

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 50 to 138, which comprise the statements of financial position of the Group and the Company as at 30 June 2023, 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 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 incurred a net loss of S\$7,997,000 during the financial year ended 30 June 2023, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by S\$33,771,000 and S\$48,377,000 respectively. Additionally, as disclosed in Note 1 to the financial statements, the Group is undergoing restructuring exercise.

Furthermore, as disclosed in Notes 9, 15, and 37 to the financial statements, the Group completed the disposals of its major subsidiaries and acquired new subsidiaries. This has led to uncertainties arising from these transactions that may impact the Group's future financial performance.

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, restructure their operations and the ability of the Group to invest in new business to generate sufficient and sustainable operating profits and cash flows to meet its obligations as and when they fall due. 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 in 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.

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

Basis for Disclaimer of Opinion (cont'd)

2. Opening balances and comparative information

The financial statements dated 31 August 2023 for the financial year ended 30 June 2022 contained a disclaimer of opinion on those financial statements. The basis for disclaimer of opinion on the financial statements is disclosed in Note 39 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 2022, 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 2022 were fairly stated and appropriately disclosed.

Since opening balances as at 1 July 2022 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 2023, as well as affect how the balances presented in the Group's and Company's statements of financial position as at 30 June 2023 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.

3. Independent review report and Notice of Compliance issued by Singapore Exchange Regulation ("SGX RegCo")

The Company appointed KPMG Services Pte Ltd ("**KPMG**") on 18 December 2020 to conduct independent review on the following matters:

- (i) the tripartite Management Agreement dated 18 April 2020 between the Company, Shanghai Fengwei Garment Accessory Co., Ltd ("**Shanghai Fengwei**"), a wholly-owned subsidiary of the Company, and a third party, Shanghai Minlin New Textile Materials Sales Centre ("**Shanghai Minlin**") and the Management Services Agreement dated 18 April 2020 between Shanghai Fengwei and Shanghai Minlin; and
- (ii) the valuation of the Group's 4.534% equity interest in Thai General Nice Coal and Coke Co., Ltd, classified as financial assets fair value through other comprehensive income in the consolidated financial statements of the Group for the financial year ended 30 June 2020.

As disclosed in Note 37 to the financial statements, the Company received the independent review report from KPMG Services Pte. Ltd. on 1 December 2023 and also on the same day, the SGX RegCo issued Notice of Compliance to the Company.

The Board of Directors is reviewing the findings in the independent review report, and the Company has engaged external legal counsel to assist the Board in determining the appropriate steps to be taken by the Company moving forward.

As at the date of this report, the review by the Board of Directors is still on-going. Consequently, we were unable to determine the potential financial impact, if any, arising from the findings of the KPMG. We were also unable to determine whether any additional audit procedures may be required, and whether there will be any financial impact on the accompanying financial statements.

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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)

4. Financial guarantees and provisions

- (a) As disclosed in Notes 26 and 34 to the financial statements, the Company has issued financial guarantees to the banks in respect of banking facilities extended to its subsidiaries. The Company assessed the expected credit loss ("ECL") related to these financial guarantees to be insignificant.

Based on information available to us, we were unable to determine whether any allowance for ECL might be required for these guarantees provided by the Company. Accordingly, we were unable to determine whether any adjustments and/or disclosures to 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 restructuring exercise since the previous 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. As disclosed in Note 37 to the financial statements, the restructuring exercise 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.

5. Disposal group classified as held for sale and discontinued operation

The consolidated financial statements of the Group for the financial year ended 30 June 2023 included the unaudited financial statements of Shanghai Fengwei, a wholly-owned subsidiary of the Group. As disclosed in Note 22 to the financial statements, the total assets and liabilities of Shanghai Fengwei presented as disposal group classified as held for sale were S\$21,396,000 and S\$6,605,000, respectively. Shanghai Fengwei's revenue and loss for the year included in the consolidated statement of profit or loss and other comprehensive income amounted to S\$15,185,000 and S\$1,797,000 respectively.

