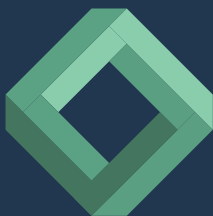


Annual Report  
**2022**



New Silkroutes Group Limited

**Elevating  
Performance,  
Inspiring  
Excellence**



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

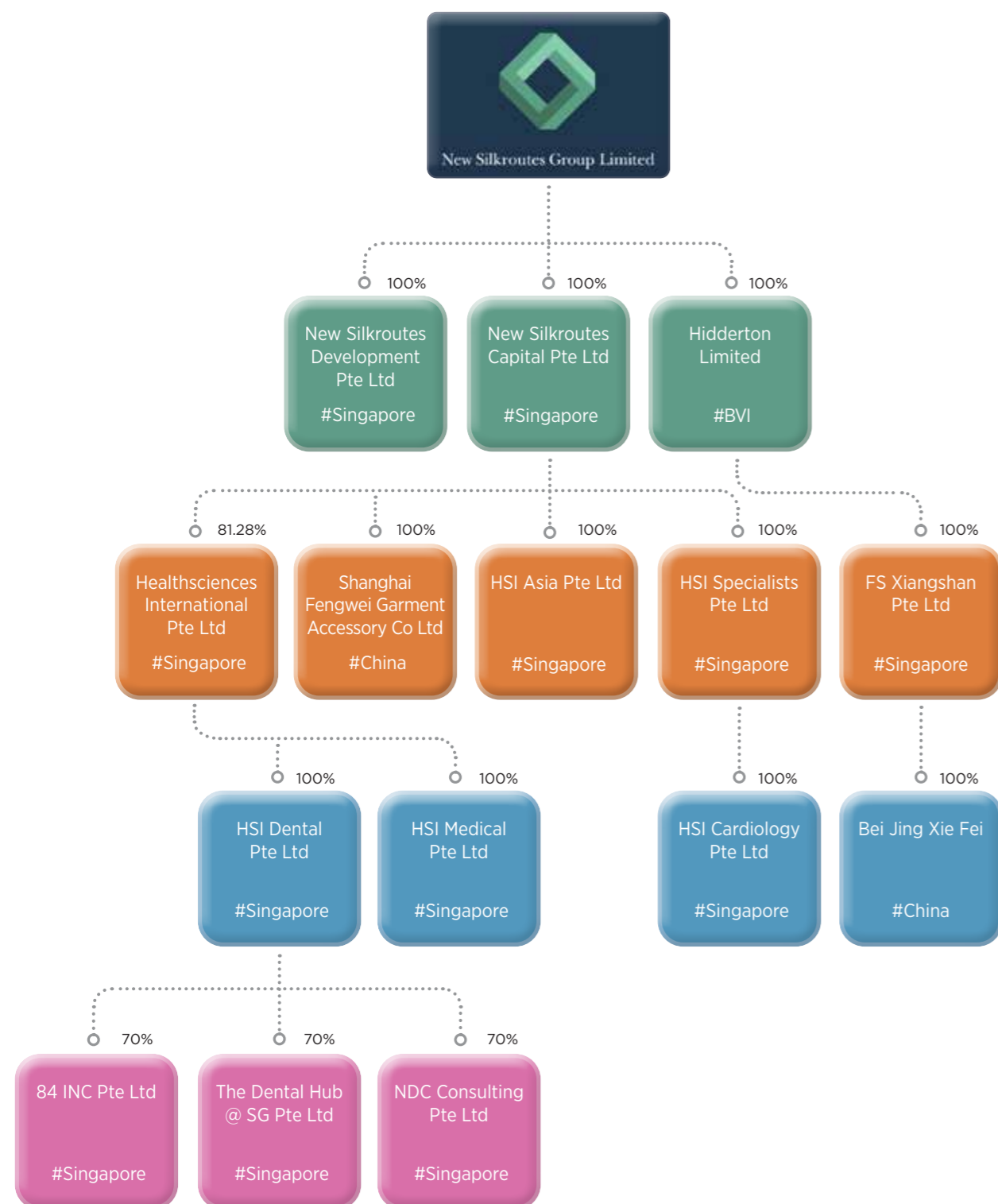
New Silkroutes Group, together with its subsidiaries (the “Group”), operate in the healthcare sector.

**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.

The Group owned 18 clinics comprising one dental specialist clinic, 9 dental clinics, 5 family medicine clinics, one aesthetic clinic and one traditional chinese medicine (“TCM”) clinic as well as one dental supplies company. These dental specialist clinic, 9 dental clinics, 5 family medicine clinics, one aesthetic clinic and one dental supplies company have been disposed of or are in the process of being disposed of.





Dear Shareholders,

I am writing to provide an update on the recent developments and progress of New Silkroutes Group Limited ("NSG") in the fiscal year that concluded on June 30, 2022 ("FY22").

FY22 presented us with notable challenges stemming from the lingering effects of the global COVID-19 pandemic, which continued to disrupt both local and global economic landscapes. Despite these challenges, I am pleased to report that our dedicated Management team and the steadfast Board of Directors have been resolutely focused on orchestrating a strategic turnaround for NSG, thereby fostering sustainable growth and resilience.

In light of the evolving circumstances, I am gratified to share that we have made significant strides in our endeavors to reshape the trajectory of NSG. Notably, substantial progress has been achieved in our restructuring initiatives. Over the past year, we have successfully divested our interests in all HSI Medical Pte. Ltd. ("HSIM") practices and have completed or are in the process of completing the divestment of all HSI Dental Pte. Ltd. ("HSID") practices. Furthermore, key agreements have been executed with regards to Traditional Chinese Medicine ("TCM") and Shanghai Fengwei Garment Accessory Co. Ltd. ("Shanghai Fengwei"), with the imminent completion of these sales transactions on their respective closing dates. The expeditious and efficient divestiture of these assets, optimizing their value and mitigating liabilities, is a testament to the Group's commitment to prudent management.

Concurrently, NSG is actively collaborating with its financial and legal advisors to finalise the Company scheme—a significant milestone that augurs well for the Group's future. We hold confidence that the Group will be successful in the disposal of the remaining assets, a comprehensive restructuring of liabilities, and the subsequent emergence of new business avenues, shaping a promising future for NSG.

In conclusion, I wish to extend my gratitude to all stakeholders for their unwavering support during these transformative times. NSG remains steadfastly committed to pursuing excellence, adaptability, and growth, guided by the principles of sound governance and prudent decision-making.

Sincerely,

**Mr. Darrell Lim Chee Lek**  
Chairman of the Board of Directors



The newly established Management team has embarked on a transformative journey aimed at restructuring the Group. This strategic undertaking entails divesting from existing businesses, optimizing our liabilities, and venturing into new enterprises to forge a renewed path forward for NSG.

## PERFORMANCE OVERVIEW

In the fiscal year ending June 30, 2022 ("FY22"), the Group's revenue witnessed a decline to US\$29.4 million compared to US\$42.0 million in the prior fiscal year, FY21, for continuing operations. This performance was predominantly influenced by a heightened competitive landscape and post-COVID-19 recovery, leading to decreased demand for non-woven material. Concurrently, other income also experienced a reduction, with FY22 reporting US\$1.0 million compared to US\$1.8 million in FY21. This decline was attributed primarily to lower value-added tax refunds and the gradual reduction of government grants received.

## DISPOSITION OF HSIM AND HSID PRACTICES

The enduring impact of the COVID-19 pandemic stagnated the growth of our clinics. During FY22, the healthcare services subsidiaries of the Company contributed a consistent US\$13.0 million to the revenue, mirroring FY21. In response, our Management undertook an intensive evaluation of the group's strategic direction over the past twelve months and consequently resolved to divest from all practices. This strategic shift aims to alleviate the funding pressures faced by the Group. As of the report's release date, all HSIM practices have been successfully divested and all HSID practices have been or are in the process of being divested, and their effects will be reflected in the financial results of FY23 and FY24. Please refer to our official public announcements for comprehensive details.



## SHANGHAI FENGWEI

FY22 witnessed continued challenges for Shanghai Fengwei's China operations, characterised by intensified competition and diminished demand. Non-woven material prices were impacted by over-purchasing by our downstream partners. Capitalizing on the receding influence of the COVID-19 pandemic, our Management embarked on another strategic decision over the past twelve months, culminating in the execution of a sale and purchase agreement for the disposal of Shanghai Fengwei. This strategic maneuver is anticipated to inject a substantial financial uplift to the Group. The financial impact of the Shanghai Fengwei sale will be duly reflected in the FY24 financial results. For a comprehensive understanding, kindly consult our official public announcements.

## COMPANY SCHEME

At present, NSG is operating under moratorium protection pursuant to section 64(7) of the Insolvency, Restructuring, and Dissolution Act 2018. Concurrently, in collaboration with our financial and legal advisors, NSG is meticulously crafting the requisite scheme documents with the ultimate objective of restructuring prevailing liabilities. This process is expected to culminate within the ensuing twelve months.

## FUTURE ENDEAVORS

NSG is actively exploring new business avenues that promise sustainable growth and prospects for the Group's future. Your unwavering support and trust remain instrumental in propelling NSG toward a resilient and thriving future.

Sincerely,

**Mr. Han Binke**  
Chief Executive Officer



**MR DARRELL LIM CHEE LEK**

*Independent Non-Executive Chairman and Lead Independent Director*

Darrell was appointed Independent Non-Executive Director to the NSG Board on 1 August 2020, and subsequently appointed Independent Non-Executive Chairman on 20 October 2020.

Darrell has more than 20 years of professional experience, starting his career as an Australian-based management consultant in 2003. He is currently Director of Bright Point Capital Pte. Ltd., a subsidiary of HKEX mainboard-listed Theme International Holdings Ltd., and Non-Executive Director of SGX listed BRC Asia Ltd.. He also sits on the board of privately held XM Studios Pte. Ltd. as a non-executive director.

From 2009-2019, Darrell spent 10 years with the Singapore Exchange in several management roles including corporate strategy, product development, investor relations and corporate coverage.

Darrell holds graduate and post-graduate degrees from Oxford University (UK), Sydney University (AU) and the National University of Singapore (SG).

**MR HAN BINKE**

*Executive Director and Chief Executive Officer*

Mr Han Binke was appointed as Executive Director and Chief Executive Officer on 10 August 2022.

Mr Han has more than 10 years of working and management experience in the financial, investment and real estate funds. He is particularly familiar with the operation of the capital market, has considerable experience in alternative investment, and extensive client resources and financial industry resources in mainland China, Hong Kong, and Singapore. He served as Assistant Vice President in CCB International (China) Co., Ltd., Business Director in Huarong International Holdings Limited, Investment Director in Teamway International Group, Chief Investment Officer in Sinjia Land Limited, and Chief Executive Officer in Tianjin Real Estate Co., Ltd..

Mr Han obtained his Bachelor in finance from Harbin Engineering University (CN) in 2008 and Master of Science in Accounting and Finance in Durham University (UK) in 2010.

**MR CHUA SIONG KIAT**

*Independent Non-Executive Director*

Mr Chua was appointed as Independent Non-Executive Director on 1 August 2020.

Mr Chua is an experienced corporate financial executive and consultant with substantial international broad-based financial and management experience of close to 30 years, mainly in real estate investment and development, building construction and materials, healthcare, and medical assurance sectors; and having lived and worked in London, Beijing, Ho Chi Minh City, and Singapore. He is a director of Lighthouse Business Consulting Pte. Ltd., a boutique business consulting firm he founded in 2017. He is the CFO of Memiontec Holdings Ltd., a SGX listed company and serves as independent non-executive director of another three SGX listed companies and a NASDAQ listed company.

Mr. Chua is a Fellow of Chartered Certified Accountant (FCCA, UK), Certified Internal Auditor (CIA, USA), Chartered Accountant of Singapore (CA Singapore), Chartered Valuer and Appraiser (CVA) and member of the Singapore Institute of Director (SID). He holds a Master of Business Administration and Diploma of the Imperial College in Management (MBA, DIC) from Imperial College London Business School.

**MR LIM ENG SENG**

*Independent Non-Executive Director*

Mr Lim was appointed as Independent Non-Executive Director on 11 January 2021.

Mr Lim has 20 years of experience in the capital markets. He was previously based in Hong Kong, with deal experience across Asia Pacific. He has worked for Royal Bank of Scotland plc, TE Asia Healthcare Partners Pte. Ltd. (portfolio of TPG) and Fullerton Healthcare Corp. Ltd.. He is currently the Managing Director of a boutique business consulting firm, focused on healthcare opportunities in the region. He was also the longest serving Chairman of The Singapore Association (HK) from 2008 to 2012.

Mr Lim graduated from Lancaster University (UK) with First Class Honours in 2003.



## BOARD OF DIRECTORS

**Mr Darrell Lim Chee Lek**  
(Independent Non-Executive Chairman and Lead Independent Director)

**Mr Han Binke**  
(Executive Director and Chief Executive Officer)

**Mr Chua Siong Kiat Alex**  
(Independent Non-Executive Director)

**Mr Lim Eng Seng**  
(Independent Non-Executive Director)

## AUDIT AND RISK COMMITTEE

**Mr Chua Siong Kiat Alex**  
(Chairman)

**Mr Darrell Lim Chee Lek**

**Mr Lim Eng Seng**

## NOMINATING COMMITTEE

**Mr Lim Eng Seng**  
(Chairman)

**Mr Darrell Lim Chee Lek**

**Mr Chua Siong Kiat Alex**

## REMUNERATION COMMITTEE

**Mr Darrell Lim Chee Lek**  
(Chairman)

**Mr Chua Siong Kiat Alex**

**Mr Lim Eng Seng**

## COMPANY SECRETARY

**Ms Ong Beng Hong**

## REGISTERED OFFICE

456 Alexandra Road  
#24-01 Fragrance Empire Building Singapore 119962  
Tel: (65) 6377 0100 Fax: (65) 6377 0600  
www.newsilkroutes.com

## SHARE REGISTRAR

**B.A.C.S. Private Limited**  
77 Robinson Road  
#06-03 Robinson 77  
Singapore 068896

## INDEPENDENT AUDITOR

**Baker Tilly TFW LLP**  
**Public Accountants and Chartered Accountants**  
600 North Bridge Road  
#05-01 Parkview Square  
Singapore 188778

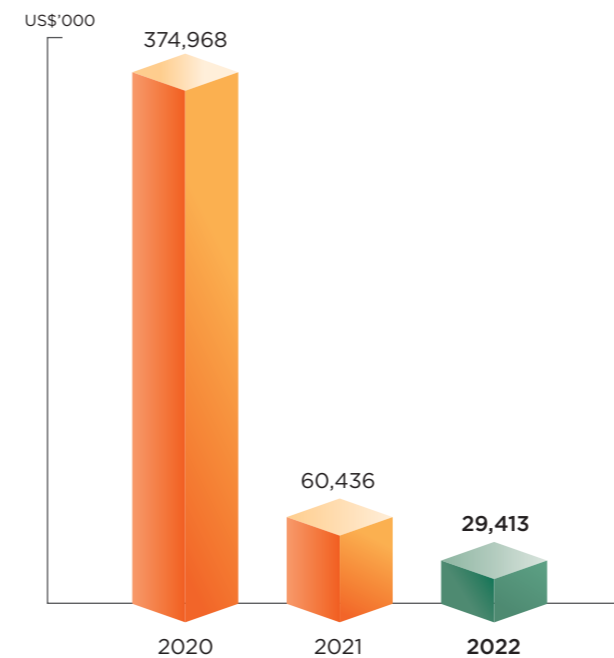
Audit Partner-in-charge: Mr Khor Boon Hong  
(Date of Appointment: 8 February 2021)

## PRINCIPAL BANKERS

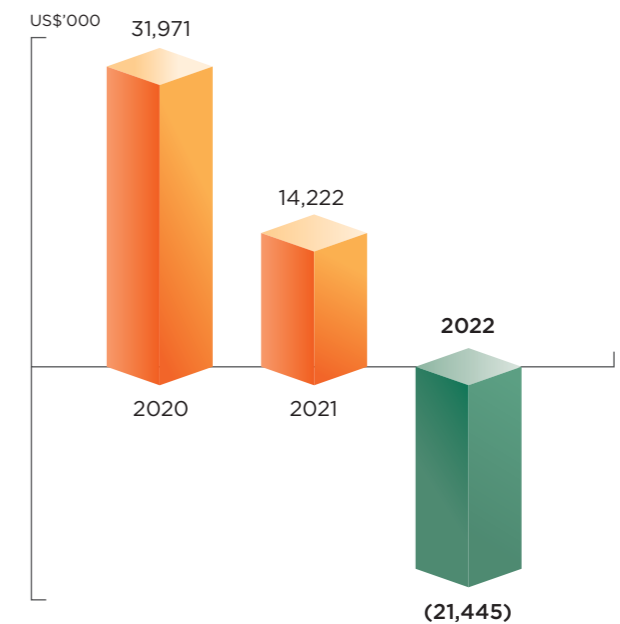
**CIMB Bank Berhad**  
**United Overseas Bank Limited**



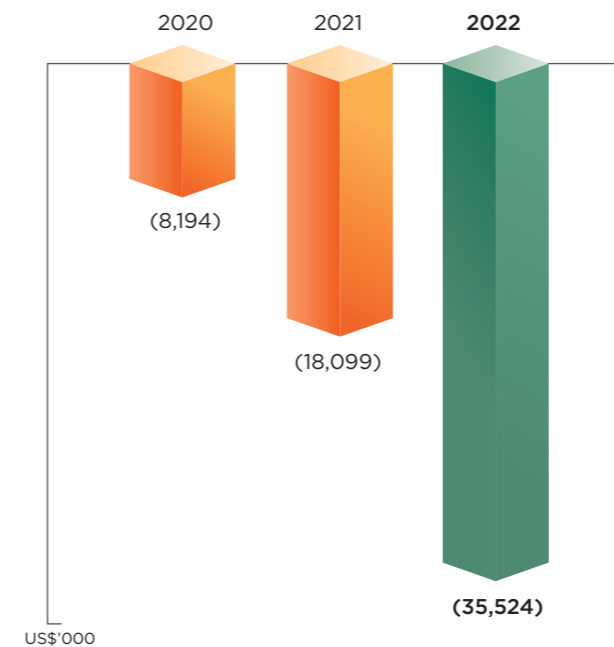
## REVENUE FROM CONTINUING OPERATIONS AND DISCONTINUING OPERATION



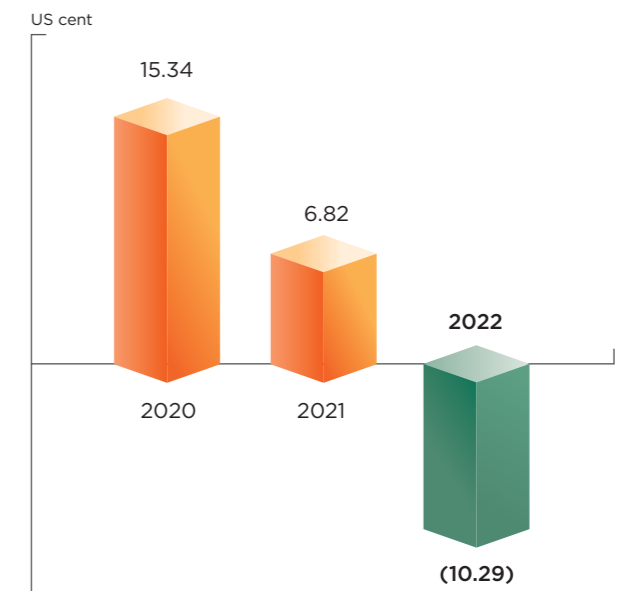
## SHAREHOLDERS' EQUITY



## (LOSS) AFTER TAX



## NET ASSET VALUE PER ORDINARY SHARE





# OPERATIONS AND FINANCIAL REVIEW

## OPERATION REVIEW

Over the past twelve months, our strategic focus has encompassed the following key initiatives:

### DISPOSAL OF HSIM AND HSID PRACTICES

Management conducted a comprehensive evaluation of our group's strategic trajectory and opted to divest from all practices. This strategic pivot was intended to address the funding pressures confronting the Group. Notably, by the release date of this report, we successfully completed the divestment of all HSIM practices and have completed or are in the process of completing the divestment all HSID practices. The results of this strategic move will be evident in the financial outcomes of FY23 and FY24. We invite you to consult our official public announcements for in-depth insights.

### SHANGHAI FENGWEI

FY22 witnessed ongoing challenges for Shanghai Fengwei's China operations, characterised by amplified competition and reduced demand. The pricing of non-woven materials suffered due to over-purchasing by our downstream partners. This culminated in the execution of a sale and purchase agreement for the disposal of Shanghai Fengwei. This strategic maneuver is poised to infuse a significant financial boost to the Group. The fiscal consequences of this sale will be duly reflected in the financial results of FY24. A comprehensive understanding of this development can be gleaned from our official public announcements.

### COMPANY SCHEME

Presently, NSG is operating under moratorium protection, as stipulated by section 64(7) of the Insolvency, Restructuring, and Dissolution Act 2018. In parallel collaboration with our adept financial and legal advisors, NSG has been diligently crafting the requisite scheme documents, with the ultimate goal of restructuring our prevailing liabilities. This intricate process is projected to reach its culmination within the next twelve months.

### FUTURE VENTURES

NSG is actively exploring business avenues that offer the promise of sustainable growth and prospective benefits for the Group's trajectory.



# OPERATIONS AND FINANCIAL REVIEW

## FINANCIAL REVIEW

### GROUP FINANCIAL PERFORMANCE

In FY22, the Group realised a revenue of US\$29.4 million from continuing operations, reflecting a decline of 30.0% in comparison to the US\$42.0 million achieved in FY21. This reduction was chiefly attributed to a decreased demand for non-woven material, influenced by heightened competition from analogous enterprises subsequent to China's economic rebound from the COVID-19 pandemic.

In aggregate, the Group incurred a net loss of US\$35.1 million in FY22, an escalation from the net loss of US\$18.1 million incurred in FY21. This outcome is primarily ascribed to recognition of financial guarantee liabilities amounting to US\$27.4 million associated with OCAP Management Pte. Ltd. ("OCAP") and lolani Shipping Limited ("lolani").

### SEGMENTAL FINANCIAL PERFORMANCE

The healthcare segment of the Group observed a decline in revenue, indicative of decelerated demand for non-woven material in light of China's post-pandemic economic resurgence. This resulted in the healthcare segment recording a net loss of US\$2.1 million in FY22—a contrast to the net loss of US\$0.1 million reported in FY21.

### FINANCIAL POSITION

As at 30 June 2022, the Group had total assets of US\$31.2 million and total liabilities of US\$52.3 million. Net assets stood at a negative position of US\$21.1 million at the end of FY22 and this translated into a negative net asset value per share of US\$10.14.

Current assets increased to US\$22.2 million as at 30 June 2022 from US\$16.6 million in 30 June 2021, primarily driven by the reclassification of US\$14.1 million disposal group classified as held for sale and partially offset by a decrease in the cash balance of US\$5.1 million.

Current liabilities increased to US\$51.9 million as at 30 June 2022 from US\$20.2 million as at 30 June 2021, primarily driven by the recognition of financial guarantee liabilities in the amount of US\$27.4 million in respect of the corporate guarantees provided to OCAP and lolani.

Non-current assets decreased to US\$8.9 million as at 30 June 2022 from US\$27.7 million as at 30 June 2021, primarily driven by the reclassification of goodwill for HSI Medical, HSI Dental and HSI Chinese Medicine to disposal group held for sale in preparation of their sale.

Non-current liabilities decreased to US\$0.4 million as at 30 June 2022 from US\$8.8 million as at 30 June 2021, primarily driven by the reduction of lease and other payables.

# CORPORATE GOVERNANCE REPORT

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 interests as well as to enhance the long-term value of its shareholders. This is in line with the Code of Corporate Governance 2018 (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.

## THE BOARD’S CONDUCT OF AFFAIRS

**Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

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 Board holds the Management accountable for its performance, puts in place a code of conduct and ethics, sets the appropriate tone from the top and desired organisational culture, and ensures proper accountability within the Company.

