



**NEW SILKROUTES GROUP LIMITED
AND ITS SUBSIDIARIES
Registration Number: 199400571K**

Condensed Interim Financial Statements
For the Three Months
Ended 30 September 2021

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 (Restated, note 8) | % |
|---|-------------|--|---|----------|
| | Note | | | |
| Continuing operations | | | | |
| Revenue | 4 | 7,850 | 13,623 | -42% |
| Other income | | 242 | 516 | -53% |
| Purchases of finished goods | | (4,955) | (7,417) | -33% |
| Changes in inventories of finished goods | | (166) | (267) | -38% |
| Employee benefits expense | | (2,051) | (1,996) | 3% |
| Amortisation of intangible assets | | (23) | (30) | -23% |
| Depreciation of property, plant and equipment | | (119) | (113) | 5% |
| Depreciation of right-of-use assets | | (393) | (231) | 70% |
| Impairment loss on trade and other receivables | | (20) | - | - |
| Other operating expenses | | (551) | (3,256) | -83% |
| Finance costs | | (195) | (115) | 70% |
| (Loss)/profit before taxation | 6 | (381) | 714 | -153% |
| Taxation | 7 | (105) | (105) | 0% |
| (Loss)/profit from continuing operations for the period | | (486) | 609 | -180% |
| Discontinued operation: | | | | |
| Loss from discontinued operation, net of tax | 8 | - | (603) | -100% |
| (Loss)/profit for the period | | (486) | 6 | -8200% |

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D)

| | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 (Restated, note 8) | % |
|---|--|---|---------------|
| Other comprehensive (loss)/income: | | | |
| Item that may be reclassified subsequently to profit of loss: | | | |
| Foreign currency translation (loss)/gain on consolidation | (266) | 709 | -138% |
| Other comprehensive (loss)/income for the financial period, net of tax | (266) | 709 | -138% |
| Total comprehensive (loss)/income for the financial period | (752) | 715 | -205% |
| (Loss)/profit attributable to: | | | |
| Owners of the Company | | | |
| - (Loss)/profit from continuing operations, net of tax | (751) | 217 | -446% |
| - Loss from discontinuing operation, net of tax | - | (603) | -100% |
| | (751) | (386) | 95% |
| - Non-controlling interests | 265 | 392 | -32% |
| | (486) | 6 | -8200% |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the Company | | | |
| - (Loss)/profit from continuing operations, net of tax | (977) | 817 | -220% |
| - Loss from discontinuing operation, net of tax | - | (603) | -100% |
| | (977) | 214 | -557% |
| - Non-controlling interests | 225 | 501 | -55% |
| | (752) | 715 | -205% |
| (Loss)/profit per share attributable to owners of the Company from continuing operations (US cent) | | | |
| - Basic and diluted | (0.36) | 0.10 | |

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

| | | Group | | Company | |
|--|-------------|---|--------------------------------------|---|--------------------------------------|
| | Note | 30 September 2021 US\$'000 | 30 June 2021 US\$'000 | 30 September 2021 US\$'000 | 30 June 2021 US\$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | | 2,812 | 3,200 | 8 | 9 |
| Intangible assets | 10 | 19,387 | 19,433 | 392 | 215 |
| Right-of-use assets | | 3,927 | 3,886 | 386 | 429 |
| Subsidiaries | | - | - | 21,046 | 21,046 |
| Prepayments | | 550 | 750 | 550 | 750 |
| Long-term receivables | 11 | 318 | 353 | - | - |
| Deferred tax assets | | - | 37 | - | - |
| Total non-current assets | | 26,994 | 27,659 | 22,382 | 22,449 |
| Current assets | | | | | |
| Inventories | | 2,013 | 2,428 | - | - |
| Trade and other receivables | 11 | 6,738 | 6,722 | 117 | 411 |
| Prepayments | | 594 | 410 | 233 | 230 |
| Cash and bank balances | | 6,365 | 6,609 | 33 | 72 |
| Fixed deposits | | 399 | 416 | - | - |
| Financial asset at fair value through profit or loss | 8 | - | - | - | - |
| Total current assets | | 16,109 | 16,585 | 383 | 713 |
| Total assets | | 43,103 | 44,244 | 22,765 | 23,162 |
| EQUITY AND LIABILITIES | | | | | |
| EQUITY | | | | | |
| Share capital | 12 | 88,183 | 88,183 | 88,183 | 88,183 |
| Treasury shares | 13 | (863) | (863) | (863) | (863) |
| Other reserves | | (2,839) | (2,613) | 45 | 45 |
| Accumulated losses | | (71,236) | (70,485) | (71,404) | (71,160) |
| Equity attributable to equity holder of the Company | | 13,245 | 14,222 | 15,961 | 16,205 |
| Non-controlling interests | | 1,236 | 1,048 | - | - |
| Total equity | | 14,481 | 15,270 | 15,961 | 16,205 |