Shanghai Fengwei is the last remaining business in the healthcare segment, however, the Group did not present the net loss of the healthcare segment as a discontinued operation in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and related disclosures as required under SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Group also did not re-present the corresponding figures of the healthcare segment as discontinued operation. The net loss of the healthcare segment for the current and previous financial years are disclosed in Note 35 to the financial statements.

We were unable to get access to the books and records of Shanghai Fengwei and thus unable to perform audit procedures which we consider necessary. We were also unable to carry out review of subsequent events. Accordingly, we were unable to determine whether any adjustments to and/or disclosures in the accompanying financial statements might be necessary. Had the Group been presenting the healthcare segment as discontinued operation, many elements in the accompanying financial statements would have been materially affected. The effects on the accompanying financial statements have not been determined.

6. Disposals of subsidiaries

As disclosed in Note 9 to the financial statements, the loss on disposals of subsidiaries amounted S\$4,319,000 for the financial year ended 30 June 2023. The revenue and loss contributed from the disposed subsidiaries amounted to S\$11,636,000 and S\$228,000 respectively.

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

Basis for Disclaimer of Opinion (cont'd)

6. Disposals of subsidiaries (cont'd)

We were unable to obtain the underlying accounting records and supporting documents of the significant components making up the profit or loss items and the assets and liabilities of the disposed subsidiaries. Consequently, we were unable to obtain sufficient appropriate audit evidence in respect of the revenue, loss, and the resultant net loss on disposal of subsidiaries for the financial year ended 30 June 2023. We were also unable to determine the appropriateness of consolidation adjustments with respect to the disposed subsidiaries, and the resultant changes in ownership interests attributable to the owners and non-controlling interests of the Group. Accordingly, we were unable to determine whether any adjustments to these amounts in the accompanying financial statements were necessary nor ascertain the appropriateness and completeness of the related disclosures in the accompanying financial statements.

7. Disposal of businesses

- (a) Unaudited financial information of 84 INC Pte Ltd, The Dental Hub@SG Pte Ltd, and NDC Consulting Pte. Ltd. (referred to collectively as the "TDH Group") and Healthscience International Pte Ltd ("HSI") were consolidated into the financial statements of the Group for the financial year ended 30 June 2023. The total assets and total liabilities, revenue and net loss of TDH Group included in the consolidated statement of financial position of the Group as at 30 June 2023 were S\$287,000, S\$160,190, S\$1,307,000 and S\$160,000 respectively. The total assets and total liabilities, revenue and net loss of HSI included in the consolidated statement of financial position of the Group as at 30 June 2023 were S\$403,000, S\$1,757,000, S\$489,000 and S\$410,000 respectively. The total goodwill impairment loss recognised for TDH Group and HSI during the financial year was S\$2,110,000.

We were unable to satisfy ourselves that the financial information of TDH Group and HSI is in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements of the Group for the financial year ended 30 June 2023 and whether the goodwill impairment loss of S\$2,110,000 was appropriate. We were also unable to determine the appropriateness of consolidation adjustments, including those adjustments related to non-controlling interests, with respect to the TDH Group and HSI.

Consequently, we were unable to conclude whether the financial information of the TDH Group and HSI which had been consolidated in the Group's consolidated financial statements are free from material misstatements and whether any other adjustments might have been found necessary in respect of the goodwill impairment loss, non-controlling interests and the multiple elements making up the accompanying financial statements for the financial year ended 30 June 2023. We were also unable to determine whether the related disclosures in the accompanying financial statements were adequate.

- (b) As disclosed in Note 5 to the financial statements, the Group entered into a business transfer agreement to sell the dental business of TDH Group for a total consideration of S\$1,650,000. The Group received S\$390,000 and the remaining S\$1,260,000 was paid to other shareholders of the TDH Group. Out of the sum paid to other shareholders of the TDH Group approximately \$1,093,000 (Note 10) is exchanged for the waiver of put options granted to them under the terms of the sale and purchase agreement dated 10 October 2017. The gain recognised by the Group during the year from the sale of the dental business was S\$814,000.

