined from value in use calculations based on cash flow projections from formally approved financial budgets and forecasts covering a five-year period. Revenue growth rate is 10%, terminal growth rate is 1.9%, while pre-tax discount rate is 22.0%.

The discount rate reflects current market assessment of the time value of money and the risks specific to the CGU. The growth rate used was based on historical growth and past experience and did not exceed the long-term average growth rate for the business in which the CGU operates.

The recoverable amounts have been determined to be higher than the carrying amounts of the CGUs, and thus no impairment is required.

There are no impairment losses to be recognised for the financial year ended 30 June 2017 arising from a nil growth rate, or up to a 5 percentage point increase in discount rate.

5 Subsidiaries

The Company	**2018 US$**	2017 US$
Unquoted equity investments, at cost		
At beginning of year	**47,567,696**	44,001,132
Acquisition of a subsidiary	**–**	1,521,054
Disposal of a subsidiary	**–**	(573,641)
Incorporation of subsidiaries	**–**	50
Increase in capital of subsidiaries	**31,993,079**	2,619,139
Striking off of a subsidiary	**–**	(38)
Transfer of equity interest to a subsidiary	**(33,669,894)**	–
At end of year	**45,890,881**	47,567,696
Allowance for impairment losses		
At beginning of year	**17,663,723**	18,237,364
Allowance utilised	**(3,766,035)**	(573,641)
At end of year	**13,897,688**	17,663,723
Carrying amount	**31,993,193**	29,903,973

5 Subsidiaries (cont'd)

For the financial year ended 30 June 2018

Acquisition of subsidiaries (TDH)

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. (collectively, the "TDH" companies). The acquisition was completed on 30 October 2017. The aggregate consideration for the acquisition is 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.

The following summarises the consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the acquisition date, the effect on cash flows of the Group, the non-controlling interests in the subsidiary, the acquisition-related costs, and the revenue and profit or loss contribution by the subsidiaries:

a) Fair value of identifiable assets acquired and liabilities assumed at acquisition date

The Group	**2018 US$**
Plant and equipment	**418,168**
Intangible asset	**89,016**
Trade and other receivables	**145,099**
Cash and bank balances	**177,892**
Borrowings	**(105,837)**
Trade and other payables	**(46,669)**
Current tax payable	**(15,148)**
Total net identifiable assets	**662,521**
Non-controlling interests	**(198,756)**
Goodwill arising from acquisition	**1,618,091**
Total consideration transferred	**2,081,856**

b) Effect on cash flows of the Group

The Group	**2018 US$**
Consideration transferred	**2,081,856**
Consideration satisfied by issuance of shares	**(2,081,856)**
Cash paid	**–**
Less: Cash and bank balances in subsidiaries acquired	**(177,892)**
Net cash inflow from the acquisition	**(177,892)**

c) Non-controlling interests

The Group has elected to measure the non-controlling interests at the non-controlling interests' proportionate share of the subsidiaries' net identifiable assets.

d) Acquisition-related costs

The Group incurred acquisition-related costs of US$111,310 relating to external legal, consultancy and valuation fees. These costs have been included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

5 Subsidiaries (cont'd)

For the financial year ended 30 June 2018 (cont'd)

Acquisition of subsidiaries (TDH) (cont'd)

e) Revenue and profit or loss contribution

The subsidiaries acquired during the financial year contributed revenue and net profit of US$1,478,141 and US$160,845 to the Group's revenue and loss for the year, respectively. If acquisition had occurred on 1 July 2017, the contribution to the Group would have been US$2,217,211 and US$241,268 in revenue and net profit, respectively.

Incorporation of a subsidiary

On 26 June 2018, HSI incorporated a wholly-owned subsidiary, HSI Nominees B Pte. Ltd. ("HSINB") (now known as HSI Medical Pte. Ltd.), with an initial issued and paid-up capital of S$1, comprising one ordinary share of S$1 each. On 1 August 2018, HSINB further issued 4,999,999 new ordinary shares of S$1 each to HSI.

Increase in capital of a subsidiary

During the financial year, the Company increased its investment in New Silkroutes Capital Pte. Ltd. ("NSCPL"), comprising 37,618,201 ordinary shares of S$1 each and 4,140,192 ordinary shares of US$1 each, at an aggregate cost of US$31,993,079.

Transfer of equity interest to a subsidiary

During the financial year, the Company transferred its equity interests in International Energy Group Pte. Ltd. ("IEG"), HSI, New Silkroutes Group (Europe) Limited and New Silkroutes Capital Sdn. Bhd. ("NSCSB") to NSCPL at an aggregate cost of US$33,669,894. As NSCSB had been fully impaired, the allowance for impairment of US$3,766,035 was utilised against the cost of investment of US$3,766,035.

Acquisition of a controlling interest

On 22 February 2018, NSCSB acquired the remaining 70% equity interest in Smartnation Sdn. Bhd. ("Smartnation") from the other shareholder for a consideration of RM 70 (US$16). Consequently, Smartnation ceased to be an associate and became a wholly-owned subsidiary of the Group.

For the financial year ended 30 June 2017

Acquisition of subsidiaries (HSI)

On 15 September 2016, the Company entered into a sale and purchase agreement with the existing shareholders of Healthsciences International Pte. Ltd. ("HSI") to acquire 510,000 ordinary shares in the capital of HSI, comprising 51% of the issued and paid-up share capital of HSI, for an aggregate cash consideration of S$2,167,500 (US$1,521,054). HSI owns the entire issued and paid-up share capital of each of Silk Systems Pte. Ltd. and Liangyue (Shanghai) Business Consulting Co., Ltd. The acquisition was completed on 7 December 2016.

5 Subsidiaries (cont'd)

For the financial year ended 30 June 2017 (cont'd)

Acquisition of subsidiaries (HSI) (cont'd)

The following summarises the consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the acquisition date, the effect on cash flows of the Group, the non-controlling interests in the subsidiary, the acquisition-related costs, and the revenue and profit or loss contribution by the subsidiaries:

a) Fair value of identifiable assets acquired and liabilities assumed at acquisition date

The Group	2017 US$
Plant and equipment	57,277
Development costs	1,543,862
Customer relationship	11,930
Inventories	24,831
Trade and other receivables	82,588
Prepayments	5,686
Cash and bank balances	116,533
Fixed deposits	113,322
Deferred tax liabilities	(268,898)
Borrowings	(534,856)
Trade and other payables	(232,478)
Total net identifiable assets	919,797
Non-controlling interests	(450,700)
Goodwill arising from acquisition	1,051,957
Total consideration transferred	1,521,054

b) Effect on cash flows of the Group

The Group	2017 US$
Consideration transferred	1,521,054
Consideration payable	(529,365)
Cash paid	991,689
Less: Cash and bank balances and fixed deposits in subsidiaries acquired	(116,533)
Add: Bank overdrafts in subsidiaries acquired	272,253
Net cash outflow from the acquisition	1,147,409

c) Non-controlling interests

The Group has elected to measure the non-controlling interests at the non-controlling interests' proportionate share of the subsidiaries' net identifiable assets.

d) Acquisition-related costs

The Group incurred acquisition-related costs of US$37,300 relating to external legal and valuation fees. These costs have been included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

5 Subsidiaries (cont'd)

For the financial year ended 30 June 2017 (cont'd)

Acquisition of subsidiaries (HSI) (cont'd)

e) Revenue and profit or loss contribution

The subsidiaries acquired during the financial year contributed revenue and net loss of US$661,951 and US$291,222 to the Group's revenue and loss for the year, respectively. If acquisition had occurred on 1 July 2016, the contribution to the Group would have been US$1,134,773 and US$499,238 in revenue and net loss, respectively.

Acquisition of subsidiaries (Trendz and Orange)

On 26 May 2017, the Company and its 51% owned subsidiary, HSI, entered into separate share sale and purchase agreements with Dr Keith Alan Liew and Dr Kee Keng Hsiung, to acquire an aggregate of 70% of the shares in each of Crescent Dental Clinic Pte. Ltd., Dentaltrendz JP Pte. Ltd., Trendz Dental Surgeons Pte. Ltd., L'ving Vine Dental Clinic Pte. Ltd., Dover Dental Surgery Pte. Ltd., and Dentaltrendz Pte. Ltd. (collectively, the "Trendz" companies). In addition, the Company and its 51% owned subsidiary, HSI, on 26 May 2017, entered into a share sale and purchase agreement with Dr VicPearly Wong to acquire 51% of the shares in each of Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd., Greedygums Pte. Ltd. and Wren Dental and Medical Supplies Pte. Ltd. (collectively, the "Orange" companies).

On 30 June 2017, the Group completed the acquisition via the wholly-owned subsidiary of HSI, HSI Nominees A Pte. Ltd. The aggregate consideration paid to the vendors is S$3,626,613 (US$2,619,139) in the Company's shares, based on 7,181,411 shares at the Company's closing bid share price of S$0.505 on 29 June 2017. Shares in the Company and cash of S$69,504 (US$50,196) and S$74,200 (US$53,404), respectively, were also paid in consideration of the consultancy services provided by the consultants. Shares in HSI were in turn issued to the Company pursuant to the acquisition. Accordingly, the Company's shareholding in HSI was increased from 51% to 69.35%.

The following summarises the consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the acquisition date, the effect on cash flows of the Group, the non-controlling interests in the subsidiaries, the acquisition-related costs, and the revenue and profit or loss contribution by the subsidiaries:

a) Fair value of identifiable assets acquired and liabilities assumed at acquisition date

The Group	2017 US$
Plant and equipment	370,712
Inventories	30,086
Trade and other receivables	505,893
Prepayments	689
Cash and bank balances	177,495
Borrowings	(309,894)
Trade and other payables	(200,740)
Current tax payables	(40,526)
Total net identifiable assets	533,715
Non-controlling interests	(186,450)
Goodwill arising from acquisition	2,271,874
Total consideration transferred	2,619,139

5 Subsidiaries (cont'd)

For the financial year ended 30 June 2017 (cont'd)

Acquisition of subsidiaries (Trendz and Orange) (cont'd)

b) Effect on cash flows of the Group

The Group	2017 US$
Consideration transferred	2,619,139
Consideration satisfied by issuance of shares	(2,619,139)
Cash paid	–
Less: Cash and bank balances in subsidiaries acquired	(177,495)
Add: Bank overdrafts in subsidiaries acquired	4,786
Net cash inflow from the acquisition	(172,709)

c) Non-controlling interests

The Group has elected to measure the non-controlling interests at the non-controlling interests' proportionate share of the subsidiaries' net identifiable assets.

d) Acquisition-related costs

The Group incurred acquisition-related costs of US$218,801 relating to external legal, consultancy and valuation fees. These costs have been included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

e) Revenue and profit or loss contribution

If acquisition had occurred on 1 July 2016, the contribution to the Group would have been US$3,551,705 and US$312,389 in revenue and net profit, respectively.

Incorporation of subsidiaries

On 10 August 2016, the Company incorporated a 51% owned subsidiary, Rubeus Silk Pte. Ltd. ("RSPL"), comprising 51 ordinary shares of S$1 each, amounting to S$51 (US$38).

In March 2017, the Company incorporated a wholly-owned subsidiary, New Silkroutes Group (HK) Limited, comprising 100 ordinary shares of HK$1 each, amounting to HK$100 (US$12).

Increase in capital of subsidiaries

On 30 June 2017, the subsidiary, HSI, capitalised its outstanding amount owing to the Company through the issuance of 598,750 ordinary shares to the Company. As a result, the Company increased its investment in HSI by US$2,619,139.

Striking off of a subsidiary

On 30 June 2017, the striking off of RSPL was approved. Accordingly, the investment of US$38 was written off.

Disposal of a subsidiary

On 30 June 2017, the Company transferred its entire shareholding in Digiland Pte. Ltd. to a third party, Globalports Pte. Ltd., for a consideration of S$1. Accordingly, the allowance for impairment of US$573,641 was utilised against the cost of investment in DPL of US$573,641.

5 Subsidiaries (cont'd)

Impairment losses

At the end of the reporting period, there are no indications of impairment for the Company's investment in the principal intermediate holding company, New Silkroutes Capital Pte. Ltd., which holds the oil and gas and healthcare subsidiaries that continue to generate operating profits and cash inflows. As the indications of impairment for the Company's investments in other subsidiaries which have been incurring persistent losses and operating cash outflows continue to exist, the impairment losses are not reversed.

Summarised financial information of subsidiaries with material non-controlling interests

Summarised financial information in respect of the subsidiaries, mainly IEG Malta Limited ("IEG Malta"), New Silkroutes Capital LLC ("NSCLLC"), HSI, the Trendz companies, the Orange companies and the TDH companies, which have material non-controlling interests, is set out below. The summarised financial information below represents amounts before intra-group eliminations, and for profit or loss, the amounts included in the Group's results after acquisition.