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

| | | Group | | Company | |
|--------------------------------------|-------------|---|--------------------------------------|---|--------------------------------------|
| | Note | 30 September 2021 US\$'000 | 30 June 2021 US\$'000 | 30 September 2021 US\$'000 | 30 June 2021 US\$'000 |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Borrowings | 14 | 1,418 | 1,540 | - | - |
| Lease liabilities | | 1,387 | 1,342 | 233 | 277 |
| Deferred tax liabilities | | 128 | 151 | - | - |
| Other payables | 15 | 5,735 | 5,735 | - | - |
| Total non-current liabilities | | 8,668 | 8,768 | 233 | 277 |
| Current liabilities | | | | | |
| Trade and other payables | 15 | 7,605 | 7,815 | 6,404 | 6,517 |
| Contract liabilities | | 172 | 153 | - | - |
| Borrowings | 14 | 10,713 | 11,034 | - | - |
| Lease liabilities | | 1,012 | 842 | 167 | 163 |
| Current income tax payable | | 452 | 362 | - | - |
| Total current liabilities | | 19,954 | 20,206 | 6,571 | 6,680 |
| Total liabilities | | 28,622 | 28,974 | 6,804 | 6,957 |
| Total equity and liabilities | | 43,103 | 44,244 | 22,765 | 23,162 |

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

| Group | <----- Attributable to owners of the Company -----> | | | | | | Total US\$'000 | Non- controlling interests US\$'000 | Total equity US\$'000 |
|---|---|--------------------------------|---|--------------------------------|-------------------------------|-----------------------------------|-------------------|--|-----------------------------|
| | Share capital US\$'000 | Treasury shares US\$'000 | Foreign currency translation reserve US\$'000 | Capital reserve US\$'000 | Other reserves US\$'000 | Accumulated losses US\$'000 | | | |
| Balance as at 1 July 2021 | 88,183 | (863) | 937 | 45 | (3,595) | (70,485) | 14,222 | 1,048 | 15,270 |
| Loss for the financial period | - | - | - | - | - | (751) | (751) | 265 | (486) |
| Other comprehensive income | | | | | | | | | |
| - Foreign currency translation differences | - | - | (226) | - | - | - | (226) | (40) | (266) |
| Total comprehensive loss for the financial period | - | - | (226) | - | - | (751) | (977) | 225 | (752) |
| Contributions by and distributions to owners | | | | | | | | | |
| - Dividends | - | - | - | - | - | - | - | (37) | (37) |
| Transactions with owners in their own capacity as owners | - | - | - | - | - | - | - | (37) | (37) |
| Balance as at 30 September 2021 | 88,183 | (863) | 711 | 45 | (3,595) | (71,236) | 13,245 | 1,236 | 14,481 |

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

| Group | ----- Attributable to owners of the Company -----> | | | | | | | Total | Non-controlling interests | Total equity |
|---|--|-----------------|--------------------------------------|-----------------|--------------------|----------------|--------------------|--------|---------------------------|--------------|
| | Share capital | Treasury shares | Foreign currency translation reserve | Capital reserve | Fair value reserve | Other reserves | Accumulated losses | | | |
| Balance as at 1 July 2020 | 88,183 | (863) | (500) | 45 | (5,468) | (3,595) | (45,831) | 31,971 | 1,099 | 33,070 |
| Loss for the financial period | - | - | - | - | - | - | (386) | (386) | 392 | 6 |
| Other comprehensive loss: | | | | | | | | | | |
| - Foreign currency translation differences | - | - | 600 | - | - | - | - | 600 | 109 | 709 |
| Total comprehensive loss for the financial period | - | - | 600 | - | - | - | (386) | 214 | 501 | 715 |
| Contributions by and distributions to owners | | | | | | | | | | |
| - Dividends | - | - | - | - | - | - | - | - | (434) | (434) |
| Transactions with owners in their own capacity as owners | - | - | - | - | - | - | - | - | (434) | (434) |
| Balance as at 30 September 2020 | 88,183 | (863) | 100 | 45 | (5,468) | (3,595) | (46,217) | 32,185 | 1,166 | 33,351 |

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

| | Share capital US\$'000 | Treasury shares US\$'000 | Capital reserve US\$'000 | Accumulated losses US\$'000 | Total equity US\$'000 |
|---|---------------------------------------|---|---|--|--------------------------------------|
| Company | | | | | |
| Balance as at 1 July 2021 | 88,183 | (863) | 45 | (71,160) | 16,205 |
| Loss for the year, representing total comprehensive loss for the financial period | - | - | - | (244) | (244) |
| Balance as at 30 September 2021 | 88,183 | (863) | 45 | (71,404) | 15,961 |
| Balance as at 1 July 2020 | 88,183 | (863) | 45 | (43,283) | 44,082 |
| Loss for the year, representing total comprehensive loss for the financial period | - | - | - | (767) | (767) |
| Balance as at 30 September 2020 | 88,183 | (863) | 45 | (44,050) | 43,315 |

