NEW SILKROUTES GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199400571K)
(the "**Company**")

RESPONSE TO SGX QUERIES

The Board of Directors (the "**Board**") of the Company (and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

SGX-ST's Query:

We refer to the following:

(a) the Company's SGXNet announcements dated 3 October 2022, entitled "Proposed disposal of dental clinics by indirect subsidiaries of the Company" (the "3 Oct 2022 Announcement")

(b) the Company's SGXNet announcements dated 9 December 2022, entitled "Receipt of Letter of Demand" (the "9 Dec 2022 Announcement");

(c) the Company's SGXNet announcement dated 20 December 2022, entitled "Receipt of Letter" (the "20 Dec 2022 Announcement");

(d) the Company's SGXNet announcement dated 04 January 2023, entitled "Expiry of long-stop date for the proposed disposal of dental clinics by indirect subsidiaries" (the "4 Jan 2023 Announcement"); and

(e) the Company's SGXNet announcement dated 28 October 2022, entitled "Financial Statements and Related Announcement::Full Yearly Results" (the "FS Announcement")

1. Please disclose the implications of the (i) letters of demand as disclosed in the 9 Dec 2022 Announcement and 20 Dec 2022 Announcement; and (ii) expiry of long-stop date for the proposed disposal on the Group's operations, financial performance, and ability to operate as a going concern.

Company's Response:

(i) As HSI Medical Pte. Ltd. ("**HSI Medical**") and HSI Dental Pte. Ltd. ("**HSI Dental**") do not have the financial ability to complete the put options at present, HSI Medical and HSI Dental will face financial difficulties, and it may also cause cross default of other debts of the two companies, and the Company (as the parent company) may also face recovery of secured debts.

(ii) In relation to the expiry of long-stop date for the proposed disposal as announced in the Company's announcement dated 4 January 2023, Healthsciences International Pte. Ltd. ("**HSI**") will not be able to pay its short-term liabilities with cash from asset sales, including the two issues mentioned in (i). If the short-term debt default causes the debt default of other bank liabilities of HSI, the Company may also be implicated due to the corporate guarantee and face short-term financial difficulties. Judging from the operation of the underlying assets of HSI, everything is normal, and the current short-term financial strain has not caused any impact.

SGX-ST's Query:

2. *Please provide the Board's assessment as to whether the Company have the necessary financial resources to pay the amount under the letter of demands and the bases for such an assessment.*

Company's Response:

The Board is of the opinion that unless it settles with creditors or makes another attempt to sell the Group's assets for cash, the Company does not have the necessary financial resources to pay the alleged amounts demanded pursuant to the letter of demands. The Board's judgment is based on the fact that the Group has not yet completed its debt restructuring with its largest creditor, 2810198 Ontario Inc. ("**Ontario**") and the difficulties faced by the Company in obtaining additional bank financing or investment from other investors under these circumstances.

SGX-ST's Query:

3. *Please clarify if there are any risks of cross defaults.*

Company's Response:

As answered in question 1, there is the risk of cross defaults which may implicate the Company due to the corporate guarantee given in connection with HSI and HSI Medical's loan.

SGX-ST's Query:

4. *Please elaborate how the expiry of the Long-stop date and lapse of the BTA will affect the restructuring efforts of the Company, if any.*

Company's Response:

As answered in question 1, the expiry and lapse of the business transfer agreement dated 3 October 2022 ("**BTA**") (as announced in the Company's announcement dated 3 October 2022 (the "**BTA Announcement**")) will lead to the cross default of all the debts of HSI, which will then trigger the default of the secured debts of the Company. In the event of a significant amount of contingent liabilities, the Company understands that its current largest creditor and the restructuring party, Ontario, will not opt for a debt-equity swap to avoid a loss. Although this does not necessarily lead to the failure of the corporate restructuring, it will greatly delay the completion time of the corporate restructuring.

SGX-ST's Query:

5. *Please disclose the background leading to the lapse of the BTA.*

Company's Response:

Due to disagreement between the Vendors' shareholders, the Vendors were unable to proceed with completion of the proposed transaction under the BTA.

SGX-ST's Query:

6. *It is disclosed on page 32 of the unaudited financial statements that impairment loss on intangible assets of US$4.418 million arose from impairment of goodwill from the healthcare business. In this regard, please disclose the following information:*

   (i) how the amount of impairment was determined;

   (ii) whether any valuation was conducted; the value placed on the assets; the basis and the date of such valuation;

   (iii) the Board's confirmation as to whether it is satisfied with the reasonableness of the methodologies used to determine amount of impairment; and

   (iv) the reasons for the impairment losses.

Company's Response:

The Company has reviewed and confirmed that the impairment loss is due to proposed disposal of the dental clinics pursuant to the BTA. That impairment is determined by the difference between the carrying value and the recoverable amount for both HSI Dental and HSI Medical. HSI Dental's recoverable amount is based on 70% of the Consideration (as defined in the BTA Announcement) and no other valuation was conducted. The Board confirms that it is satisfied with the reasonableness of the methodologies used to determine the amount of impairment.

SGX-ST's Query:

7. *Given the Group's significant short-term liabilities of US$51,360,000 and cash and bank balance of only US$1,532,000 and noting that the Company incurred losses of US$32,711,000 in FY2022, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short-term liabilities of US$51,360,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.*

Company's Response:

As disclosed in the Company's announcement dated 24 May 2022, the Company signed a Memorandum of Agreement with Ontario dated 24 May 2022. The Company has further received a signed financial support letter dated 22 December 2022 from Ontario. Furthermore, the Company intends to sell the dental business to fulfil its obligations.

SGX-ST's Query:

8. *It is disclosed in the Company's unaudited financial statements for the period ended 30 September 2022 that, "On 12 May 2022, an indirect subsidiary of the Company, Health sciences International Pte. Ltd. ("HSI"), entered a term sheet with Ms Lina Ng for the disposal of the business and assets of HSI Chinese Medicine, the details of which are set out in the announcement released on SGXNet on 12 May 2022. Due to delays with obtaining certain approvals, the proposed sale was delayed, and the new completion date is expected to be in November 2022." And that "However, due to HSI's general financial situation, we had to choose to sell TCM clinic in order to obtain cash to meet HSI's debt." Please provide a status update in respect of the sale of HSI Chinese Medicine and TCM clinic.*

Company's Response:

The sale of the business and assets of HSI Chinese Medicine is still under negotiation as it has not yet been possible to reach an agreement with the purchaser on the terms of the definitive agreement.

Shareholders of the Company and potential investors should note that the trading in the Company's securities may be suspended in the event that the Company is unable to continue as a going concern. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests. Shareholders of the Company and potential investors are advised to read all further announcements by the Company carefully and to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Mr Han Binke
Executive Director and CEO
13 January 2023