Summarised statement of financial position

	IEG Malta US$	NSCLLC US$	HSI US$	Trendz US$	Orange US$	TDH US$	Total US$
2018							
Current assets	**13,038,437**	**3,100**	**1,976,436**	**998,109**	**650,393**	**666,197**	**17,332,672**
Non-current assets	**–**	**–**	**1,962,699**	**236,101**	**189,631**	**422,052**	**2,810,483**
Current liabilities	**(11,776,204)**	**(15,000)**	**(2,249,371)**	**(530,039)**	**(481,192)**	**(178,570)**	**(15,230,376)**
Non-current liabilities	**–**	**–**	**(389,996)**	**(30,221)**	**(179,246)**	**(75,539)**	**(675,002)**
Equity attributable to owners of the Company	**1,136,010**	**141,670**	**1,029,972**	**471,765**	**91,588**	**583,898**	**3,454,903**
Non-controlling interests	**126,223**	**(153,570)**	**269,796**	**202,185**	**87,998**	**250,242**	**782,874**
2017							
Current assets	1,002,931	3,100	377,222	441,781	522,719	–	2,347,753
Non-current assets	–	–	1,545,232	136,351	234,361	–	1,915,944
Current liabilities	(15,269)	(15,000)	(1,159,195)	(183,025)	(618,472)	–	(1,990,961)
Non-current liabilities	–	–	(251,280)	–	–	–	(251,280)
Equity attributable to owners of the Company	888,896	141,670	261,109	276,575	70,690	–	1,638,940
Non-controlling interests	98,766	(153,570)	250,870	118,532	67,918	–	382,516

5 Subsidiaries (cont'd)

Summarised financial information of subsidiaries with material non-controlling interests (cont'd)

Summarised statement of profit or loss and other comprehensive income

	IEG Malta US$	NSCLLC US$	HSI US$	Trendz US$	Orange US$	TDH US$	Total US$
2018							
Revenue	**116,415,248**	**–**	**1,156,080**	**2,932,218**	**1,457,786**	**1,478,141**	**123,439,473**
Expenses	**(116,140,676)**	**–**	**(1,495,890)**	**(2,668,780)**	**(1,421,722)**	**(1,317,296)**	**(123,044,364)**
Profit/(Loss) for the year	**274,572**	**–**	**(339,810)**	**263,438**	**36,064**	**160,845**	**395,109**
Other comprehensive income for the year	**–**	**–**	**80,290**	**12,059**	**4,721**	**5,415**	**102,485**
Total comprehensive income/(loss) for the year	**274,572**	**–**	**(259,520)**	**275,497**	**40,785**	**166,260**	**497,594**
Attributable to:							
- owners of the Company	**247,115**	**–**	**(281,151)**	**192,847**	**20,800**	**116,382**	**295,993**
- non-controlling interests	**27,457**	**–**	**21,631**	**82,650**	**19,985**	**49,878**	**201,601**
	274,572	**–**	**(259,520)**	**275,497**	**40,785**	**166,260**	**497,594**
2017							
Revenue	–	–	661,951	–	–	–	661,951
Expenses	(13,552)	(197)	(1,053,393)	–	–	–	(1,067,142)
Loss for the year	(13,552)	(197)	(391,442)	–	–	–	(405,191)
Other comprehensive loss for the year	–	–	(16,375)	–	–	–	(16,375)
Total comprehensive loss for the year	(13,552)	(197)	(407,817)	–	–	–	(421,566)
Attributable to:							
- owners of the Company	(12,197)	(138)	(207,987)	–	–	–	(220,322)
- non-controlling interests	(1,355)	(59)	(199,830)	–	–	–	(201,244)
	(13,552)	(197)	(407,817)	–	–	–	(421,566)

Other summarised financial information

	IEG Malta US$	NSCLLC US$	HSI US$	Trendz US$	Orange US$	TDH US$	Total US$
2018							
Net cash (outflow)/inflow from operating activities	**(16,854)**	**–**	**(237,586)**	**380,049**	**111,361**	**273,430**	**510,400**
Net cash outflow from investing activities	**–**	**–**	**(44,648)**	**(121,804)**	**–**	**–**	**(166,452)**
Net cash inflow/(outflow) from financing activities	**–**	**–**	**429,309**	**(27,165)**	**(68,476)**	**(30,298)**	**303,370**
Net cash (outflow)/inflow for the year	**(16,854)**	**–**	**147,075**	**231,080**	**42,885**	**243,132**	**647,318**
2017							
Net cash outflow from operating activities	(4,759)	(35,197)	(346,731)	–	–	–	(386,687)
Net cash inflow from financing activities	–	–	207,840	–	–	–	207,840
Net cash outflow for the year	(4,759)	(35,197)	(138,891)	–	–	–	(178,847)

5 Subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held	
			2018	2017
			%	%
Held by the Company				
New Silkroutes Capital Pte. Ltd. (1)	Investment holding	Singapore	**100**	100
International Energy Group Pte. Ltd. (1)	Trading of petrochemical products	Singapore	**–**	100
New Silkroutes Group (Europe) Limited (2)	Investment holding	Malta	**–**	100
Healthsciences International Pte. Ltd. (1)	Distributors of health supplements and Chinese proprietary medicine, providers of clinical management services, and healthsciences consultants	Singapore	**–**	69.35
New Silkroutes Capital Sdn. Bhd. (2)	Investment holding	Malaysia	**–**	100
New Silkroutes Group (HK) Limited (3)	Dormant	Hong Kong	**100**	100
Digiland Pty. Ltd. (3)	Dormant	Australia	**100**	100
DG Shanghai International Trading Co., Ltd (3)	Dormant	People's Republic of China	**100**	100
Digiland (Hong Kong) Limited (3)	Dormant	Hong Kong	**99.9**	99.9
Top Post Enterprises Limited (2)	Investment holding (inactive)	British Virgin Islands	**100**	100
Held by New Silkroutes Capital Pte. Ltd.				
International Energy Group Pte. Ltd. (1)	Trading of petrochemical products	Singapore	**100**	–
New Silkroutes Group (Europe) Limited (2)	Investment holding	Malta	**100**	–
Healthsciences International Pte. Ltd. (1)	Distributors of health supplements and Chinese proprietary medicine, providers of clinical management services, and healthsciences consultants	Singapore	**75.41**	–
Silk Systems Pte. Ltd. (3)	Dormant	Singapore	**100**	–
New Silkroutes Capital Sdn. Bhd. (2)	Investment holding	Malaysia	**100**	–
Grand Wood Group Limited (3)	Investment holding (dormant)	British Virgin Islands	**100**	100
Held by New Silkroutes Group (Europe) Limited				
IEG Malta Limited (2)	Wholesale and retail trading of crude oil, intermediate fuel oil and other distillates	Malta	**90**	90

5 Subsidiaries (cont'd)

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held 2018 %	2017 %
Held by Top Post Enterprises Limited				
Baling (China) Investment Limited (2)	International trading of natural resources, including iron ore, coal, coke and precious metal (inactive)	Hong Kong	**99.97**	99.97
Held by New Silkroutes Capital Sdn. Bhd.				
Smartnation Sdn. Bhd. (1)	Provision of information technology services (dormant)	Malaysia	**100**	–
Held by Grand Wood Group Limited				
New Silkroutes Capital, LLC (2)	Asset management services (inactive)	United States of America	**70**	70
Held by Healthsciences International Pte. Ltd.				
Silk Systems Pte. Ltd. (3)	Dormant	Singapore	**–**	100
Liangyue (Shanghai) Business Consulting Co., Ltd. (2)	Business, management and investment consultancy	People's Republic of China	**100**	100
HSI Dental Pte. Ltd. (formerly known as HSI Nominees A Pte. Ltd.) (3)	Investment holding	Singapore	**100**	100
HSI Medical Pte. Ltd. (formerly known as HSI Nominees B Pte. Ltd.) (3)	Investment holding	Singapore	**100**	–
Held by HSI Dental Pte. Ltd.				
Crescent Dental Clinic Pte. Ltd. (1)	Dental services	Singapore	**70**	70
Dentaltrendz JP Pte. Ltd. (1)	Dental services	Singapore	**70**	70
Trendz Dental Surgeons Pte. Ltd. (1)	Dental services	Singapore	**70**	70
L'ving Vine Dental Clinic Pte. Ltd. (1)	Dental services	Singapore	**70**	70
Dover Dental Surgery Pte. Ltd. (1)	Dental services	Singapore	**70**	70
Dentaltrendz Pte. Ltd. (1)	Management services	Singapore	**70**	70
Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd. (1)	Dental services	Singapore	**51**	51
Greedygums Pte. Ltd. (1)	Medical and dental supplies	Singapore	**51**	51
Held by HSI Dental Pte. Ltd.				
Wren Dental and Medical Supplies Pte. Ltd. (1)	Medical and dental supplies	Singapore	**51**	51
84 INC Pte. Ltd. (1)	Dental services	Singapore	**70**	–
The Dental Hub@SG Pte. Ltd. (1)	Dental services	Singapore	**70**	–
NDC Consulting Pte. Ltd. (1)	Dental services	Singapore	**70**	–

(1) Audited by Foo Kon Tan LLP, principal member firm of HLB International
(2) Audited by Foo Kon Tan LLP for the purpose of the consolidated financial statements
(3) Not required to be audited

6 Associates

The Group	**2018 US$**	2017 US$
Unquoted equity investments, at cost	**858,933**	858,933
Share of post-acquisition results	**(49,862)**	(457,098)
Disposal	**(809,064)**	–
Reclassified to a subsidiary	**(7)**	–
Carrying amount	**–**	401,835

New Silkroutes Asset Management Pte. Ltd ("NSAM") was incorporated pursuant to a shareholders' agreement entered into on 7 October 2016, with the Company's wholly-owned subsidiary, New Silkroutes Capital Pte. Ltd. ("NSCPL"), subscribing for 30% of the shares for S$1,150,001 (US$809,064). On 25 September 2017, NSAM was disposed of for a cash consideration of S$805,000 (US$592,641).

Silkrouteasia Asset Management Pte. Ltd. was incorporated on 28 February 2017, with the Company's wholly-owned subsidiary, NSCPL, subscribing for 35% of the shares for S$70,000 (US$49,862).

The Group's wholly-owned subsidiary, New Silkroutes Capital Sdn. Bhd. ("NSCSB"), held 30 ordinary shares representing 30% of the issued and paid-up capital of Smartnation Sdn. Bhd. ("Smartnation"). The carrying amount of the investment in associate is RM 30 (US$7). Smartnation is principally engaged in the provision of information technology services. Smartnation is currently dormant.

On 22 February 2018, NSCSB acquired the remaining 70% equity interest in Smartnation from the other shareholder for a consideration of RM 70 (US$16). Consequently, Smartnation ceased to be an associate and became a wholly-owned subsidiary of the Group.

Details of the associates are as follows:

Name	Principal activities	Country of incorporation/ Principal place of business	Percentage of equity held	
			2018 %	2017 %
<u>Held by New Silkroutes Capital Pte. Ltd.</u>				
New Silkroutes Asset Management Pte. Ltd. [(1)]	Asset and portfolio management (inactive)	Singapore	**–**	30
Silkrouteasia Asset Management Pte. Ltd. [(2)]	Investment advisory and asset management (dormant)	Singapore	**35**	35
<u>Held by New Silkroutes Capital Sdn. Bhd.</u>				
Smartnation Sdn. Bhd. [(2)]	Provision of information technology services (dormant)	Malaysia	**–**	30

(1) Audited by Foo Kon Tan LLP, principal member firm of HLB International
(2) Not required to be audited

The financial information of NSAM for the financial year ended 30 June 2017 is summarised below. There have been no dividends received from the associate.

6 Associates (cont'd)

Statement of financial position

	2017 US$
Current assets	326,656
Non-current assets	169,223
Current liabilities	(212,273)
Non-current liabilities	(27,132)
Net assets	256,474

Statement of profit or loss and other comprehensive income

	2017 US$
Revenue	–
Expenses	(1,523,636)
Taxation	–
Loss for the year, representing total comprehensive loss for the year	(1,523,636)
The Group's share of associate's loss for the year	(457,091)

Reconciliation of summarised financial information to the carrying amount of interest in associate

	2017 US$
The Group's interest in net assets of associate at beginning of year	–
The Group's contribution during the year	809,064
The Group's share of the associate's loss for the year	(457,091)
Carrying amount of the Group's associate at end of year	351,973

7 Available-for-sale investments

The Group	**2018 US$**	2017 US$
Unquoted equity securities, at fair value	**21,672,521**	14,090,000

At the end of the reporting period, available-for-sale investments pertain to 4.534% (2017: 2.82%) equity interest in Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC") of US$21,672,520 (2017: US$14,090,000), and 19% (2017: nil%) equity interest in Century Master Pte. Ltd. of US$1 (2017: US$nil).

Pursuant to the supplemental agreement dated 17 February 2017, the Group had acquired 2.82% of the equity interest comprising 1,410,000 ordinary shares in Thai GNCC for a purchase consideration of US$14,090,000 (based on a valuation of approximately US$500 million), which had been satisfied by the payment of the refundable deposits amounting to US$13,757,384, and by part of the accrued interest of US$4,002,612 (Note 10).

7 Available-for-sale investments (cont'd)

On 26 June 2018, the Company entered into a debt repayment agreement with Tianjin GNCC, pursuant to which the refundable deposits and accrued interest of US$3,669,996 (Note 10) and prepayments of US$4,900,000 (Note 11), amounting to US$8,569,996 in total, shall be repaid in full by way of the transfer of 857,000 ordinary shares in the capital of Thai GNCC at the price of approximately US$10 per share from Tianjin GNCC to the Group's wholly-owned subsidiary, International Energy Group Pte. Ltd. ("IEG"). The share transfer agreement was made between Tianjin GNCC and IEG on 30 June 2018.

Consequently, the total investment in Thai GNCC became 4.534%, and the cost of the investment in Thai GNCC became US$22,659,996.

Management has engaged a firm of independent professional valuers to carry out valuation of Thai GNCC. In determining the fair value of Thai GNCC, the valuers used the income approach. Based on the valuation of US$478,000,000, the 4.534% equity interest in Thai GNCC held by the Group was determined to be US$21,672,520. Accordingly, a fair value loss of US$987,476 was recognised in other comprehensive income for the financial year ended 30 June 2018.

