



New Silkroutes Group Limited

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

Condensed Interim Financial Statements
For the Three Months
Ended 30 September 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 September 2023 Unaudited S\$'000	3 months ended 30 September 2022 Unaudited S\$'000	%
	Note			
Revenue	4	2,491	8,886	(72)
Other income		313	263	19
Purchases of finished goods and raw materials		(3,110)	(4,746)	(35)
Changes in inventories		830	(133)	N.M.
Employee benefits expense		(805)	(2,867)	(72)
Amortisation of intangible assets		-	(32)	(100)
Depreciation of property, plant and equipment		(83)	(141)	(41)
Depreciation of right-of-use assets		(234)	(474)	(51)
Impairment loss on trade and other receivables		-	(60)	(100)
Other operating expenses		(801)	(882)	(9)
Finance costs		(255)	(221)	15
Loss before taxation	6	(1,654)	(407)	260
Taxation	7	-	(78)	(100)
Loss for the period		(1,654)	(485)	203

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 September 2023 Unaudited S\$'000	3 months ended 30 September 2022 Unaudited S\$'000	%
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit of loss:			
Foreign currency translation (loss)/gain on consolidation	(166)	1,030	N.M.
Other comprehensive (loss)/income for the financial period, net of tax	(166)	1,030	N.M.
Total comprehensive (loss)/income for the financial period	(1,820)	545	N.M.
(Loss)/profit attributable to:			
Owners of the Company	(1,614)	(817)	(1)
Non-controlling interests	(40)	332	N.M.
	(1,654)	(485)	76
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(1,780)	152	N.M.
Non-controlling interests	(40)	393	N.M.
	(1,820)	545	N.M.
Loss per share attributable to owners of the Company from continuing operations (cent)			
- Basic and diluted	(0.77)	(0.39)	

N.M.: Not meaningful

See accompanying notes to condensed interim financial statements.

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

	Note	Group		Company	
		30 September 2023 Unaudited S\$'000	30 June 2023 Audited S\$'000	30 September 2023 Unaudited S\$'000	30 June 2023 Audited S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment		370	178	159	173
Intangible assets	9	-	-	-	-
Right-of-use assets		389	307	273	307
Subsidiaries		-	-	14,609	14,609
Total non-current assets		759	485	15,041	15,089
Current assets					
Inventories		36	36	-	-
Trade and other receivables		4,249	2,963	2,897	385
Prepayments		74	125	56	42
Cash and bank balances		6,410	3,220	746	162
Fixed deposits		-	32	-	-
		10,769	6,376	3,699	589
Disposal group classified as held for sale		20,366	21,396	-	-
Total current assets		31,135	27,772	3,699	589
Total assets		31,894	28,257	18,740	15,678
EQUITY AND LIABILITIES					
EQUITY					
Share capital	10	120,784	120,784	120,784	120,784
Treasury shares	11	(1,182)	(1,182)	(1,182)	(1,182)
Other reserves		1,084	1,250	62	62
Accumulated losses		(154,433)	(152,819)	(153,837)	(153,146)
Equity attributable to equity holder of the Company		(33,747)	(31,967)	(34,173)	(33,482)
Non-controlling interests		(1,553)	(1,513)	-	-
Total equity		(35,300)	(33,480)	(34,173)	(33,482)

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	Group		Company	
		30 September 2023 Unaudited S\$'000	30 June 2023 Audited S\$'000	30 September 2023 Unaudited S\$'000	30 June 2023 Audited S\$'000
LIABILITIES					
Non-current liabilities					
Lease liabilities	12	158	194	158	194
Total non-current liabilities		158	194	158	194
Current liabilities					
Trade and other payables		58,581	52,733	52,591	48,832
Borrowings	12	1,865	2,058	-	-
Lease liabilities	12	222	134	164	134
Current income tax payable		13	13	-	-
		60,681	54,938	52,755	48,966
Liabilities directly associated with disposal group classified as held for sale		6,355	6,605	-	-
Total current liabilities		67,036	61,543	52,755	48,966
Total liabilities		67,194	61,737	52,913	49,160
Total equity and liabilities		31,894	28,257	18,740	15,678