The principal functions of the Board include:

- approving the overall policies, strategic plans, key operational initiatives, major investments and funding decisions;
- approving the budget and monitoring the performance of the business;
- approving the financial results of the Group for release to shareholders;
- ensuring the implementation of appropriate risk management and control systems to manage the Group’s business and financial risks;
- considering and approving the nominations and re-nominations to the Board as well as the appointment of key personnel;
- setting the values and standards, including ethical standards, of the Group and ensuring that obligations to shareholders and other stakeholders are understood and met;
- assuming responsibility for the corporate governance of the Group; and
- considering sustainability issues as part of its strategic formulation.

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

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. The Company’s Constitution provides that a Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly, and that a Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting. In the event that a Director is interested in any transaction of the Group, he shall inform the Board accordingly and abstain from making any recommendation or decision with regard to the transaction.

In the discharge of its function, the Board is supported by specialty Board Committees that provide independent oversight over 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. Matters which are reserved for the Board’s decision include but are not limited to the following:

- approval of the annual budget and financial results;
- approval of key activities and business strategies;

# CORPORATE GOVERNANCE REPORT

- approval of the corporate strategy and direction of the Group;
- approval of transactions involving a conflict of interest for a substantial shareholder or a Director or interested person transactions;
- material acquisitions, disposals, investments, joint ventures and other transactions;
- corporate or financial restructuring;
- share issuances and other fundraising initiatives;
- declaration of dividends and other returns to shareholders; and
- appointment of new Directors or key personnel.

The Board holds at least four 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 2022 (“**FY2022**”), the Board convened 12 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 FY2022<sup>(1)</sup>:

Name of Director	Board		Audit and Risk Committee		Nominating Committee		Remuneration Committee	
	Number of Meetings		Number of Meetings		Number of Meetings		Number of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Han Binke <sup>(2)</sup>	1	1	1	1*	0	0	0	0
VicPearly Wong Hwei Pink <sup>(3)</sup>	5	5	4	4*	2	2*	1	1*
Shen Yuyun <sup>(4)</sup>	5	4	4	4*	2	1*	1	1*
Chua Siong Kiat Alex	5	5	4	4	2	2	1	1
Darrell Lim Chee Lek	5	5	4	4	2	2	1	1
Lim Eng Seng	5	5	4	4	2	2	1	1

### Notes:

- Refers to the number of meetings held/attended while each Director was in office.
- Mr Han Binke was appointed as a Non-Executive Director of the Company with effect from 2 June 2022. Mr Han was subsequently redesignated as Executive Director and appointed as Chief Executive Officer on 10 August 2022. Mr Han attended one (1) meeting by invitation.
- Dr VicPearly Wong Hwei Pink resigned as Executive Director and Chief Executive Officer in tandem with the resignation and appointment of Mr Han Binke as Executive Director and Chief Executive Officer with effect from 10 August 2022. Dr Wong attended seven (7) meetings by invitation.
- Mr Shen Yuyun resigned as Executive Director with effect from 1 March 2023.

\* By invitation



# CORPORATE GOVERNANCE REPORT

While the Board considers Directors' attendance at Board meetings to be important, it is not 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 and ensures that Directors with multiple board representations give sufficient time and attention to the affairs of the Group.

Generally, a newly-appointed Director will be given briefings by the Management on the history and business operations of the Group. The Company will also provide the newly-appointed Director with a formal letter setting out his/her duties and obligations. In addition, in line with Rule 210(5)(a) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Listing Manual"), the Company will arrange for newly-appointed directors who have no prior experience as a director of a company listed on the SGX-ST to undergo training in the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST, unless the Nominating Committee otherwise at its discretion waives the need for the newly-appointed Director to attend the prescribed training. The new Directors of the Company are in the process of attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST.

Existing Directors are provided with information on and encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as Directors to the Company. The Directors may also attend appropriate courses and seminars to develop and maintain their skills and knowledge at the Company's expense. As at the date of this Annual Report, two Directors have completed sustainability training as prescribed by the SGX-ST and two Directors are in the process of completing the prescribed sustainability training by the end of 2023. 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 Directors are kept abreast of the risks faced by the Company through briefings by the Management at Board meetings and of the latest changes to the Companies Act 1967, the Listing Manual, the Code and the accounting standards by the relevant professionals at quarterly Board meetings.

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. Draft announcements, along with sufficient information relating to the context of the relevant announcement as communicated by email or tele-conversations, will be circulated to the Board for review and approval before dissemination to the shareholders via SGXNET.

The Directors have separate and independent access to the Management, the advice and services of the Company Secretary as well as those of the Company's external advisers (where necessary) at the Company's expense. The Company Secretary assists the Management to prepare the board papers of the Board and Committee meetings for circulation. The board papers include, among others, the following documents and details:

- background or explanation on matters brought before the Board and the Committees for their decision or information, including issues being dealt with by Management, relevant forecasts, announcements and projections; and
- minutes of the previous Board and Committee meetings.

The Company Secretary and/or representatives from the Company Secretary's office attend meetings of the Board and the Board Committees. The Company Secretary assists 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 1967 and the Listing Manual. The appointment and removal of the Company Secretary is a decision of the Board as a whole. Directors may, in appropriate circumstances, seek independent professional advice concerning the Company's affairs.

## BOARD COMPOSITION AND GUIDANCE

**Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

As at the date of this Annual Report, the Board comprises four members, of whom three are Independent Non-Executive Directors and one of whom is the Executive Director and the Chief Executive Officer of the Company. The current number of Independent Directors complies with Rule 210(5)(c) of the Listing Manual, which requires the Board to have at least two non-executive directors who are independent and free of any material business or financial connection with the Company. Non-executive directors make up a majority of the Board, in line with Provision 2.3 of the Code. All the members of each specialty

# CORPORATE GOVERNANCE REPORT

Board Committee are independent non-executive Directors. The current list of Directors is as follows:

Mr Darrell Lim Chee Lek	(Independent Non-Executive Chairman and Lead Independent Director)
Mr Han Binke	(Executive Director and Chief Executive Officer)
Mr Chua Siong Kiat Alex	(Independent Non-Executive Director)
Mr Lim Eng Seng	(Independent Non-Executive Director)

Under the Code, an independent Director is one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company. Under Rule 210(5) of the Listing Manual, a Director will not be independent if he is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Remuneration Committee. A Director would also not be independent if he has been a director for an aggregate period of more than nine years (whether before or after listing). None of the Independent Non-Executive Directors have served on the Board for an aggregate period of more than nine years.

The Independent Directors help develop proposals on strategy, review the performance of the Management in meeting agreed goals and objectives and participate in decisions on the appointment, assessment and remuneration of the Executive Directors and key management personnel. The Independent Directors do not participate in the day-to-day management of the Group.

A Director who is not an employee of the Group and who is not the immediate family member of an employee of the Group and who has no relationship with the Group or its officers or its substantial shareholders which 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 Non-Executive Directors to be independent, after determining, taking into account the views of the Nominating Committee, whether the Director is independent in conduct, 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.

Provision 2.2 of the Code requires independent directors to make up a majority of the Board where the chairman of the Board is not independent. The current Chairman is Mr Darrell Lim Chee Lek, who is independent. Nonetheless, independent directors make up the majority of the current Board.

The Board was and is able to exercise independent judgment on corporate affairs, as all Directors debate vigorously on subject matters tabled at the Board meetings, regardless of whether they are independent or not. All decisions of the Board are collective decisions without any individual or small group of individuals influencing or dominating the decision-making process.

With the introduction of Rule 710A of the Listing Rules effective from 1 January 2022, the Board has formulated and implemented a board diversity policy that addresses gender, skills and experience and other relevant aspects of diversity.

Under the Board Diversity Policy, the Board considers whether there is an appropriate mix of members of different age, gender, length of service and with different skills, experience, background and other relevant qualities considered essential for the effective governance of the Company. In reviewing the appointments of new Directors, the Board together with the Nominating Committee ensures that it sets relevant objectives to promote and achieve diversity on the Board, and appointments are based on merit and after due consideration of the collective skills needed to strengthen the overall board governance role. The Nominating Committee has not set a quota as a target as it may detract from the more fundamental principle that the candidate must be of right fit and meet the relevant needs and vision of the Company. Notwithstanding, the Nominating Committee is cognisant of the new Listing Rule 710A.

# CORPORATE GOVERNANCE REPORT

The Board Diversity Policy in identifying director nominees primarily seeks to achieve 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, expertise and attributes provide for effective direction of the Group. The Nominating Committee endeavors to ensure that female candidates are included for consideration when identifying candidates to be appointed as new directors. Further to this, the Board and Nominating Committee will also continue to take into consideration the need for diversity on the Board in the appointment of new Directors in line with the intent of Principle 2 of the Code. During FY2022, Dr VicPearly Wong Hwei Pink was CEO and Executive Director, making 1 out of 5 directors of the Board (about 20%) female. To maintain or enhance the Board's balance and diversity, the Board's structure, size and composition are reviewed annually by the Nominating Committee to ensure that the Board has the appropriate mix of skills, knowledge, expertise, experience, diversity and gender and collectively possesses 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/or non-executive members of the Board comprise experienced 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/or Non-Executive Directors constructively challenge and help develop proposals on strategy, assist the Board in reviewing the performance of the Management in meeting agreed goals and objectives, and monitor the reporting of performance. The Independent and/or Non-Executive Directors meet regularly without the presence of the Executive Directors and the Management, and the chairman of such meetings provides feedback to the Board as appropriate.

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. In reviewing the appointments of new Directors, the Board together with the Nominating Committee ensures that it sets relevant objectives to promote and achieve diversity on the Board. In discharging its duties, the Board and the Nominating Committee shall give due regard to the benefits of all aspects of diversity and strive to ensure that the Board is appropriately balanced to support the long-term success of the Company. The main objective is to continue to maintain the appropriate balance of perspectives, skills and experience on the Board to support the long-term success of the Company.

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

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

There is a distinct separation of responsibilities between the Chairman and the CEO to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The positions of the Chairman and the CEO are kept separate and are held by Mr Darrell Lim Chee Lek and Mr Han Binke respectively. Mr Darrell Lim Chee Lek was appointed Independent Non-Executive Director on 1 August 2020 and designated as the Lead Independent Director with effect from 1 October 2020. He was designated as the Acting Independent Non-Executive Chairman with effect from 20 October 2020. Mr Han Binke was appointed as a Non-Executive Director of the Company with effect from 2 June 2022 and subsequently redesignated as Executive Director and appointed as CEO on 10 August 2022, following handover from Dr VicPearly Wong Hwei Pink on 10 August 2022.

As the Chairman, Mr Darrell Lim Chee Lek bears the following responsibilities:

- 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;
- setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- 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;
- ensuring that the Directors receive complete, adequate and timely information;

# CORPORATE GOVERNANCE REPORT

- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and the Management, in particular, between the Board and the CEO;
- facilitating the effective contribution of independent and/or non-executive Directors towards the Company; and
- 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.

In line with Provision 3.3 of the Code, Mr Darrell Lim Chee Lek as Lead Independent Director would be available to shareholders where they have concerns and for which contact through the normal channels of communications with the Management are inappropriate or inadequate. Mr Lim may be contacted via email at darrell.lim@newsilkroutes.com or by letter (attention to Mr Darrell Lim) to 456 Alexandra Road, #24-01, Fragrance Empire Building, Singapore 119962.

## BOARD MEMBERSHIP

**Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

The Nominating Committee comprises the following members, all of whom (including the chairman of the Nominating Committee) are independent. The Lead Independent Director is a member of the Nominating Committee:

Mr Lim Eng Seng	(Independent Non-Executive Director; chairman of the Nominating Committee)
Mr Darrell Lim Chee Lek	(Independent Non-Executive Director)
Mr Chua Siong Kiat Alex	(Independent Non-Executive Director)

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

- 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;
- 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 (3) years;
- to review the independence of the Independent Non-Executive Directors;
- to ensure that Directors who have multiple board representations give sufficient time and attention to the Company's affairs;
- 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;
- to assess the effectiveness of the Board as a whole and the effectiveness of the Board Committees;
- 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;
- to review and recommend to the Board training and professional development programmes for the Board and its Directors; and
- to ensure complete disclosure of information of Directors as required under the Code.



For appointment of new Directors to the Board, the Nominating Committee would, in consultation with the Board, evaluate and determine the selection criteria (which includes skills, knowledge, expertise, experience and character) with due consideration given to the size and composition and the mix of skills, knowledge and experience of the existing Board. New Directors are appointed by way of a Board resolution after the Nominating Committee 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 Nominating Committee would through various avenues, 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 internal assessments conducted on any suitable candidates within the Group. The Company would undertake background checks and invite the shortlisted candidates to an interview cum discussion that may include a briefing of the business of the Group and its expectation of its Directors' role and duties. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he holds a significant number of other listed company directorships and principal commitments.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director, the Nominating Committee, in consultation with the Board, will determine the selection criteria (which includes skills, knowledge, expertise, experience and character) and select the appropriate candidate for the position.

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) will submit themselves for re-nomination and re-election.

The Nominating Committee has assessed the independence of the Independent Non-Executive Directors and is satisfied that there are no relationships which would deem any of the Independent 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 listed company board representations. 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.

Details of the appointment of the current 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
Chua Siong Kiat Alex	52	1 August 2020	29 October 2021	China Yuanbang Property Holdings Limited <sup>(3)</sup> Heatec Jietong Holdings Limited <sup>(4)</sup> VCI Global Limited <sup>(5)</sup> Ever Glory United Holdings Limited <sup>(6)</sup>
Darrell Lim Chee Lek <sup>(1)</sup>	46	1 August 2020	30 October 2020	BRC Asia Limited <sup>(7)</sup>
Han Binke <sup>(2)</sup>	38	2 June 2022	-	-
Lim Eng Seng <sup>(1)</sup>	44	11 January 2021	29 October 2021	-

**Notes:**

- (1) Mr Darrell Lim Chee Lek and Mr Lim Eng Seng will retire at the forthcoming AGM pursuant to Article 91 of the Company's Constitution and will be eligible for re-election.
- (2) Mr Han Binke will retire at the forthcoming AGM pursuant to Article 97 of the Company's Constitution and will be eligible for re-election.
- (3) Mr Chua Siong Kiat Alex is the Lead Independent Director of China Yuanbang Property Holdings Limited.
- (4) Mr Chua Siong Kiat Alex is the Non-Executive Independent Director of Heatec Jietong Holdings Limited.

- (5) Mr Chua Siong Kiat Alex is the Non-Executive Independent Director of VCI Global Limited.
- (6) Mr Chua Siong Kiat Alex is the Lead Independent Director of Ever Glory United Holdings Limited.
- (7) Mr Darrell Lim Chee Lek is a Non-Executive Non-Independent Director of BRC Asia Limited.

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. Directors are also required to ensure that they are able to give sufficient time and attention to the affairs of the Company.

**BOARD PERFORMANCE**

**Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

The Board has set up a formal assessment process with the use of evaluation forms to evaluate the effectiveness of the Board as a whole and the effectiveness of each Board Committee and individual directors (including the Chairman). The Nominating Committee recommends for the Board's approval the objective performance criteria and process for such evaluation.

The evaluation of the Board's performance as a whole deals with matters on Board composition, information flow to the Board, Board procedures and Board accountability. Factors such as the structure, size and processes of the Board and the Board's access to information, the Management and the effectiveness of the Board's oversight of the Company's performance are applied to evaluate the performance of the Board as a whole. The evaluation of the performance of the individual Board Committees deals with matters such as the Board Committee's composition, quality of recommendations, expertise of members and timely communication to the Board. The evaluation of the performance of an individual Director deals with matters on an individual Director's attendance at meetings, observance of the individual Director's duties towards the Company and the individual Director's know-how and interaction with fellow Directors.

As part of the evaluation process, each Director completes an evaluation form, which is then returned to the Company Secretary for compilation of average scores. The compiled results are then tabulated and presented to the Nominating Committee and the Board for discussion. The evaluation of Board performance is conducted annually to identify areas of improvement. The Board may, in consultation with the Nominating Committee, propose, where appropriate, new members be appointed to the Board or seek the resignation of Directors. The Company did not engage any external consultant or facilitator to assist with the performance evaluation of the Board, Board Committees or any individual Directors for FY2022.

**PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

**Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

The Remuneration Committee comprises the following members:

- |                         |  |
|-------------------------|--|
| Mr Darrell Lim Chee Lek | (Independent Non-Executive Director, chairman of the Remuneration Committee) |
| Mr Lim Eng Seng         | (Independent Non-Executive Director)   |
| Mr Chua Siong Kiat Alex | (Independent Non-Executive Director)   |

All the members of the Remuneration Committee are Independent Non-Executive Directors (including the chairman of the Remuneration Committee). 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 FY2022 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 Financial Controller 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, share awards and benefits-in-kind, are considered by the Remuneration Committee when reviewing and recommending the remuneration package of the Directors 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.

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 of remedies against the Executive Directors in the event of any such breach of fiduciary duties.

Each member of the Board and the Remuneration Committee abstains from voting on any resolution in respect of his/her remuneration package.

#### LEVEL AND MIX OF REMUNERATION

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

In reviewing and recommending the remuneration of the independent and/or 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/or 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 or non-executive Director and the fees paid in comparable companies. Directors' fees, which are only payable and paid to the independent and/or 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 subsidiaries 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 Remuneration Committee and the Board are of the view that the current remuneration packages are appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

#### DISCLOSURE ON REMUNERATION

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting the remuneration, and the relationship between remuneration, performance and value creation.**

Details of the remuneration for FY2022 paid and/or payable to the Directors are set out below:

##### Current directors

Directors Remuneration	Salary & CPF %	Directors' Fees %	Bonus %	Other Benefits %	Total %
<b>S\$250,001 to S\$500,000</b>					
Han Binke <sup>(1)</sup>	-	-	-	-	-
<b>S\$0 to S\$250,000</b>					
Chua Siong Kiat Alex	-	100	-	-	100
Darrell Lim Chee Lek	-	100	-	-	100
Lim Eng Seng	-	100	-	-	100

##### Note:

(1) Mr Han Binke was appointed as a Non-Executive Director of the Company with effect from 2 June 2022. Mr Han was subsequently redesignated as Executive Director and appointed as Chief Executive Officer on 10 August 2022.

##### Directors who retired or resigned in or after FY2022

Directors Remuneration	Salary & CPF %	Directors' Fees %	Bonus %	Other Benefits %	Total %
<b>S\$0 to S\$250,000</b>					
VicPearly Wong Hwei Pink (resigned on 10 August 2022)	100	-	-	-	100
Shen Yuyun (resigned on 1 March 2023)	100	-	-	-	100

Given the highly competitive industry conditions and the sensitivity and confidentiality of employee remuneration matters, the Company believes that the disclosure of the remuneration of individual Directors and executives as recommended by the Code would be disadvantageous to the Group's interests. The Board believes that by disclosing the breakdown showing the level and mix of remuneration paid to the Directors, and the types of compensation in percentage terms and in bands of S\$250,000, the current disclosure on remuneration is meaningful and sufficiently transparent in giving an understanding of the remuneration of the Directors, the Company's remuneration policies, level and mix of remuneration, performance and value creation.

The Group had one (1) key management personnel for FY2022 (who is not a Director or the CEO). Details of the remuneration for FY2022 paid and/or payable to the key management personnel (who is not a Director or the CEO) are set out below:

Key Executives Remuneration Band	Salary & CPF %	Bonus %	Other Benefits %	Total %
<b>S\$0 to S\$250,000</b>				
Wan Guowei (resigned on 31 October 2022)	100	-	-	100



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For FY2022, the Company identified the above person as its only key management personnel. There are no other key management personnel who are not directors or the CEO. The remuneration of the Group's key management personnel is duly disclosed in this Annual Report.

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 key management personnel (who are not Directors or the CEO) would be disadvantageous to the Group's interests. The Board believes that by disclosing the breakdown showing the level and mix of remuneration paid to the key management personnel, and the types of compensation in percentage terms and in bands of S\$250,000, the current disclosure on remuneration is meaningful and sufficiently transparent in giving an understanding of the remuneration of the employees, the Company's remuneration policies, level and mix of remuneration, performance and value creation.

During FY2022, 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 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 under the PSP. No award has been granted under the PSP for FY2022. Please refer to the Circular of the Company dated 5 July 2017 for more information on the PSP.

## RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

The Board recognises that it is responsible for the overall governance of risk by ensuring that the Group maintains sound systems of risk management and internal controls. The Audit and Risk Committee reviews and makes recommendations to the Board on the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

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 problems manifest themselves.

For a more detailed discussion of financial risk management, please refer to Note 31 in the Notes to the Financial Statements on pages 113 to 121.

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:

- (i) the CEO and the Financial Controller 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
- (ii) the CEO and other key management personnel who are responsible, regarding the adequacy and 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

# CORPORATE GOVERNANCE REPORT

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.

## AUDIT COMMITTEE

**Principle 10: The Board has an Audit Committee which discharges its duties objectively.**

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:

Mr Chua Siong Kiat Alex	(Independent Non-Executive Director; chairman of the Audit and Risk Committee)
Mr Darrell Lim Chee Lek	(Independent Non-Executive Director)
Mr Lim Eng Seng	(Independent Non-Executive Director)

All the members of the Audit and Risk Committee are Independent Non-Executive Directors (including the chairman of the Audit and Risk Committee). 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. At least two members, including the Audit and Risk Committee chairman, have recent and relevant accounting or related financial management expertise or experience.

The Audit and Risk Committee has full access to the external auditors and internal 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 controller 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 once 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;
- 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 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) to keep under review the Company's overall risk assessment processes that inform the Board's decision making;
    - (ii) to review regularly and approve the parameters used in these measures and the methodology adopted;
    - (iii) to set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance;
    - (iv) to review the Company's capability to identify and manage new risk types;
    - (v) before a decision to proceed is taken by the Board, to advise the Board on proposed strategic transactions, focusing in particular on risk aspects and implications on the risk tolerance of the Company, and taking independent external advice where appropriate and available;
    - (vi) to review reports on any material breaches of risk limits and the adequacy of proposed actions; and
    - (vii) to 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. The Company's whistle-blowing policy is summarised below at page 32 of this Annual Report.

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.

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 the Audit and Risk Committee are satisfied that the internal controls are adequate.

The Audit and Risk Committee met with the external auditor without the presence of the Management at least once in FY2022.

For FY2022, the Company has appointed an external accounting firm, TRS Forensics Pte. Ltd. ("TRS") as the Internal Auditors of the Group to perform internal audit work under an internal audit plan. TRS is a suitably appointed qualified firm of risk consultants (including Certified Internal Auditors), with its processes guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, and is an independent service provider which is a technology-based professional services firm that specialises in the provision of risk advisory services including Internal Audit, Data Protection, Cybersecurity and Forensics Investigation. The firm currently maintains an outsourced internal audit portfolio of about 20 companies listed on the SGX-ST, Bursa-Malaysia and The Stock Exchange of Hong Kong in construction, property development, manufacturing, healthcare, logistics, engineering services, e-commerce and trading industries.

The Internal Auditors report directly to the chairman of the Audit and Risk Committee on all internal audit matters.

The Engagement Team for the internal audit comprises a Director and a Manager who are supported by a team of risk consultants. The Director, Mr Gary Ng, has close to 20 years of relevant experience whilst the Manager has more than 10 years of relevant experience.

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 assesses the same at least annually.

Further to the queries raised by SGX-ST in relation to the announcement released by the Company on 15 October 2020 entitled "Disclaimer of Opinion and Emphasis of Matter by Independent Auditor on Financial Statements", the Company's announcement in reply on 28 October 2020, and the Company's announcement on 18 December 2020 updating shareholders on the appointment of KPMG Services Pte. Ltd. as independent reviewer, the Company will make further announcements to update shareholders as and when there are material developments on the matter, including key findings of the Independent Review where appropriate.

#### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

***Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.***

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. 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.com](http://www.newsilkroutes.com) where the public can access information on the Group. The Company does not practice selective disclosures.

Shareholder meetings are the principal forum for communication with Shareholders. 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. Annual Reports and notices of the AGMs or any other Shareholder meetings (as the case may be) are sent to all Shareholders at least 14 days before the scheduled date of such meeting. All Directors attend general meetings of shareholders, and the external auditors are also present to assist the Directors in addressing any relevant queries raised by the Shareholders. Appropriate management personnel are also present at general meetings to respond, if necessary, to operational questions from Shareholders. All the Directors of the Company at the relevant time attended the AGM of the Company held during FY2021 on 29 October 2021.

A Shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies. The Constitution of the Company allows Shareholders to attend and vote at general meetings of the Company by proxies. A Shareholder of the Company may appoint up to two proxies to attend and vote on behalf of the Shareholder at shareholder meetings, save that no limit shall be imposed on the number of proxies for nominee companies.



Relevant intermediaries, as defined in Section 181 of the Companies Act 1967, 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, 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.

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.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and the Management, and such minutes will be published on the Company's corporate website as soon as practicable. Results of the general meeting are also released as an announcement via SGXNET.

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. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET.

## ENGAGEMENT WITH SHAREHOLDERS

***Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.***

The Board places great emphasis on investor relations with the Company to maintain a high standard of transparency so as to promote better investor communications. The Board is mindful of the obligations to provide timely disclosure of material information in accordance with the Corporate Disclosure Policy of the SGX-ST. All material information and financial results are released through SGXNET and where appropriate, through media releases.

The Group monitors the dissemination of material information to ensure that it is made publicly available on a timely and non-selective basis. Results and annual reports are announced or issued within the mandatory period. All press releases to explain the Group's strategy, performance and major developments are also made available on SGXNET.

In presenting the annual and quarterly financial statements to Shareholders, it is the aim of the Board to provide a detailed analysis and a balanced and understandable assessment of the Group's performance, financial position and prospects. In addition, the Company will also release timely announcements and news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Rules of SGX-ST. Pertinent information will be disclosed to Shareholders in a timely, fair and equitable manner. The Company does not practise selective disclosure. Price and/or trade sensitive information is first publicly released before the Company meets with any group of investors or analysts.

The Company does not have an investor relations policy but maintains a website ([www.newsilkroutes.com](http://www.newsilkroutes.com)) which allows the public to be aware of the Group's latest development and businesses. Shareholders can provide feedback to the Company via email to the electronic mail address or via mail to the registered office address. Calls and emails requesting information are generally attended to promptly, taking into consideration the fact that key management personnel may need to consult with the Board or any of the Company's relevant advisors before communicating or disseminating certain information.

## ENGAGEMENT WITH STAKEHOLDERS

***Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include regulators, suppliers, employees, customers, top management and shareholders. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

Please refer to the Sustainability Report of the Company for more details on the Company's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2022.

As mentioned above, the Company maintains a website ([www.newsilkroutes.com](http://www.newsilkroutes.com)), which allows the stakeholders to communicate and engage with stakeholders.

## SUMMARY OF DISCLOSURES – CORPORATE GOVERNANCE

Rule 710 of the Listing Manual requires Singapore-listed companies to describe their corporate governance practices with specific reference to principles and provisions of the Code in their annual reports for the financial years commencing on or after 1 January 2019. This summary of disclosures describes our corporate governance practices with specific reference to the disclosure requirements in the principles and provisions of the Code.

Board Matters	Remuneration Matters	Shareholder Rights and Responsibilities
<b>The Board's Conduct of Affairs</b>	<b>Procedures for Developing Remuneration Policies</b>	<b>Shareholder Rights and Conduct of General Meetings</b>
<u>Principle 1</u>	<u>Principle 6</u>	<u>Principle 11</u>
Provision 1.1 Page 14 Provision 1.2 Page 16 Provision 1.3 Page 14, 15 Provision 1.4 Page 14 Provision 1.5 Page 15, 16 Provision 1.6 Page 16 Provision 1.7 Page 16	Provision 6.1 Page 21, 22 Provision 6.2 Page 21 Provision 6.3 Page 22 Provision 6.4 Page 21	Provision 11.1 Page 27, 28 Provision 11.2 Page 28 Provision 11.3 Page 27 Provision 11.4 Page 27 Provision 11.5 Page 28 Provision 11.6 Page 28
<b>Board Composition and Guidance</b>	<b>Level and Mix of Remuneration</b>	<b>Engagement with Shareholders</b>
<u>Principle 2</u>	<u>Principle 7</u>	<u>Principle 12</u>
Provision 2.1 Page 17 Provision 2.2 Page 17 Provision 2.3 Page 16 Provision 2.4 Page 17, 18 Provision 2.5 Page 18	Provision 7.1 Page 22 Provision 7.2 Page 22 Provision 7.3 Page 22	Provision 12.1 Page 28 Provision 12.2 Page 28 Provision 12.3 Page 28
<b>Chairman and Chief Executive Officer</b>	<b>Disclosure on Remuneration</b>	<b>Managing Stakeholders Relationships</b>
<u>Principle 3</u>	<u>Principle 8</u>	<b>Engagement with Stakeholders</b>
Provision 3.1 Page 18 Provision 3.2 Page 18, 19 Provision 3.3 Page 20	Provision 8.1 Page 23, 24 Provision 8.2 Page 24 Provision 8.3 Page 23, 24	<u>Principle 13</u>
<b>Board Membership</b>	<b>Accountability and Audit</b>	Provision 13.1 Page 29 Provision 13.2 Page 29 Provision 13.3 Page 29
<u>Principle 4</u>	<b>Risk Management and Internal Controls</b>	
Provision 4.1 Page 19 Provision 4.2 Page 19 Provision 4.3 Pages 17, 18, 20 Provision 4.4 Pages 17, 20 Provision 4.5 Pages 20, 21	<u>Principle 9</u>	
<b>Board Performance</b>	<b>Audit Committee</b>	
<u>Principle 5</u>	<u>Principle 10</u>	
Provision 5.1 Page 21 Provision 5.2 Page 21	Provision 10.1 Page 25, 26 Provision 10.2 Page 25 Provision 10.3 Page 25 Provision 10.4 Page 27 Provision 10.5 Page 26	

## 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.	589	-
Interest expense:		
Mr Shen Yuyun	161	-

For full disclosure, please note that there is an amount of US\$1.15 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.

As disclosed in the announcement dated 21 July 2023, New Silkroutes Capital Pte. Ltd. ("NSC"), a wholly owned subsidiary of the Company, has entered into an Equity Transfer Agreement with Shanghai Yikang Non-Woven Fabric Co., Ltd. for the disposal of all of the shares held by NSC in Shanghai Fengwei, representing 100% of the total issued and paid up share capital of Shanghai Fengwei. The Company will make further announcements to update shareholders as and when there are material developments on the matter.

The Group does not have a general mandate for interested person transactions.

## DEALINGS IN COMPANY'S SECURITIES

In compliance with Rule 1207(19) of the Listing Manual, all employees of the Group are reminded to abstain from dealing in securities of the Company, and the Company is reminded to abstain from dealing in its own securities, 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 CEO, 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 2022 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 sustainability report will be issued on SGXNET on 4 September 2023.



**WHISTLE-BLOWING POLICY**

Consistent with its “zero tolerance” stance to fraud, bribery, corruption and other unethical behavior or conduct, the Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.

The Group maintains procedures for the confidential and anonymous reporting of complaints by employees. Employees are able to make reports on a confidential basis and, if so requested by the employee, on an anonymous basis to the fullest extent possible. An employee may refer a complaint to the Designated Officers under the whistle-blowing policy, or the Audit and Risk Committee of the Company if said complaint has not been effectively addressed after being raised internally with the Designated Officer or where the complaint relates to the conduct of the Designated Officer. Investigations of the complaints shall be treated on a confidential basis, maintaining the anonymity of the employee concerned, involve only persons who need to be involved in order to properly carry out the investigation and will, on a best effort basis, be carried out in a timely manner.

The whistle-blowing policy aims to provide a trusted avenue for employees, vendors, customers and other stakeholders to report serious wrongdoing or concerns, particularly in relation to fraud, controls or ethics, without fear of reprisals when whistleblowing in good faith; and ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow up actions to be taken.

The Company will not take any disciplinary actions against an employee who in good faith reports a complaint, nor demote or terminate the employment of such an employee or threaten to do so with the deliberate intent to discourage an employee from reporting a complaint or with the deliberate intent to engage in retaliatory conduct against the employee for reporting a complaint.

The Audit and Risk Committee reviews the whistle-blowing policy and its effectiveness from time to time, with recommendations regarding any amendments thereto to be made to the Board of Directors of the Company for approval, and the whistle-blowing policy, including any amendments thereto, are made known to all employees of the Group.

The contact information of the Designated Officers and the Chairman of the Audit and Risk Committee is available in the whistle-blowing policy.

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION**

Pursuant to Rule 720(6) of the Listing Manual, the information as set out in Appendix 7.4.1 of the Listing Manual relating to Mr Darrell Lim Chee Lek, Mr Lim Eng Seng and Mr Han Binke, being the Directors who are seeking re-election in accordance with the Company’s Constitution at the forthcoming AGM, is set out below:

	<b>Mr Darrell Lim Chee Lek</b>	<b>Mr Lim Eng Seng</b>
Date of initial appointment	1 August 2020	11 January 2021
Dates of last re-appointment (if applicable)	30 October 2020	29 October 2021
Age	46	44
Country of principal residence	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has approved the appointment of Mr Darrell Lim Chee Lek after taking into account his experience and ability to contribute to the Company.	The Board has approved the appointment of Mr Lim Eng Seng after taking into account his experience and ability to contribute to the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director Chairman of the Remuneration Committee; Member of the Audit and Risk Committee; Member of the Nominating Committee	Independent Non-Executive Director; Chairman of the Nominating Committee; Member of the Audit and Risk Committee; Member of the Remuneration Committee
Professional qualifications	Bachelor of Mechanical Engineering, National University of Singapore (1998 – 2002)  Master of International Business and Minor in International Relations, University of Sydney, Australia (2002 – 2003)  Master of Business Administration, Brasenose College, University of Oxford, United Kingdom (2008 – 2009)	BSc Finance (First Class), Lancaster (2003)

	Mr Darrell Lim Chee Lek	Mr Lim Eng Seng
Working experience and occupation(s) during the past 10 years	<p>January 2019 to present: Non-Executive Non-Independent Director, BRC Asia Limited</p> <p>January 2020 to present: Co-founder and Non-Executive Director, Bright Point Capital Pte. Ltd.</p> <p>June 2020 to present: Non-Executive Board Director, XM Studios Pte Ltd</p> <p>May 2020 to present: Director, Prometheus Pte Ltd</p> <p>April 2022 to present: Director, Zenera Private Limited</p> <p>January 2019 to present: Executive Board Director, BRC Asia Limited (Singapore, Malaysia, China and the Maldives)</p> <p>November 2017 to present: Advisor, Association of Listed Companies (Singapore)</p> <p>July 2016 to December 2018: Head of Corporate Coverage, Singapore Exchange Limited</p> <p>July 2013 to June 2016: Head of Investor Relations, Singapore Exchange Limited</p> <p>July 2011 to June 2013: Equities Product Manager, Singapore Exchange Limited</p>	<p>2015 to present: Director, Clearwater Advisors</p> <p>2015 to 2019: Consultant, TE Asia Healthcare</p> <p>2013 to 2015: General Manager, Fullerton Healthcare</p> <p>2012 to 2013: General Manager, SIN Capital Group</p> <p>2010 to 2012: Vice President, Hong Kong Origination, Royal Bank of Scotland</p>
Shareholding interest in the Company and its subsidiaries	Nil	Nil

	Mr Darrell Lim Chee Lek	Mr Lim Eng Seng
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of the Company's principal subsidiaries*	No	No
<p>* "Principal subsidiary" refers to a subsidiary whose latest audited consolidated pre-tax profits (including discontinued operations that have not been disposed and excluding the non-controlling interest relating to that subsidiary) as compared with the latest audited consolidated pre-tax profits of the Group (including discontinued operations that have not been disposed and excluding the non-controlling interest relating to that subsidiary) accounts for 20% or more of such pre-tax profits of the group.</p>		
<p>Conflict of interest (including any competing business)</p> <p>"Conflicts of interest" include situations in which interested persons:—</p> <p>(1) Carry on business transactions with the Company or provide services to or receive services from the Company or the Group;</p> <p>(2) Lend to or borrow from the Company or the Group;</p> <p>(3) Lease property to or from the Company or the Group; or</p> <p>(4) Have an interest in businesses that are competitors, suppliers or customers of the Company or the Group."</p>	No	Mr Lim is a minority shareholder of Fullerton Healthcare Corporation Limited (<1% shareholding) and a majority shareholder of Health Consol Pte Ltd (80% shareholding).
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company	Yes	Yes



	Mr Darrell Lim Chee Lek	Mr Lim Eng Seng
Other principal commitments* including directorships	<u>Past (for the last 5 years):</u> Nil <u>Present:</u> Director, BRC Asia Limited Director, Bright Point Capital Pte. Ltd. Director, Prometheus Pte Ltd Director, XM Studios Pte Ltd Director, Zenera Pte Ltd Advisor, Association of Listed Companies	<u>Past (for the last 5 years):</u> Nil <u>Present:</u> Director, Clearwater Advisors
* "Principal Commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.		
Disclose the following matters concerning an appointment of Director, CEO, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

	Mr Darrell Lim Chee Lek	Mr Lim Eng Seng
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

	Mr Darrell Lim Chee Lek	Mr Lim Eng Seng
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

	Mr Darrell Lim Chee Lek	Mr Lim Eng Seng
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	Yes  Mr Lim is an independent non-executive director of a company listed on the SGX-ST when such company and its board of directors received a show cause letter from the SGX-ST in respect of potential breaches of certain rules of the Listing Manual of the SGX-ST. The SGX-ST had issued a private warning to the company and a private reminder to the relevant directors of the company (which includes Mr Lim) relating to the breach of certain rules of the Listing Manual. For the avoidance of doubt, no disciplinary action was taken against the company and its relevant directors by the SGX-ST for these breaches.	Yes  Mr Lim is an independent non-executive director of a company listed on the SGX-ST when such company and its board of directors received a show cause letter from the SGX-ST in respect of potential breaches of certain rules of the Listing Manual of the SGX-ST. The SGX-ST had issued a private warning to the company and a private reminder to the relevant directors of the company (which includes Mr Lim) relating to the breach of certain rules of the Listing Manual. For the avoidance of doubt, no disciplinary action was taken against the company and its relevant directors by the SGX-ST for these breaches.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No



	Mr Darrell Lim Chee Lek	Mr Lim Eng Seng
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only:		
Any prior experience as a director of a listed company?  If yes, please provide details of prior experience.  If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the Director to undergo training as prescribed by the SGX-ST (if applicable).	N.A. This is a re-election of a director.	N.A. This is a re-election of a director.

	Mr Han Binke
Date of initial appointment	2 June 2022 (as Non-Executive Director) 10 August 2022 (as Executive Director and Chief Executive Officer)
Dates of last re-appointment (if applicable)	N/A
Age	37
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has approved the appointment of Mr Han Binke after taking into account his experience and ability to contribute to the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Han will be responsible for managing the Company's overall operations, including delegating and directing agendas, driving profitability, managing company organisational structure, strategy and communicating with the Board.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer

	Mr Han Binke
Professional qualifications	Bachelor in Finance, Harbin Engineering University, 2008  Master of Science in Accounting and Finance, Durham University (UK), 2010
Working experience and occupation(s) during the past 10 years	December 2021 to May 2022: Chief Executive Officer, Tianjin Changjun Real Estate Co., Ltd.  August 2021 to December 2021: Chief Investment Officer, Sinjia Land Limited (5HH), Singapore  November 2017 to July 2019: Investment Director, Teamway International Group (1239.HK), Hong Kong  November 2013 to June 2017: Business Director, Huarong International Holdings Limited, Hong Kong  March 2010 to November 2013: Assistant Vice President, CCB International (China) Co., Ltd, Beijing
Shareholding interest in the Company and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or of any of the Company's principal subsidiaries*	No
	* "Principal subsidiary" refers to a subsidiary whose latest audited consolidated pre-tax profits (including discontinued operations that have not been disposed and excluding the non-controlling interest relating to that subsidiary) as compared with the latest audited consolidated pre-tax profits of the Group (including discontinued operations that have not been disposed and excluding the non-controlling interest relating to that subsidiary) accounts for 20% or more of such pre-tax profits of the group.

Mr Han Binke	
<p>Conflict of interest (including any competing business)</p> <p>“Conflicts of interest” include situations in which interested persons:—</p> <p>(1) Carry on business transactions with the Company or provide services to or receive services from the Company or the Group;</p> <p>(2) Lend to or borrow from the Company or the Group;</p> <p>(3) Lease property to or from the Company or the Group; or</p> <p>(4) Have an interest in businesses that are competitors, suppliers or customers of the Company or the Group.”</p>	No
<p>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the Company</p>	Yes
<p>Other principal commitments* including directorships</p> <p>* “Principal Commitments” shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.</p>	<p><u>Past (for the last 5 years):</u></p> <p>Chief Executive Officer, Tianjin Changjun Real Estate Co., Ltd.</p> <p>Chief Investment Officer, Sinjia Land Limited (5HH), Singapore</p> <p>Investment Director, Teamway International Group (1239.HK), Hong Kong</p> <p><u>Present:</u></p> <p>Nil</p>
<p>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	No

Mr Han Binke	
<p>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	No
<p>(c) Whether there is any unsatisfied judgment against him?</p>	No
<p>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	No
<p>(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?</p>	No

Mr Han Binke	
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

Mr Han Binke	
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No



	Mr Han Binke
Any prior experience as a director of a listed company?	N.A. This is a re-election of a director.
If yes, please provide details of prior experience.	
If no, please state if the Director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST. Please provide details of relevant experience and the Nominating Committee's reasons for not requiring the Director to undergo training as prescribed by the SGX-ST (if applicable).	

## DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of New Silkroutes Group Limited (the "Company") and its subsidiaries (the "Group") and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2022.

In the opinion of the directors:

- (i) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 56 to 134 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"); and
- (ii) at the date of this statement, after considering the measures taken by the Group and the Company with respect to the Group's and the Company's ability to continue as going concerns as described in Note 3 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.

## Directors

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

Han Binke (Appointed on 2 June 2022)  
 Chua Siong Kiat  
 Darrell Lim Chee Lek  
 Lim Eng Seng

## Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

Name of directors and companies in which interest are held	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
	At beginning of year	At end of year	At 21 July 2022	At beginning of year	At end of year	At 21 July 2022
<b>New Silkroutes Group Limited</b> (The Company)						
Ordinary shares	-	-	-	1,521,591	1,521,591	1,521,591
VicPearly Wong Hwei Pink <sup>(a)</sup> (resigned on 10 August 2022)						

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## Directors' interests in shares or debentures (cont'd)

Name of directors and companies in which interest are held	Shareholdings registered in the name of directors			Shareholdings in which directors are deemed to have an interest		
	At beginning of year	At end of year	At 21 July 2022	At beginning of year	At end of year	At 21 July 2022
<b>New Silkroutes Group Limited (cont'd)</b> <i>(The Company)</i>						
Shen Yuyun <sup>(b)</sup> (resigned on 1 March 2023)	-	-	-	29,614,035	29,614,035	29,614,035

(a) VicPearly Wong Hwei Pink is deemed to be interested in 1,521,591 shares held in the name of DBS Nominee (Private) Limited, a nominee company.

(b) Shen Yuyun is deemed to be interested in 29,614,035 shares held in the name of SY Y Capital Holdings Pte Ltd.

## Share options

### 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.

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## Audit and Risk Committee

The Audit and Risk Committee of the Company, consisting all independent directors, is chaired by Chua Siong Kiat (Chairman) and includes Darrell Lim Chee Lek and Lim Eng Seng.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act.

The Audit and Risk Committee is satisfied with the independence and objectivity of the independent auditors and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

## Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept appointment.

On behalf of the directors

Han Binke  
Chief Executive Officer

Chua Siong Kiat  
Director

31 August 2023

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF NEW SILKROUTES GROUP LIMITED

### Report on the Audit of the Financial Statements

#### Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of New Silkroutes Group Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 56 to 134, which comprise the statements of financial position of the Group and the Company as at 30 June 2022, and 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 and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for Disclaimer of Opinion

##### 1. Going concern assumptions

As disclosed in Note 3 to the financial statements, the Group and the Company incurred net losses of US\$35,131,000 and US\$32,699,000 respectively during the financial year ended 30 June 2022, and as of that date, the Group's and the Company's current liabilities exceeded the current assets by US\$29,659,000 and US\$34,207,000 respectively.

In addition, as disclosed in Note 35 to the financial statements, the Company is exposed to certain material uncertainties in relation to contingent liabilities on guarantees provided that could result in material financial obligations in the future periods. As disclosed in Note 38(d) to the financial statement, the Group is undergoing debt restructuring exercise.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

Nevertheless, in the preparation of the financial statements, the Board of Directors believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in Note 3 to the financial statements.

The ability of the Group and Company to continue as going concerns is dependent on the ability of the Group and the Company to successfully, among others, convert their debts into equity, raise additional funding and restructure their operations. These are premised on future events and market conditions, the outcomes of which are inherently uncertain.

We were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern assumption for the preparation of the accompanying financial statements and whether any adjustments might be necessary in respect of the accompanying financial statements.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the ordinary 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 ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group and the Company may have to provide for further liabilities that may arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities respectively. No such adjustments have been made to the financial statements.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF NEW SILKROUTES GROUP LIMITED

### Report on the Audit of the Financial Statements (cont'd)

#### Basis for Disclaimer of Opinion (cont'd)

##### 2. Shanghai Fengwei Garment Accessory Co., Ltd

###### (a) Management Agreement

As disclosed in Note 28 to the financial statements, on 18 April 2020, the Company and its wholly-owned subsidiary in the People's Republic of China, Shanghai Fengwei Garment Accessory Co., Ltd. ("Shanghai Fengwei"), entered into a management agreement ("Management Agreement") with a non-related company (the "Entity") incorporated on 22 April 2020 in the People's Republic of China, later than the signing date of the above agreements.

According to the Management Agreement, the Entity would manage and expand the business of Shanghai Fengwei and the Group would receive upfront a guaranteed profit of RMB20,000,000 (US\$2,828,000) for the period from 1 January 2020 to 31 December 2021. The advance receipt of profit guarantee of RMB20,000,000 (US\$2,828,000) was received by the Company on 21 May 2020 through a Singapore incorporated company, WTL Capital Holdings Pte Ltd, which is also a shareholder of the Company.

In addition, the Company would assign 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 profit guarantee, 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 the same period in 2020 and 2021.

During the financial year ended 30 June 2022, the Company received a notice of payment from the Entity. According to the notice of payment, the net profit of Shanghai Fengwei attributable to the Entity for the period from 1 January 2020 to 31 December 2021 was RMB24,943,000 (approximately US\$3,742,000), and demanded a payment of RMB20,000,000 (US\$3,001,000) from the Group. RMB20,000,000 (US\$3,001,000) was paid by Shanghai Fengwei to the Entity in January 2022. This payment has been net off against the advance receipt of profit guarantee of RMB20,000,000 (US\$3,024,000) and the remaining balance has been recognised in profit or loss.

As disclosed in Note 3 to the financial statements, the directors of the Company have assessed that the Group has control over Shanghai Fengwei and accordingly Shanghai Fengwei remains a subsidiary of the Group.

Total assets and total liabilities of Shanghai Fengwei included in the statement of financial position of the Group as at 30 June 2022 amounted to US\$16,212,000 (2021: US\$21,250,000) (including goodwill of US\$5,431,000 (2021: US\$5,431,000)) and US\$7,620,000 (2021: US\$7,292,000) respectively. Revenue and net loss of Shanghai Fengwei included in the consolidated statement of comprehensive income of the Group for the financial year ended 30 June 2022 amounted to US\$16,401,000 (2021: US\$28,992,000) and US\$2,047,000 (2021: net profit: US\$182,000) respectively.

During the year ended 30 June 2021, the Company appointed an independent reviewer to conduct an independent review, among others, on the Management Agreement and the control over Shanghai Fengwei. As at the date of this report, the independent review has not been finalised.

Based on information made available to us, we were unable to satisfy ourselves as to the business rationale, commercial substance and structuring of the Management Agreement, the appropriateness of the corresponding accounting treatment and related presentation of the arrangements in the financial statements, and whether these were conducted in the normal course of business and the Group continues to have control over Shanghai Fengwei throughout the current financial year in accordance with SFRS(I) 10 *Consolidated Financial Statements*. We were also unable to determine and the payment of RMB20,000,000 (US\$3,001,000) was in accordance with the Management Agreement.

Consequently, we were unable to determine whether any adjustments to and/or disclosures in the accompanying financial statements might be necessary.



# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF NEW SILKROUTES GROUP LIMITED

### Report on the Audit of the Financial Statements (cont'd)

#### Basis for Disclaimer of Opinion (cont'd)

#### 2. Shanghai Fengwei Garment Accessory Co., Ltd (cont'd)

##### (b) Goodwill

As disclosed in Note 13 to the financial statements, as at 30 June 2022, the carrying amount of the Group's goodwill attributable to Shanghai Fengwei was US\$5,431,000.

We have not been provided with the goodwill impairment assessment performed by the Group. Consequently, in addition to our above-mentioned inability to determine if the Group should continue to record the goodwill in the consolidated financial statements, we are unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the carrying amount of goodwill and if any adjustment to the carrying amount was necessary as at 30 June 2022.

##### (c) Subsequent events

As disclosed in Note 38 to the financial statements, subsequent to the reporting date, the Group is in process of disposing all its shares in Shanghai Fengwei. As we were unable to get access to the records of the subsidiary subsequent to the reporting date, we were unable to carry out an updated review of subsequent events that we consider necessary. Consequently, we were unable to ascertain whether all significant subsequent events and transactions, if any, have been adequately adjusted or disclosed in the accompanying financial statements.

#### 3. International Energy Group Pte. Ltd.

As disclosed in Note 9 to the financial statements, on 5 January 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. The Group has assessed that it has lost control of IEG and its subsidiaries and accordingly the Group deconsolidated their related assets and liabilities as of 5 January 2021. Subsequent to the deconsolidation, as disclosed in Note 21 to the financial statements, the investment in IEG is classified as financial asset at fair value through profit or loss ("FVTPL") and carried at US\$Nil on the consolidated statement of financial position as at 30 June 2022.

During the year ended 30 June 2021, the Company appointed an independent reviewer to conduct an independent review, among others, on the Group's valuation of 4.534% indirect equity investment in Thai General Nice Coal and Coke Co., Ltd held by IEG. As at the date of this report, the independent review has not been finalised.

We were unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the valuation of financial asset at FVTPL at the reporting date and its related disclosures in the financial statements. Consequently, we were unable to determine whether any adjustments to and/or disclosures in the accompanying financial statements might be necessary.

#### 4. Financial guarantee liabilities

As disclosed in Notes 30 to the financial statements, during the financial year, the Group and the Company recognised financial guarantee liabilities and a corresponding loss amounting to US\$27,436,000 in respect of corporate guarantees provided to third parties in prior years for a loan and a lease financing arrangement.

Based on the information as provided by management, we were unable to ascertain the basis in determining the amount of financial guarantee liabilities and to determine whether the loss on financial guarantee recognised in the current financial year's profit or loss of the Group and the Company relates to any prior financial periods. Accordingly, we were unable to determine whether any adjustments and/or disclosures to the accompanying financial statements might be necessary.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF NEW SILKROUTES GROUP LIMITED

### Report on the Audit of the Financial Statements (cont'd)

#### Basis for Disclaimer of Opinion (cont'd)

#### 5. Guarantees and provisions

(a) As disclosed in Notes 26 and 35 to the financial statements, the Company issued financial guarantees to banks in respect of banking facilities extended to its subsidiaries. The Company had not assessed the expected credit loss ("ECL") arising from the financial guarantee in accordance with SFRS(I) 9 *Financial Instruments*. Based on information available to us, we were unable to determine whether any ECL might be required for these guarantees provided by the Company. Accordingly, we were unable to determine whether any adjustments to and/or disclosures the accompanying financial statements might be necessary.

(b) As disclosed in Notes 1 and 3 to the financial statements, the Group and the Company commenced its debt restructuring exercise during the financial year, which included a proposed conversion of debt to equity, moratorium protection and a potential scheme of arrangement, as well as disposal of certain assets and investments.

The restructuring exercise, as disclosed in Note 38 to the financial statements, is still ongoing as at the date of these financial statements, we were unable to determine whether any provision for liabilities might be required on the restructuring activities. Accordingly, we were unable to determine whether any adjustments to and/or disclosures in the accompanying financial statements might be necessary.

#### 6. Disposal groups classified as held for sale

As disclosed in Note 22 to the financial statements, the assets and liabilities of the group companies under HSI Dental Pte Ltd, HSI Medical Pte Ltd and HSI Chinese Medicine were presented as disposal groups classified as held for sale.

Based on the information provided by management, we were unable to determine whether (i) the presentation of these companies as a disposal group classified as held for sale is appropriate; (ii) the goodwill impairment loss recognised during the financial year of US\$4,418,000 is appropriate, and (iii) the net carrying amounts of assets (including goodwill of US\$8,623,000) and liabilities of the disposal group classified as held for sale were stated at the lower of carrying amount and fair value less costs to sell.

Accordingly, we were unable to determine whether any adjustments to and/or disclosures to the accompanying financial statements might be necessary.

#### 7. Consideration payables

As disclosed in Note 22 to the financial statements, included in trade and other payables of the disposal groups classified as held for sale is consideration payables of US\$6,268,000, which comprise of the fair value change of the put liability arising from the acquisition of medical clinics in 2019. The put liability relates to the put option held by the vendors to sell the non-controlling interest ("NCI") in the medical clinics to the Group and is measured based on a multiple of the future earnings of the medical clinics. During the financial year, fair value change of the put liability amounting to US\$533,000 has been recognised in the Group's profit or loss.

Based on the information as provided by management, we were unable to obtain sufficient appropriate audit evidence to assess the valuation of consideration payables. Consequently, we were unable to determine whether adjustments to and/or disclosures to the accompanying financial statements may be necessary.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF NEW SILKROUTES GROUP LIMITED

### Report on the Audit of the Financial Statements (cont'd)

#### **Basis for Disclaimer of Opinion (cont'd)**

##### 8. Investments in subsidiaries

As disclosed in Note 15 to the financial statements, the Company's investments in subsidiaries were carried at US\$17,709,000. During the financial year, the Company recognised an additional impairment loss amounted to US\$3,337,000 to write down the cost of investment in New Silkroutes Capital Pte. Ltd. to its recoverable amount determined using the value in use calculation. The estimates used in value in use calculation and other disclosures as required by SFRS(I) 1-36 *Impairment of Assets* have not been made in these financial statements.

Based on the information as provided by management, we were unable to obtain sufficient audit evidence to satisfy ourselves that the recoverable amount determined using the value in use calculation is in accordance with SFRS(I) 1-36 *Impairment of Assets* and the appropriateness of the impairment loss recognised during the financial year. Accordingly, we were unable to determine whether any adjustments to and/or disclosures the accompanying financial statements might be necessary.

##### 9. Opening balances and comparative information

The financial statements dated 13 October 2021 for the financial year ended 30 June 2021 contained a disclaimer of opinion on those financial statements. The basis for disclaimer of opinion on the financial statements is disclosed in Note 40 to the financial statements.

In view of the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 30 June 2021, we were unable to determine whether the opening balances as at 1 July 2021, the corresponding figures and its related disclosures for the financial year ended 30 June 2021 were fairly stated and appropriately disclosed.

Since opening balances as at 1 July 2021 entered into the determination of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 30 June 2022, as well as affect how the balances presented in the Group's and Company's statements of financial position as at 30 June 2022 were derived, we were unable to determine whether adjustments might have been found necessary in respect of the Group's and the Company's financial statements for the financial year then ended.

Our report on the current financial year's financial statements of the Group and the Company is also modified because of the possible effects of these matters on the comparability of the current year's figures and the corresponding figures.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF NEW SILKROUTES GROUP LIMITED

### Report on the Audit of the Financial Statements (cont'd)

#### **Other Matter**

We draw attention to Note 39 to the financial statements which discloses that the Commercial Affairs Department ("CAD") and the Monetary Authority of Singapore (the "MAS"), pursuant to Section 20 of the Criminal Procedure Code (Chapter 68), have commenced an investigation into a possible offence of false trading and market rigging under Section 197 of the Securities and Futures Act (Chapter 289) of Singapore in relation to share buy-backs and acquisition of shares. As of the date of this report, the investigations are still ongoing.

#### **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 Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) 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 responsibility is to conduct an audit of the accompanying financial statements in accordance with Singapore Standards on Auditing and to issue an independent auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

#### **Report on other legal and regulatory requirements**

In our opinion, in view of the significance of the matters referred in the Basis for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors 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 Khor Boon Hong.

Baker Tilly TFW LLP  
Public Accountants and  
Chartered Accountants  
Singapore

31 August 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group	
		2022 US\$'000	2021 US\$'000
<b>Continuing operations</b>			
Revenue	4	29,413	42,039
Other income	5	1,025	1,823
Purchases of finished goods		(15,874)	(25,244)
Changes in inventories of finished goods		(109)	69
Employee benefits expense	6	(9,407)	(8,290)
Amortisation of intangible assets		(92)	(106)
Depreciation of property, plant and equipment		(1,383)	(392)
Depreciation of right-of-use assets		(1,537)	(1,390)
Bad debt written off		(244)	(508)
Impairment loss on trade and other receivables		(47)	(29)
Prepayment written off	19	(567)	-
Impairment loss on intangible assets	13	(4,418)	-
Intangible assets written off	13	(561)	-
Loss on financial guarantee	30	(27,436)	-
Other operating expenses		(2,851)	(6,602)
Finance costs	7	(735)	(913)
		<b>(34,823)</b>	457
(Loss)/profit before taxation			
Taxation	8	(308)	(399)
		<b>(35,131)</b>	58
(Loss)/profit from continuing operations for the financial year			
<b>Discontinued operation</b>			
Loss from discontinued operation, net of tax	9	-	(18,157)
Loss for the financial year	10	<b>(35,131)</b>	(18,099)
<b>Other comprehensive (loss)/income:</b>			
<i>Item that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation (loss)/gain on consolidation		(393)	1,622
<b>Other comprehensive (loss)/income for the financial year, net of tax</b>		<b>(393)</b>	1,622
<b>Total comprehensive loss for the financial year</b>		<b>(35,524)</b>	(16,477)
<b>Loss for the financial year attributable to:</b>			
Owners of the Company			
- Loss from continuing operations, net of tax		(35,313)	(1,029)
- Loss from discontinued operation, net of tax		-	(18,157)
		<b>(35,313)</b>	(19,186)
- Non-controlling interests		182	1,087
		<b>(35,131)</b>	(18,099)

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group	
		2022 US\$'000	2021 US\$'000
<b>Total comprehensive loss for the financial year attributable to:</b>			
Owners of the Company			
- (Loss)/profit from continuing operations, net of tax		(35,667)	408
- Loss from discontinued operation, net of tax		-	(18,157)
		<b>(35,667)</b>	(17,749)
- Non-controlling interests		143	1,272
		<b>(35,524)</b>	(16,477)
<b>Loss per share attributable to owners of the Company from continuing operations (US cent)</b>			
- Basic and diluted	11	(16.94)	(0.49)

The accompanying notes form an integral part of these financial statements.



# STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2022

	Note	Group		Company	
		2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	1,514	3,200	4	9
Intangible assets	13	5,701	19,433	-	215
Right-of-use assets	14	1,459	3,886	-	429
Subsidiaries	15	-	-	17,709	21,046
Prepayments	19	253	750	-	750
Long-term receivables	16	-	353	-	-
Deferred tax assets	17	-	37	-	-
<b>Total non-current assets</b>		<b>8,927</b>	27,659	<b>17,713</b>	22,449
<b>Current assets</b>					
Inventories	18	1,284	2,428	-	-
Trade and other receivables	16	4,504	6,722	205	411
Prepayments	19	716	410	-	230
Cash and bank balances	20	1,532	6,609	-	72
Fixed deposits	20	39	416	-	-
Financial asset at fair value through profit and loss	21	-	-	-	-
<b>Total current assets</b>		<b>8,075</b>	16,585	<b>205</b>	713
Disposal group classified as held for sale	22	14,171	-	-	-
<b>Total current assets</b>		<b>22,246</b>	16,585	<b>205</b>	713
<b>Total assets</b>		<b>31,173</b>	44,244	<b>17,918</b>	23,162
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	23	88,183	88,183	88,183	88,183
Treasury shares	24	(863)	(863)	(863)	(863)
Other reserves	25	(2,967)	(2,613)	45	45
Accumulated losses		(105,798)	(70,485)	(103,859)	(71,160)
<b>Equity attributable to equity holder of the company</b>		<b>(21,445)</b>	14,222	<b>(16,494)</b>	16,205
Non-controlling interests		313	1,048	-	-
<b>Total equity</b>		<b>(21,132)</b>	15,270	<b>(16,494)</b>	16,205

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2022

	Note	Group		Company	
		2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	26	373	1,540	-	-
Lease liabilities	27	-	1,342	-	277
Deferred tax liabilities	17	27	151	-	-
Other payables	28	-	5,735	-	-
<b>Total non-current liabilities</b>		<b>400</b>	8,768	-	277
<b>Current liabilities</b>					
Trade and other payables	28	5,104	7,815	6,976	6,517
Contract liabilities	29	-	153	-	-
Borrowings	26	6,954	11,034	-	-
Financial guarantee liabilities	30	27,436	-	27,436	-
Lease liabilities	27	-	842	-	163
Current income tax payable		-	362	-	-
<b>Total current liabilities</b>		<b>39,494</b>	20,206	<b>34,412</b>	6,680
Liabilities directly associated with disposal group classified as held for sale	22	12,411	-	-	-
<b>Total current liabilities</b>		<b>51,905</b>	20,206	<b>34,412</b>	6,680
<b>Total liabilities</b>		<b>52,305</b>	28,974	<b>34,412</b>	6,957
<b>Total equity and liabilities</b>		<b>31,173</b>	44,244	<b>17,918</b>	23,162

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Attributable to owners of the Company						
	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	Total equity US\$'000
<b>Group</b>							
<b>Balance at 1 July 2021</b>	88,183	(863)	937	45	(3,595)	(70,485)	15,270
Loss for the financial year	-	-	-	-	-	(35,313)	(35,313)
Other comprehensive income	-	-	(354)	-	-	(354)	(393)
- Foreign currency translation differences	-	-	(354)	-	-	(354)	(393)
<b>Total comprehensive (loss)/income for the financial year</b>	-	-	(354)	-	-	(35,667)	(35,524)
Contributions by and distributions to owners	-	-	-	-	-	-	(878)
- Dividends	-	-	-	-	-	-	(878)
<b>Transactions with owners in their own capacity as owners</b>	-	-	-	-	-	-	(878)
<b>Balance at 30 June 2022</b>	<b>88,183</b>	<b>(863)</b>	<b>583</b>	<b>45</b>	<b>(3,595)</b>	<b>(105,798)</b>	<b>(21,445)</b>
							<b>313</b>
							<b>(21,132)</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Attributable to owners of the Company							
	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Capital reserve US\$'000	Fair value reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Total equity US\$'000
<b>Group</b>								
<b>Balance at 1 July 2020</b>	88,183	(863)	(500)	45	(5,468)	(3,595)	(45,831)	33,070
Loss for the financial year	-	-	-	-	-	-	(19,186)	(18,099)
Other comprehensive income	-	-	1,437	-	-	-	-	1,622
- Foreign currency translation differences	-	-	1,437	-	-	-	-	1,622
<b>Total comprehensive income/(loss) for the financial year</b>	-	-	1,437	-	-	-	(17,749)	(16,477)
Contributions by and distributions to owners	-	-	-	-	-	-	-	1,272
- Capital reduction	-	-	-	-	-	-	-	(62)
- Dividends	-	-	-	-	-	-	-	(1,261)
Transactions with owners in their own capacity as owners	-	-	-	-	-	-	-	(1,323)
Loss of control over subsidiaries	-	-	-	-	5,468	-	(5,468)	-
<b>Balance at 30 June 2021</b>	<b>88,183</b>	<b>(863)</b>	<b>937</b>	<b>45</b>	<b>-</b>	<b>(3,595)</b>	<b>(70,485)</b>	<b>15,270</b>
								<b>1,048</b>
								<b>(1,323)</b>

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Share capital	Treasury shares	Capital reserve	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>					
Balance at 1 July 2020	88,183	(863)	45	(43,283)	44,082
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(27,877)	(27,877)
Balance at 30 June 2021	88,183	(863)	45	(71,160)	16,205
Loss for the financial year, representing total comprehensive loss for the financial year	-	-	-	(32,699)	(32,699)
<b>Balance at 30 June 2022</b>	<b>88,183</b>	<b>(863)</b>	<b>45</b>	<b>(103,859)</b>	<b>(16,494)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

		Group	
	Note	2022	2021
		US\$'000	US\$'000
<b>Cash flows from operating activities</b>			
(Loss)/profit before taxation:			
- from continuing operations		<b>(34,823)</b>	457
- from discontinued operation		-	(18,169)
		<b>(34,823)</b>	(17,712)
<b>Adjustments for:</b>			
Amortisation of intangible assets	13	<b>92</b>	106
Depreciation of property, plant and equipment	12	<b>1,383</b>	1,904
Depreciation of right-of-use assets	14	<b>1,537</b>	1,475
Impairment loss on intangible assets	13	<b>4,418</b>	-
Interest expense		<b>735</b>	1,921
Interest income		-	(125)
Financial guarantee liabilities	30	<b>27,436</b>	-
Net fair value gain on derivative financial instruments		-	(2)
Fair value change of put liability	28	<b>533</b>	858
Bad debt written off		<b>244</b>	508
Impairment losses recognised on trade and other receivables		<b>47</b>	29
Prepayment written off	19	<b>567</b>	-
Loss arising from loss of control over subsidiaries	9	-	15,611
Plant and equipment written off	12	<b>27</b>	24
Intangible assets written off	13	<b>561</b>	-
Unrealised foreign exchange differences		<b>(392)</b>	38
Operating cash flows before working capital changes:		<b>2,365</b>	4,635
Changes in inventories		<b>790</b>	(629)
Changes in trade and other receivables		<b>822</b>	6,119
Changes in contract assets		-	3,933
Changes in prepayments		<b>191</b>	256
Changes in trade and other payables		<b>1,052</b>	(16,543)
Changes in contract liabilities		<b>(153)</b>	(5)
Cash generated from/(used in) operations		<b>5,067</b>	(2,234)
Income tax paid		<b>(306)</b>	(661)
<b>Net cash generated from/(used in) operating activities</b>		<b>4,761</b>	(2,895)

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	Group	
		2022 US\$'000	2021 US\$'000
<b>Cash flows from investing activities</b>			
Acquisition of intangible assets	13	(346)	(215)
Interest received		-	125
Purchase of property, plant and equipment	12	(175)	(2,345)
Net cash outflow on loss of control over subsidiaries	9	-	(1,000)
<b>Net cash used in investing activities</b>		<b>(521)</b>	<b>(3,435)</b>
<b>Cash flows from financing activities</b>			
Capital reduction paid to non-controlling interests of the subsidiaries		-	(62)
Dividends paid to the non-controlling interests of the subsidiaries		(878)	(1,261)
Fixed deposits pledged		377	-
Interest paid		(573)	(1,210)
Proceeds from loans		171	4,768
Restricted cash and bank balances		66	2,191
Repayment of loans		(1,561)	(8,973)
Repayment of lease liabilities		(943)	(1,242)
Repayment of profit guarantee		(3,001)	-
<b>Net cash used in financing activities</b>		<b>(6,342)</b>	<b>(5,789)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of financial year		6,542	17,065
Exchange differences on translation of cash and cash equivalents		(294)	1,596
<b>Cash and cash equivalents at end of financial year</b>	20	<b>4,146</b>	<b>6,542</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## A. Reconciliation of movements of liabilities to cash flow arising from financing activities

Group	Lease liabilities	Loan from financial institutions	Advance receipt of profit guarantee	Total
	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 July 2021	2,184	12,574	3,024	17,782
<b>Changes from financing cash flow:</b>				
Interest paid	(119)	(454)	-	(573)
Proceeds from loans	-	171	-	171
Repayment of lease liabilities	(943)	-	-	(943)
Repayment of loans	-	(1,561)	-	(1,561)
Repayment of profit guarantee	-	-	(3,001)	(3,001)
<b>Total changes from financing cash flows</b>	<b>(1,062)</b>	<b>(1,844)</b>	<b>(3,001)</b>	<b>(5,907)</b>
<b>Effect of changes in foreign exchange rates</b>	<b>(53)</b>	<b>(487)</b>	<b>(189)</b>	<b>(729)</b>
<b>Other changes:</b>				
New lease liabilities	529	-	-	529
Interest expense	119	454	-	573
Reclassified to disposal group held for sale (Note 22)	(1,398)	(3,370)	-	(4,768)
Others	(319)	-	166	(153)
<b>Total liability-related other changes</b>	<b>(1,069)</b>	<b>(2,916)</b>	<b>166</b>	<b>(3,819)</b>
<b>Balance at 30 June 2022</b>	<b>-</b>	<b>7,327</b>	<b>-</b>	<b>7,327</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## A. Reconciliation of movements of liabilities to cash flow arising from financing activities (cont'd)

Group	Lease liabilities US\$'000	Loan from financial institutions US\$'000	Other borrowings US\$'000	Advance receipt of profit guarantee US\$'000	Total US\$'000
Balance at 1 July 2020	1,076	21,272	6,089	2,828	31,265
Changes from financing cash flow:					
Interest paid	(86)	(681)	(443)	-	(1,210)
Proceeds from loans	-	4,768	-	-	4,768
Repayment of lease liabilities	(1,242)	-	-	-	(1,242)
Repayment of loans	-	(8,395)	(578)	-	(8,973)
Total changes from financing cash flows	(1,328)	(4,308)	(1,021)	-	(6,657)
Effect of changes in foreign exchange rates	334	1,090	-	196	1,620
Other changes:					
New lease liabilities	2,028	-	-	-	2,028
Interest expense	86	1,320	515	-	1,921
Derecognised due to loss of control over subsidiaries (Note 9)	-	(6,800)	(5,583)	-	(12,383)
Others	(12)	-	-	-	(12)
Total liability-related other changes	2,102	(5,480)	(5,068)	-	(8,446)
Balance at 30 June 2021	2,184	12,574	-	3,024	17,782

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 Corporate Information

The Company (Co. Reg. No. 199400571K) is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The address of the registered office and principal place of business of the Company is at 456 Alexandra Road, #24-01 Fragrance Empire Building, Singapore 119962.

The principal activity of the Company is that of investment holding company. The principal activities of the subsidiaries are disclosed in Note 15.

### Proposed Restructuring Exercise

On 24 May 2022, the 2810198 Ontario Inc ('Ontario') enter into a binding Memorandum of Agreement ("MOA") with the Company. Ontario acquired all the rights and interests the debts the Company owed to certain third-party creditors.

On 9 January 2023, the Company filed an application 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 ('IRDA'). On 6 February 2023, the Court granted the moratorium protection sought until 9 July 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. On 22 June 2023, the Company applied and the Court granted an extension of Moratorium to 9 October 2023.

The restructuring exercise, as disclosed in Note 38, is still ongoing as at the date of these financial statements.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements are presented in United States dollar ("USD" or "US\$"), which is the Company's functional currency and all financial information presented in United States dollar are rounded to the nearest thousand (US\$'000), except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumption 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 and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

#### 2.1 Basis of preparation (cont'd)

##### *Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

##### *New and revised standards that are adopted*

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and of the Company.

##### *New and revised standards issued but not yet effective*

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 30 June 2022 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

#### 2.2 Basis of consolidation (cont'd)

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.3. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Contingent consideration transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration (other than measurement period adjustment) are recognised in profit or loss.

Non-controlling interests ("NCI") are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with equity holders in their capacity as equity holders). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to equity holders of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated profits if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

#### 2.3 Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.



**2 Summary of significant accounting policies (cont'd)****2.3 Goodwill (cont'd)**

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combinations. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**2.4 Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

**2.5 Revenue recognition**

The Group recognises revenue from the following major sources:

Continuing operations

- sales of goods;
- healthcare consultancy and medical service; and
- interest income

Discontinued operation

- trading of oil and related products; and
- chartering income

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

*Sale of goods*

The Group sells healthcare products, nonwoven fabric and related products. Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied, which is the point when control of goods has transferred to the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Under the Group's standard contract terms, customers do not have a right of return.

**2 Summary of significant accounting policies (cont'd)****2.5 Revenue recognition (cont'd)***Healthcare consultancy and medical service*

Revenue from the provision of clinical consultations and treatments are recognised when the services to be provided are completed at a point in time.

Revenue from the provision of aesthetics and traditional Chinese medical services sold in bundled packages are recognised upon completion of services rendered over time based on number of sessions utilised.