8 Deferred taxation

The Group	**2018 US$**	2017 US$
At beginning of year	**(412,678)**	–
Acquisition of subsidiaries (Note 5)	**–**	(268,898)
Recognised in profit or loss (Note 24)	**63,000**	(143,780)
At end of year	**(349,678)**	(412,678)
Comprising:		
Deferred tax assets	**36,755**	–
Deferred tax liabilities	**(386,433)**	(412,678)
	(349,678)	(412,678)

Deferred tax assets/(liabilities) are attributable to the following:

The Group	Unused tax losses US$	Fair value adjustments on acquisition of subsidiaries US$	Unremitted interest income US$	Total US$
At 1 July 2016	–	–	–	–
Acquisition of subsidiaries (Note 5)	–	(268,898)	–	(268,898)
Recognised in profit or loss (Note 24)	–	20,527	(164,307)	(143,780)
At 30 June 2017	–	(248,371)	(164,307)	(412,678)
Recognised in profit or loss (Note 24)	**36,755**	**26,245**	**–**	**63,000**
At 30 June 2018	**36,755**	**(222,126)**	**(164,307)**	**349,678**

8 Deferred taxation (cont'd)

At the end of the reporting period, the Group and the Company have deferred tax assets that are not recognised in the statements of financial position, as follows:

	The Group		The Company	
	2018 US$	2017 US$	**2018 US$**	2017 US$
Unused tax losses	**54,311,704**	53,092,745	**37,128,807**	35,693,642
Unutilised capital allowances	**114,000**	114,000	**–**	–
	54,425,704	53,206,745	**37,128,807**	35,693,642
Deferred tax assets not recognised	**10,193,853**	9,949,875	**6,311,879**	6,067,919

The unused tax losses and unutilised capital allowances are allowed to be carried forward and used to offset against the future taxable profits of the Company and its subsidiaries in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations of the respective countries in which the Company and its subsidiaries operate. The unused tax losses and unutilised capital allowances have no expiry date. Deferred tax assets have not been recognised in respect of these items due to the uncertainty as to whether future taxable profits will be available against which the Company and its subsidiaries can utilise the benefits.

There are no temporary differences arising from undistributed profits of foreign subsidiaries, as the subsidiaries mainly have accumulated losses.

9 Inventories

	The Group		The Company	
	2018 US$	2017 US$	**2018 US$**	2017 US$
IT products, at cost	**–**	23,392	**–**	23,392
Less: Allowance for inventories obsolescence	**–**	(23,392)	**–**	(23,392)
	–	–	**–**	–
Medical products and supplies	**90,870**	60,028	**–**	–
Trading stocks of oil products	**14,218,273**	5,207,094	**–**	–
	14,309,143	5,267,122	**–**	–

The cost of inventories recognised as expense and included in purchases of finished goods and changes in inventories of finished goods amounted to US$682,326,189 (2017: US$429,291,880).

10 Trade and other receivables

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Trade receivables				
- third parties	**9,685,003**	15,116,471	**15,478**	206,509
- a former related party	**–**	10,037	**–**	10,037
- subsidiaries	**–**	–	**–**	4,027,170
	9,685,003	15,126,508	**15,478**	4,243,716
Less: Allowance for impairment losses				
- third parties	**–**	(197,159)	**–**	(197,159)
- subsidiaries	**–**	–	**–**	(4,027,170)
	–	(197,159)	**–**	(4,224,329)
Trade receivables, net	**9,685,003**	14,929,349	**15,478**	19,387
Amounts due from a former related party (non-trade) (Note i)	**2,614,119**	2,616,801	**–**	–
Amounts due from subsidiaries (non-trade)	**–**	–	**6,475,877**	8,822,728
Loans to subsidiaries	**–**	–	**734,487**	2,231,342
Refundable deposits and accrued interest (Note iv)	**–**	3,669,996	**–**	–
Other deposits	**366,457**	492,802	**89,676**	294,456
Consideration receivables (Note ii)	**2,800,000**	3,490,191	**2,800,000**	3,490,191
Margin and hedge accounts	**2,564,250**	489,751	**–**	–
Payments on behalf for vessel (Note iii)	**7,464,823**	–	**–**	–
Other receivables	**619,136**	1,121,517	**6,960**	–
	16,428,785	11,881,058	**10,107,000**	14,838,717
Less: Allowance for impairment losses				
- third parties	**(32,975)**	(293,016)	**–**	(260,040)
- subsidiaries	**–**	–	**(2,594,112)**	(3,397,867)
	(32,975)	(293,016)	**(2,594,112)**	(3,657,907)
Other receivables and deposits, net	**16,395,810**	11,588,042	**7,512,888**	11,180,810
Trade and other receivables	**26,080,813**	26,517,391	**7,528,366**	11,200,197
Represented by:				
Current	**24,180,813**	26,517,391	**5,628,366**	11,200,197
Non-current	**1,900,000**	–	**1,900,000**	–
	26,080,813	26,517,391	**7,528,366**	11,200,197

Trade and other receivables that have been determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties or have defaulted on payments.

The Group and the Company generally extend 29 to 60 days' credit to customers, depending on the length of business relationship, payment history, background and financial strength of the customers. The Group and the Company actively review the trade receivable balances and follow up on outstanding debts with the customers.

10 Trade and other receivables (cont'd)

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
By geographical areas				
Singapore	**1,590,612**	3,878,164	**15,478**	19,387
Cambodia	**6,618,804**	2,232,527	**–**	–
South Korea	**119,684**	3,933,864	**–**	–
United Kingdom	**820**	4,884,794	**–**	–
Hong Kong	**1,355,083**	–	**–**	–
	9,685,003	14,929,349	**15,478**	19,387

The ageing analysis of trade receivables is as follows:

	2018		2017	
	Gross	**Impairment**	Gross	Impairment
The Group	**US$**	**US$**	US$	US$
Not past due	**1,643,471**	**–**	2,126,909	–
Past due 1 to 30 days	**7,562,965**	**–**	11,571,221	–
Past due 31 to 60 days	**84,725**	**–**	294,256	–
Past due 61 to 90 days	**102,496**	**–**	145,307	–
Past due 91 to 120 days	**34,066**	**–**	73,036	–
Past due 121 to 365 days	**217,124**	**–**	708,581	–
Past due more than 365 days	**40,156**	**–**	207,198	(197,159)
	9,685,003	**–**	15,126,508	(197,159)
The Company				
Not past due	**15,478**	**–**	9,350	–
Past due more than 365 days	**–**	**–**	4,234,366	(4,224,329)
	15,478	**–**	4,243,716	(4,224,329)

The impairment losses mainly relate to customers which have indicated that they are not expecting to be able to pay the outstanding balances mainly due to financial difficulties, or trade receivables which are under disputes with customers.

The Group and the Company believe that the unimpaired amounts which are past due within one year are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk. For those unimpaired amounts which are past due more than one year, the Group and the Company believe that no further impairment allowance is necessary as they mainly arise from customers that have a good credit record with the Group and the Company.

There are no other receivables and deposits which are past due but not impaired.

The non-trade amounts due from subsidiaries, which represent advances to and payments on behalf of the subsidiaries, are unsecured, interest-free and repayable on demand.

10 Trade and other receivables (cont'd)

The movement in allowance for impairment losses in respect of amounts due from subsidiaries is as follows:

The Company	**2018 US$**	2017 US$
At beginning of year	**7,425,037**	7,391,450
Allowance made	**837,302**	81,307
Allowance utilised	**(5,731,433)**	(42,276)
Exchange difference on translation	**63,206**	(5,444)
At end of year	**2,594,112**	7,425,037

The allowance for impairment losses relates to amounts due from subsidiaries which have been incurring persistent losses and operating cash outflows. Accordingly, an additional allowance of US$837,302 (2017: US$81,307) was made by the Company to impair the amounts due from these subsidiaries as at 30 June 2018.

Trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2018 US$	2017 US$	**2018 US$**	2017 US$
United States dollar	**24,781,575**	25,669,514	**6,848,896**	8,347,540
Singapore dollar	**1,299,238**	847,877	**679,470**	2,852,657
	26,080,813	26,517,391	**7,528,366**	11,200,197

(i) <u>Amounts due from a former related party</u>

The former related party is Goodwood Associates Pte. Ltd., which is wholly-owned by a former director of the Company. The trade receivable amount, which relates to a fee due from the former related party by the Company as a procurement agent of fuel oil, is on 29 days' credit term, and is unsecured and interest-free. The non-trade amount due from the former related party relates to advances and payments on behalf of the former related party in respect of oil trades and purchases of fuel oil, and is unsecured, interest-free and repayable on demand.

During the financial year, the Company made a legal claim against the former related party to seek payment of the outstanding amounts, as well as interest and legal costs.

(ii) <u>Consideration receivables</u>

Consideration receivables comprise the outstanding amounts of US$3,475,747 due from Mercurial Capital Limited ("Mercurial") arising from the disposal of the Company's wholly-owned subsidiaries, Digiland (Thailand) Ltd. and Infonet Systems and Services Pte Ltd on 30 June 2016, and US$14,444 for the disposals of Digiland Pte. Ltd. and IBase Technology International Pte. Ltd. on 30 June 2017.

On 13 March 2018, the Company agreed with Mercurial on the full and final settlement of all claims, in which US$3,200,000 would be paid by Mercurial, comprising US$400,000 within seven days from date of settlement agreement, US$900,000 by 31 December 2018, US$1,000,00 by 31 December 2019 and US$900,000 by 31 December 2020. Accordingly, an amount of US$275,747 was recognised in profit or loss to write off the difference between the outstanding amount and the final settlement amount. The first payment of US$400,000 had been received from Mercurial.

Due to the timing of the cash flows, the second payment of US$900,000 has been classified as current receivable, while the third and fourth payments of US$1,900,000 have been classified as non-current receivables. Management has assessed the effect of discounting of the long-term receivables to be insignificant.

10 Trade and other receivables (cont'd)

(iii) Payments on behalf for vessel

Payments were made on behalf of TXZ Tankers Pte. Ltd. ("TXZ"), a wholly-owned subsidiary of Century Master Pte. Ltd., in which the Group's subsidiary, International Energy Group Pte. Ltd., holds a 19% equity interest, for the purchase of a vessel. The vessel was registered in the name of TXZ on 20 April 2018. The amounts relate to the price of the vessel, the bunkers and oils on board the vessel, and other miscellaneous costs relating to the purchase. The amounts will be recovered from TXZ within the following financial year.

(iv) Refundable deposits and accrued interest

On 13 May 2011, the Company entered into a Sale and Purchase Agreement ("SPA") with Tianjin General Nice Coke & Chemicals Co., Ltd ("Tianjin GNCC") to acquire a 15% equity interest held by Tianjin GNCC in Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC"), whose main asset is a coke plant project in Thailand. In addition to the SPA, Tianjin GNCC granted the Company an option to purchase up to an additional 15% equity interest in Thai GNCC. A refundable deposit of S$5,000,000 was paid to Tianjin GNCC. Pursuant to the terms of the SPA, the refundable deposit (including interest thereon at 4% per annum effective from 13 May 2011 to the date of termination) shall be refunded to the Company in the event of the termination of the acquisition. Based on the SPA dated 13 May 2011, the completion date ("Long Stop Date") of the proposed acquisition of the 15% equity interest in Thai GNCC was 30 June 2012. On 30 June 2012, a supplementary letter was signed by both parties to extend the Long Stop Date of the agreement to 31 March 2013. On 18 June 2013, a new supplementary letter was signed by both parties to extend the Long Stop Date of the agreement to 14 December 2014.

On 18 June 2013, an additional deposit of S$12,000,000 was paid to Tianjin GNCC pursuant to the terms of the SPA and an addendum to the SPA was signed. The additional deposit (including interest therein at 10% per annum effective from 18 June 2013) shall be refunded to the Company in the event of the termination or completion of the acquisition from that date onwards. Further, through the same addendum, the initial deposit paid on 13 May 2011 including the interest of 4% per annum thereon shall be refunded to the Company in the event of the termination or completion of the acquisition with effect from 18 June 2013.

On 22 January 2014, both parties agreed to denominate the refundable deposits including the accrued interest in United States dollar at the closing exchange rate on 25 October 2013 in Bloomberg. Hence, the balance refundable deposits of S$17,000,000 was re-denominated as US$13,757,384.

On 16 December 2014, the Company announced that the Long Stop Date of the SPA had been extended to 31 December 2015, to provide time for Thai GNCC to obtain the relevant approvals to operate the coking plant in greater entirety.

On 25 August 2015, the Company entered into a supplemental agreement with Tianjin GNCC to the SPA, pursuant to which, instead of acquiring a 15% equity interest, the Company shall acquire a 6% equity interest, comprising 3,000,000 shares in Thai GNCC. Accordingly, based on the valuation report that has been obtained, the purchase consideration for the proposed acquisition shall be US$30,000,000. In addition, the number of option shares that may be further acquired by the Company shall be amended from 15% to 14% of the issued and paid-up capital, comprising 7,000,000 shares in Thai GNCC. The option period has also been extended to 36 months from the completion of the SPA, and the price for the option shares shall be an amount equivalent to 14% of the fair market value of Thai GNCC based on a valuation report to be obtained from an independent valuer during the three months' period before the exercise of the option. Accordingly, the Company also entered into a supplemental agreement in relation to the option agreement dated 13 May 2011 that the Company entered into with Tianjin GNCC pursuant to the SPA.

10 Trade and other receivables (cont'd)

(iv) <u>Refundable deposits and accrued interest (cont'd)</u>

On 30 December 2015 and 14 July 2016, the Company announced that it had entered into addendums to the SPA, pursuant to which the Long Stop Date of the SPA was further extended to 30 June 2016 and 31 December 2016, respectively.

