



New Silkroutes Group Limited

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

Condensed Interim Financial Statements
For the Fourth Quarter
and
Full Year Ended 30 June 2023

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

		3 months ended 30 June 2023	3 months ended 30 June 2022		12 months ended 30 June 2023	12 months ended 30 June 2022	
	Note	Unaudited S\$'000	Unaudited S\$'000 Re-presented	%	Unaudited S\$'000	Audited S\$'000 Re-presented	%
Revenue	4	2,619	9,304	-72%	28,098	39,931	-30%
Other income		(3,383)	402	-942%	(751)	1,392	-154%
Purchases of finished goods		(1,581)	(3,242)	-51%	(15,945)	(21,551)	-26%
Changes in inventories of finished goods		(164)	44	-471%	(55)	(148)	-63%
Employee benefits expense		(1,186)	(4,155)	-71%	(8,723)	(12,771)	-32%
Amortisation of intangible assets		(31)	(31)	n.m.	(126)	(125)	1%
Depreciation of property, plant and equipment		(166)	(1,321)	-87%	(624)	(1,878)	-67%
Depreciation of right-of-use assets		(253)	(511)	-50%	(1,603)	(2,087)	-23%
Bad debt written off		-	(331)	n.m.	-	(331)	n.m.
Impairment loss on trade and other receivables		-	(65)	n.m.	(61)	(64)	-4%
Impairment loss on subsidiaries		(1,793)	-	n.m.	(1,793)	-	n.m.
Prepayment written off		-	(770)	n.m.	-	(770)	n.m.
Impairment loss on intangible assets		-	(5,998)	n.m.	-	(5,998)	n.m.
Intangible assets written off		-	(762)	n.m.	-	(762)	n.m.
Loss on financial guarantee		-	(37,247)	n.m.	-	(37,247)	n.m.
Other operating expenses		(3,808)	34,640	-111%	(4,301)	(3,871)	11%
Finance costs		(1,105)	(233)	374%	(1,863)	(998)	87%
Loss before taxation	6	(10,851)	(10,276)	6%	(7,747)	(47,278)	-84%
Taxation	7	1	(69)	-101%	(300)	(418)	-28%
Loss for the period/year		(10,850)	(10,345)	1%	(8,047)	(47,696)	-83%

n.m.: Not Meaningful

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

	3 months ended 30 June 2023 Unaudited S\$'000	3 months ended 30 June 2022 Unaudited S\$'000 Re-presented	%	12 months ended 30 June 2023 Unaudited S\$'000	12 months ended 30 June 2022 Audited S\$'000 Re-presented	%
Other comprehensive (loss)/income after tax:						
Item that may be reclassified subsequently to profit of loss:						
Foreign currency translation (loss)/gain on consolidation	(200)	(471)	-58%	448	(534)	-184%
Other comprehensive (loss)/income for the financial period/year, net of tax	(200)	(471)	-58%	448	(534)	-184%
Total comprehensive loss for the financial period/year	(11,005)	(10,816)	2%	(7,599)	(48,230)	-84%
(Loss)/profit attributable to:						
Owners of the Company	(9,577)	(9,363)	2%	(8,013)	(47,943)	-83%
Non-controlling interests	(1,273)	(982)	-30%	(34)	247	-114%
	(10,850)	(10,345)	5%	(8,047)	(47,694)	-83%
Total comprehensive income/(loss) attributable to:						
Owners of the Company	(9,777)	(9,843)	-1%	(7,626)	(48,424)	-84%
Non-controlling interests	(1,273)	(973)	30%	27	194	-86%
	(11,050)	(10,816)	-9%	(7,599)	(48,230)	-84%
Loss per share attributable to owners of the Company from continuing operations (cent)						
- Basic and diluted	(4.59)	(4.49)		(3.84)	(23.00)	

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

		Group			Company		
	30 June	30 June	1 July 2021		30 June	30 June	1 July 2021
Note	2023	2022	Audited	Audited	2023	2022	Audited
	Unaudited	Audited	SS'000	SS'000	Unaudited	Audited	Audited
	SS'000	Re-presented	SS'000	Re-presented	SS'000	Re-presented	SS'000
LIABILITIES							
Non-current liabilities							
Borrowings	14	466	511	2,070	-	-	-
Lease liabilities		336	-	1,804	336	-	372
Deferred tax liabilities		-	37	203	-	-	-
Other payables		-	-	7,710	-	-	-
Total non-current liabilities		802	548	11,787	336	-	372
Current liabilities							
Trade and other payables		15,644	6,992	10,506	11,748	9,555	8,763
Contract liabilities		-	-	206	-	-	-
Borrowings	14	1,591	9,525	14,834	-	-	-
Financial guarantee liabilities		37,196	37,579	-	37,196	37,579	-
Lease liabilities		-	-	1,132	-	-	219
Current income tax payable		-	-	487	-	-	-
		54,431	54,096	27,165	48,944	47,134	8,982
Liabilities directly associated with disposal group classified as held for sale		6,220	16,999	-	-	-	-
Total current liabilities		60,651	71,095	27,165	48,944	47,134	8,982
Total liabilities		61,453	71,643	38,952	49,280	47,134	9,354
Total equity and liabilities		28,304	42,698	59,481	15,686	24,542	31,139