Based on the information available to us, we are unable to obtain sufficient and appropriate audit evidence to evaluate the reasonableness of the allocation of the sale consideration, specifically in determining the value attributed to the waiver of the put option and the sale consideration of the dental business and the gain recognised from the sale. As a result, we were unable to ascertain whether adjustments to these amounts were necessary and the related disclosures in the accompanying financial statements were adequate.

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

Basis for Disclaimer of Opinion (cont'd)

7. Disposal of businesses (cont'd)

- (c) On 28 April 2023, the Group entered into an assets purchase agreement to transfer the assets and Chinese Medicine business of HSI for approximately S\$202,000. As disclosed in Note 5 to the financial statements, a gain of S\$200,000 was recognised from the sale of business.

Based on the information provided by management, we were unable to obtain sufficient audit evidence to verify the accuracy of the gain recognised. Consequently, we were unable to determine whether adjustments were necessary and the related disclosures in the accompanying financial statements were adequate.

8. Hidderton Limited and its subsidiaries

- (a) As disclosed in Note 15 to the financial statements, on 26 April 2023, the Company acquired 100% equity interest of Hidderton Limited, a company registered in the British Virgin Islands for cash consideration of US\$1. Hidderton Limited holds 100% equity interest in FS Xiangshan Pte. Ltd., which in turn holds 100% equity interest in Beijing Xiefei Business Management Co., Ltd.

On 18 May 2023, Beijing Xiefei Business Management Co., Ltd., acquired 100% equity interest of Beijing Lunan Technology Co., Ltd ("**Beijing Lunan**") for cash consideration of approximately S\$70,000 (RMB 365,000). Goodwill arising from the acquisition was assessed by management to be S\$314,000. Management had not carried out an appropriate purchase price allocation exercise for the above business combinations in accordance with the requirements of SFRS(I) 3 *Business Combinations*. The Group subsequently recognised an impairment loss of S\$321,000 on goodwill attributable to Beijing Lunan during the financial year.

We were unable to determine whether the fair values allocated to the identifiable assets and liabilities of subsidiaries acquired were appropriate, and whether there were any other identifiable assets (including intangible assets), liabilities and contingent liabilities which need to be separately identified and recognised at the date of the acquisition. We were also unable to obtain sufficient audit evidence to assess the appropriateness of the impairment assessment performed by the Group and thus unable to determine whether the recognised impairment loss on goodwill was appropriate. Accordingly, we were unable to determine whether any adjustments to the accompany financial statements were necessary. In addition, we were unable to ascertain whether the disclosures in the accompanying financial statements were adequate.

- (b) Unaudited financial information of Hidderton Limited and its subsidiaries ("**Hidderton Group**") were consolidated into the consolidated financial statements of the Group for the financial year ended 30 June 2023. The total assets and total liabilities of Hidderton Group included in the consolidated statement of financial position of the Group as at 30 June 2023 were S\$4,875,000 and S\$285,000 respectively. The revenue and net loss of Hidderton Group amounted to S\$4,384 and S\$368,000 respectively were included in the consolidated statement of profit or loss and other comprehensive income of the Group for the financial year ended 30 June 2023.

We were unable to satisfy ourselves that the financial information of Hidderton Group is in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements of the Group for the financial year ended 30 June 2023. Consequently, we were unable to conclude whether the financial information of the Hidderton Group which had been consolidated in the Group's consolidated financial statements are free from material misstatements and whether any other adjustments might have been found necessary in respect of the multiple elements making up the accompanying financial statements for the financial year ended 30 June 2023.

9. Investments in subsidiaries

As disclosed in Note 15 to the financial statements, the Company's investments in subsidiaries were carried at S\$14,609,000. During the financial year, the Company recognised an additional impairment loss amounted to S\$9,647,000 to write down the cost of investment in New Silkroutes Capital Pte. Ltd. to its estimated recoverable amount.