The Company entered into a supplemental agreement dated 17 February 2017 to the SPA, pursuant to which key amendments include the following:

(i) instead of acquiring a 6% stake in Thai GNCC, the Company shall acquire a 2.82% stake, comprising 1,410,000 shares in Thai GNCC;

(ii) accordingly, the purchase consideration shall be US$14,090,000, which has been fully satisfied by the payment of the refundable deposits amounting to US$13,757,384 by the Company to Tianjin GNCC in 2011 and 2013, and by part of the interest of US$4,002,612 due from Tianjin GNCC having accrued from 18 June 2013 to 31 December 2016; and

(iii) no further interest shall be payable in respect of the refundable deposits with effect from 1 January 2017.

Accordingly, there is a remaining outstanding amount of US$3,669,996 due from Tianjin GNCC as at 30 June 2017. On 26 June 2018, the Company entered into a debt repayment agreement with Tianjin GNCC, pursuant to which the outstanding amount, together with the prepayments of US$4,900,000 (Note 11), shall be fully settled by Tianjin GNCC by way of the transfer of 857,000 ordinary shares in the capital of Thai GNCC at the price of approximately US$10 per share from Tianjin GNCC to the Group's wholly-owned subsidiary, International Energy Group Pte. Ltd. ("IEG"). The share transfer agreement was made between Tianjin GNCC and IEG on 30 June 2018.

11 Prepayments

As at 30 June 2017, prepayments mainly comprised US$500,494 and US$4,400,000 made by the subsidiaries, Top Post Enterprises Limited and Baling (China) Investment Limited, respectively, to a supplier, Assure Win International Holdings Limited, for the purchase of iron ore fines, and US$527,000 made by the subsidiary, International Energy Group Pte. Ltd., for the chartering of vessels.

On 26 June 2018, the Company entered into a debt repayment agreement with Tianjin GNCC, pursuant to which the prepayments, together with the outstanding amount of US$3,669,996 due from Tianjin GNCC (Note 10), shall be fully settled by Tianjin GNCC by way of the transfer of 857,000 ordinary shares in the capital of Thai GNCC at the price of approximately US$10 per share from Tianjin GNCC to the Group's wholly-owned subsidiary, International Energy Group Pte. Ltd. ("IEG"). The share transfer agreement was made between Tianjin GNCC and IEG on 30 June 2018.

As at 30 June 2018, prepayments mainly relate to US$1,100,000 for the purchase of fuel oil and US$1,596,341 for freight charges.

12 Derivative financial instruments

The Group	**2018** **US$**	2017 US$
Derivative financial (liabilities)/assets at fair value through profit or loss (held for trading):		
- oil commodity futures	**(882,325)**	136,425

13 Cash and bank balances and fixed deposits

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Cash on hand	**21,660**	16,294	**7,223**	8,864
Cash at banks	**32,740,503**	30,736,866	**5,980,078**	242,521
	32,762,163	30,753,160	**5,987,301**	251,385
Fixed deposits	**121,010**	116,731	**–**	–
	32,883,173	30,869,891	**5,987,301**	251,385

At the end of the reporting period, the fixed deposits of US$121,010 (2017: US$116,731) for the Group were pledged to a bank to secure bank loans and bank overdrafts (Note 17).

The fixed deposits had a weighted average maturity of 3.4 months (2017: 4.8 months) from the end of the reporting period with a weighted average effective interest rate of 0.18% (2017: 0.15%) per annum at the end of the reporting period.

Cash and bank balances and fixed deposits are denominated in the following currencies:

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
United States dollar	**26,439,493**	30,171,229	**789,632**	22,400
Malaysian ringgit	**2,302**	10,938	**305**	284
Singapore dollar	**6,322,060**	593,139	**5,192,171**	222,224
Others	**119,318**	94,585	**5,193**	6,477
	32,883,173	30,869,891	**5,987,301**	251,385

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

The Group	**2018** **US$**	2017 US$
Cash and bank balances and fixed deposits	**32,883,173**	30,869,891
Less: Bank overdrafts (Note 17)	**(279,497)**	(378,895)
Less: Cash restricted in use	**(20,509,572)**	(23,793,508)
Less: Fixed deposits pledged	**(121,010)**	(116,731)
	11,973,094	6,580,757

Cash restricted in use relates to funds held in designated bank accounts which are earmarked and can be used only for the purposes of letters of credit.

14 Share capital

The Group and the Company	**2018** Number of ordinary shares	2017 Number of ordinary shares	**2018 US$**	2017 US$
Issued and fully paid with no par value				
At beginning of year	**146,044,287**	126,011,927	**71,178,899**	63,957,747
Issue of shares				
- Placement	**14,431,818**	3,000,000	**4,813,370**	2,042,105
- Acquisition of subsidiaries	**7,159,090**	7,181,411	**2,081,856**	2,619,139
- Consultancy fees	**–**	137,632	**–**	50,196
- Exercise of warrants	**7,500**	9,713,317	**1,983**	2,509,712
At end of year	**167,642,695**	146,044,287	**78,076,108**	71,178,899

On 23 December 2016, the Company completed the placement and issue of 3,000,000 new ordinary shares in the issued and paid-up capital of the Company at an issue price of S$0.97 per share for S$2,910,000 (US$2,042,105).

On 30 June 2017, the Group completed the acquisition of the Trendz companies and Orange companies for an aggregate consideration of S$3,626,613 (US$2,619,139), through the issue of 7,181,411 shares based on the Company's closing bid share price of S$0.505 on 29 June 2017 (Note 5). 137,632 shares amounting to S$69,504 (US$50,196) were also issued in consideration of the consultancy services provided by the consultants.

During the financial year ended 30 June 2017, 9,713,317 warrants were exercised and converted into ordinary shares in the capital of the Company, for a consideration of S$2,913,995 (US$2,087,274). Accordingly, the total amount of US$2,509,712 (including the related balance of US$422,438 in warrants reserve) was transferred to share capital.

On 1 November 2017 and 8 March 2018, the Company completed the placement and issue of 3,068,182 and 11,363,636 new ordinary shares at an issue price of S$0.44 per share for S$1,350,000 (US$993,870) and S$5,000,000 (US$3,819,500), respectively.

On 30 October 2017, the Group completed the acquisition of the TDH companies for an aggregate consideration of S$2,827,841 (US$2,081,856), through the issue of 7,159,090 shares based on the Company's closing bid share price of S$0.395 on 30 October 2017 (Note 5).

During the financial year ended 30 June 2018, 7,500 warrants were exercised and converted into ordinary shares in the capital of the Company, for a consideration of S$2,250 (US$1,657). Accordingly, the total amount of US$1,983 (including the related balance of US$326 in warrants reserve) was transferred to share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

15 Treasury shares

The Group and the Company	2018	2017	2018	2017
	Number of ordinary shares		US$	US$
Issued and fully paid with no par value				
At beginning of year	**1,481,100**	1,441,700	**509,526**	321,751
Acquired during the year	**2,955,400**	1,171,500	**694,384**	577,239
Sale during the year	**(992,300)**	(1,132,100)	**(341,370)**	(389,464)
At end of year	**3,444,200**	1,481,100	**862,540**	509,526

The Company acquired 2,955,400 (2017: 1,171,500) of its own shares through purchase on the SGX-ST during the financial year ended 30 June 2018. The total amount paid to acquire the shares was S$919,837 (US$694,384) (2017: S$790,514 (US$577,239)) and has been deducted from shareholders' equity. The shares are held as "treasury shares".

The Company sold 992,300 (2017: 1,132,100) of its own shares for an aggregate amount of S$437,585 (US$317,731) (2017: S$634,118 (US$457,960)) during the financial year ended 30 June 2018. The cost of the treasury shares is reversed from the treasury shares account, and the realised loss of US$23,639 (2017: gain of US$68,496) is recognised in the capital reserve of the Company.

16 Other reserves

	The Group		The Company	
	2018 US$	2017 US$	**2018 US$**	2017 US$
Foreign currency translation reserve	**508,045**	473,029	**–**	–
Warrant reserve	**665,481**	665,807	**665,481**	665,807
Capital reserve	**44,857**	68,496	**44,857**	68,496
Fair value reserve	**(987,476)**	–	**–**	–
	230,907	1,207,332	**710,338**	734,303

Foreign currency translation reserve

Foreign currency translation reserve arises from the translation of financial statements of foreign entities whose functional currencies are different from the presentation currency.

Warrant reserve

Warrant reserve relates to the portion of proceeds from the rights shares issue ascribed to the attached warrants. As and when the warrants are exercised, the related balance in the warrant reserve is transferred to the share capital account. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.30. The warrants will expire on 29 March 2019. At the expiry of the warrants, the balance in the warrant reserve will be transferred to retained earnings.

Capital reserve

This represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on winding-up) may be made in respect of this reserve.

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial asset until the asset is derecognised or impaired.

17 Borrowings

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Non-current				
Obligations under finance leases	**2,283**	4,448	**–**	1,539
Loans from financial institutions	**132,960**	196,716	**–**	–
Convertible loan	**3,736,500**	–	**3,736,500**	–
	3,871,743	201,164	**3,736,500**	1,539
Current				
Obligations under finance leases	**2,778**	2,707	**1,637**	1,967
Loans from financial institutions	**14,259,300**	8,144,811	**–**	–
Bank overdrafts	**279,497**	378,895	**–**	–
Loans from a former related party	**–**	317,768	**–**	–
Loans from a former director	**–**	608,165	**–**	608,165
	14,541,575	9,452,346	**1,637**	610,132
	18,413,318	9,653,510	**3,738,137**	611,671

Obligations under finance leases

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Minimum lease payments payable:				
Due not later than one year	**2,864**	3,028	**1,722**	1,967
Due later than one year and not later than five years	**2,283**	4,761	**–**	1,745
	5,147	7,789	**1,722**	3,712
Less: Finance charges allocated to future periods	**(86)**	(634)	**(85)**	(206)
Present value of future minimum lease payments	**5,061**	7,155	**1,637**	3,506
Present value of minimum lease payments:				
Due not later than one year	**2,778**	2,707	**1,637**	1,967
Due later than one year and not later than five years	**2,283**	4,448	**–**	1,539
	5,061	7,155	**1,637**	3,506

The finance leases are on fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance leases are secured by the underlying assets, comprising the Group's and the Company's office equipment with carrying amount of US$3,961 (2017: US$6,486) and US$1,141 (2017: US$2,852) (Note 3), respectively.

17 Borrowings (cont'd)

Convertible loan

On 30 May 2018, the Company entered into a convertible loan agreement with a lender, pursuant to which the lender agreed to make available to the Company a convertible loan facility of up to a maximum amount of S$5,000,000 (US$3,737,000). The convertible loan bears interest at 5% per annum, unless the relevant Singapore swap offer rate for Singapore dollars is greater than 2%, in which case, the interest rate shall be as the lender may determine at its sole discretion. The convertible loan matures two years after the drawdown date. The lender shall have the right at any time on and from 30 days after the drawdown date to convert all or part of the amount into shares in the Company at the conversion price of S$0.60 for each share in the capital of the Company, or as adjusted downwards by a conversion price reset to a minimum of S$0.45.

In June 2018, the Company drew the entire amount of the convertible loan facility of S$5,000,000 (US$3,737,000). In July 2018, the lender exercised its conversion price reset and the conversion price became S$0.45. Management has assessed the embedded derivatives in respect of the conversion option and reset feature of the convertible loan to be insignificant at the inception date and at the end of the reporting period.

Terms and debt repayment schedule

The terms and conditions of borrowings are as follows:

The Group	Currency	Nominal interest rate	Year of maturity	Face value US$	Carrying amount US$
2018					
Obligations under finance leases	SGD	**2.5% to 5.6%**	**2019 to 2021**	**5,148**	**5,061**
Loans from financial institutions					
- secured	SGD	**2.5% to 12.9%**	**2019 to 2022**	**1,032,308**	**1,032,308**
- secured	USD	**8% to 12%**	**2019**	**13,300,774**	**13,359,952**
				14,333,082	**14,392,260**
Bank overdrafts (secured)	SGD	**5.75%**	**2019**	**279,497**	**279,497**
Convertible loan (unsecured)	SGD	**5%**	**2020**	**3,736,500**	**3,736,500**
				18,354,227	**18,413,318**
2017					
Obligations under finance leases	SGD	5.1% to 5.6%	2018 to 2021	7,789	7,155
Loans from financial institutions					
- secured	SGD	3% to 11.8%	2018 to 2022	324,185	324,185
- secured	USD	5.5% to 8.3%	2018	8,000,000	8,017,342
				8,324,185	8,341,527
Bank overdrafts					
- secured	SGD	5.8% to 6%	2018	374,108	374,108
- unsecured	SGD	9%	2018	4,787	4,787
				378,895	378,895
Loans from a former related party (unsecured)	SGD	10%	2018	317,768	317,768
Loans from a former director (unsecured)	SGD	5%	2018	608,165	608,165
				9,636,802	9,653,510

17 Borrowings (cont'd)

Terms and debt repayment schedule (cont'd)

The Company	Currency	Nominal interest rate	Year of maturity	Face value US$	Carrying amount US$
2018					
Obligations under finance leases	SGD	**5.6%**	**2019**	**1,722**	**1,637**
Convertible loan (unsecured)	SGD	**5%**	**2020**	**3,736,500**	**3,736,500**
				3,738,222	**3,738,137**
2017					
Obligations under finance leases	SGD	5.6%	2019	3,712	3,506
Loans from a former director (unsecured)	SGD	5%	2018	608,165	608,165
				611,877	611,671

Loans from financial institutions and bank overdrafts are secured by the following:

(i) charges over certain of the Group's inventories;

(ii) charges over one of the Group's bank account (which is in an overdraft position);

(iii) fixed deposits of the Group (Note 13);

(iv) corporate guarantees by the Company; and/or

(v) personal guarantee by a director of a subsidiary.

The former related party is Goodwood Associates Pte. Ltd., which is wholly-owned by a former director of the Company. The loans from the former related party are for a period of one year from the respective dates of disbursement, with a further extension of one year permissible subject to agreement by both parties in writing. The loans, which are used for the working capital of a subsidiary, are unsecured and bear interest at 10% per annum. The loans have been fully repaid during the financial year.