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	-----> Attributable to owners of the Company <-----						Total SS'000	Non- controlling interests SS'000	Total equity SS'000
	Share capital SS'000	Treasury shares SS'000	Foreign currency translation reserve SS'000	Capital reserve SS'000	Other reserves SS'000	Accumulated losses SS'000			
Balance as at 1 July 2022	120,784	(1,182)	799	62	(4,925)	(144,912)	(29,374)	429	(28,945)
Loss for the financial period	-	-	-	-	-	(8,013)	(8,013)	(34)	(8,047)
Other comprehensive income									
- Foreign currency translation differences	-	-	387	-	-	-	387	61	448
Total comprehensive income/(loss) for the financial period	-	-	387	-	-	(8,013)	(7,626)	27	(7,599)
Contributions by and distributions to owners									
- Dividends	-	-	-	-	-	-	-	(658)	(658)
Transactions with owners in their own capacity as owners	-	-	-	-	-	-	-	(658)	(658)
Disposal of a subsidiary	-	-	-	-	4,958	-	4,958	(1,256)	3,702
Balance as at 30 June 2023	120,784	(1,182)	1,186	62	33	(152,925)	(32,042)	(1,458)	(33,500)

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

Group	<----- Attributable to owners of the Company ----->						Total SS'000	Non- controlling interests SS'000	Total equity SS'000
	Share capital SS'000	Treasury shares SS'000	Foreign Currency translation reserve SS'000	Capital reserve SS'000	Other reserves SS'000	Accumulated losses SS'000			
Re-presented									
Balance as at 1 July 2021	118,553	(1,160)	1,260	60	(4,833)	(94,760)	19,120	1,409	20,529
(Loss)/profit for the financial period	-	-	-	-	-	(47,943)	(47,943)	247	(47,696)
Other comprehensive loss:									
- Foreign currency translation differences	-	-	(481)	-	-	-	(481)	(53)	(534)
Total comprehensive (loss)/income for the financial period	-	-	(481)	-	-	(47,943)	(48,424)	194	(48,230)
Contributions by and distributions to owners									
- Dividends	-	-	-	-	-	-	-	(1,192)	(1,192)
Transactions with owners in their own capacity as owners	-	-	-	-	-	-	-	(1,192)	(1,192)
Effect of change in presentation currency	2,231	(22)	20	2	(92)	(2,209)	(70)	18	(52)
Balance as at 30 June 2022	120,784	(1,182)	799	62	(4,925)	(144,912)	(29,374)	429	(28,945)

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

Company	Share capital S\$'000	Treasury shares S\$'000	Capital reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance as at 1 July 2022	120,784	(1,182)	62	(142,256)	(22,592)
Loss for the year, representing total comprehensive loss for the financial period	-	-	-	(11,002)	(11,002)
Balance as at 30 June 2023	120,784	(1,182)	62	(153,258)	(33,594)
Re-presented					
Balance as at 1 July 2021	118,553	(1,160)	60	(95,668)	21,785
Loss for the year, representing total comprehensive loss for the financial period	-	-	-	(44,392)	(44,392)
Effect of change in presentation currency	2,231	(22)	2	(2,196)	15
Balance as at 30 June 2022	120,784	(1,182)	62	(142,256)	(22,592)

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	12 months ended 30 June 2023 Unaudited S\$'000	12 months ended 30 June 2022 Audited S\$'000 Re-presented
Cash flows from operating activities		
Loss before taxation:	(7,747)	(47,278)
Adjustments for:		
Amortisation of intangible assets	126	125
Impairment loss on intangible assets	-	5,998
Depreciation of property, plant and equipment	624	1,878
Depreciation of right-of-use assets	1,603	2,087
Interest expense	996	998
Recognition of financial guarantee liabilities	-	37,247
Net present value change of the call and put option liability	-	724
Bad debt written-off	-	331
Impairment losses recognised on trade and other receivables	61	64
Prepayment written-off	-	770
Plant and equipment written off	-	37
Intangible assets written-off	-	762
Impairment of investment in subsidiary	1,793	-
Loss on disposal of subsidiaries	12,649	-
Unrealised foreign exchange differences	152	(532)
Operating cash flows before working capital changes:	10,257	3,211
Changes in inventories	957	1,073
Changes in trade and other receivables	212	1,116
Changes in prepayments	(255)	259
Changes in trade and other payables	(5,803)	1,428
Changes in contract liabilities	-	(208)
Cash generated from operations	5,368	6,879
Income tax paid	-	(415)
Net cash generated from operating activities	5,368	6,464