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

| | Group | |
|---|--|--|
| | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 |
| Cash flows from operating activities | | |
| (Loss)/profit before taxation: | | |
| - from continuing operations | (381) | 714 |
| - from discontinuing operation | - | (603) |
| | <hr/> | <hr/> |
| | (381) | 111 |
| Adjustments for: | | |
| Amortisation of intangible assets | 23 | 30 |
| Depreciation of property, plant and equipment | 354 | 472 |
| Depreciation of right-of-use assets | 393 | 273 |
| Interest expense | 195 | 627 |
| Interest income | - | (50) |
| Net fair value gain on derivative financial instruments | - | (2) |
| Impairment losses recognised on trade and other receivables | 20 | - |
| Unrealised foreign exchange differences | (104) | 81 |
| | <hr/> | <hr/> |
| Operating cash flows before working capital changes: | 500 | 1,542 |
| Changes in inventories | 415 | 469 |
| Changes in trade and other receivables | (1) | 2,064 |
| Changes in contract assets | - | 3,891 |
| Changes in prepayments | 216 | (545) |
| Changes in trade and other payables | (410) | (8,032) |
| Changes in contract liabilities | 19 | (16) |
| | <hr/> | <hr/> |
| Cash generated from/(used in) operations | 739 | (627) |
| Income tax paid | - | (245) |
| | <hr/> | <hr/> |
| Net cash generated from/(used in) operating activities | 739 | (872) |
| | <hr/> | <hr/> |
| Cash flows from investing activities | | |
| Acquisition of intangible assets | (177) | - |
| Interest received | - | 50 |
| Purchase of property, plant and equipment | (9) | (1,657) |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (186) | (1,607) |
| | <hr/> | <hr/> |

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

| | Group | |
|---|--|--|
| | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 |
| Cash flows from financing activities | | |
| Dividends paid to the non-controlling interests of the subsidiaries | (37) | (434) |
| Interest paid | (195) | (294) |
| Proceeds from loans | 186 | 2,871 |
| Restricted cash and bank balances | - | 181 |
| Repayment of loans | (425) | (3,145) |
| Repayment of lease liabilities | (219) | (281) |
| Net cash used in financing activities | (690) | (1,102) |
| Net decrease in cash and cash equivalents | (137) | (3,581) |
| Cash and cash equivalents at beginning of financial period | 6,542 | 17,065 |
| Exchange differences on translation of cash and cash equivalents | (106) | 615 |
| Cash and cash equivalents at end of financial period | 6,299 | 14,099 |
| Cash and cash equivalents comprise the following: | | |
| Cash and bank balances and fixed deposits | 6,764 | 16,583 |
| Less: Cash restricted in use | (66) | (2,077) |
| Less: Fixed deposits pledged | (399) | (407) |
| Cash and cash equivalents at end of financial period | 6,299 | 14,099 |

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

New Silkroutes Group Limited (the “Company”) (Co. Reg. No. 199400571K) is a limited liability company incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 456 Alexandra Road, #19-02 Fragrance Empire Building, Singapore 119962. The Company is listed on the Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the three months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are that of investment holding Company. The principal activities of the Group are:

- (a) Distributors of health supplements and Chinese proprietary medicine, providers of clinical management services, and healthsciences consultants;
- (b) Dental services;
- (c) General medical services and aesthetic clinic;
- (d) Medical and dental supplies;
- (e) Manufacture of non-woven fabric;
- (f) Management services and investment holding.

2 Basis of preparation

The condensed interim financial statements for the three months ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in United States dollars (“USD” or “US\$”), which is the Company’s functional currency and all values in the tables are rounded to the nearest thousand (US\$’000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards has become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

Critical judgements in applying the entity’s accounting policies

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 30 June 2021.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2 Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

Critical judgements in applying the entity's accounting policies (cont'd)

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.

Going concern assumption

During the financial period ended 30 September 2021, the Group reported a net loss of US\$486,000 (30 September 2020: net profit of US\$6,000) and the Company reported a net loss of US\$244,000 (30 September 2020: US\$767,000). The Group's and the Company's current liabilities exceeded the current assets by US\$3,845,000 (30 June 2021: US\$3,621,000) and US\$6,188,000 (30 June 2021: US\$5,967,000) respectively. These conditions indicate the existence of material uncertainties that may cast significant doubts about the Group's and the Company's abilities to continue as going concerns.

The Directors of the Company are of the view that the going concern assumption is appropriate for the preparation of these financial statements based on the following assessments:

- (a) The Group contributed US\$7,850,000 to the revenue for the three months ended 30 September 2021. The Group can continue to grow its healthcare operations based on the financials from its operating subsidiaries.
- (b) The Group's current liabilities comprised the guaranteed profit of US\$2,975,000 (S\$4,000,000) was received by the Company which is accounted as an advance receipt under other payables in the statement of financial position and does not constitute an actual cash or payable obligation on the Group.
- (c) With respect to the breach of a non-financial covenant for a loan from a financial institution, the financial institution has informed the Group that it does not presently intend to enforce the securities or take any action presently against the Group. The Group is currently making all relevant interest and principal payments to the financial institution.
- (d) As at the reporting period end, the Group has undrawn revolving credit facilities of US\$744,000 that is available.

For these reasons, the financial statements have been prepared on the assumptions that the Group and Company will continue as going concerns. The financial statements did not include any adjustments that may result in the event that the Group and Company are unable to continue as going concerns. In the event that the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2 Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

Critical judgements in applying the entity's accounting policies (cont'd)

Control over Shanghai Fengwei Garment Accessory Co., Ltd. (the "Shanghai Fengwei")

Pursuant to the Management Agreement, the Company assigned the management rights and the profits of Shanghai Fengwei during the period from 1 January 2020 to 31 December 2021 to the Entity. All post-tax profits or losses during the aforesaid period, whether in excess of or less than the Consideration, shall be attributable to or borne by the Entity. In return, the Entity would retain the net profit or loss after tax generated by Shanghai Fengwei for 2020 and 2021.