The loans from a former director, which are used for the working capital of the Company, are unsecured and bear interest at 5% per annum. The loans have been fully repaid during the financial year.

17 Borrowings (cont'd)

Carrying amounts and fair values

The carrying amounts of short-term borrowings approximate their fair values. The carrying amounts and fair values of long-term borrowings at the end of the reporting period are as follows:

The Group	Carrying amount US$	Fair value US$
2018		
Obligations under finance leases	**3,426**	**3,188**
Convertible loan	**3,736,500**	**3,718,982**
Loans from financial institutions	**152,939**	**161,607**
	3,892,865	**3,883,777**
2017		
Obligations under finance leases	7,155	8,010
Loans from financial institutions	324,185	338,115
	331,340	346,125
The Company		
2018		
Convertible loan	**3,736,500**	**3,718,982**
2017		
Obligations under finance leases	3,506	4,024

The fair values are determined from the discounted cash flow analyses, using the discount rates based upon the borrowing rates which the directors expect would be available to the Group at the end of the reporting period, as follows:

	The Group		The Company	
	2018 %	2017 %	**2018 %**	2017 %
Obligations under finance leases	**5.1**	5.6	**–**	5.6
Convertible loan	**5.25**	–	**5.25**	–
Loans from financial institutions	**5.25**	5.4	**–**	–

18 Trade and other payables

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Trade payables				
- third parties	**4,345,579**	16,721,673	**–**	–
- subsidiaries	**–**	–	**89,587**	89,587
	4,345,579	16,721,673	**89,587**	89,587
Amounts due to subsidiaries (non-trade)	**–**	–	**175,109**	175,109
Amounts due to a former related party (non-trade)	**35,000**	31,777	**35,000**	–
Accrued purchases	**29,078,259**	8,961,028	**–**	–
Accrued operating expenses	**862,898**	487,953	**334,656**	278,796
Accrued personnel expenses	**358,406**	258,796	**267,407**	238,629
Advances and deposits received	**7,750,404**	11,007,359	**–**	–
Consideration payable	**–**	544,825	**–**	544,825
Deferred income	**66,980**	33,637	**–**	–
Other payables	**519,117**	282,785	**297,763**	29,206
	38,671,064	21,608,160	**1,109,935**	1,266,565
	43,016,643	38,329,833	**1,199,522**	1,356,152

Trade payables are non-interest bearing and are generally settled on 30 to 90 days' credit terms.

The non-trade amounts due to subsidiaries, which represent advances from and payments on behalf by the subsidiaries, are unsecured, interest-free and repayable on demand.

The former related party is Goodwood Associates Pte. Ltd., which is wholly-owned by a former director of the Company. The non-trade amount due to the former related party relates to advances from and payments on behalf by the former related party, and is unsecured, interest-free and repayable on demand.

Advances and deposits received relate to payments made by customers in advance for the purchase of oil and hedging of oil prices.

Consideration payable relates to the outstanding amount owing to the other shareholders of Healthsciences International Pte. Ltd. arising from its acquisition by the Company on 7 December 2016 (Note 5). The amount has been fully repaid during the financial year.

Deferred income relates to revenue from healthcare management system services billed in advance for services to be rendered in subsequent periods. Deferred income is amortised on a straight-line basis over the service period in accordance with the terms of the relevant agreements.

Other payables mainly relate to legal and professional fees outstanding at the end of the reporting period.

18 Trade and other payables (cont'd)

Trade and other payables are denominated in the following currencies:

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
United States dollar	**40,985,309**	36,736,847	**299,695**	264,695
Malaysian ringgit	**2,213**	1,367	**–**	–
Singapore dollar	**2,023,404**	1,588,427	**899,827**	1,091,457
Others	**5,717**	3,192	**–**	–
	43,016,643	38,329,833	**1,199,522**	1,356,152

19 Revenue

Significant categories of revenue, excluding intra-group transactions and applicable goods and services tax and value-added tax, are detailed as follows:

The Group	**2018 US$**	2017 US$
Sale of goods		
- Oil products	**686,128,857**	432,296,359
- Healthcare products	**549,674**	325,949
- IT products	**–**	77,917
	686,678,531	432,700,225
Rendering of services		
- Healthcare services	**5,853,898**	336,002
	692,532,429	433,036,227

20 Other income

The Group	**2018 US$**	2017 US$
Demurrage income	**1,142,740**	–
Foreign exchange gain, net	**5,383**	–
Gain on disposal of an associate	**301,327**	–
Government grants	**57,133**	–
Interest income from		
- bank balances	**4,310**	1,604
- fixed deposits	**561**	–
- refundable deposits	**–**	566,481
	4,871	568,085
Miscellaneous income	**114,378**	117,646
Reversal of trade and other payables	**–**	235,135
	1,625,832	920,866

21 Employee benefits expense

The Group	**2018 US$**	2017 US$
Salaries, wages and bonuses	**5,993,650**	2,526,347
Contributions to defined contribution plans	**288,660**	151,391
Other short-term employee benefits	**68,803**	50,331
	6,351,113	2,728,069
Key management personnel compensation:		
Salaries, wages and bonuses	**1,840,819**	1,579,370
Contributions to defined contribution plans	**65,815**	41,490
	1,906,634	1,620,860
Comprising:		
Directors of the Company	**1,173,957**	990,525
Directors of subsidiaries	**244,385**	114,109
Other key management personnel	**488,292**	516,226
	1,906,634	1,620,860

22 Other operating expenses

The Group	**2018 US$**	2017 US$
Bank charges	**131,944**	34,950
Consultancy fees	**187,385**	103,600
Foreign exchange loss, net	**–**	48,517
General expenses	**581,895**	382,388
Legal and professional fees	**1,214,256**	500,172
Letters of credit charges and commission	**726,212**	253,602
Listing expenses	**93,262**	94,120
Loss on disposal of subsidiaries	**–**	9,552
Operating lease expenses	**1,093,813**	376,709
Other receivables written off	**1,176,860**	–
Travelling expenses	**225,565**	225,583
Vessel inspection fees	**–**	169,246
Audit fees paid/payable to:		
- auditor of the Company	**162,947**	177,826
- other auditors	**4,010**	14,748
Non-audit fees paid/payable to:		
- auditor of the Company	**13,370**	2,253
	5,611,519	2,393,266

23 Finance costs

The Group	2018 US$	2017 US$
Interest expenses on:		
- bank overdrafts	**19,799**	10,371
- convertible loan	**6,756**	–
- finance leases	**309**	217
- letters of credit	**620,101**	955,388
- loans from financial institutions	**1,031,219**	210,391
- loans from a former related party	**2,235**	31,777
- loans from a former director	**–**	8,183
- promissory notes and short-term loans under factoring	**1,671**	–
	1,682,090	1,216,327

24 Taxation

The Group	2018 US$	2017 US$
Current taxation		
- current year	**52,370**	–
- changes in estimates related to prior years	**–**	1,032
	52,370	1,032
Deferred taxation (Note 8)		
- origination and reversal of temporary differences	**(63,000)**	74,187
- changes in estimates related to prior years	**–**	69,593
	(63,000)	143,780
	(10,630)	144,812

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the applicable rate of income tax on losses as a result of the following:

The Group	2018 US$	2017 US$
Loss before taxation	**(2,971,168)**	(1,843,119)
Tax at statutory rates applicable to different jurisdictions	**(656,414)**	(227,041)
Tax effect of expenses that are not deductible	**510,214**	527,606
Tax effect of income that is not taxable	**(1,190)**	(1,122)
Income tax rebates and incentives	**(80,973)**	–
Deferred tax assets on temporary differences not recognised	**243,978**	48,997
Utilisation of deferred tax assets on temporary differences previously not recognised	**–**	(252,985)
Deferred tax liabilities relating to fair value adjustments on acquisition of subsidiaries	**(26,245)**	(20,527)
Changes in estimates of current taxation related to prior years	**–**	1,032
Changes in estimates of deferred taxation related to prior years	**–**	69,593
Others	**–**	(741)
	(10,630)	144,812

24 Taxation (cont'd)

Singapore

The corporate income tax rate applicable to the Company and its Singapore incorporated subsidiaries is 17% (2017: 17%) for the financial year ended 30 June 2018.

Malta

The corporate income tax rate applicable to IEG Malta Limited is 35% (2017: 35%) for the financial year ended 30 June 2018.

People's Republic of China ("PRC")

In accordance with the Enterprise Income Tax ("EIT") Law of the PRC, the PRC subsidiaries are subject to the applicable EIT rate of 25% (2017: 25%) for the financial year ended 30 June 2018.

Non-deductible expenses mainly relate to those of investment holding companies.

25 Loss per share

The calculation of basic and diluted loss per share was based on the loss attributable to the ordinary shareholders of the Company of US$3,124,354 (2017: US$1,793,985) and a weighted average number of ordinary shares outstanding of 155,238,628 (2017: 129,844,580), calculated as follows:

Weighted average number of ordinary shares

	2018	2017
Issued ordinary shares at beginning of year (excluding treasury shares)	**144,563,187**	124,570,227
Effect of shares issued during the year	**10,439,380**	6,107,382
Effect of treasury shares acquired during the year	**(718,965)**	(867,063)
Effect of treasury shares sold during the year	**955,026**	34,034
Weighted average number of ordinary shares at end of year	**155,238,628**	129,844,580

At the end of the reporting period, the 15,301,568 (2017: 15,309,068) outstanding warrants were excluded from the calculation of the diluted weighted average number of ordinary shares in issue as their effect would have been anti-dilutive.

26 Equity-settled share-based payment transactions

Performance Share Plan

The New Silkroutes Performance Share Plan 2017 (the "NSPSP") was approved by the shareholders during the Extraordinary General Meeting on 21 July 2017. The NSPSP contemplates the awarding of fully paid-up shares, free of payment, to selected employees of the Company and its subsidiaries, including executive directors of the Company.

The total number of new ordinary shares in the Company which may be issued in all awards granted under the NSPSP shall not exceed 15% of the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time. The Company does not have any subsidiary holdings.

No awards have been granted to directors, controlling shareholders of the Company or their associates and no directors or employees of the Company have received 5% or more of the total awards available under the NSPSP.

No awards have been granted under the NSPSP since the commencement of the NSPSP and during the financial year. At the end of the financial year, there were no outstanding awards or unissued shares of the Company under the NSPSP.

The NSPSP is subject to a maximum period of ten years, and will expire on 20 July 2027.

27 Commitments

27.1 Operating lease commitments

At the end of the reporting period, the Group and the Company were committed to making the following payments in respect of non-cancellable operating leases of office/clinic premises and warehouse/storage facilities:

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Not later than one year	**683,094**	577,106	**–**	41,165
Later than one year and not later than five years	**930,532**	186,766	**–**	–
	1,613,626	763,872	**–**	41,165

The lease terms range from two to three years. The leases have no renewal option or contingent rent provision included in the contracts.

27.2 Sales and purchases commitments

At the end of the reporting period, the Group has entered into non-cancellable commitments in respect of sales and purchases of oil products based on their prevailing market prices on the date of delivery and the conditions stated in the respective executory contracts.

The Group	**2018** **US$**	2017 US$
Sales of oil products	**7,334,949**	5,043,700
Purchases of oil products	**(7,122,888)**	(19,654,800)

28 Significant related party transactions

Other than as disclosed elsewhere in the financial statements, significant transactions with related parties based on terms agreed between the parties are as follows:

	2018 **US$**	2017 US$
Interest expenses on loans [(a)]	**(2,235)**	(31,777)
Consultancy and service fees [(b)]	**(249,450)**	(689,553)

[(a)] Relates to loans amounting to S$400,000 (US$288,880) as at 30 June 2017 obtained by Healthsciences International Pte. Ltd. from Goodwood Associates Pte. Ltd., which is wholly-owned by a former director of the Company. Interest is charged at 10% per annum.

[(b)] Relates to the consultancy and services rendered by Goodwood Associates Pte. Ltd., which is wholly-owned by a former director of the Company, to International Energy Group Pte. Ltd.

The directors are of the opinion that all the transactions above have been entered in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with third parties.

29 Operating segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- Trading of oil and gas - trading in petrochemical products, power generation, investments in strategic petrochemical assets globally, and to develop a trading hub for energy products between Europe and Asia;
- Healthcare - owns and operates clinics in Singapore providing complementary integrative therapies, runs employee healthcare benefits programmes, offers systems integration services to hospitals and healthcare facilities, owns and operates clinics in Singapore providing dental services, and distributes dental and medical supplies; and
- Others - general corporate activities and others.