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 equity SS'000
	Share capital	Treasury shares	Foreign currency translation reserve	Capital reserve	Other reserves	Reserve of disposal group classified as held for sale	Accumulated losses	Total	Non-controlling interests	
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000	
Balance as at 1 July 2023	120,784	(1,182)	201	-	33	1,016	(152,819)	(31,967)	(1,513)	(33,480)
Loss for the financial period	-	-	-	-	-	-	(1,614)	(1,614)	(40)	(1,654)
Other comprehensive income										
- Foreign currency translation differences	-	-	(1)	-	-	(165)	-	(166)	-	(166)
Total comprehensive loss for the financial period	-	-	(1)	-	-	(165)	(1,614)	(1,780)	(40)	(1,820)
Balance as at 30 September 2023	120,784	(1,182)	200	-	33	851	(154,433)	(33,747)	(1,533)	(35,300)

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 ----->									
	Share capital	Treasury shares	Foreign currency translation reserve	Capital reserve	Other reserves	Reserve of disposal group classified as held for sale	Accumulated losses	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'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	-	-	-	-	-	-	(817)	(817)	332	(485)
Other comprehensive income										
- Foreign currency translation differences	-	-	969	-	-	-	-	969	61	1,030
Total comprehensive loss for the financial period	-	-	969	-	-	-	(817)	152	393	545
Contributions by and distributions to owners										
- Dividends	-	-	-	-	-	-	-	-	(564)	(564)
Transactions with owners in their own capacity as owners	-	-	-	-	-	-	-	-	(564)	(564)
Balance as at 30 September 2022	120,784	(1,182)	1,768	62	-	(4,925)	(145,729)	(29,222)	258	(28,964)

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 2023	120,784	(1,182)	62	(153,146)	(33,482)
Loss for the year, representing total comprehensive loss for the financial period	-	-	-	(691)	(691)
Balance as at 30 September 2023	120,784	(1,182)	62	(153,837)	(34,173)
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	-	-	-	(531)	(531)
Balance as at 30 September 2022	120,784	(1,182)	62	(142,787)	(23,123)

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	3 months ended 30 September 2023 Unaudited S\$'000	3 months ended 30 September 2022 Unaudited S\$'000
Cash flows from operating activities		
Loss before taxation:	(1,654)	(407)
Adjustments for:		
Amortisation of intangible assets	-	32
Depreciation of property, plant and equipment	83	141
Depreciation of right-of-use assets	234	474
Interest expense	255	221
Impairment losses recognised on trade and other receivables	-	60
Unrealised foreign exchange differences	-	675
Operating cash flows before working capital changes:	(1,082)	1,196
Changes in inventories	(830)	204
Changes in trade and other receivables	(1,165)	(3,434)
Changes in prepayments	898	(189)
Changes in trade and other payables	1,146	2,824
Cash generated from operations	(1,033)	601
Income tax paid	-	-
Net cash (used in)/generated from operating activities	(1,033)	601
Cash flows from investing activities		
Purchase of property, plant and equipment	(211)	(169)
Advance received for disposal of a subsidiary	5,589	-
Net cash generated from/(used in) investing activities	5,378	(169)

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

	Group	
	3 months ended 30 September 2023 Unaudited S\$'000	3 months ended 30 September 2022 Unaudited S\$'000
Cash flows from financing activities		
Dividends paid to the non-controlling interests of the subsidiaries	-	(564)
Interest paid	(255)	(71)
Repayment of loans	(193)	(583)
Repayment of lease liabilities	(68)	(284)
Pledged fixed deposits	32	-
Repayment to a creditor	(747)	-
	<hr/>	<hr/>
Net cash used in financing activities	(1,231)	(1,502)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	3,114	(1,070)
Cash and cash equivalents at beginning of financial period	4,467	5,679
Exchange differences on translation of cash and cash equivalents	(89)	165
	<hr/>	<hr/>
Cash and cash equivalents at end of financial period	7,492	4,774
	<hr/> <hr/>	<hr/> <hr/>
Cash and cash equivalents comprise the following:		
Cash and bank balances and fixed deposits	6,410	3,491
Disposal groups classified as held for sale	1,083	1,816
Less: Cash restricted in use	(1)	(1)
Less: Fixed deposits pledged	-	(532)
	<hr/>	<hr/>
Cash and cash equivalents at end of financial period	7,492	4,774
	<hr/> <hr/>	<hr/> <hr/>

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. These condensed interim consolidated financial statements as at and for the three months ended 30 September 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 September 2023 were:

- (a) Manufacture of non-woven fabric;
- (b) 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. During the moratorium, the Company worked with its advisors to formulate a “pre-packaged” scheme of arrangement pursuant to Section 71 of the IRDA which would benefit all its creditors at large (the “**Scheme**”).