*Interest income*

Interest income is recognised using the effective interest rate.

*Trading of oil and related products*

The Group offers trading of oil products and related products. Revenue is recognised when the oil is transferred upon loading at the named port of shipment or destination.

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed the contract but has received payment from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

*Chartering income*

Chartering income from the vessel is recognised over time when the performance obligation is satisfied on the transaction period commencing on the date of commencement and ending on the forecasted date of completion of discharge. The Company has a right to invoice the consideration from a customer in an amount that corresponds directly to period of chartering.

**2.6 Government grants**

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

**2.7 Employee benefits***Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

**2 Summary of significant accounting policies (cont'd)****2.7 Employee benefits (cont'd)***Employee leave entitlement*

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

**2.8 Borrowing costs**

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are recognised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are recognised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

**2.9 Foreign 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 (the "functional currency"). The financial statements of the Group and the Company are presented in United States dollar, which is the Company's functional currency.

*Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

*Translation of Group entities' financial statements*

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

- (a) Assets and liabilities are translated at the closing rates at the end of the reporting period;
- (b) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (c) All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

**2 Summary of significant accounting policies (cont'd)****2.9 Foreign currencies (cont'd)***Translation of Group entities' financial statements (cont'd)*

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the foreign currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

**2.10 Income taxes**

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax liability is provided on all taxable temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

**2 Summary of significant accounting policies (cont'd)****2.11 Property, plant and equipment**

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price, and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line basis to allocate the depreciable amounts of all property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	<b>Years</b>
Buildings	30
Medical and other equipment	5 - 15
Computers	2 - 5
Furniture, fittings and renovations	3 - 10
Office equipment	2 to 5
Motor vehicles	5
Vessel	10

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

**2.12 Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*When a Group entity is the lessee*

The Group applies a single recognition and measurement approach for leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

**2 Summary of significant accounting policies (cont'd)****2.12 Leases (cont'd)***Lease liabilities*

The lease liabilities is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct costs, less any lease incentives received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.



**2 Summary of significant accounting policies (cont'd)****2.12 Leases (cont'd)***Right-of-use assets (cont'd)*

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.15.

As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient to all its leases.

**2.13 Intangible assets***(i) Goodwill (see Note 2.3)**(ii) Development costs*

Costs directly attributable to the development of software are capitalised as intangible assets only when technical feasibility of the software is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Such costs include purchases of materials and services and payroll related costs of employees directly involved in the development of the software. These costs are amortised using the straight-line method over their estimated useful lives of 10 years. Research costs are recognised as expense when incurred.

*(iii) Other intangible assets*

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed as at each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

**2.14 Impairment of non-financial assets excluding goodwill**

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**2 Summary of significant accounting policies (cont'd)****2.14 Impairment of non-financial assets excluding goodwill (cont'd)**

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment for an asset other than goodwill is only 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. A reversal of an impairment loss is recognised immediately in profit or loss.

**2.15 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

**2.16 Financial assets*****Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade date- the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

***Classification and measurement***

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost. The classification is based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

**2 Summary of significant accounting policies (cont'd)****2.16 Financial assets (cont'd)****Subsequent measurement***Debt instruments*

Debt instruments include cash and bank balances, fixed deposit, trade and other receivables. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

**Impairment**

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

**Offset**

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2 Summary of significant accounting policies (cont'd)****2.17 Cash and cash equivalents in the consolidated statement of cash flows**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged fixed deposits.

**2.18 Financial liabilities**

Financial liabilities include trade and other payables (excluding advance receipt of profit guarantee), borrowings and lease liabilities. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at FVTPL, directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest method.

For financial liabilities other than FVTPL, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of financial liabilities at FVTPL are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

**2.19 Financial guarantees**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 *Revenue from Contracts with Customers* and the amount of expected loss computed using the impairment methodology under SFRS(I) 9 *Financial Instruments*.

**2.20 Provisions of other liabilities**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

**2 Summary of significant accounting policies (cont'd)****2.21 Share capital and share issuance expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**2.22 Treasury shares**

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

**2.23 Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

**2.24 Disposal groups held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

**2 Summary of significant accounting policies (cont'd)****2.25 Contingent liability**

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- a present obligation that arises from past events but is not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised on the statement of financial position of the Group, except liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

**3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

***Critical judgements in applying the entity's accounting policies***

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements.

***Going concern assumption***

The Group and the Company incurred net losses of US\$35,131,000 (US\$18,099,000) and US\$32,699,000 (US\$27,877,000) respectively during the financial year ended 30 June 2022, and as of that date, the Group's and the Company's current liabilities exceeded the current assets by US\$29,659,000 (2021: US\$3,621,000) and US\$34,207,000 (2021: US\$5,967,000) respectively.

These factors 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:

- (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 the 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.



**3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)****Critical judgements in applying the entity's accounting policies (cont'd)***Going concern assumption (cont'd)*

- (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 ("IRDA"). 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.

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.

*Control over Shanghai Fengwei*

As disclosed in Note 28, 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.

Total assets and total liabilities of Shanghai Fengwei included in the statement of financial position of the Group as at 30 June 2022 amounted to US\$16,212,000 (2021: US\$21,250,000) (including goodwill on consolidation of US\$5,431,000 (2021: US\$5,431,000)) and US\$7,620,000 (2021: US\$7,292,000) respectively. Revenue and net loss of Shanghai Fengwei included in the consolidated statement of comprehensive income of the Group for the financial year ended 30 June 2022 amounted to US\$16,401,000 (2021: US\$28,992,000) and US\$2,047,000 (2021: net profit: US\$182,000) respectively.

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.

**3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)****Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*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 13.

*Impairment of trade 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 receivable 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 disclosed in Note 31(b).

As the calculation of loss allowance on trade receivables 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.

During the financial year, the loss allowance on trade receivables of US\$47,000 (2021: US\$21,000) was recognised in the Group's profit or loss. The carrying amounts of the Group's trade receivables at the end of the reporting period are disclosed in Notes 16.

*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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

### Key sources of estimation uncertainty (cont'd)

#### Fair value of financial asset at fair value through profit or loss ("FVTPL") (cont'd)

The fair value of the financial asset at FVTPL at the end of the reporting period is disclosed in Note 21.

#### 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. Details of the key assumptions applied in the Company's impairment assessment of its investments in subsidiaries and the carrying amounts of the investments in subsidiaries are disclosed in Note 15.

## 4 Revenue

	Group	
	2022 US\$'000	2021 US\$'000
From continuing operations	29,413	42,039
From discontinued operation	-	18,397
	<b>29,413</b>	<b>60,436</b>

The following table provides a disaggregation disclosure of the Group's revenue for continuing operations by major product lines and timing of revenue recognition.

	Group	
	2022 US\$'000	2021 US\$'000
Major product/service line		
- Healthcare products	16,401	28,992
- Healthcare services	13,012	13,047
	<b>29,413</b>	<b>42,039</b>
Timing of revenue recognition		
- At a point in time	28,675	41,142
- Over time	738	897
	<b>29,413</b>	<b>42,039</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 5 Other income

	Group	
	2022 US\$'000	2021 US\$'000
Government grants	239	886
Interest income from		
- Bank balances	56	123
- Late payment by customers	-	1
Value-added tax refund	391	678
Miscellaneous income	339	135
	<b>1,025</b>	<b>1,823</b>

Government grant comprises grant income received under Jobs Support Scheme, Primary Care Program, Wage Credit Scheme and Job Growth Incentive.

## 6 Employee benefits expense

	Continuing operations		Discontinued operation		Total	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Group						
Staff:						
- Salaries, wages and bonuses	6,537	5,135	-	186	6,537	5,321
- Contributions to defined contribution plans	339	328	-	18	339	346
- Other short-term employee benefits	184	302	-	-	184	302
	<b>7,060</b>	<b>5,765</b>	<b>-</b>	<b>204</b>	<b>7,060</b>	<b>5,969</b>
Key management personnel compensation:						
- Salaries, wages and bonuses	2,245	2,431	-	113	2,245	2,544
- Contributions to defined contribution plans	102	94	-	7	102	101
	<b>2,347</b>	<b>2,525</b>	<b>-</b>	<b>120</b>	<b>2,347</b>	<b>2,645</b>
Total employee benefits expenses	<b>9,407</b>	<b>8,290</b>	<b>-</b>	<b>324</b>	<b>9,407</b>	<b>8,614</b>
Key management personnel compensation comprises:						
- Directors of the Company	287	298	-	-	287	298
- Directors of subsidiaries	2,000	2,143	-	21	2,000	2,164
- Other key management personnel	60	84	-	99	60	183
	<b>2,347</b>	<b>2,525</b>	<b>-</b>	<b>120</b>	<b>2,347</b>	<b>2,645</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 7 Finance costs

	Group	
	2022 US\$'000	2021 US\$'000
Interest expenses on:		
- other borrowings	162	393
- lease liabilities	119	86
- loans from financial institutions	454	434
	<b>735</b>	913

## 8 Taxation

	Group	
	2022 US\$'000	2021 US\$'000
<u>From continuing operations</u>		
Current tax:		
- Current year	385	541
- Changes in estimates related to prior years	(19)	(63)
	<b>366</b>	478
Deferred tax:		
- Origination and reversal of temporary differences	(95)	(244)
- Changes in estimates related to prior years	37	158
	<b>(58)</b>	(86)
Withholding tax expense	-	7
Taxation attributable to continuing operations	<b>308</b>	399
<u>From discontinued operation</u>		
Current tax:		
- Current year	-	(12)
Taxation attributable to discontinued operation (Note 9)	-	(12)
Taxation recognised in profit or loss	<b>308</b>	387

Income tax is calculated at 17% (2021: 17%) for Singapore and 25% (2021: 25%) for China for the estimated assessable (losses)/profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 8 Taxation (cont'd)

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)/profit as a result of the following:

	Group	
	2022 US\$'000	2021 US\$'000
(Loss)/profit before taxation from continuing operations	(34,823)	457
Loss before taxation from discontinued operation	-	(18,169)
	<b>(34,823)</b>	(17,712)
Tax at statutory rates applicable to different jurisdictions	(6,046)	(3,036)
Tax effect of expenses that are not deductible	6,349	3,780
Tax effect of income that is not taxable	(24)	(232)
Income tax rebates and incentives	(120)	(232)
Tax effect of unused tax losses not recognised as deferred tax assets	217	95
Deferred tax liabilities related to fair value adjustments on acquisition of subsidiaries	(85)	(88)
Changes in estimates of current taxation related to prior years	(19)	(63)
Changes in estimates of deferred taxation related to prior years	37	158
Withholding tax expense	-	7
Others	(1)	(2)
	<b>308</b>	387

## 9 Loss from discontinued operation

On 5 January 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 9 Loss from discontinued operation (cont'd)

The liquidation procedure is still on-going as at 30 June 2022.

The aggregate effects of the loss of control over IEG on the cashflows of the Group were as follows:

	Note	Group 2021 US\$'000
Property, plant and equipment	12	6,333
Financial asset at fair value through other comprehensive income	A	17,192
Trade and other receivables		5,530
Cash and bank balances		1,000
<b>Total assets</b>		<b>30,055</b>
Borrowings		12,383
Trade and other payables		2,031
Tax payable		30
<b>Total liabilities</b>		<b>14,444</b>
Identified net assets derecognised		15,611
Fair value of the retained interest		-
<b>Loss arising from loss of control over IEG</b>		<b>15,611</b>
Consideration received in cash and cash equivalents		-
Less: Cash and cash equivalents in IEG		(1,000)
<b>Net cash outflow on loss of control over IEG</b>		<b>(1,000)</b>

### Note A

The financial asset at fair value through other comprehensive income comprised 4.534% equity interest Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC") and the total cost of investment before recognising any fair value changes is US\$22,660,000.

In the previous financial year, the Company appointed an independent reviewer to carry out independent review on the investment in Thai GNCC and as at date of approval of these financial statements, the independent review report has not been finalised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 9 Loss from discontinued operation (cont'd)

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

	Group 2021 US\$'000
Revenue	18,397
Other income	45
Purchases of finished goods	(19,145)
Changes in inventories of finished goods	(39)
Employee benefits expense	(324)
Depreciation of property, plant and equipment	(299)
Depreciation of right-of-use assets	(85)
Other operating expenses	(100)
Loss arising from loss of control over IEG	(15,611)
Finance costs	(1,008)
<b>Loss before taxation</b>	<b>(18,169)</b>
Taxation	12
<b>Loss from discontinued operations, net of tax</b>	<b>(18,157)</b>

The impact of the discontinued operations on the cash flows of the Group are as follows:

	Group 2021 US\$'000
Operating	(1,422)
Investing	(336)
Financing	(818)
<b>Net cash outflows</b>	<b>(2,576)</b>

The calculations of the basic and diluted loss per share from discontinued operation attributable to owners of the Company are as follows:

	Group 2021 US\$'000
Loss per share from discontinued operation attributable to owners of the Company (US cent)	
Basic and diluted	(8.71)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 10 Loss for the financial year

Group	Continuing operations		Discontinued operation		Total	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Audit fees paid/payable to:						
- Auditor of the Company	151	130	-	-	151	130
- Other auditors*	37	62	-	-	37	62
Non-audit fees paid/payable to:						
- Auditor of the Company	-	-	-	-	-	-
- Other auditors	-	-	-	-	-	-
Amortisation of intangible assets	92	106	-	-	92	106
Consultancy and marketing fee	-	(1,268)	-	-	-	(1,268)
Depreciation of property, plant and equipment	1,383	1,605	-	299	1,383	1,904
Depreciation of right-of-use assets	1,537	1,390	-	85	1,537	1,475
Loss arising from loss of control over subsidiaries	-	-	-	15,611	-	15,611
Management service fee	-	3,444	-	-	-	3,444
Impairment loss on trade and other receivables	47	29	-	-	47	29
Intangible assets written off	561	-	-	-	561	-
Bad debt written off	244	508	-	-	244	508
Prepayment written off	567	-	-	-	567	-
Impairment loss on intangible assets	4,418	-	-	-	4,418	-
Fair value change of the put liability	533	858	-	-	533	858
Legal, professional fees and other charges	499	1,007	-	59	499	1,066

\* Includes independent member firms of the Baker Tilly International network.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 11 Loss per share

Basic loss per share is calculated based on the Group's loss for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares outstanding.

Group	Continuing operations		Discontinued operation		Total	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Net loss attributable to equity holders of the Company	(35,313)	(1,029)	-	(18,157)	(35,313)	(19,186)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share	208,465	208,465	-	208,465	208,465	208,465
Basic and diluted earnings per share (cents per share)	(16.94)	(0.49)	-	(8.71)	(16.94)	(9.20)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 12 Property, plant and equipment

Group	Buildings US\$'000	Medical and other equipment US\$'000	Computers US\$'000	Furniture, fittings and renovations US\$'000	Office equipment US\$'000	Motor vehicles US\$'000	Total US\$'000
<b>2022</b>							
<b>Cost</b>							
At 1 July 2021	994	3,934	84	350	44	267	5,673
Additions	-	57	29	64	2	23	175
Written off	-	(10)	(9)	(30)	(5)	(21)	(75)
Reclassified to disposal group held for sale (Note 22)	-	(976)	(88)	(339)	(39)	-	(1,442)
Currency translation differences	(125)	(787)	(3)	(7)	10	(14)	(926)
<b>At 30 June 2022</b>	<b>869</b>	<b>2,218</b>	<b>13</b>	<b>38</b>	<b>12</b>	<b>255</b>	<b>3,405</b>
<b>Accumulated depreciation</b>							
At 1 July 2021	376	1,778	64	157	14	84	2,473
Depreciation	129	1,101	15	78	10	50	1,383
Written off	-	(10)	(9)	(4)	(5)	(20)	(48)
Reclassified to disposal group held for sale (Note 22)	-	(756)	(60)	(230)	(30)	-	(1,076)
Currency translation differences	(117)	(725)	(2)	(1)	11	(7)	(841)
<b>At 30 June 2022</b>	<b>388</b>	<b>1,388</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>1,891</b>
<b>Net carrying value</b>							
<b>At 30 June 2022</b>	<b>481</b>	<b>830</b>	<b>5</b>	<b>38</b>	<b>12</b>	<b>148</b>	<b>1,514</b>

## 12 Property, plant and equipment (cont'd)

Group	Buildings US\$'000	Medical and other equipment US\$'000	Computers US\$'000	Furniture, fittings and renovations US\$'000	Office equipment US\$'000	Motor vehicles US\$'000	Vessel US\$'000	Total US\$'000
<b>2021</b>								
<b>Cost</b>								
At 1 July 2020	690	1,867	111	409	47	81	7,046	10,251
Additions	-	1,688	24	110	3	187	333	2,345
Written off	-	-	(5)	(29)	(4)	(25)	-	(63)
Derecognised due to loss of control over subsidiaries	-	(64)	(56)	(156)	(15)	-	(7,379)	(7,670)
Currency translation differences	304	443	10	16	13	24	-	810
At 30 June 2021	994	3,934	84	350	44	267	-	5,673
<b>Accumulated depreciation</b>								
At 1 July 2020	24	270	104	223	13	60	818	1,512
Depreciation	71	1,404	13	114	4	35	263	1,904
Written off	-	-	(5)	(11)	-	(23)	-	(39)
Derecognised due to loss of control over subsidiaries	-	(40)	(50)	(151)	(15)	-	(1,081)	(1,337)
Currency translation differences	281	144	2	(18)	12	12	-	433
At 30 June 2021	376	1,778	64	157	14	84	-	2,473
<b>Net carrying value</b>								
<b>At 30 June 2021</b>	<b>618</b>	<b>2,156</b>	<b>20</b>	<b>193</b>	<b>30</b>	<b>183</b>	<b>-</b>	<b>3,200</b>

During the financial year, depreciation amounting to US\$Nil (2021: US\$1,213,000) is included in changes in inventories of finished goods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 12 Property, plant and equipment (cont'd)

	Computers US\$'000	Furniture, fittings and renovations US\$'000	Office equipment US\$'000	Total US\$'000
<b>Company</b>				
<b>2022</b>				
<b>Cost</b>				
At 1 July 2021 and 30 June 2022	11	1	23	35
<b>Accumulated depreciation</b>				
At 1 July 2021	6	1	19	26
Depreciation	3	-	2	5
<b>At 30 June 2022</b>	<b>9</b>	<b>1</b>	<b>21</b>	<b>31</b>
<b>Net carrying value</b>				
<b>At 30 June 2022</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>4</b>
<b>2021</b>				
<b>Cost</b>				
At 1 July 2020	6	1	23	30
Additions	5	-	-	5
At 30 June 2021	11	1	23	35
<b>Accumulated depreciation</b>				
At 1 July 2020	5	1	17	23
Depreciation	1	-	2	3
At 30 June 2021	6	1	19	26
<b>Net carrying value</b>				
At 30 June 2021	5	-	4	9

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 13 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
			Customer relationship US\$'000	CMS development costs US\$'000				
<b>Cost</b>								
At 1 July 2021	18,856	274	1,544	1,544	92	330	215	21,311
Additions	-	-	-	-	-	-	346	346
Written off	-	-	-	-	-	-	(561)	(561)
Currency translation differences	(384)	-	-	-	(3)	-	-	(387)
Reclassified to disposal group held for sales (Note 22)	(13,041)	-	-	-	-	-	-	(13,041)
<b>At 30 June 2022</b>	<b>5,431</b>	<b>274</b>	<b>1,544</b>	<b>1,544</b>	<b>89</b>	<b>330</b>	<b>-</b>	<b>7,668</b>
<b>Accumulated amortisation and impairment</b>								
At 1 July 2021	-	77	1,544	1,544	92	165	-	1,878
Amortisation	-	26	-	-	-	66	-	92
Impairment loss	4,418	-	-	-	-	-	-	4,418
Reclassified to disposal group held for sales (Note 22)	(4,418)	-	-	-	-	-	-	(4,418)
Currency translation differences	-	-	-	-	(3)	-	-	(3)
<b>At 30 June 2022</b>	<b>-</b>	<b>103</b>	<b>1,544</b>	<b>1,544</b>	<b>89</b>	<b>231</b>	<b>-</b>	<b>1,967</b>
<b>Representing:</b>								
Accumulated amortisation	-	103	540	540	89	231	-	963
Accumulated impairment loss	-	-	1,004	1,004	-	-	-	1,004
<b>Carrying amount</b>								
<b>At 30 June 2022</b>	<b>5,431</b>	<b>171</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99</b>	<b>-</b>	<b>5,701</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 13 Intangible assets (cont'd)

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							
At 1 July 2020	18,056	274	1,544	86	330	-	20,290
Additions	-	-	-	-	-	215	215
Currency translation differences	800	-	-	6	-	-	806
At 30 June 2021	18,856	274	1,544	92	330	215	21,311
Accumulated amortisation and impairment							
At 1 July 2020	-	51	1,544	72	99	-	1,766
Amortisation	-	26	-	14	66	-	106
Currency translation differences	-	-	-	6	-	-	6
At 30 June 2021	-	77	1,544	92	165	-	1,878
Representing:							
Accumulated amortisation	-	77	540	92	165	-	874
Accumulated impairment loss	-	-	1,004	-	-	-	1,004
At 30 June 2021	-	77	1,544	92	165	-	1,878
Carrying amount							
At 30 June 2021	18,856	197	-	-	165	215	19,433

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 13 Intangible assets (cont'd)

Cost	Company	
	2022	2021
	US\$'000	US\$'000
At 1 July	215	-
Additions	346	215
Written-off	(561)	-
At 30 June	-	215
Accumulated amortisation		
At 1 July 2020, 30 June 2021 and 30 June 2022	-	-
Carrying amount		
At 30 June 2022	-	215

### Write-off of other development cost

Other development cost of the Group and the Company relates to cost paid to vendors to develop an artificial intelligence platform which can be used to provide genomic-driven healthcare. No amortisation is charged as the platform was still under development stage. During the financial year, the project was terminated and consequently the cost was written off.

### 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 Chinese Medicine"), (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., Dentaltrendz Pte. Ltd. (collectively, the "Trendz" companies), (iii) Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd., Wren Dental and Medical Supplies Pte. Ltd. (collectively, the "Orange" companies), (iv) 84 INC Pte. Ltd., The Dental Hub@SG Pte. Ltd. and NDC Consulting Pte. Ltd. (collectively, the "TDH" companies), (v) Dr Chua's Family Clinic Pte. Ltd., HL Clinic Pte Ltd, HL Family Clinic & Surgery Pte. Ltd., HK Family Clinic & Surgery Pte. Ltd., HL Dermahealth Clinic Pte. Ltd. and Lily Aw Medical Services Pte Ltd (collectively, "HSI Medical" companies) and (vi) Shanghai Fengwei Garment Accessory Co., Ltd. (the "Shanghai Fengwei") as follows:

Cash-generating units	Group	
	2022	2021
	US\$'000	US\$'000
HSI Chinese Medicine	-	1,052
HSI Dental <sup>ⓐ</sup>	-	4,040
HSI Medical	-	8,333
Shanghai Fengwei	5,431	5,431
	5,431	18,856

<sup>ⓐ</sup> Including Trendz, Orange and TDH.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 13 Intangible assets (cont'd)

For the financial year ended 30 June 2022

In connection with the Group restructuring exercise, goodwill attributable to the HSI Dental, HSI Medical and HSI Chinese Medical's CGUs are re-classified to disposal group held for sale (Note 22).

Prior to the re-classification, the Group carried out impairment review of the Goodwill relating to HSI Dental, HSI Medical and HSI Chinese Medical's CGUs using VIU of the respective CGUs as estimated by management and this review led to the recognition of impairment loss of US\$4,418,000 (2021: US\$Nil) and the carrying amount of the goodwill after impairment loss is US\$8,623,000 (2021:US\$13,425,000) (Note 22).

Shanghai Fengwei's VIU calculation is determined based on management approved cash flow projections covering a five-year period, using an average growth rate of 7% (30.6.2021: 7%) pre- tax discount rate of 13.27% (30.6.2021: 13.27%) and a terminal growth rate of 2% (30.6.2021: 2%).

With regards to the assessment of value in use for the respective CGUs, management believes that the change in the estimated recoverable amount from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of the CGUs.

## 14 Right-of-use assets

The Group and the Company leases several leasehold premises (clinics and factory) and office space. The average lease term is 3 years.