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

	Group	
	12 months ended 30 June 2023 Unaudited S\$'000	12 months ended 30 June 2022 Audited S\$'000 Re-presented
Cash flows from investing activities		
Acquisition of intangible assets	-	(470)
Purchase of property, plant and equipment	(439)	(238)
Net cash inflow from the disposal of subsidiaries	1,043	-
Net cash inflow from the acquisition of subsidiaries	640	-
	1,244	(708)
Net cash generated from/(used in) investing activities		
Cash flows from financing activities		
Dividends paid to the non-controlling interests of the subsidiaries	(658)	(1,192)
Interest paid	(404)	(778)
Proceeds from loans	2,392	232
Restricted cash and cash balances	-	602
Repayment of loans	(8,180)	(2,119)
Repayment of lease liabilities	(843)	(1,280)
Repayment of profit guarantee	-	(4,074)
	(7,693)	(8,609)
Net cash used in financing activities		
	(1,081)	(2,853)
Net decrease in cash and cash equivalents		
Cash and cash equivalents at beginning of financial year	5,679	8,881
Exchange differences on translation of cash and cash equivalents	(131)	(349)
	4,467	5,679
Cash and cash equivalents at end of financial year		
Cash and cash equivalents comprise the following:		
Cash and bank balances and fixed deposits	3,252	2,151
Disposal groups classified as held for sale	1,248	3,582
Less: Cash restricted in use	(1)	(1)
Less: Fixed deposits pledged	(32)	(53)
	4,467	5,679
Cash and cash equivalents at end of financial period		

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate information

New Silkroutes Group Limited (the “Company”) (Co. Reg. No. 199400571K) is a limited liability company incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 456 Alexandra Road, #24-01 Fragrance Empire Building, Singapore 119962. The Company is listed on the Singapore Exchange Securities Trading Limited. The Company is listed on the Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the three months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are that of an investment holding Company. The principal activities of the Group as at 30 June 2023 were:

- (a) Distributors of health supplements and Chinese proprietary medicine, providers of clinical management services, and healthsciences consultants;
- (b) Dental services;
- (c) Manufacture of non-woven fabric;
- (d) Management services and investment holding.

Proposed Restructuring Exercise

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, and further extended to 9 December 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 refers to its announcements dated 6 September 2023, 20 October 2023, 24 October 2023, 25 October 2023, 30 October 2023, 1 November 2023 and 1 December 2023. Following the proposal of a “pre-packaged” scheme of arrangement pursuant to Section 71 of the IRDA (the “**Proposed Scheme**”) to its creditors, the Company has applied to the Court for an order approving the Proposed Scheme and the Court has granted the orders sought, thereby approving the Proposed Scheme. The Ontario Whitewash Waiver (as defined in the announcement dated 24 October 2023) has also been granted by the Securities Industry Council subject to the conditions disclosed in the announcement.

The restructuring exercise is still ongoing as at the date of these financial statements.

2 Basis of preparation

The condensed interim financial statements for the three months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last audited financial statements for the year ended 30 June 2022.

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

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2 Basis of preparation (cont'd)

Prior to 1 July 2022, the United States Dollar (“US\$”) was regarded as the functional currency of the Company and the consolidated financial statements were also presented in US\$. The Company had, having reviewed its business and operating environment, changed its functional currency from US\$ to Singapore Dollar (“SGD” or “S\$”) during the financial year ended 30 June 2023. The change in functional currency of the Company was applied prospectively from the date of change on 1 July 2022, in accordance with SFRS(I) 1-21 The Effects of Changes in Foreign Exchange Rates.

In conjunction with the change in functional currency, the Company and the Group had also changed its presentation currency to S\$. The change in presentation currency has been applied retrospectively in accordance with SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors. The comparative figures of the Group and the Company in these financial statements have been represented in S\$ in order to provide meaningful comparable information.

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

2.1 New and amended standards adopted by the Group

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

2.2 Use of judgements and estimates

Critical judgements in applying the entity’s accounting policies

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 30 June 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Going concern assumption

During the financial period ended 30 June 2023, the Group reported a net loss of S\$7,352,000 (30 June 2022: S\$47,278,000) and the Company reported a net loss of S\$11,002,000 (30 June 2022: S\$44,392,000). The Group’s and the Company’s current liabilities exceeded the current assets by S\$33,508,000 (30 June 2022: S\$40,625,000) and S\$48,354,000 (30 June 2022: S\$46,853,000) respectively. These conditions indicate the existence of material uncertainties that may cast significant doubts about the Group’s and the Company’s abilities to continue as going concerns.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2 Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

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

Going concern assumption (cont'd)

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

- (a) 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.
- (b) The Company on 9 January 2023 applied to the Court for moratorium protection pursuant to Section 64 of the IRDA. On 6 February 2023, the Court granted the moratorium protection sought until 9 July 2023, which was subsequently extended to 9 October 2023, and further extended to 9 December 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 refers to its announcements dated 6 September 2023, 20 October 2023, 24 October 2023, 25 October 2023, 30 October 2023, 1 November 2023 and 1 December 2023. Following the proposal of the Proposed Scheme to its creditors, the Company has applied to the Court for an order approving the Proposed Scheme and the Court has granted the orders sought, thereby approving the Proposed Scheme. The Ontario Whitewash Waiver (as defined in the announcement dated 24 October 2023) has also been granted by the Securities Industry Council subject to the conditions disclosed in the announcement.