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

Basis for Disclaimer of Opinion (cont'd)

9. Investments in subsidiaries (cont'd)

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

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

20 August 2024

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

5 Other income

	Group	
	2023	2022
	S\$'000	S\$'000
Government grants	150	324
Interest income	29	76
Value-added tax refund	433	531
Gain on disposal of business	1,014	-
Miscellaneous income	748	461
	2,374	1,392

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

On 1 February 2023, the Group entered into a business transfer agreement to sell the dental business of 84 INC Pte Ltd, The Dental Hub@SG Pte Ltd, and NDC Consulting Pte. Ltd. (referred to collectively as the "TDH Group") for a total consideration of S\$1,650,000. The Group received S\$390,000 and the remaining S\$1,260,000 was paid to other shareholders of the TDH Group. Out of the sum paid to other shareholders of the TDH Group approximately S\$1,093,000 (Note 10) is exchange for the waiver of Put Options granted to them under the terms of the sale and purchase agreement dated 10 October 2017. The gain recognised from the sale of the dental business by the Group was S\$814,000.

On 28 April 2023, the Group entered into an assets purchase agreement to transfer the assets and business of Healthsciences International Pte Ltd ("HSI") Chinese Medicine for sale consideration of approximately S\$202,000. The gain recognised from the sale of business was S\$200,000.

6 Employee benefits expense

	Group	
	2023	2022
	S\$'000	S\$'000
Staff:		
- Salaries, wages and bonuses	5,637	8,875
- Contributions to defined contribution plans	395	460
- Other short-term employee benefits	635	250
	6,667	9,585
Key management personnel compensation:		
- Salaries, wages and bonuses	1,944	3,048
- Contributions to defined contribution plans	90	138
- Other short-term employee benefits	21	-
	2,055	3,186
Total employee benefits expenses	8,722	12,771
Key management personnel compensation comprises:		
- Directors of the Company	368	390
- Directors of subsidiaries	1,175	2,715
- Other key management personnel	512	81
	2,055	3,186

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9 Disposal of subsidiaries

During the financial year ended 30 June 2023, the Group completed the disposals of the following subsidiaries:

- (a) On 2 February 2023, the other shareholders of Crescent Dental Clinic Pte. Ltd., DentalTrendz JP Pte. Ltd., Trendz Dental Surgeons Pte. Ltd., L'ving Vine Dental Clinic Pte. Ltd., Dover Dental Surgery Pte. Ltd. and DentalTrendz Pte. Ltd. (the "**Trendz Clinics**") exercised the call option to purchase the Call Option Shares (as defined in the share purchase agreement dated 26 May 2017), being all of the HSI Dental Pte. Ltd. ("**HSID**")s shares in each of the Trendz Clinics for an aggregate consideration of S\$1,280,000.

The Company accepted the shareholder's exercise of the call option and the completion took place on 7 February 2023.

- (b) On 12 May 2023, the HSID entered into a sale and purchase agreement on for the disposal of its entire shareholding interest in Orange Orthodontics and Dentofacial Orthopaedics and Wren Dental and Medical Supplies Pte. Ltd. ("**Orange Group**") to the other shareholder of the Orange Group, for an aggregate consideration of S\$375,000 and completed the same on 12 May 2023.

- (c) On 3 May 2023, the Company entered into a sale and purchase agreement to dispose of its shareholdings in Dr Chua's Family Clinic Pte. Ltd., HL Clinic Pte Ltd, HL Family Clinic & Surgery (Bedok) Pte. Ltd., HK Family Clinic & Surgery Pte. Ltd., HL Dermahealth Clinic Pte Ltd and Lily Aw Medical Services Pte Ltd ("**Medical Group**") for a consideration of S\$2,200,000. The disposal was completed on 5 May 2023.

The assets and liabilities related to the disposal were presented as disposal groups classified as held-for-sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* as at 30 June 2022 (Note 22).

