

NEW SILKROUTES GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199400571K)
(the "**Company**")

DISCLAIMER OF OPINION BY INDEPENDENT AUDITOR IN THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Board of Directors (the "**Board**") of New Silkroutes Group Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") wishes to announce that the independent external auditor of the Company, Baker Tilly TFW LLP, has, in its Independent Auditor's Report dated 31 August 2023 (the "**Independent Auditor's Report**"), included a disclaimer of opinion on the financial statements of the Group for the financial year ended 30 June 2022 ("**FY2022**")

The basis for the Disclaimer of Opinion is in relation to (i) use of going concern assumptions; (ii) Shanghai Fengwei Garment Accessory Co., Ltd's Management Agreement (as defined in the Independent Auditor's Report), goodwill, and subsequent events; (iii) the valuation and disclosure related to International Energy Group Pte. Ltd.; (iv) financial guarantee liabilities; (v) guarantees and provisions; (vi) the disposal groups classified as held for sale; (vii) the consideration payables; (viii) the investments in subsidiaries; and (ix) the opening balances and comparative information.

A copy of the Independent Auditor's Report together with the extract of the relevant notes to the Financial Statements are attached hereto for the Shareholders' information. Shareholders of the Company are advised to refer to the financial statements of the Group (the "**Audited Financial Statements**") in the Company's Annual Report for FY2022 announced on 4 September 2023.

Notwithstanding the above, the Board is of the opinion that the going concern assumption is appropriate for the preparation of the Audited Financial Statements and the Audited Financial Statements have been prepared on a going concern basis for the following reasons:

- (i) As part of the debt restructuring exercise, 2810198 Ontario Inc ("**Ontario**"), the largest creditor of the Group, planned to convert its debt into equity in the Company through the company scheme and will become the controlling shareholder of the Company. Ontario is in full support by providing the super priority loan to the Company. Ontario has plans to use the Company as a vehicle to hold various businesses and investments post debt restructuring. The future value of the Company will be underpinned by the value of business and investments Ontario intends on injecting into the Company.
- (ii) The Company on 9 January 2023 applied to the High Court of the Republic Singapore (the "**Court**") for moratorium protection pursuant to Section 64 of the Insolvency, Restructuring, and Dissolution Act 2018. On 6 February 2023, the Court granted the moratorium protection sought until 9 July 2023, which was subsequently extended to 9 October 2023. The purpose of the moratorium is to facilitate the reorganisation of the liabilities and business of the Company and the Group, to preserve the value of the Group's core business and maintain a sustainable capital structure.

The Company is currently working with its advisors to formulate a comprehensive debt restructuring proposal or scheme of arrangement which would benefit all its creditors at large.

At this juncture, it is envisaged that creditors would be given the option to either:

- Convert their debt into equity of NSG ("**Equity Option**"); or
- Receive a one-time cash payout as consideration for waiving their debt ("**Cash Option**")

- (iii) To raise funding from potential investor amounting to S\$4 million, of which (i) S\$200,000 shall be utilised to fund the cash distribution under the Cash Option scheme, and (ii) S\$3.8 million

shall be utilised to fund amongst others the Group's working capital for the next 2 years (from April 2023 to April 2025).

The Directors are of the opinion that the above would allow the Group to restructure its operations and enable the Group and the Company to pay their debts as and when they fall due. The shares of the Company have been suspended from trading on the SGX-ST since 17 November 2021.

In the meantime, the Board wishes to advise shareholders and potential investors to exercise caution when dealing in the shares of the Company. Persons in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

FOR AND ON BEHALF OF THE BOARD

Mr Han Binke
Executive Director and CEO

4 September 2023