Following the proposal of the Scheme to its creditors, the Company applied to the Court for an order approving the Scheme and on 1 December 2023, the Court granted the orders sought, thereby approving the 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 September 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 2023.

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)

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 2023.

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

Going concern assumption

During the financial period ended 30 September 2023, the Group reported a net loss of S\$1,654,000 (30 September 2022: S\$485,000) and the Company reported a net loss of S\$691,000 (30 September 2022: S\$531,000). The Group's and the Company's current liabilities exceeded the current assets by S\$35,901,000 (30 June 2023: S\$33,771,000) and S\$49,056,000 (30 June 2023: S\$48,377,000) respectively. These conditions indicate the existence of material uncertainties that may cast significant doubts about the Group's and the Company's abilities to continue as going concerns.

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

- (i) On 9 January 2023, the Company applied to the Court for moratorium protection pursuant to Section 64 of the IRDA. On 6 February 2023, the Court granted a moratorium until 9 July 2023, which was subsequently extended to 9 October 2023, and thereafter until 9 December 2023. The purpose of the moratorium was to facilitate the reorganisation of the liabilities and the business of the Company and the Group, and to maintain a sustainable capital structure.

During the moratorium, the Company worked with its advisors to formulate the Scheme. The scheme document, comprising, among other things, the Scheme and the Explanatory Statement, was sent to the creditors on 6 September 2023. Under the Scheme, each creditor (save for 3 creditors that are related to the Company) ("**Class A Scheme Creditor**") was given the option to elect between (a) converting approximately 1% of its debt into equity in the Company ("**Equity Option**"), or (b) receiving a cash payment equivalent to up to 6% of its debt ("**Cash Option**"), in full and final settlement of its debt. In addition, any surplus cash that the Company receives from the disposal of Shanghai Fengwei Garment Accessory Co., Ltd. ("**Shanghai Fengwei**") would be distributed *pari passu* to the Class A Scheme Creditors. The objective of the Scheme is to restructure the liabilities of the Company by reducing the Company's debt to a sustainable level, and thereby allow the Company to continue as a going concern.

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 Scheme was approved by all the Class A Scheme Creditors that voted on the Scheme. On 20 October 2023, the Company consequently applied to the Court to approve the Scheme pursuant to Section 71(1) of the IRDA. On 1 December 2023, the Court sanctioned the Scheme.

- (ii) The Scheme is subject to several conditions precedent being met prior to 1 December 2024, including obtaining the approval of the SGX-ST for the resumption of trading of the Company's shares on the Mainboard of the SGX-ST. The Company has made an application to the SGX-ST for the resumption of trading of its shares. SGX-ST is currently reviewing the Company's application and has made several queries, which the Company is addressing.
- (iii) 2810198 Ontario ("**Ontario**"), the largest creditor of the Group, has elected for the Equity Option. In the event that the Scheme is implemented, Ontario is expected to hold 70% of the shares of the Company. Ontario has plans to use the Company as a vehicle to hold various businesses. The future value of the Company will be underpinned by the value of the businesses and investments that Ontario injects into the Company.
- (iv) In the meantime, Ontario has provided the Company with rescue financing. On 14 September 2023, the Company and Ontario executed an agreement for Ontario to provide rescue financing of up to S\$5.9 million to the Company, to fund (i) the Company's working capital requirements, (ii) the Company's restructuring costs, and (iii) the implementation of the Cash Option under the Scheme. Following the Company's application to the Court pursuant to Section 67(1) of the IRDA, the debt arising from Ontario's rescue financing has been conferred priority over all the preferential debts specified in Section 203(1)(a) to (i) of the IRDA and all other unsecured debts.

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.

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2 Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

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 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.

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 9.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2 Basis of preparation (cont'd)

2.2 Use of judgements and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of investment in subsidiaries

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

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

3 Seasonal operations

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

4 Segment and revenue information

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

- Healthcare - owns and operates clinics in Singapore providing complementary integrative therapies, runs employee healthcare benefits programmes, offers systems integration services to hospitals and healthcare facilities, owns and operates clinics in Singapore providing dental services, and distributes dental and medical supplies, and manufacturing of healthcare consumables.
- Others - general corporate activities and others

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.

