NEW SILKROUTES GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 199400571K)
(the "**Company**")

PROPOSED DISPOSAL OF DENTAL CLINICS BY INDIRECT SUBSIDIARIES OF THE COMPANY

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1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of the Company wishes to announce that:

(a) Disposal of Dental Clinics

The Company holds 100% of the total issued and paid-up capital of New Silkroutes Capital Pte. Ltd., which in turn holds 81.28% of the total issued and paid-up capital of Healthsciences International Pte. Ltd. ("**HIPL**").

HIPL holds 100% of the total issued and paid-up capital of HSI Dental Pte. Ltd. ("**HDPL**"), which in turn holds 70% of the total issued and paid-up capital of each of the following subsidiaries (collectively, the "**Vendors**"):

(i) 84 INC Pte. Ltd. ("**84 Inc**");
(ii) The Dental Hub@SG Pte. Ltd. ("**TDH@SG**");
(iii) NDC Consulting Pte. Ltd. ("**NDCC**");
(iv) Crescent Dental Clinic Pte. Ltd. ("**CDC**");
(v) Dentaltrendz JP Pte. Ltd. ("**DTJP**");
(vi) L'ving Vine Dental Clinic Pte. Ltd. ("**LVDC**"); and
(vii) Dentaltrendz Pte. Ltd. ("**DTPL**").

The Vendors, other than DTPL, operate the following clinics (collectively, the "**Dental Clinics**"), which are currently engaged in the business of providing dental services:

(i) The Dental Hub (Alexandra);
(ii) The Dental Hub (Bedok);
(iii) The Dental Hub (Boon Lay);
(iv) The Dental Hub (Telok Blangah);
(v) The Dental Hub (West Coast); and
(vi) The Dental Hub (Yew Tee).

DTPL is currently engaged in the business of providing human resources and administrative services (the business of the Dental Clinics and DTPL, collectively the "**Business**").

The Vendors have on 3 October 2022 entered into a business transfer agreement (the "**BTA**") with The Dental Hub Pte. Ltd. (the "**Purchaser**") in relation to the sale by the Vendors to the Purchaser of the Business as a going concern (the "**Proposed Transfer**").

HDPL also holds shares in Trendz Dental Surgeons Pte. Ltd. ("**TDS**") and Dover Dental Surgery Pte. Ltd. ("**DDS**"), which operate the following clinics (collectively, the "**Related Clinics**"):

(i) The Dental Hub (Dover); and
(ii) The Dental Hub (Jurong West).

In connection with the Proposed Transfer, each of TDS and DDS will, on completion of the Proposed Transfer, enter into a services agreement with the Purchaser for the

provision of certain clinic management services by the Purchaser to the Related Clinics, on terms to be agreed between each of TDS and DDS and the Purchaser (the "**Clinic Management Services Agreements**") (the Proposed Transfer and the entry into the Clinic Management Services Agreements, collectively the "**Proposed Transaction**").

The Company is currently in consultation with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on whether approval of the shareholders of the Company will be required for the Proposed Transaction, and will make further announcements in due course.

(b) Disposal of shares in the Vendors

Since the Business will be sold, in connection with the Proposed Transaction, HDPL intends to, on the date of completion of the Proposed Transfer ("**Completion Date**"):

(i) transfer to Dr Keith Alan Liew ("**Dr Liew**") the following shares held by HDPL, which comprise all the shares held by HDPL in these entities) (the "**DL Share Transfers**"):

(A) 70% of the total issued and paid-up capital of each of the following entities:

(1) CDC;
(2) DTJP;
(3) LVDC; and
(4) DTPL; and

(B) 49% of the total issued and paid-up capital of each of the following entities:

(1) TDS; and
(2) DDS,

and terminate the trust deed dated 2 July 2018 between HDPL and Dr Liew pursuant to which 21% of the total issued and paid-up capital of each of TDS and DDS are held by Dr Liew on trust for HDPL; and

(ii) transfer to Dr Toh Teck Kiong, Ainsley ("**Dr Toh**") 70% of the total issued and paid-up capital of each of the following entities held by HDPL, which comprise all the shares held by HDPL in these entities (the "**DT Share Transfers**" and together with the DL Share Transfers, collectively, the "**Share Transfers**"):

(A) 84 Inc;
(B) TDH@SG; and
(C) NDCC,

on terms to be agreed between HDPL and each of Dr Liew and Dr Toh.