The directors of the Company made an assessment that Shanghai Fengwei's management continues to manage the operations and business activities of Shanghai Fengwei and that the Group has control over Shanghai Fengwei in accordance with the definition of control and the related guidance set out in SFRS(I) 10 Consolidated Financial Statements. Accordingly, Shanghai Fengwei remains a subsidiary of the Group.

Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are included in the following notes:

Impairment of trade and other receivables

The Group has applied the simplified approach within SFRS(I) 9, based on lifetime ECL, in determining the loss allowance on trade receivables at the end of each reporting period.

The Group determined the ECL of trade receivables by categorising them based on days past due for groupings of various customer segments that have similar loss patterns. The ECL rates for each category of the debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current condition and forward-looking information which is based on assumptions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment.

As the calculation of loss allowance on trade receivables and contract assets is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables and contract assets.

Fair value of financial asset at fair value through profit or loss ("FVTPL")

Unquoted financial asset at FVTPL 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.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2 Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

Impairment test for cash-generating unit containing goodwill and intangibles

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 assets 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 10.

Impairment of investment in subsidiaries

At the end of each reporting period, the Company assesses whether there are any indications of impairment for investment in subsidiaries. The Company also assesses whether there is any indication that an impairment loss recognised in prior periods for investment in subsidiaries may no longer exist or may have decreased.

If any such indication exists, the Company estimates the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised.

3 Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

4 Segment and revenue information

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

- 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 manufacturing of healthcare consumables.
- Others - general corporate activities and others
- 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. This segment has been classified as discontinued operation.

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.

4.1 Reportable segments

| | Healthcare US\$'000 | Others US\$'000 | Per consolidated financial statements US\$'000 |
|---|------------------------|--------------------|---|
| 1 July 2021 to 30 September 2021 | | | |
| Segment revenue | | | |
| - Sales to external customers | 7,850 | - | 7,850 |
| Segment results | | | |
| - Other income | 242 | - | 242 |
| - Amortisation of intangible assets | (23) | - | (23) |
| - Depreciation of property, plant and equipment * | (353) | (1) | (354) |
| - Depreciation of rights-of-use assets | (350) | (43) | (393) |
| - Other non-cash items | (21) | 60 | 39 |
| - Finance costs | (142) | (53) | (195) |
| Segment loss | (86) | (400) | (486) |
| Segment assets and liabilities | | | |
| - Segment assets | 41,380 | 1,723 | 43,103 |
| - Segment liabilities | 22,334 | 6,288 | 28,622 |
| - Capital expenditure | (677) | - | (677) |

* Comprises depreciation of property, plant and equipment included in changes in inventories of finished goods

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4 Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

| | Healthcare US\$'000 | Others US\$'000 | Oil and gas (Discontinued operation) US\$'000 | Adjustments US\$'000 | Per consolidated financial statements US\$'000 |
|--|------------------------|--------------------|--|-------------------------|--|
| 1 July 2020 to 30 September 2020 | | | | | |
| Segment revenue | | | | | |
| - Sales to external customers | 13,623 | - | 18,360 | (18,360) | 13,623 |
| Segment results | | | | | |
| - Other income | 495 | 21 | (59) | 59 | 516 |
| - Amortisation of intangible assets | (30) | - | - | - | (30) |
| - Depreciation of property, plant and equipment * | (329) | (1) | (143) | 143 | (330) |
| - Depreciation of rights-of-use assets | (231) | - | (42) | 42 | (231) |
| - Net fair value on derivative financial instruments | - | - | 2 | (2) | - |
| - Other non-cash items | 1 | (191) | 62 | (62) | (190) |
| - Finance costs | (115) | - | (512) | 512 | (115) |
| Segment profit/(loss) | 1,370 | (761) | (603) | 603 | 609 |
| Segment assets and liabilities | | | | | |
| - Segment assets | 48,180 | 1,312 | 37,402 | - | 86,894 |
| - Segment liabilities | 27,271 | 6,480 | 19,792 | - | 53,543 |
| - Capital expenditure | (1,654) | (1) | (2) | - | (1,657) |

* Comprises depreciation of property, plant and equipment included in changes in inventories of finished goods

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

4 Segment and revenue information (cont'd)

4.2 Disaggregation of revenue

| | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 |
|------------------------|--|--|
| Continuing operations: | | |
| Healthcare products | 4,690 | 10,384 |
| Healthcare services | 3,160 | 3,239 |
| | <u>7,850</u> | <u>13,623</u> |

Geographical information:

| | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 |
|------------------------|--|--|
| Australia | - | 23 |
| Bahrain | - | 774 |
| Cambodia | - | 16,772 |
| China | 4,690 | 10,391 |
| Portugal | - | 814 |
| Singapore | 3,160 | 3,209 |
| Discontinued operation | - | (18,360) |
| | <u>7,850</u> | <u>13,623</u> |

5 Financial assets and financial liabilities

5.1 Categories of financial instruments

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 30 June 2021:

| | Group | | Company | |
|---|---|--------------------------------------|---|--------------------------------------|
| | 30 September 2021 US\$'000 | 30 June 2021 US\$'000 | 30 September 2021 US\$'000 | 30 June 2021 US\$'000 |
| Financial assets | | | | |
| Financial assets at amortised cost | <u>13,820</u> | <u>14,100</u> | <u>150</u> | <u>483</u> |
| Financial liabilities | | | | |
| Lease liabilities | 2,399 | 2,184 | 400 | 440 |
| Financial liabilities at fair value through profit or loss | 5,735 | 5,735 | - | - |
| Financial liabilities at amortised cost | <u>16,761</u> | <u>17,365</u> | <u>3,429</u> | <u>3,493</u> |

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

5 Financial assets and financial liabilities (cont'd)

5.2 Financial assets and liabilities measured at fair value

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and short-term borrowings approximate their respective fair values due to relatively short-term maturity of these financial instruments. Management has assessed that the effect of discounting the non-current long-term receivables to be insignificant and the carrying amount approximates its fair values.

Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

| | Level 1 US\$'000 | Level 2 US\$'000 | Level 3 US\$'000 | Total US\$'000 |
|---|---------------------|---------------------|---------------------|-------------------|
| Financial liability: | | | | |
| 30 September 2021 | | | | |
| Financial asset at fair value through profit or loss | | | | |
| - Other payables | - | - | 5,735 | 5,735 |
| 30 June 2021 | | | | |
| Financial asset at fair value through profit or loss | | | | |
| - Other payables | - | - | 5,735 | 5,735 |

- 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 or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts of interest-bearing loans at 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.

6 (Loss)/profit before taxation from continuing operations

6.1 Significant items

| <u>Group</u> | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 |
|---|---|---|
| Impairment loss recognised on trade and other receivables | 20 | - |
| Management service fee | - | 2,307 |

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

6 (Loss)/profit before taxation from continuing operations (cont'd)

6.2 Related party transactions

Other than as disclosed elsewhere in the interim financial statements, the following related party transactions took place between the Group and related parties during the financial period on terms agreed by the parties concerned:

| <u>Group</u> | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 |
|-------------------------|--|--|
| Lease payments (rental) | 139 | 86 |

7 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

| <u>Group</u> | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 |
|---|--|--|
| Current taxation: | | |
| - Current period | 90 | 160 |
| - Changes in estimates related to prior years | - | (33) |
| | <hr/> 90 | <hr/> 127 |
| Deferred taxation: | | |
| - Origination and reversal of temporary differences | 15 | (22) |
| | <hr/> 105 | <hr/> 105 |

8 Loss from discontinued operation, net of tax

In the previous financial year ended 30 June 2021, the Company commenced the winding up process of its wholly owned indirect subsidiary, International Energy Group Pte. Ltd. ("IEG") by way of creditors' voluntary liquidation, which was previously reported in the oil and gas segment. In accordance with SFRS(I) 10, the Group has assessed that it has lost control of IEG upon the appointment of the liquidator. Accordingly, IEG and its subsidiaries were classified as discontinued operation of the Group and its assets and liabilities were deconsolidated from the Group. The comparative statements of comprehensive income are re-presented to show the discontinued operation separately from continuing operations.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

8 Loss from discontinued operation, net of tax (cont'd)

The analysis of the loss from discontinued operation are as follows:

| | 3 months ended 30 September 2021 US\$'000 | 3 months ended 30 September 2020 US\$'000 |
|--|--|--|
| Revenue | - | 18,360 |
| Other income | - | (59) |
| Purchases of finished goods | - | (18,074) |
| Changes in inventories of finished goods | - | 142 |
| Employee benefits expense | - | (219) |
| Depreciation of property, plant and equipment | - | (143) |
| Depreciation of right-of-use assets | - | (42) |
| Net fair value gain on derivative financial instrument | - | 2 |
| Other operating expenses | - | (58) |
| Finance costs | - | (512) |
| | - | (603) |
| Taxation | - | - |
| Loss from discontinued operation, net of tax | - | (603) |

Loss per share disclosures

| | 3 months ended 30 September 2021 US\$ | 3 months ended 30 September 2020 US\$ |
|--|--|--|
| Loss per share from discontinued operation attributable to owners of the Company (US cent) | | |
| Basic and diluted | - | (0.29) |

Investment in unquoted equity shares relate to the Group's investment in IEG which was previously accounted for as investment in subsidiary. With the commencement of liquidation process in the financial year ended 30 June 2021, the Group reclassified the investment to financial asset at fair value through profit or loss. Based on management assessment, the fair value of the investment as at 30 September 2021 is US\$Nil (30 June 2021: US\$Nil). Unquoted equity shares are classified as Level 3 in the fair value hierarchy.

9 Net asset value

| | Group | | Company | |
|--|------------------------------|-------------------------|------------------------------|-------------------------|
| | 30 September 2021 | 30 June 2021 | 30 September 2021 | 30 June 2021 |
| Net asset value per ordinary share (US cent) | 6.35 | 6.82 | 7.66 | 7.77 |