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4 Segment and revenue information (cont'd)

4.1 Reportable segments

	Healthcare Unaudited S\$'000	Others Unaudited S\$'000	Elimination Unaudited S\$'000	Per consolidated financial statements Unaudited S\$'000
1 July 2023 to 30 September 2023				
Segment revenue				
- Sales to external customers	2,491	-		2,491
Segment results				
- Other income	307	6		313
- Amortisation of intangible assets	-	-		-
- Depreciation of property, plant and equipment	(65)	(18)		(83)
- Depreciation of rights-of- use assets	(195)	(39)		(234)
- Finance costs	(47)	(208)		(255)
Segment loss	(825)	(829)		(1,654)
Segment assets and liabilities				
- Segment assets	15,232	51,631	(34,969)	31,894
- Segment liabilities	8,817	73,594	(15,217)	67,194

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

4 Segment and revenue information (cont'd)

4.1 Reportable segments (cont'd)

	Healthcare Unaudited S\$'000	Per consolidated financial statements Unaudited S\$'000
1 July 2022 to 30 September 2022		
Segment revenue		
- Sales to external customers	8,886	8,886
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Segment results		
- Other income	263	263
- Amortisation of intangible assets	(32)	(32)
- Depreciation of property, plant and equipment	(141)	(141)
- Depreciation of rights-of-use assets	(474)	(474)
- Finance costs	(221)	(221)
Segment loss	(485)	(485)
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Segment assets and liabilities		
- Segment assets	45,686	45,686
- Segment liabilities	74,650	74,650
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* Comprises depreciation of property, plant and equipment included in changes in inventories of finished goods

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

4 Segment and revenue information (cont'd)

4.2 Disaggregation of revenue

	3 months ended 30 September 2023 Unaudited S\$'000	3 months ended 30 September 2022 Unaudited S\$'000
Healthcare products	2,491	4,560
Healthcare services	-	4,326
	<u>2,491</u>	<u>8,886</u>

Geographical information:

	3 months ended 30 September 2023 Unaudited S\$'000	3 months ended 30 September 2022 Unaudited S\$'000
China	2,491	4,560
Singapore	-	4,326
	<u>2,491</u>	<u>8,886</u>

5 Financial assets and financial liabilities

5.1 Categories of financial instruments

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

	Group		Company	
	30 September 2023 Unaudited S\$'000	30 June 2023 Audited S\$'000	30 September 2023 Unaudited S\$'000	30 June 2023 Audited S\$'000
Financial assets				
Financial assets at amortised cost	18,634	14,476	3,463	547
Financial liabilities				
Lease liabilities	380	328	322	328
Financial liabilities at amortised cost	66,801	61,396	52,591	48,832

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

6 (Loss)/profit before taxation from continuing operations

6.1 Significant items

	3 months ended 30 September 2023 Unaudited S\$'000	3 months ended 30 September 2022 Unaudited S\$'000
<u>Group</u>		
Impairment loss recognised on trade and other receivables	-	60

6.2 Related party transactions

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

	3 months ended 30 September 2023 Unaudited S\$'000	3 months ended 30 September 2022 Unaudited S\$'000
<u>Group</u>		
Interest expense	-	55
Lease payments (rental)	-	183

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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:

	3 months ended 30 September 2023 Unaudited S\$'000	3 months ended 30 September 2022 Unaudited S\$'000
<u>Group</u>		
Current taxation:		
- Current period	-	78
- Changes in estimates related to prior years	-	-
	<hr/>	<hr/>
	-	78
Deferred taxation:		
- Origination and reversal of temporary differences	-	-
	<hr/>	<hr/>
	-	78
	<hr/>	<hr/>

8 Net asset value

	Group		Company	
	30 September 2023 Unaudited	30 June 2023 Audited	30 September 2023 Unaudited	30 June 2023 Audited
Net asset value per ordinary share (cent)	(16.19)	(15.33)	(16.39)	(16.06)
	<hr/>			