- (c) Funding will be raised from potential investor amounting to S\$4 million, of which (i) S\$200,000 shall be utilised to fund the cash distribution under the Proposed 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.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2 Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

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

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

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

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

Key sources of estimation uncertainty

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

Impairment of trade and other receivables

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

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

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

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.

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2 Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment test for cash-generating unit containing goodwill and intangibles (cont'd)

Significant judgement and estimates by management are required in assessing: (i) whether the carrying amount of the CGU can be supported by its market value based on comparable assets or the net present value of future cash flows which are estimated based upon the continued use of the assets in the business; and (ii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are extrapolated using a suitable growth rate and then discounted using an appropriate discount rate. Changing the assumptions selected by management to determine the level of impairment, including the growth rate and discount rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result may potentially affect the Group's results. The carrying amounts of the Group's intangible assets, including goodwill, at the end of the reporting period, and the basis and assumptions used to determine the recoverable amount of the CGU, are disclosed in Note 10.

Impairment of investment in subsidiaries

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

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

Estimation of financial guarantee liabilities

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS (I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS (I) 15.

3 Seasonal operations

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

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

4 Segment and revenue information

For management purposes, the Group is organised into business units based on their products and services, and has two 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.

4.1 Reportable segments

	Healthcare Unaudited S\$'000	Others Audited S\$'000	Per consolidated financial statements Unaudited S\$'000
1 July 2022 to 30 June 2023			
Segment revenue			
- Sales to external customers	28,049	4	28,098
Segment results			
- Other income	(751)	-	(751)
- Amortisation of intangible assets	(126)	-	(126)
- Depreciation of property, plant and equipment	(624)	-	(624)
- Depreciation of rights-of-use assets	(1,603)	-	(1,603)
- Finance costs	(1,863)	-	(1,863)
Segment loss	(8,001)	(46)	(8,047)
Segment assets and liabilities			
- Segment assets	23,081	4,872	27,953
- Segment liabilities	56,237	5,216	61,453

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

4 Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

	Healthcare Audited S\$'000 Re-presented	Others Audited S\$'000 Re-presented	Per consolidated financial statements Audited S\$'000 Re-presented
1 July 2021 to 30 June 2022			
Segment revenue			
- Sales to external customers	30,626	-	30,626
<hr/>			
Segment results			
- Other income	872	118	990
- Amortisation of intangible assets	(93)	-	(93)
- Depreciation of property, plant and equipment *	(552)	(4)	(556)
- Depreciation of rights-of-use assets	(1,402)	(174)	(1,576)
- Other non-cash items	(4)	(37,148)	(37,152)
- Finance costs	(563)	(202)	(765)
Segment profit/(loss)	708	(37,707)	(36,999)
<hr/>			
Segment assets and liabilities			
- Segment assets	46,038	10,451	56,489
- Segment liabilities	28,343	45,600	73,943
- Capital expenditure	(82)	-	(82)
<hr/>			

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

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

4 Segment and revenue information (cont'd)

4.2 Disaggregation of revenue

	12 months ended 30 June 2023 Unaudited S\$'000	12 months ended 30 June 2022 Unaudited S\$'000 Re-presented
Healthcare products	15,185	22,266
Healthcare services	12,909	17,665
Others	4	-
	28,098	39,931

Geographical information:

	12 months ended 30 June 2023 Unaudited S\$'000	12 months ended 30 June 2022 Unaudited S\$'000 Re-presented
Australia	-	104
China	15,189	22,266
Singapore	12,909	17,561
	28,098	39,931

A breakdown of sales and operating loss after tax:

	30 June 2023 S\$'000	30 June 2022 S\$'000 Re-presented	Increase /(Decrease) %
<i>Sales reported for the first half year:</i>	19,007	21,109	-10%
<i>Operating loss after tax before deducting non-controlling interests reported for first half year:</i>	69	(739)	-109%
<i>Sales reported for the second half year:</i>	9,091	18,822	-52%
<i>Operating loss after tax before deducting non-controlling interests reported for second half year:</i>	(8,082)	(47,202)	-83%

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

5 Financial assets and financial liabilities

5.1 Categories of financial instruments

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 30 June 2022:

	Group		Company	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
		Re-presented		Re-presented
Financial assets				
Financial assets at amortised cost	14,522	13,052	547	281
Financial liabilities				
Lease liabilities	336	1,915	336	-
Financial liabilities at fair value through profit or loss	-	8,585	-	-
Financial guarantee liabilities	37,196	37,579	37,196	37,579
Financial liabilities at amortised cost	23,920	37,579	11,748	37,579

6 (Loss)/profit before taxation from continuing operations

6.1 Significant items

<u>Group</u>	12 months ended	12 months ended
	30 June 2023	30 June 2022
	Unaudited	Unaudited
	S\$'000	S\$'000
		Re-presented
Impairment loss recognised on trade and other receivables	61	64
Recognition of financial guarantee liabilities	-	37,247
Impairment loss on subsidiaries	1,793	-