Group	Leasehold premises US\$'000	Office space US\$'000	Total US\$'000
<b>Cost</b>			
At 1 July 2021	5,059	515	5,574
Additions	529	-	529
Lease modification	(5)	-	(5)
Derecognition of right-of-use	(355)	(515)	(870)
Reclassified to disposal group held for sale (Note 22)	(2,568)	-	(2,568)
Currency translation differences	159	-	159
<b>At 30 June 2022</b>	<b>2,819</b>	<b>-</b>	<b>2,819</b>
<b>Accumulated depreciation</b>			
At 1 July 2021	1,601	87	1,688
Depreciation	1,409	128	1,537
Lease modification	(3)	-	(3)
Derecognition of right-of-use	(355)	(215)	(570)
Reclassified to disposal group held for sale (Note 22)	(1,246)	-	(1,246)
Currency translation differences	(46)	-	(46)
<b>At 30 June 2022</b>	<b>1,360</b>	<b>-</b>	<b>1,360</b>
<b>Carrying amount</b>			
<b>At 30 June 2022</b>	<b>1,459</b>	<b>-</b>	<b>1,459</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 14 Right-of-use assets (cont'd)

Group	Leasehold premises US\$'000	Office space US\$'000	Total US\$'000
<b>Cost</b>			
At 1 July 2020	4,102	254	4,356
Additions	1,513	515	2,028
Derecognition of right-of-use assets	(913)	-	(913)
Derecognised due to loss of control over subsidiaries	-	(254)	(254)
Exchange difference on translation	357	-	357
<b>At 30 June 2021</b>	<b>5,059</b>	<b>515</b>	<b>5,574</b>
<b>Accumulated depreciation</b>			
At 1 July 2020	1,176	170	1,346
Depreciation	1,304	171	1,475
Derecognition of right-of-use assets	(913)	-	(913)
Derecognised due to loss of control over subsidiaries	-	(254)	(254)
Exchange difference on translation	34	-	34
<b>At 30 June 2021</b>	<b>1,601</b>	<b>87</b>	<b>1,688</b>
<b>Carrying amount</b>			
<b>At 30 June 2021</b>	<b>3,458</b>	<b>428</b>	<b>3,886</b>

Cost	Company Office space	
	2022 US\$'000	2021 US\$'000
At 1 July	515	-
Additions	-	515
Derecognition of right-of-use	(515)	-
<b>At 30 June</b>	<b>-</b>	<b>515</b>
<b>Accumulated amortisation</b>		
At 1 July	86	-
Depreciation	128	86
Derecognition of right-of-use	(214)	-
<b>At 30 June</b>	<b>-</b>	<b>86</b>
<b>Carrying amount</b>		
<b>At 30 June</b>	<b>-</b>	<b>429</b>

The Group's leasehold premises of US\$1,459,000 (2021: US\$1,770,000) is secured for the bank borrowings (Note 26).

The carrying amounts of lease liabilities and the maturity analysis of lease liabilities are disclosed in Note 27 and Note 31 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 15 Subsidiaries

	Company	
	2022	2021
	US\$'000	US\$'000
Unquoted equity shares, at cost	47,210	47,210
Less: Accumulated impairment losses	(29,501)	(26,164)
	<b>17,709</b>	21,046

Movement in the allowance for impairment loss in investment in subsidiaries is as follows:

	Company	
	2022	2021
	US\$'000	US\$'000
At beginning of financial year	26,164	400
Additional impairment loss	3,337	25,764
At end of financial year	<b>29,501</b>	26,164

During the financial year, an impairment loss of US\$3,337,000 was recognised to write down the cost of investment in New Silkroutes Capital Pte. Ltd. ("NSC") as the recoverable amount of its certain subsidiaries held by NSC is less than the carrying value. The recoverable amounts of these investments are determined based on value in use.

During the previous financial year, an impairment loss of US\$25,764,000 was recognised to fully write down the cost of investment in certain subsidiaries, which were either in process of liquidation or were dormant. The Company's investment in International Energy Group Pte. Ltd. is held by New Silkroutes Capital Pte. Ltd. ("NSC") which in turn held by the Company. The management performed an impairment assessment on the recoverability of the investment amount in NSC and recognised an impairment loss of US\$24,764,000 in the Company's financial statements. The impairment loss of US\$24,764,000 was the cost of investment made by the Company in NSC, for the purpose of investment in IEG.

(i) Details of the Group's significant subsidiaries are as follows:

Name of company	Principal activities	Country of business/ incorporation	Equity holding	
			2022	2021
			%	%
<u>Held by the Company</u>				
New Silkroutes Capital Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100
<u>Held by New Silkroutes Capital Pte. Ltd.</u>				
New Silkroutes Group (Europe) Limited <sup>(5)</sup>	Investment holding	Malta	100	100
Healthsciences International Pte. Ltd. <sup>(1)</sup>	Distributors of health supplements and Chinese proprietary medicine, providers of clinical management services, and healthsciences consultants	Singapore	81.28	81.28

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 15 Subsidiaries (cont'd)

(i) Details of the Group's significant subsidiaries are as follows (cont'd):

Name of company	Principal activities	Country of business/ incorporation	Equity holding	
			2022	2021
			%	%
<u>Held by New Silkroutes Capital Pte. Ltd. (cont'd)</u>				
HSI Asia Pte. Ltd. <sup>(4)</sup>	Investment holding	Singapore	100	100
HSI Specialists Pte. Ltd. <sup>(4)</sup>	Investment holding	Singapore	100	100
Shanghai Fengwei Garment Accessory Co., Ltd. <sup>(2)(6)</sup>	Manufacture of non-woven fabric	People's Republic of China	100	100
New Silkroutes TCM (Beijing) Co., Ltd. <sup>(5)(7)</sup>	Distribution of Traditional Chinese Medicine products	People's Republic of China	100	100
<u>Held by New Silkroutes Group (Europe) Limited</u>				
IEG Malta Limited <sup>(3)</sup>	Wholesale and retail trading of crude oil, intermediate fuel oil and other distillates	Malta	100	100
<u>Held by Healthsciences International Pte. Ltd.</u>				
HSI Dental Pte. Ltd. <sup>(1)</sup>	Investment holding	Singapore	100	100
HSI Medical Pte. Ltd. <sup>(1)(5)</sup>	Investment holding	Singapore	100	100
<u>Held by HSI Dental Pte. Ltd. *</u>				
Crescent Dental Clinic Pte. Ltd. <sup>(1)(6)</sup>	Dental services	Singapore	70	70
Dentaltrendz JP Pte. Ltd. <sup>(1)(6)</sup>	Dental services	Singapore	70	70
Trendz Dental Surgeons Pte. Ltd. <sup>(1)(6)</sup>	Dental services	Singapore	70	70
L'ving Vine Dental Clinic Pte. Ltd. <sup>(1)(6)</sup>	Dental services	Singapore	70	70
Dover Dental Surgery Pte. Ltd. <sup>(1)(6)</sup>	Dental services	Singapore	70	70

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 15 Subsidiaries (cont'd)

(i) Details of the Group's significant subsidiaries are as follows (cont'd):

Name of company	Principal activities	Country of business/ incorporation	Equity holding	
			2022 %	2021 %
<u>Held by HSI Dental Pte. Ltd. (cont'd)*</u>				
Dentaltrendz Pte. Ltd. <sup>(1) (6)</sup>	Management services	Singapore	70	70
Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd. <sup>(1) (6)</sup>	Dental services	Singapore	51	51
Wren Dental and Medical Supplies Pte. Ltd. <sup>(1) (6)</sup>	Medical and dental supplies	Singapore	51	51
84 INC Pte. Ltd. <sup>(1)(8)</sup>	Dental services	Singapore	70	70
The Dental Hub@SG Pte. Ltd. <sup>(1)(8)</sup>	Dental services	Singapore	70	70
NDC Consulting Pte. Ltd. <sup>(1)(8)</sup>	Dental services	Singapore	70	70
<u>Held by HSI Medical Pte. Ltd.*</u>				
Dr Chua's Family Clinic Pte. Ltd. <sup>(1) (6)</sup>	General medical services	Singapore	51	51
HL Clinic Pte Ltd <sup>(1) (6)</sup>	General medical services	Singapore	60	60
HL Family Clinic & Surgery (Bedok) Pte. Ltd. <sup>(1) (6)</sup>	General medical services	Singapore	60	60
HK Family Clinic & Surgery Pte. Ltd. <sup>(1) (6)</sup>	General medical services	Singapore	60	60
HL Dermahealth Clinic Pte Ltd <sup>(1) (6)</sup>	Aesthetic clinic	Singapore	60	60
Lily Aw Medical Services Pte Ltd <sup>(1) (6)</sup>	General medical services	Singapore	60	60

\* These subsidiaries and the entities held by these subsidiaries are classified as disposal group held for sale at the reporting date.

<sup>(1)</sup> Audited by Baker Tilly TFW LLP.

<sup>(2)</sup> Audited by overseas independent member firms of Baker Tilly International for the purpose of preparation of the consolidated financial statements of the Group.

<sup>(3)</sup> Not required to be audited by law of country of incorporation.

<sup>(4)</sup> Exempted from audit as the subsidiaries were dormant during financial year.

<sup>(5)</sup> The subsidiary was under judicial management since 20 January 2023.

<sup>(6)</sup> The subsidiaries were disposed off subsequent to the reporting date.

<sup>(7)</sup> The subsidiary was liquidated on 13 June 2023.

<sup>(8)</sup> The business operations of these subsidiaries were transferred on 1 February 2022.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 16 Trade and other receivables

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Trade receivables from:				
- Third parties	4,441	6,086	-	-
Less: Loss allowance				
- Third parties	(115)	(75)	-	-
	<b>4,326</b>	6,011	-	-
Other receivables from:				
- Subsidiaries	-	-	107	2,135
- Deposits	102	363	71	102
- Consideration receivables	1,361	1,361	1,361	1,361
- Other receivables	76	900	27	6
	<b>1,539</b>	2,624	<b>1,566</b>	3,604
Less: Loss allowance				
- Third parties	(1,361)	(1,560)	(1,361)	(1,361)
- Subsidiaries	-	-	-	(1,832)
	<b>178</b>	1,064	<b>205</b>	411
Total trade and other receivables	<b>4,504</b>	7,075	<b>205</b>	411
Represented by:				
Current	4,504	6,722	205	411
Non-current	-	353	-	-
	<b>4,504</b>	7,075	<b>205</b>	411

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.

### Consideration receivables

Consideration receivables arose from the disposal of subsidiaries in 2017 and 2016. On 23 November 2020, the Company entered into an agreement with the buyer to offset the remaining amount against collaboration projects at a service fee of US\$200,000 per annum for a period of 5 years. The service fee from project shall be offset from the outstanding amount on the 31 August of each year. Accordingly, consideration receivables amounting to US\$950,000 is reclassified to prepayments in the previous financial year (Note 19).

During the current financial year, the agreement was terminated and the remaining balance in prepayment amounting to US\$567,000 was written off.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 17 Deferred taxation

	Group	
	2022 US\$'000	2021 US\$'000
At beginning of financial year	(114)	(204)
Recognised in profit or loss (Note 8)	58	86
Reclassified to disposal group held for sale (Note 22)	29	-
Exchange difference on translation	-	4
At end of financial year	(27)	(114)
Comprising:		
Deferred tax assets	-	37
Deferred tax liabilities	(27)	(151)
	(27)	(114)

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

Group	Unused tax losses US\$'000	Fair value adjustments on acquisition of subsidiaries US\$'000	Unremitted interest income US\$'000	Accelerated tax depreciation US\$'000	Total US\$'000
Balance at 1.7.2020	183	(200)	(164)	(23)	(204)
Recognised in profit or loss (Note 8)	(158)	88	164	(8)	86
Exchange difference on translation	12	-	-	(8)	4
Balance at 30.6.2021	37	(112)	-	(39)	(114)
Recognised in profit or loss (Note 8)	(37)	85	-	10	58
Reclassified to disposal group held for sales (Note 22)	-	-	-	29	29
<b>Balance at 30.6.2022</b>	<b>-</b>	<b>(27)</b>	<b>-</b>	<b>-</b>	<b>(27)</b>

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:

	Group and Company	
	2022 US\$'000	2021 US\$'000
Unused tax losses	33,800	34,124
Deferred tax assets not recognised	5,746	5,801

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 17 Deferred taxation (cont'd)

The unused tax losses are allowed to be carried forward and used to offset against the future taxable profits of the Company in which the items arose, subject to agreement by the relevant tax authorities and compliance with the applicable tax regulations of the country in which the Company operate. The unused tax losses 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 can utilise the benefits.

## 18 Inventories

	Group	
	2022 US\$'000	2021 US\$'000
Raw materials	660	1,300
Finished goods	624	800
Medical products and supplies	-	330
	1,284	2,430
Less: Allowance for inventories	-	(2)
	1,284	2,428

The cost of inventories recognised as expense and included in purchases of finished goods and changes in inventories of finished goods from continuing operations amounted to US\$15,874,000 (2021: US\$25,244,000).

## 19 Prepayments

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Service fee	-	950	-	950
Others	969	210	-	30
	969	1,160	-	980
Represented by:				
Current	716	410	-	230
Non-current	253	750	-	750
	969	1,160	-	980

The agreement relating to the collaboration project (Note 16) was terminated during the financial year and consequently, the remaining balance of service fee in prepayment amounting to US\$567,000 at the date of termination was written off to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 20 Cash and bank balances

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Cash on hand	2	46	-	2
Cash in banks	1,530	6,563	-	70
	<b>1,532</b>	6,609	-	72
Fixed deposits pledged	39	416	-	-
	<b>1,571</b>	7,025	-	72

At the end of the reporting period, the fixed deposits of the Group amounting to US\$39,000 (2021: US\$416,000) were pledged to bank to secure bank loans (Note 26).

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

	Group	
	2022 US\$'000	2021 US\$'000
Cash and bank balances and fixed deposits	1,571	7,025
Less: Cash restricted in use	(1)	(67)
Less: Fixed deposits pledged	(39)	(416)
Add: Disposal groups classified as held for sale (Note 22)	2,615	-
	<b>4,146</b>	6,542

Cash restricted in use relates to funds held in designated bank accounts which are earmarked only for the purpose of letters of credit.

## 21 Financial asset at fair value through profit or loss

	Group	
	2022 US\$'000	2021 US\$'000
Unquoted equity shares, at cost		
- International Energy Group Pte. Ltd ("IEG")	-	-

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 on 5 January 2021, the Group reclassified the investment to financial asset at fair value through profit or loss (Note 9).

The fair value of the investment is determined based on the net expected amounts to be realised through the sale of assets and repayment of obligations as assessed by management as at end of reporting period.

Based on management's assessment, the fair value of the investment as at 30 June 2022 is US\$Nil (2021: US\$Nil).

Unquoted equity shares are classified as Level 3 in the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 22 Disposal groups classified as held for sale

As part of the Group restructuring exercise, the directors have approved to sell the group of companies under HSI Dental Pte. Ltd., HSI Medical Pte. Ltd. and HSI Chinese Medicine (the "Disposal Group"). Accordingly, the assets and liabilities of the Disposal Group have been presented as a disposal group classified as held for sale. The Disposal Group was previously part of the Group's healthcare segment.

Details of disposal group assets classified as held for sale are as follows:

	2022 US\$'000
Property, plant and equipment [Note (i)]	366
Intangible assets	
- Goodwill (net of impairment loss of US\$4,418,000)	8,623
Right-of-use assets	1,322
Cash and bank balances (Note 20)	2,615
Inventories	354
Trade and other receivables	891
	<b>14,171</b>

Details of liabilities assets associated with disposal group classified as held for sale are as follows:

	2022 US\$'000
Trade and other payables [Note (ii)]	7,192
Loans from financial institutions [Note (iii)]	3,370
Lease liabilities	1,398
Current income tax payable	422
Deferred tax liabilities	29
	<b>12,411</b>

### i) Property, plant and equipment

At end of the reporting period, the carrying amount of the Disposal Group's plant and equipment under lease arrangement comprised of medical and other equipment of US\$24,000 (2021:US\$36,000).

### ii) Consideration payables

Included in trade and other payables are consideration payables of US\$6,268,000 (2021: US\$5,735,000) being the put liability arising from the acquisition of medical clinics in 2019. The put liability relates to the put option held by the vendors to sell the non-controlling interests ("NCI") in the medical clinics to the Group and is measured based on a multiple of the future earnings of the medical clinics.

In conjunction with the acquisition, the vendor also granted a call option to the subsidiary to buy the remaining shares in the medical clinics at multiple of the future earnings of the medical clinics. The fair value of the call option at 30 June 2022 and 30 June 2021 are immaterial.

### iii) Loans from financial institutions

The loans are secured by corporate guarantees by the Company and fellow subsidiaries of the group and personal guarantee from a director of the subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 23 Share capital

	2022		2021	
	Number of shares	Amount US\$'000	Number of shares	Amount US\$'000
<b>Group and Company</b>				
<i>Issued and fully paid with no par value</i>				
At beginning and end of financial year	<b>211,908,869</b>	<b>88,183</b>	211,908,869	88,183

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 June 2022 and 30 June 2021.

## 24 Treasury shares

	2022		2021	
	Number of shares	Amount US\$'000	Number of shares	Amount US\$'000
<b>Group and Company</b>				
<i>Issued and fully paid with no par value</i>				
At beginning and end of financial year	<b>3,444,200</b>	<b>(863)</b>	3,444,200	(863)

## 25 Other reserves

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Foreign currency translation reserve	<b>584</b>	937	-	-
Capital reserve	<b>45</b>	45	<b>45</b>	45
Other reserve	<b>(3,596)</b>	(3,595)	-	-
	<b>(2,967)</b>	(2,613)	<b>45</b>	45

### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 25 Other reserves (cont'd)

### Other reserve

Other reserve mainly represents the net present value of the call and put options liability (Note 28).

## 26 Borrowings

	Group	
	2022 US\$'000	2021 US\$'000
<u>Loans from financial institutions</u>		
Non-current	<b>373</b>	1,540
Current	<b>6,954</b>	11,034
	<b>7,327</b>	12,574

### Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount US\$'000
<b>Group</b>				
<b>2022</b>				
Loans from financial institutions				
- Secured	SGD	3% to 10%	2023 to 2025	1,101
- Secured	RMB	4.35% to 4.5%	2022	6,226
				<b>7,327</b>
<b>2021</b>				
Loans from financial institutions				
- Secured	SGD	2% to 10%	2022 to 2026	6,051
- Secured	RMB	4.35% to 4.5%	2021 to 2022	6,523
				<b>12,574</b>

Loans from financial institutions and other borrowings are secured by the following:

- fixed deposits of the Group;
- corporate guarantees by the Company and the subsidiaries of the Company; and
- charges over shares of certain subsidiaries of the Company;
- personal guarantee(s) from a director of the Company and a former director of the Company and/or directors of subsidiaries;
- pledge over a director's land; and/or
- fixed and floating charge on all assets and undertakings of a subsidiary.

## 27 Lease liabilities

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Current	-	842	-	163
Non-current	-	1,342	-	277
	-	2,184	-	440

The Group's lease liabilities of US\$32,000 in year 2021 was for leases of certain medical and other equipment (Note 22).

During the financial year, the total cash flow for leases amounted to US\$1,062,000 (2021: US\$1,242,000).

## 28 Trade and other payables

	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
Trade payables from:				
- Third parties	584	662	-	-
	584	662	-	-
Other payables from:				
- Subsidiaries	-	-	5,403	2,381
- Former related party	35	35	35	35
- Accrued operating expenses	796	1,183	184	180
- Accrued personnel expenses	10	401	-	183
- Consideration payables	1,460	7,247	-	-
- Advance receipt of profit guarantee	-	3,024	-	3,024
- Other payables	2,219	998	1,354	714
	4,520	12,888	6,976	6,517
Total trade and other payables	5,104	13,550	6,976	6,517
Represented by:				
- Current	5,104	7,815	6,976	6,517
- Non-current	-	5,735	-	-
	5,104	13,550	6,976	6,517

Trade payables are non-interest bearing and are generally settled on 30 to 90 days (2021: 30 to 90 days) credit terms.

The non-trade amounts due to subsidiaries and former related party, represent advances from and payments on behalf, are unsecured, interest-free and repayable on demand.

## 28 Trade and other payables (cont'd)

Consideration payables

Included in the consideration payables is amount due to a former director of the Company amounted to US\$1,460,000 (2021: US\$1,512,000). This is in relation to the acquisition of Shanghai Fengwei Garment Accessory Co., Ltd. The amount is unsecured, repayable on demand and bears interest at 0.03% per day.

The consideration payables in the previous year comprised of the put liability arising from the acquisition of medical clinics in 2019 amounting to US\$5,735,000. During the financial year, the Group recognised net fair value change of US\$533,000 (2021: US\$858,000). These payables is subsequently reclassified to disposal group classified as held for sale during the current financial year (Note 22).

Advance receipt of profit guarantee

On 18 April 2020, the Company and its wholly-owned subsidiary in the People's Republic of China, Shanghai Fengwei Garment Accessory Co., Ltd. ("Shanghai Fengwei"), entered into two agreements with a non-related company (the "Entity") incorporated on 22 April 2020 in the People's Republic of China, later than the signing date of the above agreements.

Management agreement with the Entity, Shanghai Fengwei and the Company ("Management Agreement")

According to the Management Agreement, the Entity would manage and expand the business of Shanghai Fengwei and the Group would receive upfront a guaranteed profit of RMB20,000,000 (US\$2,828,000) for the period from 1 January 2020 to 31 December 2021. The advance receipt of profit guarantee of RMB20,000,000 (US\$2,828,000) was received by the Company on 21 May 2020 through a Singapore incorporated company, WTL Capital Holdings Pte Ltd, who is also a shareholder of the Company.

In addition, the Company would assign 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 Advance Receipt of Profit Guarantee, 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.

During the financial year ended 30 June 2020, the Group and the Company recognised consultancy and marketing fee expense of US\$1,268,000 in other operating expenses. As at 30 June 2020, included in other payables of the Group and Company are amounts of US\$2,828,000 being the advance receipt of profit guarantee and US\$1,268,000 being the consultancy and marketing fee payable to the Entity in relation to the assignment of profits of Shanghai Fengwei from 1 January 2020 to 30 June 2020.

During the financial year ended 30 June 2021, the consultancy and marketing fee payable of US\$1,268,000 brought forward from the previous financial year was written back to current year's profit or loss of the Group and the Company as the actual profit of Shanghai Fengwei for the period from 1 January 2020 to 30 June 2021 is lower than the guaranteed profit.

During the financial year ended 30 June 2022, the Group received the notice of payment from the Entity. According to the notice of payment, the total profits of Shanghai Fengwei attributable to the Entity for the period from 1 January 2020 to 31 December 2021 is RMB24,943,000 (approximately US\$3,742,000). The Entity demand payment of RMB20,000,000 (US\$3,001,000) from the Group. The Group repaid RMB20,000,000 (US\$3,001,000) via Shanghai Fengwei to the Entity on 4 January 2022.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 28 Trade and other payables (cont'd)

*Advance receipt of profit guarantee (cont'd)*

*Management agreement with the Entity, Shanghai Fengwei and the Company ("Management Agreement") (cont'd)*

As at 30 June 2022, included in other payables of the Group and Company are advance receipt of profit guarantee of US\$ Nil (2021: US\$3,024,000).

During the previous financial year ended 30 June 2021, the Company has appointed an independent reviewer to carry out an independent review on the above-mentioned arrangement and as at the date of approval of these financial statements, the independent review report has not been finalised.

## 29 Contract liabilities

	Group	
	2022	2021
	US\$'000	US\$'000
Deferred income	-	153

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.

## 30 Financial guarantee liabilities

	Group and Company	
	2022	2021
	US\$'000	US\$'000
Corporate guarantee for a loan	13,434	-
Corporate guarantee for a lease financing arrangement	14,002	-
	<b>27,436</b>	-

As disclosed in Note 35, the Company is the corporate guarantor for a loan and a lease financing arrangement extended by OCAP and lolani (the "Creditors") respectively to the subsidiaries under creditors voluntary liquidation.

During the financial year, the Company recognised financial guarantees liabilities amounting to US\$27,436,000 (2021: US\$Nil) in respect of the corporate guarantees provided to OCAP and lolani.

On 24 May 2022, 2810198 Ontario Inc ("Ontario") and the Company entered into Memorandum of Agreement and Ontario acquired all the rights, title, benefits and interests in financial guarantees relating to the loan and the lease financing arrangement.