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

9 Intangible assets

Group	Goodwill S\$'000	Customer relationship S\$'000	CMS Development costs S\$'000	Service right S\$'000	Trademark S\$'000	Total S\$'000
Re-presented						
Cost:						
Balance at 1 July 2022	7,439	375	2,115	122	452	10,503
Additions	314	-	-	-	-	314
Reclassified from disposal group held for sales	2,110	-	-	-	-	2,110
Reclassified to disposal group held for sales	(7,439)	(375)	-	-	(452)	(8,266)
Written off	-	-	(2,115)	(122)	-	(2,237)
Currency translation differences	7	-	-	-	-	7
Balance at 30 June 2023, 1 July 2023 and 30 September 2023	2,431	-	-	-	-	2,431
Accumulated amortisation:						
Balance at 1 July 2022	-	141	2,115	122	316	2,694
Amortisation	-	36	-	-	90	126
Impairment charge	2,431	-	-	-	-	2,431
Reclassified to disposal group held for sales	-	(179)	-	-	(406)	(585)
Written off	-	-	(2,115)	(122)	-	(2,237)
Currency translation differences	-	2	-	-	-	2
Balance at 30 June 2023, 1 July 2023 and 30 September 2023	2,431	-	-	-	-	2,431
Carrying amount:						
Balance at 30 September 2023	-	-	-	-	-	-
Balance at 30 June 2023	-	-	-	-	-	-

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

9 Intangible assets (cont'd)

Impairment testing for a cash-generating unit containing goodwill

Goodwill that has an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. No impairment indicators were identified as at 30 September 2023 based on each CGU's business performance. The Group performed its annual impairment test in June 2023. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the last audited financial statements for the year ended 30 June 2023. The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

10 Share capital

	30 September 2023		30 June 2023	
	Number of shares	Amount S\$'000 Unaudited	Number of shares	Amount S\$'000 Audited
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 2023: 208,464,669).

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

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

11 Treasury shares

	30 September 2023		30 June 2023	
	Number of shares	Amount S\$'000 Unaudited	Number of shares	Amount S\$'000 Audited
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)

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

12 Borrowings

	Group	
	30 September 2023 Unaudited S\$'000	30 June 2023 Audited S\$'000
<u>Amount repayable within one year or on demand</u>		
Bank loans, secured	1,865	2,058
Lease liabilities, unsecured	222	134
<u>Amount repayable after one year</u>		
Bank loans, secured	-	-
Lease liabilities, unsecured	158	194
	2,245	2,386
	2,245	2,386

Loans from financial institutions are secured by the following:

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

13 Subsequent events

Judicial Management of HSI Medical Pte. Ltd. ("HSIM")

The Company refers to its announcements dated 20 January 2023 and 20 February 2023 in relation to the judicial management of HSIM pursuant to Section 91 of the IRDA. The judicial management of HSIM was discharged on 15 November 2023.

Disposal of Shanghai Fengwei

The Company refers to its announcements dated 28 April 2023, 21 July 2023 and 24 June 2024 in relation to the disposal of 100% of the equity of Shanghai Fengwei, which has been completed in FY2024.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

13 Subsequent events (cont'd)

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. During the moratorium, the Company worked with its advisors to formulate the Scheme.

Following the proposal of the Scheme to its creditors, the Company applied to the Court for an order approving the Scheme and on 1 December 2023, the Court granted the orders sought, thereby approving the Scheme. The Ontario Whitewash Waiver (as defined in the announcement dated 23 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.

Voluntary Liquidation of Healthsciences International Pte. Ltd. (“HSI”) and HSI Dental Pte. Ltd. (“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, 10 October 2023 and 25 June 2024 in relation to the acquisition of 100% of the equity of Tianjin Zhoushun Logistics Co., Ltd., which has been completed in FY2024.

Incorporation of Heilongjiang Xingzhou Port Agricultural Development Co., Ltd.

The Company refers to its announcement dated 7 June 2024 in relation to the incorporation of Heilongjiang Xingzhou Port Agricultural Development Co., Ltd., which was completed in FY2024.

Striking off of HSI Asia Pte. Ltd., HSI Specialists Pte. Ltd. and HSI Cardiology Pte. Ltd.