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

9 Disposal of subsidiaries (cont'd)

The effects of the disposal on the Group's financial statements are as shown below:

	Trendz S\$'000	Orange S\$'000	Medical S\$'000	Group Total S\$'000
Assets				
Property, plant and equipment	181	155	166	502
Right-of-use assets	221	278	319	818
Goodwill	405	-	9,367	9,772
Cash and bank balances	252	182	2,378	2,812
Inventories	-	35	458	493
Trade receivables	215	64	343	622
Other receivables	529	11	121	661
Total assets	1,803	725	13,152	15,680
Liabilities				
Trade payables	85	117	251	453
Other payables	567	175	384	1,126
Put option liability	-	-	3,352	3,352
Lease liabilities	242	302	330	874
Current income tax payable	24	7	377	408
Deferred tax liabilities	10	15	12	37
Total liabilities	928	616	4,706	6,250
Net identifiable assets and liabilities	875	109	8,446	9,430
NCI disposed	(139)	(90)	(1,027)	(1,256)
Net assets disposed	736	19	7,419	8,174
Cash consideration	1,280	375	2,200	3,855
Gain/(loss) on disposal	544	356	(5,219)	(4,319)

The effect of the disposal of subsidiaries on the cash flows of the Group is as follows:

	Group 2023 S\$'000
Cash consideration	3,855
Less: cash and cash equivalents in subsidiaries disposed	(2,812)
Net cash inflow on disposal	1,043

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15 Subsidiaries (cont'd)

Movement of cost of investments in subsidiaries is as follows:

	Company	
	2023	2022
	S\$'000	S\$'000
Unquoted equity shares, at cost		
At beginning of financial year	64,664	62,447
Currency translation differences	-	2,217
At end of financial year	64,664	64,664

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

	Company	
	2023	2022
	S\$'000	S\$'000
At beginning of financial year	40,408	34,608
Additional impairment loss	9,647	4,530
Currency translation differences	-	1,270
At end of financial year	50,055	40,408

During the financial year, an impairment loss of S\$9,647,000 (2022: S\$4,530,000) was recognised to write down the cost of investment in New Silkroutes Capital Pte. Ltd. ("NSC") as the recoverable amount of certain subsidiaries held by NSC is less than the carrying value. The recoverable amounts of these investments are determined based on the estimation of the fair values of the underlying assets and liabilities of these subsidiaries. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

15 Subsidiaries (cont'd)

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

Name of company	Principal activities	Country of business/ incorporation	Equity holding	
			30 June 2023 %	30 June 2022 %
<u>Held by the Company</u>				
New Silkroutes Capital Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
Hidderton Limited ⁽²⁾	Investment holding	BVI	100	-
New Silkroutes Development Pte Ltd ⁽³⁾	Dormant	Singapore	100	-
<u>Held by New Silkroutes Capital Pte. Ltd.</u>				
New Silkroutes Group (Europe) Limited ⁽³⁾	Investment holding	Malta	-	100
Healthsciences International Pte. Ltd. ⁽⁵⁾	Distributors of health supplements and Chinese proprietary medicine, providers of clinical management services, and healthsciences consultants	Singapore	81.28	81.28
HSI Asia Pte. Ltd. ⁽⁴⁾	Investment holding	Singapore	100	100
HSI Specialists Pte. Ltd. ⁽⁴⁾	Investment holding	Singapore	100	100

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	
			30 June 2023 %	30 June 2022 %
<u>Held by New Silkroutes Capital Pte. Ltd. (cont'd)</u>				
Shanghai Fengwei Garment Accessory Co., Ltd. ⁽⁷⁾	Manufacture of non-woven fabric	People's Republic of China	100	100
New Silkroutes TCM (Beijing) Co., Ltd ⁽⁶⁾	Distribution of Traditional Chinese Medicine products	People's Republic of China	-	100
<u>Held by New Silkroutes Group (Europe) Limited</u>				
IEG Malta Limited ⁽²⁾	Wholesale and retail trading of crude oil, intermediate fuel oil and other distillates	Malta	-	100
<u>Held by Healthsciences International Pte. Ltd.</u>				
HSI Dental Pte. Ltd. ⁽⁵⁾	Investment holding	Singapore	100	100
HSI Medical Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
<u>Held by HSI Specialists Pte. Ltd.</u>				
HSI Cardiology Pte. Ltd. ⁽⁴⁾	Specialised Medical Services	Singapore	100	100
<u>Held by HSI Dental Pte. Ltd.</u>				
Crescent Dental Clinic Pte. Ltd.	Dental services	Singapore	-	70
Dentaltrendz JP Pte. Ltd.	Dental services	Singapore	-	70
Trendz Dental Surgeons Pte. Ltd.	Dental services	Singapore	-	70
L'ving Vine Dental Clinic Pte. Ltd.	Dental services	Singapore	-	70
Dover Dental Surgery Pte. Ltd.	Dental services	Singapore	-	70
Dentaltrendz Pte. Ltd.	Management services	Singapore	-	70
Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd.	Dental services	Singapore	-	51