Upon execution of the deed of assignment on 18 July 2022, the financial guarantees liabilities were transferred to Ontario.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 31 Financial instruments

### a) Categories of financial instruments

Financial instruments at their carrying amounts at the balance sheet date are follows:

	Group		Company	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Financial assets at amortised cost	9,529	14,100	205	483
<b>Financial liabilities</b>				
Lease liabilities	1,398	2,184	-	440
Financial liabilities at fair value through profit or loss	6,268	5,735	-	-
Financial guarantee liabilities	27,436	-	27,436	-
Financial liabilities at amortised cost	16,444	17,365	6,976	3,493

The Group and Company do not have any significant financial instruments which are subject to enforceable master netting arrangement or similar netting agreements.

### b) Financial risk management

The Group's overall financial risk management program seeks to minimise potential adverse effects of financial performance of the Group arising from foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

#### Foreign currency risk

The Group and Company are subject to foreign exchange risk arising from transactions that are denominated in a currency other than the functional currencies of the Group entity, primarily Singapore Dollar.

	Assets		Liabilities	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>				
Singapore Dollar	241	326	3,048	8,380
<b>Company</b>				
Singapore Dollar	71	368	177	6,468

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 31 Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### Foreign currency risk (cont'd)

##### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's profit after tax:

	Increase/(decrease) in loss after tax			
	Group		Company	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
USD/SGD				
- strengthened 5%	140	402	5	305
- weakened 5%	(140)	(402)	(5)	(305)

#### Interest rate risk

The Group's exposure to interest rate risk relates primarily to debt obligations. The interest rates for borrowings are stated in Note 26 to the financial statements.

The Group may from time to time enter into derivative financial instruments. There are no outstanding derivative financial instruments as at 30 June 2022.

##### Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and on the assumption that the change took place at the beginning of a financial year and is held constant throughout the reporting period.

If interest rate had been 100 basis points higher/lower and all other variables were held constant, the Group's loss before tax would increase/decrease by US\$15,000 (2021: loss before tax would increase/decrease by US\$44,000). This is mainly attributable to the Group's exposure to variable interest bearing bank balance and bank loans.

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group's trades only with recognised and creditworthy third parties. For customers who wish to trade on credit terms, the Group will take into account the quantity of the customer order, background and creditworthiness of the customer, payment history of the customer and relationship with the customer.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 31 Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### Credit risk (cont'd)

##### Maximum exposure and concentration of credit risk

Trade receivables consist of a number of customers from the healthcare industries. The Group does not have any significant credit risk exposure to any single counterparty or any group of related counterparties.

At the end of the reporting period, 13% (2021: 18%) of the Group's trade receivables were due from 2 major debtors. The Company has no significant concentration of credit risk.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the amount of US\$3,443,139 (2021: US\$2,639,000) relating to corporate guarantees given by the Company to banks for the subsidiaries' bank borrowings (Note 26).

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 365 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

##### Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 31 Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### Credit risk (cont'd)

##### Significant increase in credit risk (cont'd)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- Actual or expected significant change in the operating results of the customer;
- Significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in operating results of the customer.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

##### Definition of default

The Group considers information developed internally or obtained from external sources that indicates that the customer is unlikely to pay its creditor, including the Group as constituting an event of default for internal credit risk management purpose. Based on historical experience, it indicates that receivables that meet the criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 31 Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### Credit risk (cont'd)

##### Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

##### Movements in credit loss allowance

Movements in allowance for expected credit losses are as follows:

	Trade receivables		Other receivables	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>				
Balance at 1 July	75	4,167	1,560	4,173
Loss allowance measured:				
Lifetime ECL				
- Simplified approach	-	21	-	-
- Credit impaired	47	-	-	8
- Allowance written off	-	-	(199)	-
Derecognised due to loss of control of subsidiaries	-	(4,119)	-	(2,621)
Exchange differences	(7)	6	-	-
Balance at 30 June	115	75	1,361	1,560
			<b>Other receivables</b>	
			2022	2021
			US\$'000	US\$'000
<b>Company</b>				
Balance at 1 July			3,193	2,182
Loss allowance measured/(reversed):				
Lifetime ECL - credit-impaired			-	1,823
Allowance written off			(1,832)	(812)
Balance at 30 June			1,361	3,193

##### Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

Under the simplified approach, for trade receivables that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 31 Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### Credit risk (cont'd)

##### Trade receivables (cont'd)

The Group categorises the remaining trade receivables based on days past due. The Group estimates the expected credit loss rates for each category of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables. In view of the current COVID-19 pandemic, the Group has considered the impact of the pandemic on the performance and liquidity of its trade receivables and in particular, whether there are significant decline in the repayment ability of its debtors.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities.

The Group's credit risk exposure in relation to trade receivables, retention sums and contract assets under SFRS(I) 9 at the reporting date are set out in the provision matrix below:

	<b>Group</b>					<b>Total</b>
	Trade receivables - days past due					
	<b>Not past due</b>	<b>&lt;30 days</b>	<b>31 - 90 days</b>	<b>&gt; 90 days</b>	<b>Credit-impaired</b>	
<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	
<b>2022</b>						
Gross receivables	3,372	447	357	265	-	4,441
Loss allowance	-	-	-	(115)	-	(115)
						<b>4,326</b>
<b>2021</b>						
Gross receivables	4,145	860	904	177	-	6,086
Loss allowance	-	-	-	(75)	-	(75)
						<b>6,011</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 31 Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### Credit risk (cont'd)

##### Credit quality of the financial assets at amortised cost

The table below details the credit quality of the Group's and the Company's financial assets (other than trade receivable):

<b>Group</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount US\$'000</b>	<b>Loss allowance US\$'000</b>	<b>Net carrying amount US\$'000</b>
<b>2022</b>				
Other receivables and deposits	12-month ECL	178	-	178
Consideration receivables	Lifetime ECL	1,361	(1,361)	-
Cash and cash equivalents with financial institutions	N.A. Exposure limited	1,571	-	1,571
Disposal group classified as held for sale	12-month ECL	3,454	-	3,454
<b>2021</b>				
Other receivables and deposits	12-month ECL Lifetime ECL	1,064 199	- (199)	1,064 -
Consideration receivables	Lifetime ECL	1,361	(1,361)	-
Cash and cash equivalents with financial institutions	N.A. Exposure limited	7,025	-	7,025

<b>Company</b>	<b>12-month or lifetime ECL</b>	<b>Gross carrying amount US\$'000</b>	<b>Loss allowance US\$'000</b>	<b>Net carrying amount US\$'000</b>
<b>2022</b>				
Other receivables and deposits	12-month ECL	205	-	205
Consideration receivables	Lifetime ECL	1,361	(1,361)	-
<b>2021</b>				
Loan to subsidiaries	Lifetime ECL 12-month ECL	1,832 303	(1,832) -	303
Other receivables and deposits	12-month ECL	108	-	108
Consideration receivables	Lifetime ECL	1,361	(1,361)	-
Cash and cash equivalents with financial institutions	N.A. Exposure limited	72	-	72

The credit loss exposure for cash and cash equivalents and other receivables are immaterial as at 30 June 2022 and 30 June 2021.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 31 Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### Liquidity risks

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liability requirements in the short and longer term.

The Group's and the Company's exposure to liquidity risk and management approach are set out in Note 3 to the financial statements.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

Group	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Financial liabilities</b>				
<b>2022</b>				
Trade and other payables	5,104	-	-	5,104
Borrowings -fixed interest rate	6,965	382	(20)	7,327
Financial guarantee liabilities	27,436	-	-	27,436
Liabilities directly associated with disposal group classified as held for sale	3,004	2,560	(153)	5,411
	<b>42,509</b>	<b>2,942</b>	<b>(173)</b>	<b>45,278</b>
<b>2021</b>				
Trade and other payables	4,791	5,735	-	10,526
Leases	949	1,422	(187)	2,184
Borrowings -fixed interest rate	9,191	1,657	(393)	10,455
Borrowings -variable interest rate	2,170	27	(78)	2,119
	<b>17,101</b>	<b>8,841</b>	<b>(658)</b>	<b>25,284</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 31 Financial instruments (cont'd)

### b) Financial risk management (cont'd)

#### Liquidity risks (cont'd)

#### Company

	Weighted average effective interest rate	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<b>Financial liabilities</b>					
<b>2022</b>					
Trade and other payables	-	6,976	-	-	6,976
Financial guarantee liabilities	-	27,436	-	-	27,436
		<b>34,412</b>	<b>-</b>	<b>-</b>	<b>34,412</b>
<b>2021</b>					
Trade and other payables	-	3,493	-	-	3,493
Leases	10%	199	299	(58)	440
		<b>3,692</b>	<b>299</b>	<b>(58)</b>	<b>3,933</b>

The Company has issued corporate guarantees to several banks for banking facilities granted to subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiary fails to make principal or interest payments when due in accordance with the terms of the facilities drawn. The earliest period that the guarantees could be called is within 1 year (2020: 1 year) from the end of the reporting period. The maximum amount that the Company could be forced to settle under these financial guarantee contracts, if the full guaranteed amount is claimed, is \$3,443,000 (2021: \$2,639,000). The Company considers that it is more likely than not that no amount will be payable in respect of the financial guarantees as its subsidiaries have the financial capacity to meet the contractual cash flow obligations, hence the Company has not recognised any liability in respect of the corporate guarantees.

## 32 Fair value of assets and liabilities

#### 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 - 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).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 32 Fair value of assets and liabilities (cont'd)

*Fair value hierarchy (cont'd)*

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value at the end of the reporting period.

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
<b>Group</b>				
<b>2022</b>				
<b>Non-recurring fair value measurement</b>				
Disposal group classified as held for sale	-	-	708	708
<b>2021</b>				
Financial liabilities				
Financial asset at fair value through profit or loss				
- other payables	-	-	5,735	5,735

The basis of determining fair value of the investment property for disclosure at the end of the reporting period is disclosed in Note 22.

*Movements in Level 3 assets measured at fair value*

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

	Financial assets at fair value through other comprehensive income		Financial liabilities at fair value through profit or loss	
	2022 US\$'000	2021 US\$'000	2022 US\$'000	2021 US\$'000
<b>Group</b>				
Balance at beginning of financial year	-	5,468	5,735	4,877
Fair value loss recognised in profit or loss	-	-	533	858
Loss of control over subsidiaries	-	(5,468)	-	-
Re-classified to disposal group classified as held for sale (Note 22)	-	-	(6,067)	-
Currency translation differences	-	-	(201)	-
Balance at end of financial year	-	-	-	5,735

The fair value of financial liabilities at FVTPL is estimated based on the management approved five year forecast of the Target Annual Audited Net Profit after tax at a pre-tax discount rate of 11.17% (2021: 11.51%).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 33 Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while optimising the return to stakeholders through a mix of equity balance and debts which comprise borrowings (Note 26).

Management reviews the capital structure on an annual basis. As a part of this review, management considers the cost of capital; and the tenures and risks associated with each class of capital. Management monitors its liquidity based on three months-rolling cashflow projections. Management also reviews compliance with financial covenants associated with borrowings at least on an annual basis. The Group balances its overall capital structure through issuance of new debt, capitalisation of existing debts or issuance of new shares. The Group's overall strategy for capital management remains unchanged from the prior year.

## 34 Other related party transactions

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

	Group	
	2022 US\$'000	2021 US\$'000
Lease payments (rental)^	(589)	(454)
Interest payable#	(161)	(378)

^ Relates to lease payments amounting to US\$589,000 (2021: US\$454,000) for the financial year ended 30 June 2022 by Shanghai Fengwei Garment Accessory Co., Ltd ("SHFW") to a company owned by a substantial shareholder of the Company.

# Relates to interest payable to a former director of the Company.

## 35 Contingent liabilities

	Company	
	2022 US\$'000	2021 US\$'000
Corporate guarantees	3,443	20,493
Amounts utilised	(3,443)	(22,399)

The Company has issued financial guarantees to banks in respect of banking facilities (2021: banking and loan facilities and lease financing arrangement) extended to its subsidiaries.

A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 35 Contingent liabilities (cont'd)

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of.

### Legal claim

During the previous financial year, the Company received the following legal claims:

- (a) The Company was a 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 accrue in accordance with the terms of loan agreement in respect of the loan facilities extended to IEG.
- (b) The Company was a corporate guarantor to a lease financing arrangement of the bare boat charter agreement entered into by its subsidiary, TXZ Tankers Pte Ltd with lolani Shipping Limited ("lolani"). On 7 June 2021, the Company received a letter of demand from lolani 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.

As disclosed in Note 30, the Company recognised financial guarantee liabilities amounted US\$27,436,000 (2021: US\$Nil) during the financial year in respect of the above claims.

## 36 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:

- 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

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 36 Operating segments (cont'd)

	Healthcare US\$'000	Others US\$'000	Total US\$'000	Adjustments US\$'000	Per consolidated financial statements US\$'000
<b>2022</b>					
Segment revenue					
- Sales to external customers	29,413	-	29,413	-	29,413
Segment results					
- Other income	937	88	1,025	-	1,025
- Amortisation of intangible assets	(92)	-	(92)	-	(92)
- Depreciation of property, plant and equipment	(1,379)	(4)	(1,383)	-	(1,383)
- Depreciation of rights-of-use assets	(1,408)	(129)	(1,537)	-	(1,537)
- Finance costs	(705)	(30)	(735)	-	(735)
Segment profit/(loss)	(2,111)	(32,712)	(34,823)	-	(34,823)
Other material non-cash items					
- Impairment loss on intangible assets	(4,418)	-	(4,418)	-	(4,418)
- Intangible assets written off	-	(561)	(561)	-	(561)
- Loss on financial guarantee	-	(27,436)	(27,436)	-	(27,436)
- Prepayment written off	-	(567)	(567)	-	(567)
- Fair value change of the put liability	(533)	-	(533)	-	(533)
Segment assets and liabilities					
- Segment assets	30,140	1,033	31,173	-	31,173
- Segment liabilities	(23,321)	(28,984)	(52,305)	-	(52,305)
- Capital expenditure	(1,492)	-	(1,492)	-	(1,492)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 36 Operating segments (cont'd)

	Continuing operations		Discontinued operation	Total	Adjustments	Per
	Healthcare	Others	Oil and gas			consolidated
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	financial statements
						US\$'000
2021						
Segment revenue						
- Sales to external customers	42,039	-	18,397	60,436	(18,397)	42,039
Segment results						
- Other income	1,736	87	45	1,868	(45)	1,823
- Amortisation of intangible assets	(106)	-	-	(106)	-	(106)
- Depreciation of property, plant and equipment *	(1,601)	(4)	(299)	(1,904)	299	(1,605)
- Depreciation of rights-of-use assets	(1,304)	(86)	(85)	(1,475)	85	(1,390)
- Finance costs	(495)	(418)	(1,008)	(1,921)	1,008	(913)
Segment profit/(loss)	744	(686)	(18,157)	(18,099)	18,157	58
Other material non-cash items						
- Net fair value on derivative financial instruments	-	-	2	2	(2)	-
- Fair value change of the put liability	(858)	-	-	-	-	(858)
Segment assets and liabilities						
- Segment assets	42,343	1,901	-	44,244	-	44,244
- Segment liabilities	22,475	6,499	-	28,974	-	28,974
- Capital expenditure	(4,583)	(5)	(336)	(4,924)	336	(4,588)

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

## 36 Operating segments (cont'd)

### Geographical information

	Group	
	2022	2021
	US\$'000	US\$'000
Australia	77	89
Bahrain	-	774
Cambodia	-	16,809
China	16,401	28,999
Portugal	-	814
Singapore	12,935	12,950
Vietnam	-	1
Total revenue	29,413	60,436
Discontinued operation	-	(18,397)
Continued operations	29,413	42,039
<u>Non-current assets</u>		
China	2,941	10,141
Singapore	6,785	16,378
	9,726	26,519

Non-current assets relate to plant and equipment, intangible assets, and exclude prepayments, deferred tax assets and long-term receivables.

### Information about major customers

There are no major customers in the continuing operations segment for the financial year ended 30 June 2022 and 30 June 2021.

## 37 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.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

### 37 Equity-settled share-based payment transactions (cont'd)

#### *Performance Share Plan (cont'd)*

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.

### 38 Significant events after the reporting period

#### (a) Disposal of Dental clinics

##### 84 INC Pte Ltd, The Dental Hub@SG Pte Ltd and NDC Consulting Pte. Ltd. (the "TDH Group")

On 1 February 2023, HSI Dental Pte. Ltd. ("HSID") entered into a business transfer agreement to dispose of the dental business for a consideration of S\$1,650,000 (US\$1,204,500). HSID will receive S\$390,000 (US\$284,700) and the remaining balances S\$1,260,000 are distributed to the remaining shareholders.

The possible effects of the disposal on the Group's financial statements are not disclosed as the accounting for this transaction is still in progress at the date of the authorisation of these financial statements.

##### Crescent Dental Clinic Pte. Ltd., DentalTrendz JP Pte. Ltd., Trendz Dental Surgeons Pte. Ltd., Living Vine Dental Clinic Pte. Ltd., Dover Dental Surgery Pte. Ltd. and DentalTrendz Pte. Ltd. (the "Trendz Clinics")

On 2 February 2023, the other shareholder of Trendz Clinics exercised the call option to purchase the Call Option Shares, being all of the HSID's shares in each of the Trendz Clinics for an aggregate consideration of S\$1,280,007 (US\$934,405).

The Company accepted the shareholder's exercise of the call option and completion had taken place on 7 February 2023. Accordingly, HSID no longer holds any of the registered capital of the Trendz Clinics and the Trendz Clinics have ceased to be subsidiaries of the Company.

The possible effects of the disposal on the Group's financial statements are not disclosed as the accounting for this transaction is still in progress at the date of the authorisation of these financial statements.

##### Orange Orthodontics and Dentofacial Orthopaedics Pte Ltd and Wren Medical Supplies Pte Ltd (the "Orange Group")

On 12 May 2023, the HSID entered into a sale and purchase agreement on for the disposal of its entire shareholding interest in the Orange Group to the other shareholder, Dr VicPearly Wong Hwei Pink for an aggregate consideration of S\$375,000 (US\$273,750).

The possible effects of the disposal on the Group's financial statements are not disclosed as the accounting for this transaction is still in progress at the date of the authorisation of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

### 38 Significant events after the reporting period (cont'd)

#### (b) HSI Medical Pte. Ltd. ("HSIM")

On 16 January 2023, HSIM received the letters of demand dated 13 January 2023 from a bank for breaching the terms of the banking facilities and accordingly, the bank recalled the loan in respect of the outstanding sum of S\$2,449,961 (US\$1,788,472) as at 5 January 2023.

On 20 January 2023, HSIM has made an application to the Singapore Court pursuant to Section 91 of the Insolvency, Restructuring And Dissolution Act 2018 (the "Act") for HSIM to be placed under judicial management (the "JM Application") and an application to the Singapore Court pursuant to Section 92 of the Act for the HSIM to be placed under interim judicial management pending the making of the judicial management order (if any) or the determination of the JM Application (the "Interim JM Application").

On 20 February 2023, the Court approved and granted the JM Application for an initial period of 3 months expiring on 20 May 2023.

On 3 May 2023, the Company announced that the judicial manager has entered into a sale and purchase agreement to dispose off its shareholdings for a consideration of S\$2,200,000 (US\$1,606,000). The disposal was completed on 5 May 2023 and part of the sales proceed is used to repay the bank loan.

On 16 May 2023, the Court approved to extend the judicial management order for another 3 months to 20 August 2023. Subsequently, the Court has granted an interim extension of the Judicial Management order till the hearing of application on 28 August 2023. On 28 August 2023, the Court has adjourned the hearing for another three weeks.

The possible effects of the disposal of subsidiaries on the Group's financial statements are not disclosed as the accounting for this transaction is still in progress at the date of the authorisation of these financial statements.

#### (c) Receipt of letter of demand

Subsequent to the reporting date, certain subsidiaries of the Group received letters of demand from their banks for breaching certain terms of the banking facilities. The banks recalled the loans in respect of the sums of S\$3,392,161 (US\$2,529,017) owing by these subsidiaries.

The Company and certain subsidiaries of the Company are corporate guarantors for the above bank loans and have also received the letters of demand from the banks.

#### (d) Debt restructuring exercise

On 9 January 2023, the Company applied to the High Court of the Republic of Singapore for moratorium protection pursuant to Section 64 of the Insolvency, Restructuring and Dissolution Act 2018 (the "Moratorium Application"). The purpose of the Moratorium Application is to facilitate the reorganisation of the liabilities and business of the Company and the Group. The Board of Directors have been advised, and is of the view that, a transparent and court supervised reorganisation process is in the best interest of all stakeholders of the Company and the Group, to preserve the value of the Group's core business and maintain a sustainable capital structure within the Group.

On 16 January 2023, the Company appointed financial advisors and legal advisors in relation to the intended debt restructuring exercise and the potential scheme of arrangement for the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

### 38 Significant events after the reporting period (cont'd)

#### (d) Debt restructuring exercise (cont'd)

On 6 February 2023, the Company's application for moratorium protection pursuant to Section 64(1) of IRDA vide HC/OA 15/2023 ("OA 15") was heard before the Court and the Court has granted inter alia the moratorium orders sought by the Company in OA 15, thereby extending moratorium protection to the Company against enforcement actions by creditors until 9 July 2023 (or until such further order as the Court may grant).

On 22 June 2023, the Company applied and the Court granted an extension of moratorium to 9 October 2023.

#### (e) Disposal of Shanghai Fengwei Garment Accessory Co., Ltd ("Fengwei")

On 28 April 2023, Company announced that the Company's wholly owned subsidiary, New Silkroutes Capital Pte Ltd ("NSC") has entered into a legally binding memorandum of understanding (the "MOU") with Shanghai Yikang Non-Woven Fabric Co., Ltd for the disposal of all of shares held by NSC in Shanghai Fengwei Garment Accessory Co., Ltd. for a cash consideration of RMB88.0 million (approximately US\$13.7 million).

The proposed disposal has not been completed at the date of the authorisation of these financial statements, the Group is unable to determine the financial impact of the proposed transactions to the Group's financial statements.

#### (f) Disposal of HSI Chinese Medicine

On 28 April 2023, the Company entered into an assets purchase agreement to dispose of assets and business relating to HSI Chinese Medical for a total consideration of S\$202,300 (US\$148,000). A deposit of S\$56,000 (US\$40,880) has been received as a deposit on 25 May 2022.

The proposed disposal has not been completed at the date of the authorisation of these financial statements, the Group is unable to determine the financial impact of the proposed transactions to the Group's financial statements.

### 39 Other significant event

During the financial year ended 30 June 2020, the Commercial Affairs Department ("CAD") and the Monetary Authority of Singapore (the "MAS") pursuant to Section 20 of the Criminal Procedure Code (Chapter 68) have commenced an investigation into a possible offence of false trading and market rigging under section 197 of the Securities and Futures Act (Chapter 289) of Singapore in relation to share buy-backs and acquisition of shares of the Company. One of the former Directors of the Company and certain former senior management and management were also assisting the CAD in the said investigation. At the date of authorisation of these financial statements, the CAD's investigation is still ongoing. The Board of Directors and management have assessed that this is not expected to have significant impact on the financial statements.

### 40 Basis for disclaimer opinion on the financial statements for the financial year ended 30 June 2021

The independent auditor's report dated 13 October 2021 contained a disclaimer of opinion on the financial statements for the financial year ended 30 June 2021. The extract of the basis for disclaimer of opinion, which should be read in conjunction with the Group's 2021 Annual Report as all figures and references are in respect of the financial statements for the financial year ended 30 June 2021, is as follows:

#### **Disclaimer of Opinion**

The independent auditor did not express an opinion on the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of their report, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

### 40 Basis for disclaimer opinion on the financial statements for the financial year ended 30 June 2021 (cont'd)

#### **Disclaimer of Opinion (cont'd)**

#### 1. Going concern assumptions

As disclosed in Note 3 to the financial statements, the Group and the Company incurred loss for the year of US\$18,099,000 and of US\$27,877,000 respectively for the financial year ended 30 June 2021. As at 30 June 2021, the Group's and the Company's current liabilities exceeded the current assets by US\$3,621,000 and US\$5,967,000 respectively.