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

10 Intangible assets

| Group | Goodwill US\$'000 | Customer relationship US\$'000 | CMS Development costs US\$'000 | Service right US\$'000 | Trademark US\$'000 | Other development cost US\$'000 | Total US\$'000 |
|--|-----------------------------|--|--|----------------------------------|------------------------------|---|--------------------------|
| Cost: | | | | | | | |
| Balance at 1 July 2020 | 18,056 | 274 | 1,544 | 86 | 330 | - | 20,290 |
| Additions | - | - | - | - | - | 215 | 215 |
| Exchange difference on translation | 800 | - | - | 6 | - | - | 806 |
| Balance at 30 June 2021 and 1 July 2021 | 18,856 | 274 | 1,544 | 92 | 330 | 215 | 21,311 |
| Additions | - | - | - | - | - | 177 | 177 |
| Exchange difference on translation | (200) | - | - | (1) | - | - | (201) |
| Balance at 30 September 2021 | 18,656 | 274 | 1,544 | 91 | 330 | 392 | 21,287 |
| Accumulated amortisation: | | | | | | | |
| Balance at 1 July 2020 | - | 51 | 1,544 | 72 | 99 | - | 1,766 |
| Amortisation | - | 26 | - | 14 | 66 | - | 106 |
| Exchange difference on translation | - | - | - | 6 | - | - | 6 |
| Balance at 30 June 2021 and 1 July 2021 | - | 77 | 1,544 | 92 | 165 | - | 1,878 |
| Amortisation | - | 7 | - | - | 16 | - | 23 |
| Exchange difference on translation | - | - | - | (1) | - | - | (1) |
| Balance at 30 September 2021 | - | 84 | 1,544 | 91 | 181 | - | 1,900 |
| Carrying amount: | | | | | | | |
| Balance at 30 September 2021 | 18,656 | 190 | - | - | 149 | 392 | 19,387 |
| Balance at 30 June 2021 | 18,856 | 197 | - | - | 165 | 215 | 19,433 |

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

10 Intangible assets (cont'd)

| Company | Other development cost US\$'000 |
|--|--|
| Cost: | |
| Balance at 1 July 2020 | - |
| Additions | 215 |
| Balance at 30 June 2021 and 1 July 2021 | 215 |
| Additions | 177 |
| Balance at 30 September 2021 | 392 |
| Accumulated amortisation: | |
| Balance at 1 July 2020, 30 June 2021, 1 July 2021 | - |
| Amortisation | - |
| Balance at 30 September 2021 | - |
| Carrying amount: | |
| Balance at 30 September 2021 | 392 |
| Balance at 30 June 2021 | 215 |

Impairment testing for a cash-generating unit containing goodwill

Goodwill that has an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. No impairment indicators were identified as at 30 September 2021 based on each CGU's business performance. The Group performed its annual impairment test in June 2021. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the last audited financial statements for the year ended 30 June 2021. The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

11 Trade and other receivables

| | Group | | Company | |
|--|------------------------------|-------------------------|------------------------------|-------------------------|
| | 30 September 2021 | 30 June 2021 | 30 September 2021 | 30 June 2021 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Trade receivables from: | | | | |
| Third parties | 5,288 | 6,086 | - | - |
| Less: Loss allowance | | | | |
| Third parties | (73) | (75) | - | - |
| | <u>5,215</u> | <u>6,011</u> | <u>-</u> | <u>-</u> |
| Other receivables from: | | | | |
| Subsidiaries | - | - | 1,776 | 2,135 |
| Deposits | 371 | 363 | 117 | 102 |
| Consideration receivables | 1,361 | 1,361 | 1,361 | 1,361 |
| Other receivables | 1,559 | 900 | - | 6 |
| | <u>3,291</u> | <u>2,624</u> | <u>3,254</u> | <u>3,604</u> |
| Less: Loss allowance | | | | |
| - Third parties | (1,450) | (1,560) | (1,361) | (1,361) |
| - Subsidiaries | - | - | (1,776) | (1,832) |
| | <u>1,841</u> | <u>1,064</u> | <u>117</u> | <u>411</u> |
| Total trade and other receivables | <u><u>7,056</u></u> | <u><u>7,075</u></u> | <u><u>117</u></u> | <u><u>411</u></u> |
| Represented by: | | | | |
| Current | 6,738 | 6,722 | 117 | 411 |
| Non-current | 318 | 353 | - | - |
| | <u>7,056</u> | <u>7,075</u> | <u>117</u> | <u>411</u> |

12 Share capital

| | 30 September 2021 | | 30 June 2021 | |
|--|--------------------------|--------------------|---------------------|--------------------|
| | Number of shares | Amount US\$'000 | Number of shares | Amount US\$'000 |
| Group and Company | | | | |
| <i>Issued and fully paid with no par value</i> | | | | |
| At beginning and end of interim period | 211,908,869 | 88,183 | 211,908,869 | 88,183 |

The number of issued shares excluding treasury shares as at the end of the interim period was 208,464,669 (30 June 2021: 208,464,669).

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.

The Company's subsidiaries do not hold any shares in the Company as of 30 September 2021 and 30 June 2021.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

13 Treasury shares

| Group and Company | 30 September 2021 | | 30 June 2021 | |
|--|-------------------|-----------------|------------------|-----------------|
| | Number of shares | Amount US\$'000 | Number of shares | Amount US\$'000 |
| <i>Issued and fully paid with no par value</i> | | | | |
| At beginning and end of interim period | 3,444,200 | (863) | 3,444,200 | (863) |

14 Borrowings

| | Group | |
|--|-------------------------------|--------------------------|
| | 30 September 2021 US\$'000 | 30 June 2021 US\$'000 |
| <u>Amount repayable within one year or on demand</u> | | |
| Secured | 10,713 | 11,034 |
| Unsecured | - | - |
| <u>Amount repayable after one year</u> | | |
| Secured | 1,418 | 1,540 |
| Unsecured | - | - |
| | <u>12,131</u> | <u>12,574</u> |