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

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	
			30 June 2023 %	30 June 2022 %
<u>Held by HSI Dental Pte. Ltd. (cont'd)</u>				
Wren Dental and Medical Supplies Pte. Ltd.	Medical and dental supplies	Singapore	-	51
84 INC Pte. Ltd.	Dental services	Singapore	70	70
The Dental Hub@SG Pte. Ltd.	Dental services	Singapore	70	70
NDC Consulting Pte. Ltd.	Dental services	Singapore	70	70
<u>Held by HSI Medical Pte. Ltd.</u>				
Dr Chua's Family Clinic Pte. Ltd.	General medical services	Singapore	-	51
HL Clinic Pte Ltd	General medical services	Singapore	-	60
HL Family Clinic & Surgery (Bedok) Pte. Ltd.	General medical services	Singapore	-	60
HK Family Clinic & Surgery Pte. Ltd.	General medical services	Singapore	-	60
HL Dermahealth Clinic Pte Ltd	Aesthetic clinic	Singapore	-	60
Lily Aw Medical Services Pte Ltd	General medical services	Singapore	-	60
<u>Held by Hidderton Limited</u>				
FS Xiangshan Pte Ltd ⁽¹⁾	Investment holding	Singapore	100	-
<u>Held by FS Xiangshan Pte Ltd</u>				
Beijing Xie Fei Business Management Co., Ltd	Investment holding	China	100	-
<u>Held by Beijing Xie Fei Business Management Co., Ltd</u>				
Beijing Lunan Technology Co., Ltd	Investment holding	China	100	-

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

15 Subsidiaries (cont'd)

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

- (1) Audited by Baker Tilly TFW LLP.
- (2) Not required to be audited by law of country of incorporation.
- (3) Exempted from audit as the subsidiaries were dormant during financial year.
- (4) The subsidiaries have been struck off on 15 April 2024.
- (5) The subsidiaries have been placed into creditors' voluntary liquidation on 29 September 2023.
- (6) The subsidiary was liquidated on 13 June 2023.
- (7) The subsidiary is classified as disposal group held for sale at the reporting date.

(ii) Acquisition of subsidiaries

The Company on 26 April 2023 acquired 100% equity interest of Hidderton Limited, a company registered in the British Virgin Islands for cash consideration of US\$1. Hidderton Limited holds 100% equity interest in FS Xiangshan Pte. Ltd., which in turn holds 100% equity interest in Beijing Xiefei Business Management Co., Ltd..

On 18 May 2023, Beijing Xiefei Business Management Co., Ltd., acquired 100% equity interest of Beijing Lunan Technology Co., Ltd for cash consideration of approximately S\$70,000 (RMB365,000).

The Group acquired these subsidiaries as part of the Group's restructuring exercise.

(a) Fair values of identifiable assets and liabilities of subsidiaries at acquisition date

	Hidderton Limited Group S\$'000	Beijing Lunan S\$'000	Total S\$'000
Cash and bank balances	4	4	8
Inventories	-	37	37
Other payables	(4)	(285)	(289)
Net identifiable assets acquired	-	(244)	(244)
Goodwill arising from acquisition	-	314	314
Cash consideration paid	-	70	70

The effects of the acquisition of subsidiaries on the cash flows of the group is as below:

	2023 S\$'000
Cash consideration	(70)
Less: cash and cash equivalents in subsidiaries acquired	8
Net cash outflow on acquisition	(62)

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

15 Subsidiaries (cont'd)

(iii) *Summaries financial information of subsidiaries with material non-controlling interests ("NCI")*

The Group has the following subsidiary that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Country of incorporation	Ownership interests held by NCI
Healthsciences International Pte. Ltd. and its subsidiaries	Singapore	18.72%

The following are the summarised financial information of Healthsciences International Pte. Ltd. This financial information includes consolidation adjustments but before inter-company eliminations.