The Company will make further announcements on the Share Transfers in due course.

2. INFORMATION ON THE PURCHASER

The information on the Purchaser was provided by the Purchaser and the contents of this announcement relating to the Purchaser have been confirmed by the Purchaser to be accurate. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the sole responsibility of the Company and

Directors is to ensure that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

As at the date of this Announcement, the Purchaser is:

(a) a private company limited by shares incorporated in Singapore on 5 August 2022;

(b) principally engaged in the business of providing dental services and management consultancy services for healthcare organisations; and

(c) an indirect subsidiary of Quantum Healthcare Limited, a company listed on the Catalist Board of the SGX-ST.

3. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction is part of the business transition by the Company and its subsidiaries (collectively, the "**Group**") into new businesses to enhance income streams. The Proposed Transaction will streamline the Group's operations and facilitate the Group diversification into new businesses.

In view of the above, the Board is of the view that the Proposed Transaction is in the best interests of the Company and the Shareholders.

4. PRINCIPAL TERMS OF THE BTA

The principal terms of the BTA are as follows:

4.1 Sale and Purchase of the Assets pursuant to the Proposed Transfer

Upon the terms and subject to the conditions of the BTA, the Vendors agree to sell and the Purchaser agrees to purchase, free from all encumbrances as at completion of the Proposed Transfer under the BTA (the "**Completion**"), the whole of the Business as a going concern.

The sale of the Business under the BTA shall include the sale of the following assets of the Vendors, which shall be sold free from all encumbrances as a going concern:

(a) the goodwill of the Vendors in relation to the Business and the exclusive right for the Purchaser to represent itself as carrying on the Business in succession to the Vendors;

(b) all of the Vendors' rights, benefits of and interests in the contracts entered into by the Vendors with its customers, suppliers and concessionaires which remain (in whole or part) in force as at the Completion Date;

(c) the cash in hand, or credited to any account with banks held by the Vendors in connection with the Business of S$193,200 less an amount equivalent to 10% of the bonus payments to Dr Liew and Dr Toh (of not more than S$100,000 each) (the "**Relevant Amount**");

(d) the book and other debts receivable by or owing to the Vendors in connection with the Business (and whether or not yet due and payable) in respect of the period on or after Completion Date (including trade debts, deposits, prepayments and overpayments) and interest thereon;

(e) all the fixed and tangible assets used or usable in the operation of the Business as of the Completion Date; and

(f) all other property, rights and assets owned, used, enjoyed or exercised or intended to be used, enjoyed or exercised in connection with the Business which are owned by or under the control or in possession of the Vendors,

(collectively known as "**Sale Assets**"), provided that the Purchaser and the Vendors (collectively, the "**Parties**" and each, a "**Party**") agree to exclude from the Proposed Transfer, and nothing in the BTA shall operate to transfer from the Vendors to the Purchaser:

(i) subject to the terms of the BTA, the Leases (as defined in paragraph 4.3.1(b) below);

(ii) subject to the terms of the BTA, any licences and permits for the operation of the Business; and

(iii) the book and other debts receivable by or owing to the Vendors in connection with the Business (and whether or not yet due and payable) which relate to the period prior to the Completion Date (including trade debts, deposits, prepayments and overpayments) and interest thereon.

The Parties acknowledge that the transfer of the Business will constitute a "transfer of undertaking" under section 18A of the Employment Act 1968 of Singapore and agree that subject to Completion and applicable laws, the contracts of service of the employees of the Vendors will be automatically transferred from the relevant Vendors to the Purchaser on and from the Completion Date, on terms of employment that are no less favourable than the terms of their employment with the Vendors as at the date of the BTA.