The Company refers to its announcement dated 15 April 2024 in relation to the striking off of HSI Asia Pte. Ltd., HSI Specialists Pte. Ltd. and HSI Cardiology Pte. Ltd.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

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

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

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

The auditors have issued a disclaimer of opinion on the Group's financial statements for the financial year ended 30 June 2023 due to:

- i. Going concern assumptions
- ii. Opening balances as at 1 July 2022 for the financial year ended 30 June 2022 whose report dated 31 August 2023 contained a disclaimer of opinion.
- iii. Financial impact related to independent review report and notice of compliance issued by Singapore Exchange Regulation ("SGX RegCo")
- iv. Financial guarantees and provisions in respect of banking facilities extended to its subsidiaries.
- v. Classification and appropriateness of the disposal group classified as held for sale and discontinued operation
- vi. Appropriateness of accounting for disposals of subsidiaries
- vii. Appropriateness of accounting for disposal of businesses
- viii. Appropriateness of accounting for acquisition of Hidderton Limited and its subsidiaries
- ix. Appropriateness of the impairment loss recognised for the investments in subsidiaries

Please refer to page 44 - 49 of the Company's Annual Report for the financial year ended 30 June 2023 for more information on these outstanding audit issues.

The Company will follow up with the appropriate accounting treatment on these outstanding audit issues.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

1. Review (cont'd)

(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\$2.49 million in the first quarter ended 30 September 2023 (“1Q24”) compared to S\$8.89 million in the first quarter ended 30 September 2022 (“1Q23”). This is due to 1) the disposal of medical and dental clinics in last financial year and 2) new acquired subsidiaries have not yet generated revenue.

Other income increased to S\$0.31 million in 1Q24 when compared to S\$0.26 million in 1Q23 mainly due to other income contributed by SHFW in 1Q24.

Purchases of finished goods and raw materials expenses decreased to S\$3.11 million in 1Q24 from S\$4.75 million in 1Q23. The decrease is in line with the decrease in revenue.

Employee benefits expense decreased to S\$0.81 million in 1Q24 when compared to S\$2.87 million in 1Q23 mainly due to disposal of medical and dental clinics in last financial year.

Finance costs increased to S\$0.26 million in 1Q24 from S\$0.22 million in 1Q23 mainly due to accrual of interest on amount due to a creditor in 1Q24.

Financial Position Review

Property, plant and equipment increased to S\$0.37 million as at 30 September 2023 compared to S\$0.18 million as at 30 June 2023, mainly due to purchase of property, plant and equipment.

Right-of-use assets increased to S\$0.39 million as at 30 September 2023 from S\$0.31 million as at 30 June 2023 due to sign-up of a new office space in China. As such, the corresponding lease liabilities increased to S\$0.38 million as at 30 September 2023 from S\$0.33 million as at 30 June 2023.

Trade and other receivables increased to S\$4.25 million as at 30 September 2023 from S\$2.96 million as at 30 June 2023 mainly due to advance payment for commission of disposal of investment in a subsidiary.

Trade and other payables increased to S\$58.58 million as at 30 September 2023 from S\$52.73 million as at 30 June 2023 mainly due to receipt of advance from disposal of a subsidiary.

Current borrowings decreased to S\$1.87 million as at 30 September 2023 from S\$2.06 million as at 30 June 2023 due to the repayment of loans.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

Cash Flow Statement Review

Net cash flows used in operating activities of S\$1.03 million in 1Q24 were mainly due to losses incurred and change in working capital during the financial period.

Net cash flows generated from investing activities amounted to S\$5.38 million were mainly due to receipt of advance for disposal of a subsidiary.

Net cash flows used in financing activities of S\$1.23 million were mostly used to repay loans, one creditor and lease liabilities.

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

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

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

As of the report's release date, the Company has made substantial progress in its restructuring initiatives, successfully divested our interests in all HSIM practices and all Traditional Chinese Medicine practices, and has disposed of all the Group's practices held by HSID. Furthermore, Shanghai Fengwei has been disposed of in FY2024. 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 on 15 September 2023 has 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 September 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 13 (Subsequent Events) above for further information on further factors and events that may affect the Group.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

5. Dividend information

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding period of the immediate preceding financial year

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

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

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

6. Interested person transactions

The Group does not have a general mandate for interested person transactions during the reporting period.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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 September 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 13 (Subsequent Events) above for subsequent acquisitions and disposals of shares carried out by the Group.

8. Negative assurance confirmation on the interim financial results pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the three months ended 30 September 2023 to be false or misleading in any material respect.

On behalf of the Board of Directors

Darrell Lim Chee Lek
Independent Non-Executive Chairman

Chua Siong Kiat
Independent Non-Executive Director

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

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

BY ORDER OF THE BOARD

Mr. Han Binke
Executive Director and CEO
30 August 2024