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

6.2 Related party transactions

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

<u>Group</u>	12 months ended 30 June 2023 Unaudited S\$'000	12 months ended 30 June 2022 Unaudited S\$'000 Re-presented
Interest expense	218	219
Lease payments (rental)	702	800
	<hr/>	<hr/>

7 Taxation

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

<u>Group</u>	12 months ended 30 June 2023 Unaudited S\$'000	12 months ended 30 June 2022 Unaudited S\$'000 Re-presented
Current taxation:		
- Current period	300	523
- Changes in estimates related to prior years	-	(26)
	<hr/>	<hr/>
	300	497
Deferred taxation:		
- Origination and reversal of temporary differences	-	(129)
- Changes in estimates related to prior years	-	50
	<hr/>	<hr/>
	300	418
	<hr/>	<hr/>

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

8 Net asset value

	Group		Company	
	30 June 2023 Unaudited	30 June 2022 Audited Re-presented	30 June 2023 Unaudited	30 June 2022 Audited Re-presented
Net asset value per ordinary share (cent)	(15.37)	(14.09)	(16.11)	(10.84)

9 Disposal of subsidiaries

On 2 February 2023, the other shareholder 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 completion took 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.

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 and completed the same on 12 May 2023.

The Company refers to its announcements dated 20 January 2023, 20 February 2023 and 17 November 2023 in relation to the judicial management of HSI Medical Pte. Ltd. ("HSIM") pursuant to Section 91 of the IRDA. On 3 May 2023, the Company announced that the judicial manager has entered into a sale and purchase agreement to dispose of its shareholdings in certain medical clinics for a consideration of S\$2,200,000. The disposal was completed on 5 May 2023 and part of the sales proceed was used to repay a bank loan. HSIM has been discharged from judicial management with effect from 15 November 2023.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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	Total S\$'000
<u>Identifiable assets and liabilities</u>				
Property, plant and equipment	181	209	132	522
Right-of-use assets	221	278	319	818
Cash and bank balances	251	182	2,379	2,812
Inventories	-	35	458	493
Trade receivables	215	64	343	622
Other receivables	529	83	121	733
Total assets	1,397	851	3,752	6,000
Trade payables	85	117	251	453
Other payables	567	175	384	1,126
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	1,354	2,898
Identifiable net assets disposed	(469)	(235)	(2,398)	(3,102)
Goodwill disposed	(405)	72	(9,367)	(9,700)
Cash consideration	1,280	375	2,200	3,855
NCI Disposed	139	90	1,027	1,256
Deemed return of capital	(901)	(262)	-	(1,163)
Loss on disposal	(356)	40	(8,538)	(8,854)

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

	12 months ended 30 June 2023 Unaudited S\$'000
Cash consideration	3,855
Less: cash and cash equivalent in subsidiary disposed	(2,812)
Net cash inflow on disposal	1,043

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

10 Acquisition of subsidiaries

The Company on 26 April 2023 acquired 100% of the equity of Hidderton Limited, a company registered in the British Virgin Islands, from FS Real Estate Investment Company Limited. Hidderton Limited holds 100% of the equity of FS Xiangshan Pte. Ltd., which in turn holds 100% of the equity of Beijing Xiefei Business Management Co., Ltd., which in turn holds 100% of the equity of Beijing Lunan Technology Co., Ltd.. Pursuant to the acquisition, Hidderton Limited, FS Xiangshan Pte. Ltd., Beijing Xiefei Business Management Co., Ltd., and Beijing Lunan Technology Co., Ltd. have become subsidiaries of the Company.

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

	Hidderton Limited Group S\$'000	Beijing Lunan S\$'000	Total S\$'000
<u>Identifiable assets and liabilities</u>			
Cash and bank balances	4	637	641
Inventories	-	37	37
Other receivables	-	4,213	4,213
Prepayment	-	79	79
Total assets	4	4,966	4,970
Other payables	4	5,317	5,321
Total liabilities	4	5,317	5,321
Identifiable net assets acquired	-#	(351)	(351)
Goodwill acquired	-#	352	352

Identifiable net assets and goodwill acquired for Hidderton Group was less than S\$1,000.

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

	12 months ended 30 June 2023 Unaudited S\$'000
Cash consideration*	-
Less: cash and cash equivalent in subsidiaries acquired	641
Net cash inflow on acquisition	641

*Cash consideration was less than S\$1,000.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