The Group's executive directors monitor the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included in the following table. Performance is measured based on segment profit/(loss) before taxation, as included in the internal management reports that are regularly reviewed by the Group's executive directors. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

	Oil and gas US$	Healthcare US$	IT US$	Others US$	Total US$
2018					
Segment revenue					
Sales to external customers	**686,128,857**	**6,403,572**	**–**	**–**	**692,532,429**
Segment results					
Other income	**1,223,998**	**89,564**	**–**	**312,270**	**1,625,832**
Amortisation of intangible assets	**–**	**(173,505)**	**–**	**–**	**(173,505)**
Depreciation of plant and equipment	**(31,036)**	**(143,727)**	**–**	**(11,357)**	**(186,120)**
Net fair value loss on derivative financial instruments	**(688,372)**	**–**	**–**	**–**	**(688,372)**
Share of results of associates	**–**	**–**	**–**	**(110,521)**	**(110,521)**
Other non-cash items	**(11,169)**	**(3,359)**	**–**	**(1,156,949)**	**(1,171,477)**
Finance costs	**(1,600,582)**	**(74,629)**	**–**	**(6,879)**	**(1,682,090)**
Segment profit/(loss)	**1,314,204**	**120,779**	**–**	**(4,395,521)**	**(2,960,538)**
Segment assets and liabilities					
Segment assets	**86,313,383**	**9,665,992**	**–**	**9,167,330**	**105,146,705**
Segment liabilities	**55,446,886**	**2,592,757**	**–**	**4,730,758**	**62,770,401**
Capital expenditure	**(137,505)**	**(166,452)**	**–**	**(6,068)**	**(310,025)**

29 Operating segments (cont'd)

	Oil and gas US$	Healthcare US$	IT US$	Others US$	Total US$
2017					
Segment revenue					
Sales to external customers	432,296,359	661,951	77,917	–	433,036,227
Segment results					
Other income	3,152	10,205	261,684	645,825	920,866
Amortisation of intangible assets	–	(89,123)	–	–	(89,123)
Depreciation of plant and equipment	(18,626)	(37,704)	–	(7,271)	(63,601)
Net fair value gain on derivative financial instruments	439,152	–	–	–	439,152
Share of results of associates	–	–	–	(457,098)	(457,098)
Other non-cash items	2,735	–	(596)	(50,659)	(48,520)
Finance costs	(1,181,970)	(25,838)	(96)	(8,423)	(1,216,327)
Segment profit/(loss)	1,011,143	(391,212)	110,170	(2,718,032)	(1,987,931)
Segment assets and liabilities					
Segment assets	72,293,831	6,316,941	17,508	9,341,223	87,969,503
Segment liabilities	44,908,071	1,784,315	15,986	1,728,600	48,436,972
Associate	–	–	–	401,835	401,835
Capital expenditure	(4,039)	(1,365)	–	(1,681)	(7,085)

Other income mainly relates to demurrage income attributable to the oil and gas segment. Other non-cash items mainly comprise other receivables written off and foreign exchange loss items.

Geographical information

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

The Group	**2018 US$**	2017 US$
Revenue		
Australia	**76,114**	–
Cambodia	**118,910,365**	94,301,224
China	**86,429**	–
Hong Kong	**201,380,386**	–
Myanmar	**11,609,555**	–
Singapore	**235,752,246**	134,839,634
South Korea	**33,327,080**	97,856,505
United Arab Emirates	**27,586,791**	–
United Kingdom	**63,803,463**	9,184,521
Vietnam	**–**	96,854,343
	692,532,429	433,036,227
Non-current assets		
China	**66**	–
Singapore	**7,391,543**	5,613,479
	7,391,609	5,613,479

29 Operating segments (cont'd)

Non-current assets relate to plant and equipment, intangible assets and associates, and exclude available-for-sale investments, deferred tax assets and long-term receivables.

Information about major customers

Revenue from five major customers (2017: five major customers) in the oil and gas segment amounted to US$577,662,706 (2017: US$380,720,226).

30 Financial risk management objectives and policies

The Group and the Company have documented financial risk management policies. These policies set out the Group's and the Company's overall business strategies and their risk management philosophy. The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity price risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Group's and the Company's risk management policies are established to identify and analyse the risks faced by the Group and the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and the Company's activities. The Group and the Company, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which they manage and measure the risks. Market risk exposures are measured using sensitivity analysis for interest rate risk (Note 30.3), foreign currency risk (Note 30.4) and commodity price risk (Note 30.5).

30.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group and the Company adopt the practice of dealing only with those customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties.

The Group's and the Company's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

The Group and the Company have established a credit policy under which the creditworthiness of each new customer is evaluated individually before the Group and the Company grant credit to the customer. Credit limit is established for each customer, which represents the maximum open amount without requiring approval from the directors. Payments will be required to be made upfront by customers which do not meet the Group's and the Company's credit requirements.

Amounts due from customers are closely monitored and reviewed on a regular basis to identify any non-payment or delay in payment, and to understand the reasons, so that appropriate actions can be taken promptly. Through on-going credit monitoring and existing collection procedures in place, credit risk is mitigated substantially.

The Group's trade receivables comprise three debtors (2017: five debtors) that represented 90% (2017: 96%) of trade receivables.

30 Financial risk management objectives and policies (cont'd)

30.1 Credit risk (cont'd)

The Group and the Company evaluate whether there is any objective evidence that trade and other receivables are impaired, and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group and the Company base the estimates on the ageing of the trade receivable balances, creditworthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Amount not paid after the credit period granted will be considered past due. The credit terms granted to customers are based on the Group's and the Company's assessment of their creditworthiness and in accordance with the Group's and the Company's policy.

In determining the recoverability of trade and other receivables, the Group and the Company consider any change in the credit quality of the trade and other receivables from the date credit was initially granted up to the end of the reporting period.

The Group and the Company establish an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group and the Company are satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except for corporate guarantees issued by the Company to and on behalf of a subsidiary.

The Company had issued corporate guarantees to financial institutions for the borrowings undertaken by certain subsidiaries. These borrowings amounted to US$14,107,252 (2017: US$8,017,342) at the end of the reporting period. The credit risk, being the principal risk to which the Company was exposed, represented the loss that would be recognised upon a default by the subsidiaries.

The interest rates charged by the lenders on the loans to the subsidiaries were at market rates and were consistent with the borrowing costs of the subsidiaries without any corporate guarantees.

At the end of the reporting period, the Company did not consider it probable that claim would be made against it under the corporate guarantees.

To mitigate credit risk arising from corporate guarantees, management continually monitors the risk and has established processes including performing credit evaluations of the parties for which the Group provides corporate guarantees. Corporate guarantees are only for intra-group financing purposes and given by the Company on behalf of its subsidiaries.

The Group's and the Company's major classes of financial assets are bank deposits and trade receivables. Cash is held with established financial institutions. Further details of credit risks on trade and other receivables are disclosed in Note 10.

30.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

30 Financial risk management objectives and policies (cont'd)

30.2 Liquidity risk (cont'd)

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows:

The Group	Carrying Amount US$	Contractual cash flows US$	Less than 1 year US$	Between 1 and 5 years US$
2018				
Non-derivative financial liabilities				
Trade and other payables * (Note 18)	**35,199,259**	**35,199,259**	**35,199,259**	**–**
Borrowings (Note 17)	**18,413,318**	**19,107,877**	**15,038,702**	**4,069,175**
	53,612,577	**54,307,136**	**50,237,961**	**4,069,175**
2017				
Non-derivative financial liabilities				
Trade and other payables * (Note 18)	27,288,837	27,288,837	27,288,837	–
Borrowings (Note 17)	9,653,510	9,684,360	9,457,272	227,088
	36,942,347	36,973,197	36,746,109	227,088
The Company				
2018				
Non-derivative financial liabilities				
Trade and other payables (Note 18)	**1,199,522**	**1,199,522**	**1,199,522**	**–**
Borrowings (Note 17)	**3,738,137**	**4,111,872**	**188,547**	**3,923,325**
Intragroup financial guarantees	**14,107,252**	**14,412,474**	**14,412,474**	**–**
	19,044,911	**19,723,868**	**15,800,543**	**3,923,325**
2017				
Non-derivative financial liabilities				
Trade and other payables (Note 18)	1,356,152	1,356,152	1,356,152	–
Borrowings (Note 17)	611,671	611,877	610,132	1,745
Intragroup financial guarantees	8,017,342	8,023,436	8,023,436	–
	9,985,165	9,991,465	9,989,720	1,745

* Exclude advances and deposits received and deferred income

Except for the Company's cash flows arising from its intragroup corporate guarantees (Note 30.1), it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

At the end of the reporting period, the Company does not consider it probable that a claim will be made against it under the intragroup corporate guarantees.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

30 Financial risk management objectives and policies (cont'd)

30.2 Liquidity risk (cont'd)

As disclosed in Note 2(a) to the financial statements, the directors are satisfied that the Group and the Company will have sufficient working capital and financial resources to meet their obligations as and when they fall due for the next twelve months from the end of the reporting period. The Group and the Company ensure that there are adequate funds to meet all their obligations in a timely and cost-effective manner. The Group and the Company maintain sufficient level of cash and cash equivalents and have available adequate amount of committed credit facilities from financial institutions to meet their working capital requirements.

30.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from bank balances, certain loans from financial institutions and bank overdrafts at floating rates. Finance leases, other loans from financial institutions, loans from a former related party, loans from a former director and fixed deposits bear interest at fixed rates. All other financial assets and liabilities are interest-free.

At the end of the reporting period, the carrying amount of the interest-bearing financial instruments is as follows:

	The Group		The Company	
	2018	2017	**2018**	2017
	US$	US$	**US$**	US$
Fixed rate instruments				
Financial assets				
- fixed deposits	**121,010**	116,731	**–**	–
Financial liabilities				
- obligations under finance leases	**(5,061)**	(7,155)	**(1,637)**	(3,506)
- loans from financial institutions	**(7,986,021)**	(8,232,343)	**–**	–
- convertible loan	**(3,736,500)**	–	**(3,736,500)**	–
- loans from a former related party	**–**	(317,768)	**–**	–
- loans from a former director	**–**	(608,165)	**–**	(608,165)
	(11,727,582)	(9,165,431)	**(3,738,137)**	(611,671)
	(11,606,572)	(9,048,700)	**(3,738,137)**	(611,671)
Variable rate instruments				
Financial assets				
- bank balances	**32,740,503**	30,736,866	**5,980,078**	242,521
Financial liabilities				
- loans from financial institutions	**(6,406,239)**	(109,184)	**–**	–
- bank overdrafts	**(279,497)**	(378,895)	**–**	–
	(6,685,736)	(488,079)	**–**	–
	26,054,767	30,248,787	**5,980,078**	242,521

30 Financial risk management objectives and policies (cont'd)

30.3 Interest rate risk (cont'd)

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

At the end of the reporting period, if interest rates had been 100 (2017: 100) basis points higher/lower with all other variables held constant, the Group's and the Company's results net of tax and equity would have been US$260,548 (2017: US$302,488) higher/lower and US$59,801 (2017: US$2,425) higher/lower, respectively, arising as a result of higher/lower interest income from floating rate bank balances, offset by higher/lower interest expense from floating rate loans from financial institutions and bank overdrafts.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant.

The Group's and the Company's policy is to obtain the most favourable interest rates available without increasing its interest rate exposure.

30.4 Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group and the Company have transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of group entities, primarily United States dollar and Singapore dollar. The foreign currencies in which these transactions are denominated are principally Singapore dollar for the Company and certain subsidiaries with United States dollar as the functional currency, and United States dollar for certain other subsidiaries with Singapore dollar as the functional currency. Arising from the transactions of these group entities denominated in Singapore dollar and United States dollar, respectively, the Group's and the Company's receivable and payable balances at the end of the reporting period have similar exposures.

Consequently, the Group and the Company are exposed to movements in foreign currency exchange rates.

30 Financial risk management objectives and policies (cont'd)

30.4 Foreign currency risk (cont'd)

The Group's and the Company's exposures in financial instruments to the various foreign currencies (other than the respective functional currencies of group entities) are mainly as follows:

The Group	Singapore dollar US$	United States dollar US$
2018		
Trade and other receivables	**746,650**	**5,630**
Cash and bank balances	**5,294,102**	**8,118**
Borrowings	**(3,738,137)**	**–**
Trade and other payables	**(1,006,694)**	**(203,662)**
Net exposure	**1,295,921**	**(189,914)**
2017		
Trade and other receivables	3,302,050	–
Cash and bank balances	297,868	–
Borrowings	(611,671)	–
Trade and other payables	(1,145,161)	(190,527)
Net exposure	1,843,086	(190,527)

The Company	Singapore dollar US$	United States dollar US$
2018		
Trade and other receivables	**679,470**	**–**
Cash and bank balances	**5,192,171**	**–**
Borrowings	**(3,738,137)**	**–**
Trade and other payables	**(899,827)**	**–**
Net exposure	**1,233,677**	**–**
2017		
Trade and other receivables	2,852,657	–
Cash and bank balances	222,224	–
Borrowings	(611,671)	–
Trade and other payables	(1,091,457)	–
Net exposure	1,371,753	–

30 Financial risk management objectives and policies (cont'd)

30.4 Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Singapore dollar (SGD) exchange rate (against United States dollar), with all other variables held constant, of the Group's and the Company's results net of tax and equity.

		The Group		The Company	
		2018	2017	**2018**	2017
		US$	US$	**US$**	US$
SGD	- strengthened 10% (2017: 10%)	**129,592**	184,309	**123,368**	137,175
	- weakened 10% (2017: 10%)	**(129,592)**	(184,309)	**(123,368)**	(137,175)
USD	- strengthened 10% (2017: 10%)	**(18,991)**	(19,053)	**–**	–
	- weakened 10% (2017: 10%)	**18,991**	19,053	**–**	–

30.5 Commodity price risk

Commodity price risk is the risk that the value of a financial instrument will fluctuate due to changes in commodity prices.

The Group manages the costs of purchases and sales of oil commodities using commodity derivative instruments. Management manages its commodity price risk using a suite of risk management tools which include marginal value at risk limits and hypothetical stress-tests of various scenarios. These risk management tools are designed by management and approved by the directors.

The Group enters into commodity derivative instruments, in which it agrees to exchange the difference between the fixed and floating prices, calculated by reference to an agreed-upon principal quantity, with its counterparties. The commodity derivative instruments entered into commit the Group to settle these instruments at various settlement dates.

The Group and the Company do not hold any quoted or marketable financial instruments.

Sensitivity analysis for commodity price risk

At the end of the reporting period, if there had been a 10% increase/decrease in oil forward prices with all other variables held constant, the Group's results net of tax and equity would decrease/increase by US$88,233 (2017: increase/decrease by US$13,643), arising as a result of increase/decrease in fair value on oil commodity derivative instruments.