Summarised statement of financial position

	2023
	S\$'000
Total assets	2,916
Total liabilities	(2,574)
Net assets	342
Net assets attributable to non-controlling interests	39

Summarised statement of profit or loss and other comprehensive income

	2023
	S\$'000
Revenue	9,211
Expenses	(13,414)
Loss for the year	(4,203)
Income tax expenses	(415)
Loss after tax	(4,618)
Loss allocated to non-controlling interests	(90)
Dividends paid to NCI	658

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

22 Disposal groups classified as held for sale

For the financial year ended 30 June 2023

As part of the Group restructuring exercise, on 28 April 2023, the Group entered into a legally binding Memorandum of Understanding to dispose Shanghai Fengwei for cash consideration of approximately S\$16,975,000 (RMB88 million). On 21 July 2023, the Group executed the equity transfer agreement with the purchaser. Accordingly, the assets and liabilities of the Shanghai Fengwei have been presented as a disposal group classified as held for sale. Shanghai Fengwei was previously part of the Group's healthcare segment.

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

	S\$'000
Property, plant and equipment	2,032
Intangible assets (Note 13)	
- Goodwill	7,439
- Customer relationship and trademark	242
Prepayments	1,537
Right-of-use assets (Note 14)	1,090
Cash and bank balances (Note 20)	1,248
Inventories	795
Trade and other receivables	7,013
	<hr/> 21,396 <hr/>

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

	S\$'000
Trade and other payables	584
Loans from financial institutions [Note (i)]	6,021
	<hr/> 6,605 <hr/>

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

	S\$'000
Foreign currency translation reserve	954
Capital reserve	62
	<hr/> 1,016 <hr/>

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

22 Disposal groups classified as held for sale

For the financial year ended 30 June 2023 (cont'd)

Loans from financial institutions

The loans are secured by personal guarantee from a ex-director of the subsidiary and pledge over a director's land.

For the financial year ended 30 June 2022

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 were as follows:

	S\$'000
Property, plant and equipment [Note (i)]	502
Intangible assets	
- Goodwill (2022: net of impairment loss of S\$5,998,000)	11,811
Right-of-use assets	1,810
Cash and bank balances (Note 20)	3,582
Inventories	485
Trade and other receivables	1,220
	<hr/>
	19,410
	<hr/>

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

	S\$'000
Trade and other payables [Note (ii)]	9,850
Loans from financial institutions [Note (iii)]	4,616
Lease liabilities	1,915
Current income tax payable	578
Deferred tax liabilities	40
	<hr/>
	16,999
	<hr/>

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FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

22 Disposal groups classified as held for sale (cont'd)

For the financial year ended 30 June 2022 (cont'd)

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

	S\$'000
Net present value of the call and put options liability	<u>(4,925)</u>

i) Property, plant and equipment

At end of the previous reporting period, the carrying amount of the Disposal Group's plant and equipment under lease arrangement comprised of medical and other equipment of S\$33,000.

ii) Consideration payables

Included in trade and other payables were consideration payables of S\$8,310,000 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 was 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 is immaterial.

iii) Loans from financial institutions

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

The disposal, except for TDH Group and HSI Chinese Medicine, was completed during the financial year (Note 9). The assets and liabilities with TDH Group and HSI Chinese Medicine were reclassified to the respective assets and liabilities of the Group during the financial year.

23 Share capital

	2023		2022	
	Number of shares	S\$'000	Number of shares	S\$'000
Group and Company				
<i>Issued and fully paid with no par value</i>				
At beginning and end of financial year	<u>211,908,869</u>	<u>120,784</u>	211,908,869	120,784

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 2023 and 30 June 2022.