11 Intangible assets

Group	Goodwill S\$'000	Customer relationship S\$'000	CMS Development costs S\$'000	Service right S\$'000	Trademark S\$'000	Other development cost S\$'000	Total S\$'000
Re-presented							
Cost:							
Balance at 1 July 2021	25,827	375	2,115	125	452	294	29,188
Additions	-	-	-	-	-	474	474
Written off	-	-	-	-	-	(768)	(768)
Exchange difference on translation	(526)	(17)	-	(3)	-	-	(546)
Reclassified to disposal group held for sales	(17,862)	-	-	-	-	-	(17,862)
Balance at 30 June 2022 and 1 July 2022	7,439	358	2,115	122	452	-	10,486
Reclassified to disposal group held for sales	(7,439)	-	-	-	-	-	(7,439)
Acquisition of subsidiaries	352	-	-	-	-	-	352
Balance at 30 June 2023	352	358	2,115	122	452	-	3,399
Accumulated amortisation:							
Balance at 1 July 2021	-	105	2,115	126	226	-	2,572
Amortisation	-	36	-	-	90	-	126
Impairment charge	6,052	-	-	-	-	-	6,052
Reclassified to disposal group held for sales	(6,052)	-	-	-	-	-	(6,052)
Exchange difference on translation	-	(17)	-	(4)	-	-	(21)
Balance at 30 June 2022 and 1 July 2022	-	124	2,115	122	316	-	2,677
Amortisation	-	36	-	-	90	-	126
Exchange difference on translation	-	6	-	-	-	-	6
Impairment charge	352	-	-	-	-	-	352
Balance at 30 June 2023	352	166	2,115	122	406	-	3,161
Carrying amount:							
Balance at 30 June 2023	-	192	-	-	46	-	238
Balance at 30 June 2022	7,439	234	-	-	136	-	7,809

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

11 Intangible assets (cont'd)

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) Beijing Lunan Technology Co., Ltd. and (ii) Shanghai Fengwei as follows:

	30 June 2023	30 June 2022
	S\$'000	S\$'000
		Re-presented
<u>Cash-generating units</u>		
Beijing Lunan Technology Co., Ltd.	344	-
Shanghai Fengwei	-	7,439
	<u>344</u>	<u>7,439</u>

For the financial year ended 30 June 2023

In connection with the Group restructuring exercise, goodwill attributable to the Shanghai Fengwei's CGUs are re-classified to disposal group held for sale. Shanghai Fengwei's calculation is determined based on the value for sale.

Beijing Lunan Technology Co., Ltd.'s VIU calculation management approved cash flow projections covering a five-year period, using an average growth rate of 10% (2022: S\$Nil) pre-tax discount rate of 13.05% (2022: S\$Nil) and a terminal growth rate of 2% (2022: S\$Nil).

12 Share capital

	30 June 2023		30 June 2022	
	Number of	Amount	Number of	Amount
	shares	S\$'000	shares	S\$'000
		Audited		Audited
				Re-presented
Group and Company				
<i>Issued and fully paid with no par value</i>				
At beginning and end of interim period	211,908,869	120,784	211,908,869	120,784

The number of issued shares excluding treasury shares as at the end of the interim period was 208,464,669 (30 June 2022: 208,464,669).

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares rank equally with regard to the Company's residual assets.

The Company's subsidiaries do not hold any shares in the Company as of 30 June 2023 and 30 June 2022.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

13 Treasury shares

	30 June 2023		30 June 2022	
	Number of shares	Amount S\$'000 Audited	Number of shares	Amount \$'000 Audited Re-presented
Group and Company				
<i>Issued and fully paid with no par value</i>				
At beginning and end of interim period	3,444,200	(1,182)	3,444,200	(1,182)

14 Borrowings

	Group	
	30 June 2023 Unaudited S\$'000	30 June 2022 Unaudited S\$'000 Re-presented
<u>Amount repayable within one year or on demand</u>		
Secured	1,591	9,525
Unsecured	–	–
<u>Amount repayable after one year</u>		
Secured	466	511
Unsecured	–	–
	<u>2,057</u>	<u>10,036</u>

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

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

15 Financial guarantee liabilities

During the financial year ended 30 June 2022, the Company recognised financial guarantees liabilities amounting to S\$37,579,000 (2021: S\$Nil) in respect of the corporate guarantees provided to OCAP Management Pte. Ltd. and Iolani Shipping Limited.

On 24 May 2022, 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.

As disclosed in the Company's announcement dated 19 January 2023, the Company and Ontario have entered into a termination agreement to terminate the Memorandum of Agreement dated 24 May 2022 on the terms set out therein.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

16 Subsequent events

Disposal of 84 INC Pte. Ltd. (“84 INC”), The Dental Hub@SG Pte. Ltd. (“TDH”), and NDC Consulting Pte. Ltd. (“NDC”)

The Company refers to its announcements dated 3 October 2022, 20 December 2022, 4 January 2023 and 1 February 2023. Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed in the 1 February 2023 announcement.

Following the lapse and cessation of the business transfer agreement dated 3 October 2023 on 3 January 2023, 84 INC, TDH, NDC, and the Existing Shareholders on 1 February 2023 entered into the BTA for the disposal of the Business. The Parties are in the process of Completion.

Judicial Management of HSIM

The Company refers to its announcements dated 20 January 2023, 20 February 2023 and 17 November 2023 in relation to the judicial management of HSIM pursuant to Section 91 of the IRDA. HSIM has been discharged from judicial management with effect from 15 November 2023.

Disposal of HSI Chinese Medicine

The Company refers to its announcements dated 12 May 2022 and 3 May 2023 in relation to the disposal of the assets and business of HSI Chinese Medical by HSI. The disposal has been completed as at 8 September 2023.