Loans from financial institutions are secured by the following:

- i. fixed deposits of the Group;
- ii. corporate guarantees by the Company and related parties;
- iii. charges over shares of certain subsidiaries of the Company;
- iv. personal guarantee(s) from a director of the Company and a former director of the Company and/or directors of subsidiaries;
- v. pledge over a director's land;
- vi. fixed and floating charge on all assets and undertakings of a subsidiary; and/or
- vii. certain property and equipment.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

15 Trade and other payables

| | Group | | Company | |
|--|----------------------------------|-----------------------------|----------------------------------|-----------------------------|
| | 30 September 2021 US\$'000 | 30 June 2021 US\$'000 | 30 September 2021 US\$'000 | 30 June 2021 US\$'000 |
| Trade payables from: Third parties | 752 | 662 | - | - |
| Other payables from: | | | | |
| - Subsidiaries | - | - | 2,444 | 2,381 |
| - Former related party | 35 | 35 | 35 | 35 |
| - Accrued operating expenses | 1,030 | 1,183 | 97 | 180 |
| - Accrued personnel expenses | 314 | 401 | 109 | 183 |
| - Consideration payables | 7,223 | 7,247 | - | - |
| - Advance receipt of profit guarantee | 2,975 | 3,024 | 2,975 | 3,024 |
| - Other payables | 1,011 | 998 | 744 | 714 |
| | 12,588 | 12,888 | 6,404 | 6,517 |
| Total trade and other payables | 13,340 | 13,550 | 6,404 | 6,517 |
| Represented by: | | | | |
| Current | 7,605 | 7,815 | 6,404 | 6,517 |
| Non-current | 5,735 | 5,735 | - | - |
| | 13,340 | 13,550 | 6,404 | 6,517 |

16 Contingent liabilities

Legal claim

- (a) The Company is alleged to be the corporate guarantor for a loan extended by OCAP Management Pte. Ltd (“OCAP”) to IEG. On 8 January 2021, the Company received a letter of demand from the provisional liquidators of OCAP for the sum of US\$7,158,000 (principal of US\$6,800,000 and interest of US\$358,000) plus accrued interest which will continue to be accrued in accordance with the terms of loan agreement in respect of the loan facilities extended to IEG.
- (b) The Company is alleged to be a corporate guarantor to a lease financing arrangement of the bare boat charter agreement entered into by its subsidiary, TXZ Tankers Pte. Ltd. with Iolani Shipping Limited (“Iolani”). On 7 June 2021, the Company received a letter of demand Iolani for an alleged sum of US\$10,696,000 plus any interest which is alleged to continue to accrue in accordance with the terms of the NSG Guarantee. The Company also received a reservation of right in respect of the boat charter agreement.

The Company has sought legal advice from its lawyers. No provision for any liability in connection with the claims has been made in these interim financial statements. The management is in active discussion with OCAP and Iolani to reach an amicable conclusion.

17 Subsequent event

There are no known subsequent events which have led to adjustments to this set of condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of New Silkroutes Group Limited and its subsidiaries as of 30 September 2021 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three-month period ended and certain explanatory notes have not been audited or reviewed.

Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on efforts taken to resolve each outstanding audit issue

The auditors have issued a disclaimer of opinion on the Group's financial statements for the financial year ended 30 June 2021 due to:

- i. Going concern assumptions
- ii. Management agreement and management service agreement entered by the Company and its wholly owned subsidiary, Shanghai Fengwei Garment Accessory Co., Ltd ("Shanghai Fengwei") with Shanghai Minlin New Textile Materials Sales Centre ("Shanghai Minlin").
- iii. Investment in International Energy Group Pte. Ltd. ("IEG") concerning its valuation of the carrying amounts of assets and liabilities of IEG including Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC"), a financial asset at fair value through other comprehensive income, as of the date of commencement of liquidation, and the resulting loss arising from deconsolidation of IEG and the impairment assessment of investment in IEG.
- iv. Contingent liabilities and guarantees to third parties for loan, lease financing arrangement and boat charter agreement for IEG and TXZ Tankers Pte. Ltd..
- v. Opening balances as at 1 July 2020 due to another firm of independent auditors was engaged to audit the financial statements for the financial year ended 30 June 2020 whose report dated 14 October 2020 contained a disclaimer of opinion.

Please refer to page 48 - 51 of the Company's 2021 Annual Report for more information on these outstanding audit issues.

The Board has appointed KPMG Services Pte. Ltd. ("KPMG") as the independent reviewer to carry out an independent review into the above outstanding audit issues (ii, iii and v). The independent review is still ongoing as of the date of this announcement.

For outstanding audit issue iv, The Company has sought legal advice from its lawyers. The management is in active discussion with the creditors to reach an amicable conclusion.

After the conclusion of the independent review of KPMG and finalisation of the discussion with the creditors, the Company will follow up with the appropriate accounting treatment on these outstanding audit issues.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2. Review of performance of the Group

Income Statement Review

Group revenue decreased to US\$7.85 million in the first quarter ended 30 September 2021 ("1Q22") compared to US\$13.62 million in 1Q21 for the continuing operations. The Group's performance has been mainly affected by a decline in demand for non-woven material as a result of heightened competition as China's economy began to recover from the Covid-19 pandemic.