31 Capital management

The Group's and the Company's objectives when managing capital are:

(a) To safeguard the Group's and the Company's ability to continue as going concern;

(b) To support the Group's and the Company's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's and the Company's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group and the Company actively and regularly review and manage its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and the Company, and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

31 Capital management (cont'd)

The Group and the Company currently do not adopt any formal dividend policy.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

The Group and the Company are not subject to externally imposed capital requirements.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises obligations under finance leases and trade and other payables, less cash and bank balances. Total capital represents equity attributable to owners of the Company.

	The Group		The Company	
	2018 US$	2017 US$	**2018 US$**	2017 US$
Borrowings (Note 17)	**18,413,318**	9,653,510	**3,738,137**	611,671
Trade and other payables* (Note 18)	**35,199,259**	27,288,837	**1,199,522**	1,356,152
Total debt	**53,612,577**	36,942,347	**4,937,659**	1,967,823
Less: Cash and bank balances and fixed deposits (Note 13)	**(32,883,173)**	(30,869,891)	**(5,987,301)**	(251,385)
Net debt/(cash)	**20,729,404**	6,072,456	**(1,049,642)**	1,716,438
Equity attributable to the owners of the Company	**41,592,111**	39,148,695	**40,595,222**	39,424,829
Total capital	**41,592,111**	39,148,695	**40,595,222**	39,424,829
Total capital and net debt	**62,321,515**	45,221,151	**39,545,580**	41,141,267
Gearing ratio	**33%**	13%	**N.A.**	4%

* Exclude advances and deposits received and deferred income

N.A.: Not applicable

32 Financial instruments

Accounting classifications of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

The Group	Available-for-sale (Fair value) US$	Loans and receivables (Amortised cost) US$	Total US$
2018			
Financial assets			
Available-for-sale investments (Note 7)	**21,672,521**	**–**	**21,672,521**
Trade and other receivables (Note 10)	**–**	**26,080,813**	**26,080,813**
Cash and bank balances and fixed deposits (Note 13)	**–**	**32,883,173**	**32,883,173**
	21,672,521	**58,963,986**	**80,636,507**

32 Financial instruments (cont'd)

Accounting classifications of financial assets and financial liabilities (cont'd)

	Held for trading (Fair value) US$	Financial liabilities (Amortised cost) US$	Total US$
Financial liabilities			
Derivative financial instruments (Note 12)	**882,325**	**–**	**882,325**
Borrowings (Note 17)	**–**	**18,413,318**	**18,413,318**
Trade and other payables * (Note 18)	**–**	**35,199,259**	**35,199,259**
	882,325	**53,612,577**	**54,494,902**

The Group	Available-for-sale (Fair value) US$	Held for trading (Fair value) US$	Loans and receivables (Amortised cost) US$	Total US$
2017				
Financial assets				
Available-for-sale investments (Note 7)	14,090,000	–	–	14,090,000
Trade and other receivables (Note 10)	–	–	26,517,391	26,517,391
Derivative financial instruments (Note 12)	–	136,425	–	136,425
Cash and bank balances and fixed deposits (Note 13)	–	–	30,869,891	30,869,891
	14,090,000	136,425	57,387,282	71,613,707

	Financial liabilities (Amortised cost) US$
Financial liabilities	
Borrowings (Note 17)	9,653,510
Trade and other payables * (Note 18)	27,288,837
	36,942,347

* Exclude advances and deposits received and deferred income

The Company	Loans and receivables (Amortised cost) US$
2018	
Financial assets	
Trade and other receivables (Note 10)	**7,528,366**
Cash and bank balances and fixed deposits (Note 13)	**5,987,301**
	13,515,667

32 Financial instruments (cont'd)

Accounting classifications of financial assets and financial liabilities (cont'd)

	Financial liabilities (Amortised cost) US$
Financial liabilities	
Borrowings (Note 17)	**3,738,137**
Trade and other payables (Note 18)	**1,199,522**
	4,937,659

The Company	Loans and receivables (Amortised cost) US$
2017	
Financial assets	
Trade and other receivables (Note 10)	11,200,197
Cash and bank balances and fixed deposits (Note 13)	251,385
	11,451,582

	Financial liabilities (Amortised cost) US$
Financial liabilities	
Borrowings (Note 17)	611,671
Trade and other payables (Note 18)	1,356,152
	1,967,823

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and cash equivalents, borrowings (which are short-term or repayable on demand), and trade and other payables (excluding advances and deposits received and deferred income), are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

32 Financial instruments (cont'd)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the assets or liability that are not based on observable market date.

Financial assets and liabilities measured at fair value

The Group	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
2018				
Financial asset				
Available-for-sale investments (Note 7)	**–**	**–**	**21,672,521**	**21,672,521**
Financial liabilities				
Derivatives				
- Oil commodity futures (Note 12)	**–**	**(882,325)**	**–**	**(882,325)**
2017				
Financial assets				
Available-for-sale investments (Note 7)	–	14,090,000	–	14,090,000
Derivatives				
- Oil commodity futures (Note 12)	–	136,425	–	136,425

As at 30 June 2018, the fair value of the available-for-sale financial asset was determined based on the valuation of the investee company conducted by a firm of independent professional valuers using the income approach (Note 7). This was included in Level 3.

As at 30 June 2017, the fair value of the available-for-sale financial asset was determined based on the observed price transacted by the major shareholder of the investee company with a third party (Note 7). This was included in Level 2.

The fair values of oil derivative instruments were determined based on spot and futures prices of the underlying oil commodities. These instruments are included in Level 2.

32 **Financial instruments (cont'd)**

Fair value hierarchy (cont'd)

Financial assets and liabilities not measured at fair value but for which fair values are disclosed *

The Group	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
2018				
Obligations under finance leases	**–**	**3,188**	**–**	**3,188**
Convertible loan	**–**	**3,718,982**	**–**	**3,718,982**
Loans from financial institutions	**–**	**161,607**	**–**	**161,607**
	–	**3,883,777**	**–**	**3,883,777**
2017				
Obligations under finance leases	–	8,010	–	8,010
Loans from financial institutions	–	338,115	–	338,115
	–	346,125	–	346,125
The Company				
2018				
Convertible loan	**–**	**3,718,982**	**–**	**3,718,982**
2017				
Obligations under finance leases	–	4,024	–	4,024

* Exclude financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term or repayable on demand nature and where the effect of discounting is immaterial.

The carrying amounts of interest-bearing loans that reprice within six months of the end of the reporting period approximate their fair values. The fair values of all other interest-bearing loans are calculated based on discounted expected future principal and interest cash flows.

33 **Events after the reporting period**

On 2 August 2018, the Group 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. Details of the assets acquired and liabilities assumed, non-controlling interests that will be recognised, revenue and profit contribution of these healthcare companies and the effect on the cash flows for the Group are not disclosed, as the accounting for this acquisition is still incomplete at the time these financial statements have been authorised for issue. These healthcare companies will be consolidated with effect from 2 August 2018.

33 Events after the reporting period (cont'd)

The Group's wholly-owned subsidiary, Healthsciences International Pte. Ltd. ("HSI"), entered into a joint venture agreement (the "JV Agreement") dated 7 August 2018 with EGroup Education Group Joint Stock Company ("EGroup"), a company incorporated in Vietnam which is in the business of providing education and education technology services in Vietnam. Pursuant to the JV Agreement, HSI and EGROUP will establish a joint venture company to be named The Dental Hub International (the "JV Company"), in Vietnam. The JV Company will, at incorporation, have a total registered capital of US$1,000,000, and will be engaged in the business of providing dental healthcare and related services in Vietnam through, inter alia, the establishment of dental facilities and/or dental clinics under the brand name "The Dental Hub International". In accordance with the terms of the JV Agreement, the Group may invest up to US$490,000 for an equity interest of 49% in the JV Company.

On 13 August 2018, the Group entered into a share sale and purchase agreement with various vendors to acquire 100% of the total registered and paid-up capital of a company in the PRC, Shanghai Fengwei Garment Accessory Co., Ltd., which is engaged in the business of production and processing of non-woven fabric, nonwoven converted products and polyester wadding to be used in the medical industry, for an aggregate consideration of S$12,500,000. The financial effects of the proposed acquisition have not been disclosed as it is still not complete at the time these financial statements are authorised for issue.

On 13 August 2018, the Company entered into separate subscription agreements with two subscribers, namely SYY Capital Holdings Pte. Ltd. and WTL Capital Holdings Pte. Ltd., pursuant to which the subscribers agree to subscribe for 29,614,035 and 5,473,685 new ordinary shares in the issued and paid up capital of the Company, respectively, at an issue price of S$0.285 per share.

On 29 August 2018, the Company entered into a subscription agreement with an individual investor, Mr Wang Huinuo, pursuant to which the investor agrees to subscribe for 8,600,000 new ordinary shares in the issued and paid up capital of the Company at an issue price of S$0.30 per share. The placement was completed on 28 September 2018.

On 30 July 2018, the Group's 70% owned subsidiary, New Silkroutes Capital, LLC, was cancelled from the register by the Secretary of State of the State of Delaware. On 6 September 2018, the Company's wholly-owned subsidiary, Digiland Pty. Ltd., was deregistered from the register of companies regulated by the Australian Securities & Investments Commission.

Issued and fully paid-up capital	:	S$107,674,329
No. of issued shares (excluding treasury shares)	:	164,198,495
Number/Percentage of treasury shares	:	3,444,200 (2.10%)
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1 - 99	15,653	59.80	192,162	0.12
100 - 1,000	7,155	27.33	2,923,752	1.78
1,001 - 10,000	2,598	9.93	9,131,555	5.56
10,001 - 1,000,000	750	2.86	41,038,852	24.99
1,000,001 and above	20	0.08	110,912,174	67.55
Total	26,176	100.00	164,198,495	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 20 SEPTEMBER 2018

No.	Name	No. of Shares	%
1	FORTUNE WOODS GLOBAL INVESTMENT LIMITED	18,798,433	11.45
2	RAFFLES NOMINEES (PTE) LTD	14,370,182	8.75
3	SMARTFUL GLOBAL HOLDINGS LIMITED	12,325,000	7.51
4	ANDREW CHUA SOON KIAN	11,363,636	6.92
5	PHILLIP SECURITIES PTE LTD	8,546,417	5.21
6	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	7,639,986	4.65
7	CITIBANK NOMINEES SINGAPORE PTE LTD	7,508,028	4.57
8	DBS NOMINEES PTE LTD	5,424,982	3.30
9	OCBC SECURITIES PRIVATE LTD	3,696,758	2.25
10	TAY WANG HUA (ZHENG WANHUA)	3,579,545	2.18
11	KEE KENG HSIUNG	3,360,508	2.05
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,814,503	1.71
13	QUANTUM HEALTH PTE LTD	2,000,000	1.22
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,938,337	1.18
15	VICPEARLY WONG HWEI PINK (VICPEARLY HUANG HUIBING)	1,579,191	0.96
16	OCBC NOMINEES SINGAPORE PTE LTD	1,362,563	0.83
17	SEOW KOK SIAM JOSEPH	1,225,012	0.75
18	RONNIE POH TIAN PENG	1,201,000	0.73
19	MAYBANK KIM ENG SECURITIES PTE LTD	1,114,493	0.68
20	LIM YUE HENG	1,063,600	0.65
		110,912,174	**67.55**

PUBLIC FLOAT

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed is at all times held by the public. The Company has complied with this requirement. As at 20 September 2018, approximately 67.69% of its shares listed on Singapore Exchange Securities Trading Limited were held by the public.

SUBSTANTIAL SHAREHOLDERS AS AT 20 SEPTEMBER 2018

(As recorded in the Register of Substantial Shareholders)

		Number of Shares				
S/No.	**Substantial Shareholders**	**Shareholdings registered in the name of substantial shareholders**	**Shareholdings held by the substantial shareholders in the name of nominees**	**Shareholdings in which the substantial shareholders are deemed to be interested**	**Total**	**Percentage of the issued shares**
1	Fortune Woods Global Investment Limited	18,798,433	1,751,608(1)	–	20,550,041	12.52
2	General Nice Resources (Hong Kong) Limited	–	1,990,997(2)	20,550,041(2)	22,541,038	13.73
3	General Nice Investment (China) Limited	–	–	22,541,038(3)	22,541,038	13.73
4	General Nice Development Ltd	–	–	22,541,038(4)	22,541,038	13.73
5	General Nice Group Holdings Limited	–	–	22,541,038(5)	22,541,038	13.73
6	Cai Sui Xin	–	–	22,541,038(6)	22,541,038	13.73
7	Smartful Global Holdings Ltd	12,325,000	–	–	12,325,000	7.51
8	Xiao De	–	–	12,325,000(7)	12,325,000	7.51
9	Andrew Chua Soon Kian	11,363,636	–	–	11,363,636	6.92

Notes

1. Fortune Woods Global Investment Limited is deemed to be interested in the 1,751,608 shares held in the name of OCBC Securities Private Limited, a nominee company.
2. General Nice Resources (Hong Kong) Limited's deemed interest in the Company arises from its deemed interest in the 1,990,997 shares held in the name of two nominee companies and the 20,550,041 shares held by Fortune Woods Global Investment Limited.
3. General Nice Investment (China) Limited's deemed interest in the Company arises from its deemed interest in the 22,541,038 shares in respect of which General Nice Resources (Hong Kong) Limited has a deemed interest.
4. General Nice Development Ltd's deemed interest in the Company arises from its deemed interest in the 22,541,038 shares in respect of which General Nice Resources (Hong Kong) Limited has a deemed interest.
5. General Nice Group Holdings Limited's deemed interest in the Company arises from its deemed interest in the 22,541,038 shares in respect of which General Nice Development Ltd and General Nice Investment (China) Limited have a deemed interest.
6. Cai Sui Xin's deemed interest in the Company arises from his deemed interest in the 22,541,038 shares in respect of which General Nice Group Holdings Limited has a deemed interest, and also through his deemed and direct interests in General Nice Investment (China) Limited and General Nice Development Ltd.
7. Xiao De's deemed interest in the Company arises from his deemed interest in the 12,325,000 shares held by Smartful Global Holdings Ltd.

DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant holdings	No of Warrant holders	%	No of Warrants	%
1 - 99	193	11.33	9,261	0.06
100 - 1,000	925	54.28	547,274	3.58
1,001 - 10,000	497	29.17	1,389,847	9.08
10,001 - 1,000,000	85	4.99	3,112,286	20.34
1,000,001 and above	4	0.23	10,242,900	66.94
Total	1,704	100.00	15,301,568	100.00

TWENTY LARGEST WARRANT HOLDERS AS AT 20 SEPTEMBER 2018

No.	Name	No. of Warrants	%
1	FORTUNE WOODS GLOBAL INVESTMENT LTD	4,699,608	30.71
2	SMARTFUL GLOBAL HOLDINGS LIMITED	2,465,000	16.11
3	RAFFLES NOMINEES (PTE) LTD	1,956,347	12.79
4	CITIBANK NOMINEES SINGAPORE PTE LTD	1,121,945	7.33
5	DBS NOMINEES PTE LTD	511,914	3.35
6	SOO WEI CHUAN	350,300	2.29
7	TEH KAH CHAN	249,500	1.63
8	LIM YUE HENG	161,400	1.05
9	PHILLIP SECURITIES PTE LTD	149,497	0.98
10	UNITED OVERSEAS BANK NOMINEES PTE LTD	122,012	0.80
11	OCBC SECURITIES PRIVATE LTD	86,702	0.57
12	CHEW PECK YEE	75,000	0.49
13	MAYBANK KIM ENG SECURITIES PTE LTD	61,940	0.40
14	NG KIM CHOON	58,000	0.38
15	LIM SIM BENG	50,000	0.33
16	UOB KAY HIAN PTE LTD	49,292	0.32
17	OCBC NOMINEES SINGAPORE PTE LTD	46,519	0.30
18	CHIU CHUN KEONG (ZHOU JUNQIANG)	41,700	0.27
19	HENG YONG SENG	33,200	0.22
20	LIM YEOK CHONG	33,000	0.21
		12,322,876	**80.53**

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of **NEW SILKROUTES GROUP LIMITED** (the "**Company**") will be held at **Temasek Club, 131 Rifle Range Road, Singapore 588406, Seletar Room** on **Wednesday, 31 October 2018** at **10.00 a.m.** for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Constitution:

Mr Ho Sheng	(retiring under Article 91)	**(Resolution 2)**
Dr Goh Jin Hian	(retiring under Article 91)	**(Resolution 3)**

Mr Ho Sheng will, upon re-election as Director of the Company, remain as the Independent and Non-Executive Chairman of the Board of Directors, the Chairman of the Nominating Committee and a member of each of the Audit and Risk Committee and the Remuneration Committee, and will be considered independent.

Dr Goh Jin Hian will, upon re-election as Director of the Company, remain as an Executive Director and the Chief Executive Officer of the Company, and will be considered non-independent.

3. To approve the payment of Directors' fees of S$240,000 to the Independent and Non-Executive Directors of the Company for the financial year ending 30 June 2019 to be paid quarterly in arrears. **(Resolution 4)**

4. To appoint Deloitte & Touche LLP as the Company's Auditors in place of the retiring Auditors, Foo Kon Tan LLP, to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **(Resolution 5)**

   [See Explanatory Note (i)]

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications and subject to Proviso 1 below:

6. **Authority to allot and issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised to allot and issue:

   a. shares; and/or

   b. convertible securities (including options, warrants and debentures);

   c. additional securities issued pursuant to Rule 829 of the Listing Rules; and/or

   d. shares arising from the conversion of securities in (b) and (c) above,

   in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares and securities convertible into shares that may be issued must not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders must not be more than 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings). For the purpose of determining the aggregate number of shares and convertible securities that may be issued under this Resolution, the percentage of the total number of issued shares (excluding treasury shares and subsidiary holdings) is based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

[See Explanatory Note (ii)] **(Resolution 6)**

7. **Authority to allot and issue shares under the New Silkroutes Performance Share Plan 2017**

That the Board of Directors of the Company be and is hereby authorised to offer and grant awards ("**Awards**") in accordance with the provisions of the New Silkroutes Performance Share Plan 2017 (the "**PSP**") and pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, to allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be issued pursuant to the vesting of Awards under the PSP, provided always that the total number of new shares to be allotted and issued pursuant to the Awards granted under the PSP, when added to the number of shares issued and issuable in respect of all Awards granted under the PSP and any other share scheme, shall not exceed 15% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company on the day preceding the date of the Award.

[See Explanatory Note (iii)] **(Resolution 7)**

8. **Renewal of Share Purchase Mandate**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50, (the "**Companies Act**"), the exercise by the Directors of all powers of the Company to purchase or otherwise acquire shares, not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

    (i) on-market purchase(s) (each an "**On-Market Purchase**") transacted on the SGX-ST through the ready market through 1 or more duly licensed dealers appointed by the Company for the purpose; or

    (ii) off-market purchase(s) (each an "**Off-Market Purchase**") (effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of the Listing Manual,

    (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

    (i) the date on which the next Annual General Meeting of the Company is held or required by law to be held;

    (ii) the date on which the share purchases are carried out to the full extent mandated; or

    (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of shares as at the date of passing of this Resolution (excluding any treasury shares that may be held by the Company or subsidiary holdings from time to time), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of shares of the Company shall be taken to be the total number of shares of the Company as altered;

"**Relevant Period"** means the period commencing from the date on which the resolution authorising the Share Purchase Mandate is passed, and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;

"**Maximum Price**" in relation to a share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the shares; and

(ii) the case of an Off-Market Purchase pursuant to an equal access scheme, 115% of the Average Closing Price of the shares;

where:

"**Average Closing Price**" means the average of the closing market prices of a share over the last five (5) market days on which transactions in the shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of shares from holders of shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors and each of them be and are hereby authorised to deal with the shares purchased by the Company, pursuant to the Share Purchase Mandate in any manner as they think fit, which is allowable under the Companies Act and the Listing Manual.

(e) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they or he may consider necessary, desirable or expedient to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (iv)] **(Resolution 8)**

By Order of the Board

Ong Beng Hong
Company Secretary

Singapore, 16 October 2018

Proviso 1

Unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

Explanatory Notes:

(i) Ordinary Resolution 5 proposed in item 4 above is to approve the appointment of Deloitte & Touche LLP as Auditors of the Company in place of the retiring Auditors, FKT, and to authorise the Directors to fix their remuneration.

The Company has received the notice of nomination from a shareholder, VicPearly Wong Hwei Pink, dated 19 September 2018 on the appointment of Deloitte Touche LLP ("**Deloitte**") in place of the retiring Auditors, Foo Kon Tan LLP ("**FKT**"). FKT has served as the External Auditors of the Company and its subsidiaries (the "**Group**") since 10 July 2015.

The Directors are of the view that a change of Auditors would be a good corporate governance practice as it would enable the Company to benefit from fresh perspectives. Therefore, the Board is of the view that it would be in the interests of the Company to effect a change of Auditors with effect from the financial year ending 30 June 2019. Accordingly, FKT will not be seeking re-appointment at the forthcoming AGM of the Company.

The Board, with the concurrence of the Audit and Risk Committee, are satisfied that Deloitte will be able to meet the audit requirements of the Group after having considered factors such as the adequacy of the resources and experience of Deloitte and the audit engagement partner assigned to the audit, Deloitte's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff who will be assigned to the Group's audit. Deloitte has given their consent to be appointed as the Auditors, subject to the approval of the shareholders at the Annual General Meeting.

The Directors wish to express their appreciation for the services rendered by FKT in the past. The appointment of Deloitte as Auditors in place of FKT will take effect subject to the approval of the same by the shareholders at the AGM.

In accordance with Rule 1203(5) of the Listing Manual of the SGX-ST:

(a) the outgoing Auditors, FKT have given their professional clearance to Deloitte and confirmed that they are not aware of any professional reasons why the new Auditors, Deloitte, should not accept appointment as Auditors of the Company;

(b) the Directors confirm that there were no disagreements with FKT on accounting treatments within the last 12 months;

(c) the Directors confirm that they are not aware of any circumstances connected with the proposed change of Auditors that should be brought to the attention of shareholders of the Company;

(d) the specific reasons for the proposed change of Auditors has been disclosed above. The proposed change of Auditors is neither due to the resignation of FKT as Auditors of the Company, nor due to FKT declining to stand for re-appointment nor due to the dismissal of FKT as Auditors of the Company; and

(e) the Directors confirm that the Company has complied with Rule 712 and Rule 715 of the Listing Manual of the SGX-ST in relation to the proposed appointment of Deloitte.

(ii) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, effectively to allot and issue shares and convertible securities in the Company, up to a number not exceeding, in total, 50% of the total number of issued shares excluding treasury shares in the capital of the Company at the time of passing of this resolution, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

(iii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company, to allot and issue shares in the Company pursuant to the vesting of awards granted under the PSP of up to a number which when added to the number of new shares issued and issuable in respect of all awards granted under the PSP or any other share scheme shall not exceed in total 15% of the issued shares (excluding treasury shares) in the capital of the Company from time to time. The PSP was first approved by the shareholders of the Company in the Extraordinary General Meeting held on 21 July 2017. Please refer to the Company's Circular to Shareholders dated 5 July 2017 for further details.

(iv) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is the earlier, to make purchases (whether by way of On-Market Purchases or Off-Market Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued shares (excluding treasury shares), at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of shares by the Company pursuant to the Share Purchase Mandate are set out in greater detail in the Letter to Shareholders dated 16 October 2018.

Notes:

(a) (i) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50 (the "**Companies Act**")) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Annual General Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(ii) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two proxies to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(b) A proxy need not be a Member of the Company.

(c) The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. If the appointor is a corporation, the instrument appointing a proxy must be executed under its seal or under the hand of its duly authorised officer or attorney.

(d) The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, B.A.C.S. Private Limited, at **8 Robinson Road #03-00 ASO Building, Singapore 048544** not less than forty-eight (48) hours before the time appointed for holding the Meeting.

(e) A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the Annual General Meeting unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Chapter 289) of Singapore) 72 hours before the time fixed for the Annual General Meeting.

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Date: 19 September 2018

The Board of Directors
New Silkroutes Group Limited
456 Alexandra Road
#19-02 Fragrance Empire Building
Singapore 119962

Dear Sirs

NOTICE OF NOMINATION OF AUDITORS

I, VicPearly Wong Hwei Pink, being a shareholder of New Silkroutes Group Limited (the "**Company**"), would like to nominate Deloitte & Touche LLP as Auditors for the Company in place of Foo Kon Tan LLP at the forthcoming Annual General Meeting.

Yours faithfully

VicPearly Wong Hwei Pink

NEW SILKROUTES GROUP LIMITED
(Company Registration No. 199400571K)
(Incorporated In The Republic of Singapore)

IMPORTANT:
1. For investors who hold shares in New Silkroutes Group Limited under the Central Provident Fund Investment Scheme ("**CPF Investors**") or under the Supplementary Retirement Scheme ("**SRS Investors**") (as may be applicable), this Proxy Form is forwarded to them at the request of the CPF Approved Nominees and/or SRS Approved Nominees (as may be applicable).
2. This Proxy Form is not valid for use by CPF investors and/or SRS Investors (as may be applicable) and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors and/or SRS Investors (as may be applicable) who wish to attend and vote at the Meeting should contact their CPF Approved Nominees and/or SRS Approved Nominees (as may be applicable).
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two (2) proxies to attend, speak, and vote at the Meeting.

PROXY FORM
ANNUAL GENERAL MEETING

I/We, ______________________________ (Name),

NRIC/Passport (delete as appropriate) Number: ______________________________

of ______________________________ (Address)

being a member/members of **NEW SILKROUTES GROUP LIMITED** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at **Temasek Club, 131 Rifle Range Road, Singapore 588406, Seletar Room** on **Wednesday, 31 October 2018** at **10.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	**Resolutions relating to:**	**For***	**Against***
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2018		
2	Re-election of Mr Ho Sheng as a Director		
3	Re-election of Dr Goh Jin Hian as a Director		
4	Approval of Directors' fees amounting to S$240,000 for the financial year ending 30 June 2019		
5	Appointment of Deloitte & Touche LLP as Auditors in place of Foo Kon Tan LLP		
6	Authority to allot and issue shares		
7	Authority to allot and issue shares under the New Silkroutes Performance Share Plan 2017		
8	Authority to renew the share purchase mandate		

* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ____________ day of ____________________ 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act (Chapter 50) of Singapore) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act (Chapter 50) of Singapore) is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share(s) held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" means:

   (i) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

   (iii) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Please fold here

3. A proxy need not be a member of the Company.
4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the holding of the Meeting.
5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, B.A.C.S. Private Limited, at **8 Robinson Road #03-00 ASO Building, Singapore 048544** not less than forty-eight (48) hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for the holding of the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By attending the Annual General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

Please fold here

AFFIX
STAMP

NEW SILKROUTES GROUP LIMITED

c/o B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

NEW SILKROUTES
GROUP LIMITED

NEW SILKROUTES GROUP LIMITED
456 Alexandra Road
#19-02 Fragrance Empire Building
Singapore 119962
Tel: (65) 6377 0100   Fax: (65) 6377 0600
www.newsilkroutes.org
UEN: 199400571K