Disposal of Shanghai Fengwei

The Company refers to its announcements dated 28 April 2023 and 21 July 2023 in relation to the proposed disposal of 100% of the equity of Shanghai Fengwei, which is ongoing.

Proposed Restructuring Exercise

The Company on 9 January 2023 applied to the Court for moratorium protection pursuant to Section 64 of the IRDA. On 6 February 2023, the Court granted the moratorium protection sought until 9 July 2023, which was subsequently extended to 9 October 2023, and further extended to 9 December 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 refers to its announcements dated 6 September 2023, 20 October 2023, 24 October 2023, 25 October 2023, 30 October 2023, 1 November 2023 and 1 December 2023. Following the proposal of the Proposed Scheme to its creditors, the Company has applied to the Court for an order approving the Proposed Scheme and the Court has granted the orders sought, thereby approving the Proposed Scheme. The Ontario Whitewash Waiver (as defined in the announcement dated 24 October 2023) has also been granted by the Securities Industry Council subject to the conditions disclosed in the announcement.

The restructuring exercise is still ongoing as at the date of these financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

16 Subsequent events (cont'd)

Super Priority Rescue Financing

The Company refers to the Company's announcements dated 10 May 2023, 18 May 2023, 24 May 2023, 3 July 2023 and 14 September 2023 regarding the proposed rescue financing to be provided by Ontario. The Company has obtained the order of court granting super priority status to the proposed financing of up to S\$5.9 million from Ontario to the Company (the "DIP Facility"), and on 14 September 2023, the Company has entered into a definitive facility agreement with Ontario in respect of the DIP Facility.

Voluntary Liquidation of Healthsciences International Pte. Ltd. ("HSI") and HSID

The Company refers to its announcement dated 29 September 2023 in relation to voluntary liquidation of HSI and HSID. HSI and HSID have been placed into creditors' voluntary liquidation on 29 September 2023, which is ongoing.

Acquisition of Tianjin Zhoushun Logistics Co., Ltd.

The Company refers to its announcements dated 18 September 2023 and 10 October 2023 in relation to the proposed acquisition of 100% of the equity of Tianjin Zhoushun Logistics Co., Ltd., which is ongoing.

Dissolution of International Energy Group Pte. Ltd. ("IEG"), TXZ Tankers Pte. Ltd. ("TXZ") and Century Master Pte. Ltd. ("CM")

The Company refers to its announcement dated 12 December 2023 in relation to the dissolution (by creditors' voluntary liquidation) of IEG, TXZ and CM.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statement of financial position of New Silkroutes Group Limited and its subsidiaries as of 30 June 2023 and the related condensed consolidated statement of comprehensive income for the three-month period and year then ended, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

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

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

The auditors have issued a disclaimer of opinion on the Group's financial statements for the financial year ended 30 June 2022 due to:

- i. Going concern assumptions
- ii. Management agreement entered by the Company and its wholly owned subsidiary, Shanghai Fengwei with Shanghai Minlin New Textile Materials Sales Centre, goodwill impairment assessment of Shanghai Fengwei and subsequent events of Shanghai Fengwei.
- iii. Investment in IEG concerning its valuation of the carrying amounts of assets and liabilities of IEG including Thai General Nice Coal and Coke Co., Ltd, a financial asset at fair value through other comprehensive income, as of the date of commencement of liquidation, and the resulting loss arising from deconsolidation of IEG and the impairment assessment of investment in IEG.
- iv. Financial guarantee liabilities in respect of corporate guarantees provided to third parties in prior years for a loan and a lease financing arrangement for IEG and TXZ Tankers Pte. Ltd..
- v. Guarantees and provisions in respect of banking facilities extended to its subsidiaries.
- vi. Classification and appropriateness of the disposal groups classified as held for sale.
- vii. Consideration payables in respect of the fair value change of the put liability arising from the acquisition of medical clinics.
- viii. Appropriateness of the impairment loss recognised for the investments in subsidiaries.
- ix. Opening balances as at 1 July 2021 for the financial year ended 30 June 2021 whose report dated 13 October 2021 contained a disclaimer of opinion.

Please refer to page 50 - 54 of the Company's Annual Report for the financial year ended 30 June 2022 for more information on these outstanding audit issues. IEG, TXZ and CM have since been dissolved by creditors' voluntary liquidation.

The Board has appointed KPMG Services Pte. Ltd. ("KPMG") as the independent reviewer to carry out an independent review. The independent review has concluded and the report issued, as announced by the Company in its announcement dated 1 December 2023.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

1. Review (cont'd)

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

The Company has engaged a Financial Consultant to assist the Company in its preparation of the accounts and financial statements for the financial year ended 30 June 2023. The Financial Consultant will assist management in responding to the Company's auditor in connection with all the outstanding audit issues.

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

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

2. Review of performance of the Group

Income Statement Review

Group revenue decreased to S\$28.10 million in the fourth quarter ended 30 June 2023 ("4Q23") compared to S\$39.93 million in the fourth quarter ended 30 June 2022 ("4Q22"). The Group's performance has been mainly affected by a decline in demand for non-woven material as a result of heightened competition as China's economy began to recover from the Covid-19 pandemic.