In addition, as disclosed in Notes 28 and 37 to the financial statements, the Group and the Company are exposed to certain material uncertainties in relation to contingent liabilities and guarantees provided that could result in material financial obligations in the future periods. The Group also breached a non-financial covenant for a loan from a financial institution amounting to US\$3,631,000.

These factors indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns.

Nevertheless, in the preparation of the financial statements, the Board of Directors believes that the use of going concern assumption is appropriate after taking into consideration of the factors as disclosed in Note 3 to the financial statements.

The ability of the Group and the Company to remain as going concerns are therefore dependent on the assumptions, which are premised on future events and market conditions, the outcomes of which are inherently uncertain.

The auditor was unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern assumption for the preparation of the accompanying financial statements and whether any adjustments might be necessary in respect of the accompanying financial statements.

If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business. 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 the 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 to the financial statements.

#### 2. Management Agreement and Management Service Agreement (Note 30)

On 18 April 2020, the Company and its wholly-owned subsidiary in the People's Republic of China, Shanghai Fengwei Garment Accessory Co., Ltd. ("Shanghai Fengwei"), entered into two agreements with a non-related company (the "Entity") incorporated on 22 April 2020 in the People's Republic of China, later than the signing date of the above agreements.

#### (a) Management agreement with the Entity, Shanghai Fengwei and the Company ("Management Agreement")

According to the Management Agreement, the Entity would manage and expand the business of Shanghai Fengwei and the Group would receive upfront a guaranteed profit of S\$4,000,000 (approximate US\$2,828,000) for the period from 1 January 2020 to 31 December 2021. The advance receipt of profit guarantee of S\$4,000,000 was received by the Company on 21 May 2020 through a Singapore incorporated company, WTL Capital Holdings Pte Ltd, who is also a shareholder of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

### 40 Basis for disclaimer opinion on the financial statements for the financial year ended 30 June 2021 (cont'd)

#### Disclaimer of Opinion (cont'd)

#### 2. Management Agreement and Management Service Agreement (Note 30) (cont'd)

- (a) Management agreement with the Entity, Shanghai Fengwei and the Company ("Management Agreement") (cont'd)

In addition, the Company would assign 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 advance receipt of profit guarantee, 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.

During the financial year ended 30 June 2020, the Group and the Company recognised consultancy and marketing fee expense of US\$1,268,000 in the other operating expenses. As at 30 June 2020, included in other payables of the Group and Company were advance receipt of profit guarantee of US\$2,828,000 and consultancy and marketing fee payable to the Entity in relation to the assignment of profits of Shanghai Fengwei from 1 January 2020 to 30 June 2020 of US\$1,268,000.

During the financial year ended 30 June 2021, the consultancy and marketing fee payable of US\$1,268,000 brought forward from the previous financial year was written back to current year's profit or loss of the Group and the Company as the actual profit of Shanghai Fengwei for the period from 1 January 2020 to 30 June 2021 is lower than the guaranteed profit.

As at 30 June 2021, included in other payables of the Group and Company are advance receipt of profit guarantee of US\$3,024,000 and the consultancy and marketing fee payable to the Entity in relation to the assignment of profits of Shanghai Fengwei from 1 January 2020 to 30 June 2021 of US\$Nil.

- (b) Management Service Agreement with the Entity and Shanghai Fengwei ("Management Service Agreement")

According to the Management Service Agreement, Shanghai Fengwei would receive services, including human resource management, corporate image planning, production process management, marketing development and financial management during the period from 1 April 2020 to 31 December 2020. The management service agreement ended on 31 December 2020 and there is no further extension after the agreement expired.

The management service fee is charged by the Entity to Shanghai Fengwei on monthly basis. During the service period, Shanghai Fengwei's monthly profit after deduction of the management service fee should not be lower than the base profit of RMB1.1million (approximately US\$159,000). The base profit is based on the average of the actual monthly profit before tax (excluding non-operating income) of Shanghai Fengwei from January 2020 to March 2020. If Shanghai Fengwei's actual profit in its accounting book is less than the base profit, Entity will make up the shortfall to Shanghai Fengwei. If Shanghai Fengwei's actual profit is more than the base profit, the Entity will charge the excess as management service fee to Shanghai Fengwei.

During the financial year ended 30 June 2020, the Group recognised management service fee expense of US\$6,416,000 in other operating expenses. As at 30 June 2020, the unpaid management service fee of US\$3,217,000 remained in the other payables of the Group.

During the financial year ended 30 June 2021, the Group recognised management service fee expense of US\$3,444,000 in other operating expenses, being the management service fee charged by the Entity for the period from 1 July 2020 to 31 December 2020. The Group has made full payment of the outstanding management service fee of US\$6,661,000 to the Entity during the current financial year. In addition, the management service fee expenses were included as tax deductions in the calculation of income tax and the related input value added tax deducted with the output tax in the declaration of the value added tax during both the financial years ended 30 June 2020 and 30 June 2021.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

### 40 Basis for disclaimer opinion on the financial statements for the financial year ended 30 June 2021 (cont'd)

#### Disclaimer of Opinion (cont'd)

#### 2. Management Agreement and Management Service Agreement (Note 30) (cont'd)

As disclosed in Note 3 to the financial statements, the directors of the Company has assessed that the Group has control over Shanghai Fengwei and accordingly Shanghai Fengwei remains a subsidiary of the Group.

Total assets and total liabilities of Shanghai Fengwei included in the statement of financial position of the Group as at 30 June 2021 amounted to US\$22,101,000 (including goodwill on consolidation of US\$5,431,000) and US\$7,404,000 respectively. Revenue and net loss of Shanghai Fengwei included in the consolidated statement of comprehensive income of the Group for the financial year ended 30 June 2021 amounted to US\$28,992,000 and US\$66,000 respectively.

During the current financial year, the Company appointed an independent reviewer to carry out an independent review on the two above-mentioned agreements and as at the date of the independent auditor's report, the independent review report has not been finalised.

Based on information made available to us, the auditor was unable to satisfy themselves:

- i. the business rationale, commercial substance and structuring of the two above-mentioned agreements, the appropriateness of the corresponding accounting treatment and related presentation of the arrangements in the financial statements, and whether (i) these were conducted in the normal course of business and (ii) the Group continues to have control over Shanghai Fengwei in accordance with SFRS(I) 10 *Consolidated Financial Statements*; and
- ii. in relation the Management Service Agreement, the business rationale and commercial substance regarding the management service fee charged by the Entity during the period from 1 July 2020 to 31 December 2020, and whether there are any potential tax exposures and impact of any non-compliance with regulatory and/or legal requirements arising from the transactions.

Consequently, the auditor was unable to determine whether any adjustments to and/or disclosures in the accompanying financial statements might be necessary.

#### 3. Investment in International Energy Group Pte. Ltd.

- (a) As disclosed in Note 9 to the financial statements, on 5 January 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. The Group is deemed to have lost control of IEG and its subsidiaries and accordingly the Group deconsolidated their related assets and liabilities as of 5 January 2021, which included the financial asset measured at fair value through other comprehensive income ("FVTOCI") related to 4.534% equity interest in Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC"). As a result, the Group recognised a loss amounting to US\$15,611,000 arising from deconsolidation of IEG and reclassified the fair value reserve of US\$5,468,000 to accumulated losses. Subsequent to the deconsolidation, the investment in IEG is classified as financial asset at fair value through profit or loss ("FVTPL") and carried at US\$Nil on the consolidated statement of financial position.

During the current financial year, the Company appointed an independent reviewer to carry out independent review on the investment in Thai GNCC and as at date of our report; the independent review report has not been finalised.

The auditor was unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the valuation of the carrying amounts of assets and liabilities of IEG and its subsidiaries, including the financial asset at FVTOCI, as of the date of commencement of liquidation, and the resulting loss arising from deconsolidation of IEG. The auditor was also unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the valuation of financial asset at FVTPL at the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

### 40 Basis for disclaimer opinion on the financial statements for the financial year ended 30 June 2021 (cont'd)

#### Disclaimer of Opinion (cont'd)

#### 3. Investment in International Energy Group Pte. Ltd. (cont'd)

(b) As disclosed in Note 15 to the financial statements, the investment in IEG is held by a wholly-owned subsidiary of the Company, New Silkroutes Capital Pte. Ltd. ("NSC"). During the financial year, management performed an impairment assessment on the recoverability of the cost of investment in NSC and recognised an impairment loss of US\$24,764,000 to write down the cost of investment relating to IEG in the Company's financial statements.

The auditor was unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the impairment assessment in respect of the investment in NSC at the reporting date, and the related impairment loss of US\$24,764,000 recognised in the Company's profit or loss for the financial year ended 30 June 2021.

The auditor was also unable to obtain sufficient appropriate audit evidence to determine whether the impairment loss recognised in the current financial year's profit or loss of the Company relates to any prior financial periods.

Consequently, the auditor was unable to determine whether any adjustments to the accompanying financial statements might be necessary.

#### 4. Contingent liabilities and guarantees

As disclosed in Notes 28 and 37 to the financial statements, the Company provides guarantees to third parties for loan, lease financing arrangement and boat charter agreement for its former subsidiaries. No provision for any liability has been made by the Group and the Company in the accompanying financial statements.

Based on the information as provided by management, the auditor was unable to determine whether any provision for liabilities might be required for these guarantees provided by the Company. Accordingly, the auditor was unable to determine whether any adjustments to the accompanying financial statements might be necessary.

#### 5. Opening balances

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 on those financial statements. The basis for disclaimer of opinion on the financial statements is disclosed in Note 41 to the financial statements.

In view of the matters described in the basis for disclaimer of opinion paragraphs on the financial statements for the financial year ended 30 June 2020, the auditor was unable to determine whether the opening balances as at 1 July 2020 were fairly stated.

In addition, the auditor was unable to perform audit procedures to obtain sufficient appropriate audit evidence about whether the Group's and Company's opening balances as at 1 July 2020 contain misstatements that materially affect the current year's financial statements.

Since opening balances as at 1 July 2020 entered into the determination of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended 30 June 2021, as well as affect how the balances presented in the Group's and Company's statements of financial position as at 30 June 2021 were derived, the auditor was unable to determine whether adjustments might have been found necessary in respect of the Group's and the Company's financial statements for the financial year then ended.

Our report on the current financial year's financial statements of the Group and the Company is also modified because of the possible effects of these matters on the comparability of the current period's figures and the corresponding figures.

### 41 Authorisation of financial statements

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors dated 31 August 2023.

# STATISTICS OF SHAREHOLDINGS

## AS AT 21 AUGUST 2023

ISSUED AND FULLY PAID-UP CAPITAL:	S\$120,427,865
NO. OF ISSUE SHARES (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS):	208,464,669
NUMBER/PERCENTAGE OF TREASURY SHARES:	3,444,200 (1.65%)
NUMBER OF SUBSIDIARY HOLDINGS HELD:	NIL
CLASS OF SHARES:	ORDINARY SHARES
VOTING RIGHTS (EXCLUDING TREASURY SHARES AND SUBSIDIARY HOLDINGS):	ONE VOTE PER ORDINARY SHARE

#### Distribution of Shareholdings

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	15,687	61.23	192,263	0.09
100 - 1,000	6,838	26.69	2,758,128	1.32
1,001 - 10,000	2,370	9.25	8,231,872	3.95
10,001 - 1,000,000	699	2.73	36,013,516	17.28
1,000,001 & ABOVE	26	0.10	161,268,890	77.36
<b>TOTAL</b>	<b>25,620</b>	<b>100.00</b>	<b>208,464,669</b>	<b>100.00</b>

#### Top Twenty Shareholders as at 21 August 2023

	NO. OF SHARES	%
1 SY Y CAPITAL HOLDINGS PTE LTD	29,614,035	14.21
2 FORTUNE WOODS GLOBAL INVESTMENT LIMITED	18,798,433	9.02
3 RAFFLES NOMINEES (PTE) LIMITED	14,116,493	6.77
4 DBS NOMINEES PTE LTD	13,190,148	6.33
5 SMARTFUL GLOBAL HOLDINGS LIMITED	12,325,000	5.91
6 ANDREW CHUA SOON KIAN	11,363,636	5.45
7 DBS VICKERS SECURITIES (S) PTE LTD	9,352,574	4.49
8 PHILLIP SECURITIES PTE LTD	8,746,392	4.20
9 WANG HUINUO	8,600,000	4.13
10 WTL CAPITAL HOLDINGS PTE LTD	5,473,685	2.62
11 CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	5,268,012	2.53
12 CITIBANK NOMINEES SINGAPORE PTE LTD	2,988,522	1.43
13 OCBC SECURITIES PRIVATE LTD	2,938,489	1.41
14 KEE KENG HSIUNG	2,257,508	1.08
15 KGI SECURITIES (SINGAPORE) PTE. LTD	2,000,205	0.96
16 QUANTUM HEALTH PTE LTD	2,000,000	0.96
17 UNITED OVERSEAS BANK NOMINEES PTE LTD	1,949,840	0.93
18 RONNIE POH TIAN PENG	1,401,000	0.67
19 OCBC NOMINEES SINGAPORE PTE LTD	1,278,168	0.61
20 SEOW KOK SIAM JOSEPH	1,201,412	0.58
	<b>154,863,552</b>	<b>74.29</b>

#### 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 21 August 2023, approximately 62.56% of its shares listed on Singapore Exchange Securities Trading Limited were held by the public.



# STATISTICS OF SHAREHOLDINGS

AS AT 21 AUGUST 2023

## STATISTICS OF SHAREHOLDINGS AS AT 21 AUGUST 2023

### SUBSTANTIAL SHAREHOLDERS AS AT 21 AUGUST 2023 (As recorded in the Register of Substantial Shareholders)

S/No.	Substantial Shareholders	Number of Shares			Total	Percentage of the issued shares
		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		
1	SY Y Capital Holdings Pte. Ltd.	29,614,035	-	-	29,614,035	14.21
2	Shen Yuyun	-	-	29,614,035 <sup>(1)</sup>	29,614,035	14.21
3	Fortune Woods Global Investment Limited	18,798,433	1,751,608 <sup>(2)</sup>	-	20,550,041	9.86
4	General Nice Resources (Hong Kong) Limited	-	1,990,997 <sup>(3)</sup>	20,550,041 <sup>(3)</sup>	22,541,038	10.81
5	General Nice Investment (China) Limited	-	-	22,541,038 <sup>(4)</sup>	22,541,038	10.81
6	General Nice Development Ltd	-	-	22,541,038 <sup>(5)</sup>	22,541,038	10.81
7	General Nice Group Holdings Limited	-	-	22,541,038 <sup>(6)</sup>	22,541,038	10.81
8	Cai Sui Xin	-	-	22,541,038 <sup>(7)</sup>	22,541,038	10.81
9	Smartful Global Holdings Ltd	12,325,000	-	-	12,325,000	5.91
10	Xiao De	-	-	12,325,000 <sup>(8)</sup>	12,325,000	5.91
11	Chua Soon Kian Andrew	11,363,636	-	-	11,363,636	5.45

#### Notes:

- Shen Yuyun's deemed interest in the Company arises from his deemed interest in the 29,614,035 shares held by SY Y Capital Holdings Pte. Ltd.
- 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.
- 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 in respect of which Fortune Woods Global Investment Limited has deemed or direct interest.
- 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 deemed interest.
- 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 deemed interest.
- 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 deemed interest.
- 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 deemed interest, and also through his deemed and direct interests in General Nice Investment (China) Limited and General Nice Development Ltd.
- 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.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Ninth Annual General Meeting of **NEW SILKROUTES GROUP LIMITED** (the "Company") will be held at **Temasek Club, 131 Rifle Range Road, Singapore 588406 on Monday, 25 September 2023 at 9.00 a.m.** for the following purposes:

#### AS ORDINARY BUSINESS

- To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2022 together with the Auditors' Report thereon. **(Resolution 1)**
- To re-elect the following Directors retiring pursuant to Article 91 and Article 97 of the Company's Constitution:
 

Mr Darrell Lim Chee Lek	(retiring under Article 91)	<b>(Resolution 2)</b>
Mr Lim Eng Seng	(retiring under Article 91)	<b>(Resolution 3)</b>
Mr Han Binke	(retiring under Article 97)	<b>(Resolution 4)</b>

*Mr Darrell Lim Chee Lek will, upon re-election as Director of the Company, remain as an Independent Non-Executive Director, the Lead Independent Director, the chairman of the Remuneration Committee, a member of the Audit and Risk Committee and a member of the Nominating Committee.*

*Mr Lim Eng Seng will, upon re-election as Director of the Company, remain as an Independent Non-Executive Director, the chairman of the Nominating Committee, a member of the Audit and Risk Committee and a member of the Remuneration Committee.*

*Mr Han Binke will, upon re-election as Director of the Company, remain as an Executive Director and Chief Executive Officer.*
- To approve the payment of Directors' fees of S\$180,000 to the independent and/or non-executive Directors of the Company for the financial year ending 30 June 2022 to be paid quarterly in arrears. **(Resolution 5)**
- To re-appoint Baker Tilly TFW LLP as the Auditors of the Company, to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **(Resolution 6)**
- 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:

- That pursuant to Section 161 of the Companies Act 1967 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:
  - allot and issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise;
  - make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit;
  - allot and issue additional securities issued pursuant to Rule 829 of the Listing Manual;
  - allot and issue shares arising from the conversion of securities in (ii) and (iii) above; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments or securities in (a)(ii) and (iii) above made or granted by the Directors of the Company while this Resolution was in force,

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares,

Adjustments in accordance with (2)(a) or (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) 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.

**(Resolution 7)**

**[See Explanatory Note (i)]**

## 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 1967 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.

**(Resolution 8)**

**[See Explanatory Note (ii)]**

By Order of the Board

Ong Beng Hong  
Company Secretary

Singapore, 4 September 2023

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (i) The Ordinary Resolution 7, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting (“AGM”) of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 8 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.

## Notes:

- (1) The AGM will be convened and held physically at Temasek Club, 131 Rifle Range Road, Singapore 588406. There will be no option for members to participate virtually.
- (2) Live voting will be conducted during the AGM for members and proxies attending the AGM. Shareholders will be instructed on how to cast their votes at the AGM.
- (3) An investor who holds shares under the Central Provident Fund Investment Scheme (“CPF Investor”) and/or the Supplementary Retirement Scheme (“SRS Investors”) (as may be applicable) may attend and cast his vote(s) at the AGM in person. CPF and SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the AGM to act as their proxy at least seven (7) working days before the AGM, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act 1967 (the “Companies Act”)) is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf at the AGM. Where a member appoints more than one (1) 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.

A member who is a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, 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 (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

- (4) A proxy need not be a member of the Company. The instrument appointing a proxy(ies), together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:
  - (a) if sent personally or by post, be deposited at the office of the Company’s share registrar, **B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896**; or
  - (b) if submitted by email, be received by the Company’s share registrar, **B.A.C.S. Private Limited** at [main@zicoholdings.com](mailto:main@zicoholdings.com),

in either case, by no later than 9.00 a.m. on Saturday, 23 September 2023, being not less than 48 hours before the time for holding the AGM in order to be entitled to attend and to vote at the AGM. 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(ies) will vote or abstain from voting at his/her discretion.

- (5) The sending of a Proxy Form by a member does not preclude him from attending and voting in person if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked.
- (6) A depositor shall not be regarded as a member of a Company entitled to attend, speak and vote at the AGM unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001) 72 hours before the time fixed for the AGM.
- (7) If sent personally or by post, the instrument appointing the proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing the proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

# NOTICE OF ANNUAL GENERAL MEETING

Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:

- (a) by way of the affixation of an electronic signature by the appointer or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
- (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
- (8) A member may also submit questions related to the resolutions to be tabled for approval at the AGM either (i) in person at the AGM during the live Q&A session; or (ii) prior to the AGM. To do so, all questions must be submitted by 9.00 a.m. on Tuesday, 12 September 2023:
- (a) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 456 Alexandra Road, #24-01, Fragrance Empire Building, Singapore 119962; or
- (b) by email to [info@newsilkroutes.com](mailto:info@newsilkroutes.com).

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

- (a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;
- (b) the member's NRIC/Passport/UEN number;
- (c) the member's contact number and email address; and
- (d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM as received from members by the cut off date and time of 9.00 a.m. on Tuesday, 12 September 2023. The Company will publish its responses to such queries on SGXNet by 9.00 a.m. on Wednesday, 20 September 2023. The Company will address those substantial and relevant questions which have not already been addressed prior to the AGM, as well as those received "live" at the AGM itself, during the AGM.

- (9) The Annual Report, Notice of AGM and proxy form may be accessed at the Company's website at the URL <https://newsilkroutes.com/index.php/annual-report/> at the menu "Investor Relations". The Annual Report, Notice of AGM and proxy form has also been made available on SGXNet.

## Personal Data Privacy:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and for publication of the names and comments of shareholders on the Company's website, 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.

## NEW SILKROUTES GROUP LIMITED

(Company Registration No. 199400571K)  
(Incorporated in The Republic of Singapore)

## PROXY FORM ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Form)

### IMPORTANT:

- 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).
- 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.
- 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).
- Relevant intermediaries (as defined in Section 181 of the Companies Act 1967) may appoint more than two (2) proxies to attend, speak, and vote at the Meeting.

I/We, \_\_\_\_\_ (Name),

NRIC/Passport/UEN (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 on Monday, 25 September 2023 at 9.00 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*	Abstain*
	<b>Ordinary Business</b>			
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2022			
2	Re-election of Mr Darrell Lim Chee Lek as a Director			
3	Re-election of Mr Lim Eng Seng as a Director			
4	Re-election of Mr Han Binke as a Director			
5	Approval of Directors' fees amounting to S\$180,000 for the financial year ending 30 June 2022			
6	Re-appointment of Baker Tilly TFW LLP as Auditors			
	<b>Special Business</b>			
7	Authority to allot and issue shares			
8	Authority to allot and issue shares under the New Silkroutes Performance Share Plan 2017			

\* If you wish to exercise all your votes "For" or "Against" the Resolution or to abstain from voting on the Resolution in respect of all your votes, please indicate your vote "For" or "Against" or "Abstain" with "X" within the box provided. Alternatively, if you wish to exercise some and not all of your votes both "For" and "Against" the relevant Resolution and/or to abstain from voting in respect of the relevant Resolution, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

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 ordinary shares held by you. If you have ordinary shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of ordinary shares. If you have ordinary shares registered in your name in the Register of Members, you should insert that number of ordinary shares. If you have ordinary shares entered against your name in the Depository Register and ordinary shares registered in your name in the Register of Members, you should insert the aggregate number of ordinary 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 Proxy Form shall be deemed to relate to all the ordinary shares held by you.
2.
  - (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act 1967 of Singapore) is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints more than one (1) 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 1967 of Singapore) is entitled to appoint more than two (2) 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 (2) 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 1970 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 2001 and who holds shares in that capacity; or
    - (iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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 Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
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 Meeting.
5. A proxy need not be a member of the Company. The instrument appointing a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof, must:

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- (a) if sent personally or by post, be deposited at the office of the Company's share registrar, **B.A.C.S. Private Limited** at **77 Robinson Road, #06-03 Robinson 77, Singapore 068896**; or
  - (b) if submitted by email, be received by the Company's share registrar, **B.A.C.S. Private Limited** at [main@zicoholdings.com](mailto:main@zicoholdings.com),  
in either case, by no later than 9.00 a.m. on Saturday, 23 September 2023, being not less than 48 hours before the time for holding the Annual General Meeting in order to be entitled to attend and to vote at the AGM. 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(ies) will vote or abstain from voting at his/her discretion.
6. If sent personally or by post, the instrument appointing the proxy(ies) of an individual must be under the hand of the appointor or of his attorney duly authorised in writing and the instrument appointing the proxy(ies) of a corporation must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.  
  
Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
  - (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
  - (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.
7. 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.
8. 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 1967 of Singapore.

**General:**

The Company shall be entitled to reject the Proxy Form 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 Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Annual General Meeting as proxy). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Protection:**

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.

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AFFIX  
STAMP

**NEW SILKROUTES GROUP LIMITED**

c/o B.A.C.S. Private Limited  
77 Robinson Road  
#06-03 Robinson 77  
Singapore 068896







## New Silkroutes Group Limited

456 Alexandra Road  
#24-01 Fragrance Empire Building  
Singapore 119962  
Tel: (65) 6377 0100  
Fax: (65) 6377 0600

[www.newsilkroutes.com](http://www.newsilkroutes.com)

UEN: 199400571K