Other income decreased to US\$0.24 million in 1Q22 when compared to US\$0.52 million in 1Q21 mainly due to lower in value-added tax refund and government grants received in 1Q22.

Employee benefit expenses rose to US\$2.05 million in 1Q22 from US\$2.00 million in 1Q21 on higher staff cost in the healthcare services to cope with an increase in business flow.

Depreciation of right-of-use assets increased to US\$0.39 million in 1Q22 against US\$0.23 million previously, following a renewal of tenancy agreements by clinics and office.

Impairment loss on trade and other receivables of US\$0.20 million in 1Q21 mainly due to impairment loss recognised on other receivables.

Other operating expenses decreased to US\$0.55 million in 1Q22, down from US\$3.26 million in 1Q21 mainly due to management service fee of US\$2.31 million in 1Q21.

Finance costs increased to US\$0.20 million in 1Q22 from US\$0.12 million in 1Q21 mainly due to accrued interest for consideration payable to a shareholder.

Financial Position Review

Property, plant and equipment decreased to US\$2.81 million as at 30 September 2021 compared to US\$3.20 million as at 30 June 2021, mainly due to depreciation of property, plant and equipment recognised of US\$0.35 million.

Intangible assets decreased to US\$19.39 million as at 30 September 2021 compared to US\$19.43 million as at 30 June 2021 mainly due to exchange differences on translation being offset with the addition of other development cost of US\$0.18 million.

Right-of-use assets increased to US\$3.93 million as at 30 September 2021 from US\$3.89 million as at 30 June 2021 following a renewal of tenancy agreements by clinics and office.

Inventories decreased to US\$2.01 million as at 30 September 2021 from US\$2.43 million as at 30 June 2021 mainly due to utilisation of the non-woven materials in the healthcare and healthcare consumables segment.

Non-current borrowings decreased to US\$1.42 million as at 30 September 2021 from US\$1.54 million as at 30 June 2021 following the repayment of loans.

Non-current lease liabilities increased to US\$1.39 million as at 30 September 2021 from US\$1.34 million as at 30 June 2021 following a renewal of tenancy agreements by clinics and office.

Trade and other payables were lower at US\$7.61 million as at 30 September 2021 against US\$7.82 million as at 30 June 2021 mainly due to payment made to creditors.

Current borrowings decreased to US\$10.71 million as at 30 September 2021 from US\$11.03 million as at 30 June 2021 following the repayment of short-term loans.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2. Review of performance of the Group (cont'd)

Cash Flow Statement Review

Net cash flows generated from operating activities of US\$0.74 million in 1Q22 mainly due to positive operating cash flows in healthcare segment.

Net cash flows used in investing activities amounted to US\$0.19 million mainly due to additions of intangible assets.

Net cash flows used in financing activities of US\$0.69 million were mostly to repay loans and lease liabilities.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast has been issued for the current financial reporting period.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Our medical clinics have supported the Government's programme to provide Covid 19 testings and vaccinations for local residents. This has helped to boost revenue at our healthcare subsidiary in Singapore.

Our overseas Chinese subsidiary's business has been affected by more intense competition with new players entering the healthcare non-woven manufacturing sector.

In conjunction with our partners, we have completed proof of concept for our AI Genomics platform GEIA™ and look to converting this to a PaaS cloud computing model. Management plans to launch our AI driven genomics platform in due course.

The Group has and will continue to take all necessary steps to closely monitor on the costs and cash flow of the Group. The Group has also been and will continue to manage its cash flow and working capital position diligently.

As at the date of this announcement, the Company has prepared this set of financial results for the financial period up to 30 September 2021 on the assumption that the Company and/or Group, is able to continue as a going concern. Depending on the eventual outcome with creditors and potential strategic investors, material adjustments may be required to the financial results contained herein. In this regard, the Company will make appropriate announcements accordingly when more information is available.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

5. Dividend information

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding period of the immediate preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

(e) If no dividend has been declared/recommend, a statement to the effect and the reasons for the decision

No dividend has been declared or recommend for the period ended 30 September 2021 due to accumulated losses of the Company.

6. Interested person transactions

| Name of interested person | Aggregate value of all interested person transactions during the financial year 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) |
|-------------------------------------|---|---|
| | US\$'000 | US\$'000 |
| Rental: | | |
| Shanghai Fengwei Nonwovens Co., Ltd | 139 | - |

For full disclosure, please note that there is an amount of US\$1.77 million owing from Shanghai Fengwei Nonwovens Co., Ltd. ("SFNW") a company majority owned by Mr Shen Yuyun (a substantial shareholder of the Company) to Shanghai Fengwei Garment Accessory Co., Ltd. ("Shanghai Fengwei"), a wholly owned subsidiary of the Company, which amount was owing prior to the Group's acquisition of Shanghai Fengwei.

SFNW and New Silkroutes Capital Pte. Ltd. a wholly owned subsidiary has entered into a lease agreement and the amount owing from SFNW will be used to offset against the rental payable by Shanghai Fengwei for the use of the land.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

7. Negative assurance confirmation on the interim financial results pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the three months ended 30 September 2021 to be false or misleading in any material respect.

On behalf of the Board of Directors

Darrell Lim Chee Lek
Independent Non-Executive Chairman

Chua Siong Kiat
Independent Non-Executive Director

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD

Ong Beng Hong
Company Secretary
14 November 2021