Purchases of finished goods and changes in inventories of finished goods expenses decreased to S\$15.95 million in 4Q23 from S\$21.55 million in 4Q22 and S\$0.06 million in 4Q23 from S\$0.15 million in 4Q22 respectively. The decrease is in line with the decrease in revenue for non-woven material.

Impairment loss on subsidiaries of S\$1.44 million arose from impairment of goodwill from the healthcare business. There was no impairment recognised in 4Q22.

Finance costs increased to S\$1.86 million in 4Q23 from S\$1.00 million in 4Q22 mainly due to accrued interest for consideration payable to a shareholder.

Financial Position Review

Property, plant and equipment decreased to S\$0.22 million as at 30 June 2023 compared to S\$2.07 million as at 30 June 2022, mainly due transfer to asset held-for-sale, which were partially offset by purchase of property, plant and equipment and depreciation of property, plant and equipment recognised.

Intangible assets decreased to S\$0.58 million as at 30 June 2023 compared to S\$7.81 million as at 30 June 2022 mainly due to mainly due transfer to asset held-for-sale and sale of subsidiaries.

Inventories decreased to S\$0.04 million as at 30 June 2023 from S\$1.76 million as at 30 June 2022 mainly due to utilisation of the non-woven materials in the healthcare and healthcare consumables segment and transfer to asset held-for-sale.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

Financial Position Review (cont'd)

Non-current borrowings decreased to S\$0.47 million as at 30 June 2023 from S\$0.51 million as at 30 June 2022 due to the repayment of loan.

Non-current lease liabilities increased to S\$0.34 million as at 30 June 2023 from S\$Nil million as at 30 June 2022 following a renewal of tenancy agreements in relation to the Group's office.

Trade and other payables increased to S\$15.65 million as at 30 June 2023 from S\$6.99 million as at 30 June 2022 mainly due to increase payable to creditors and deferred consideration recognised.

Current borrowings decreased to S\$1.60 million as at 30 June 2023 from S\$9.53 million as at 30 June 2022 due to the repayment of loan and reclassification from disposal group classified as held for sale.

Cash Flow Statement Review

Net cash flows generated from operating activities of S\$5.37 million in 4Q23 mainly due to positive operating cash flows in healthcare segment.

Net cash flows generated from investing activities amounted to S\$1.24 million mainly due to additions of intangible assets and net cash inflow from the disposal of subsidiaries.

Net cash flows used in financing activities of S\$7.70 million were mostly to repay loans and lease liabilities and dividends paid to the non-controlling interests of the subsidiaries.

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

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

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

As of the report's release date, the Company has made substantial progress in its restructuring initiatives. Over the past year, we have successfully divested our interests in all HSIM practices and all Traditional Chinese Medicine practices, and has disposed of most of the Group's practices held by HSID. Furthermore, key agreements have been executed with regards to Shanghai Fengwei, completion of which is ongoing and subject to shareholders' approval. The expeditious and efficient divestiture of these assets, optimising their value and mitigating liabilities, is a testament to the Group's commitment to prudent management.

The Group has, on 18 September, 2023, proposed the acquisition of Tianjin Zhoushun Logistics Co., which indirectly holds 59% of Hequ Yuanyang Industrial Co., Ltd. primarily engaged in the business of coal storage and sales and general cargo loading and unloading. Please refer to our official public announcements for comprehensive details. As such, as at the date of this announcement, the Company has prepared this set of financial results for the financial period up to 30 June 2023 on the assumption that the Company and/or Group is able to continue as a going concern. The Company will make appropriate announcements accordingly when more information is available.

Please refer to Note 16 (Subsequent Events) above for further information on further factors and events that may affect the Group.

5. Dividend information

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding period of the immediate preceding financial year

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

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared or recommend for the year ended 30 June 2023 due to accumulated losses of the Company.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

6. Interested person transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000	S\$'000
Interest expense:		
Mr Shen Yuyun	218	-
Rental:		
Shanghai Fengwei Nonwovens Co., Ltd	702	-

For full disclosure, please note that there is an amount of S\$1.58 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, 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.

7. Disclosure on Acquisitions and Realisations of Shares pursuant to Rule 706A of the Listing Manual

Save as disclosed on SGXNet, during the period ended 30 June 2023, there were no acquisitions or realisations of shares resulting in a company becoming or ceasing to be a subsidiary or associated company of the Company, or resulting in the Company increasing or reducing its shareholding percentage in a subsidiary or associated company.

Please refer to Note 16 (Subsequent Events) above for subsequent acquisitions and disposals of shares carried out by the Group.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

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

9. In the review of performance of the Group, the factors leading to any material changes in the contributions to turnover and earnings by the business or geographical segments

During the financial year, the Group's healthcare non-woven manufacturing business experienced a significant reduction in revenue due to increased competition and decreased demand for its products.

The Group has been progressively disposing of its healthcare business during the year.

10. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual, New Silkroutes Group Limited confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Mr. Han Binke
Executive Director and CEO
20 December 2023