4.2 Consideration

The aggregate amount payable by the Purchaser to the Vendors for the Proposed Transaction shall be S$4,450,000 (the "**Consideration**"), and the Vendors will nominate the following persons to receive the Consideration:

(a) HIPL: S$3,115,000, representing 70% of the Consideration.

(b) Dr Liew: S$1,335,000, representing 30% of the Consideration.

The Consideration was negotiated between the Vendors and the Purchaser and arrived at on a willing seller, willing buyer basis, after taking into account various factors such as:

(a) in connection with the Proposed Transfer, the entry by each of TDS and DDS into a Clinic Management Services Agreement with the Purchaser, pursuant to which the Purchaser will provide certain clinic management services to the Related Clinics, which will be operated for the benefit of the Purchaser;

(b) the following, based on the unaudited accounts of each of the Vendors, TDS and DDS (collectively, the "**Subsidiaries**") for the 9-month period as at 31 March 2021:

(i) the book value and net tangible asset value of the Business and the business of TDS and DDS of S$1,246,755;

(ii) the excess of the proceeds over the book value of the Business and the business of TDS and DDS of S$3,203,245;

(iii) the net profits attributable to the Business and the business of TDS and DDS of S$478,300; and

(iv) the amount of loss upon disposal of the Business and the business of TDS and DDS of S$1,420,610, which takes into account a goodwill write-off of S$4,623,855; and

(c) the indicative valuation of the Business of S$4,900,000 to S$5,500,000 as at 30 June 2021, which was conducted primarily on a market approach.

4.3 Conditions Precedent

4.3.1 Completion is conditional upon the satisfaction (or waiver, as the case may be) of certain conditions precedent by the date falling three (3) months from the date of the BTA (or such later date as the Parties may mutually agree in writing) (the "**Long-stop Date**"), including but not limited to the following:

(a) the Purchaser and its advisers having completed its due diligence investigations in respect of each Vendor, and the results being satisfactory to the Purchaser in its absolute discretion;

(b) the Purchaser having received documentary evidence (to its reasonable satisfaction) that consents have been obtained from the landlords or head lessor (as the case may be) under the respective lease or other building agreements ("**Leases**") for the sub-letting of the premises in respect of the Dental Clinics operated by 84 Inc, CDC, NDCC, TDH@SG, LVDC and DTJP, by the relevant Vendor to the Purchaser, on the same terms and conditions as the Leases;

(c) in the event that any of the consents from the respective landlords as described under paragraph 4.3.1(b) have not been obtained for any of the Leases thereunder, or if the Purchaser so elects by written notice to the Vendors, consents from the respective landlords for the relevant Leases to be transferred to the Purchaser on terms satisfactory to the Purchaser in its reasonable discretion;

(d) the Purchaser having received documentary evidence (to its reasonable satisfaction) that consent has been obtained from the landlord under the lease in respect of 154 West Coast Road, #01-84, #01-85, West Coast Plaza, Singapore 127371, for the sub-letting of the foregoing premises by L'Ving Vine LLP to LVDC;

(e) each of the Dental Clinics and the Related Clinics having maintained:

(i) in respect of each Dental Clinic or Related Clinic, a net working capital equivalent to at least two (2) months of rental and salaries (including employer Central Provident Fund and skill development levy payable by the employer for all its employees working in Singapore, but excluding overtime), and

(ii) in respect of the Dental Clinics and the Related Clinics collectively, an aggregate amount that is equivalent to S$193,200 less an amount equivalent to 10% of the bonus payments to Dr Liew and Dr Toh (of not more than S$100,000 each),

and such sum being free of encumbrances;

(f) all licences and permits necessary or desirable for the operation of the Business being obtained and in full force and effect;

(g) the Purchaser having obtained the necessary financing from a bank for the Proposed Transaction on such terms and conditions acceptable to the Purchaser in its absolute discretion;

(h) (if required) all approvals, consents, waivers, filings, registrations with, or notifications to, any governmental or statutory agency or authority agency required in connection with the transactions contemplated in the BTA having been obtained or made (as the case may be) (collectively, the "**Regulatory Approvals**"), including but not limited to:

(i) approval of the SGX-ST for the transactions contemplated in the BTA having been obtained; and

(ii) any other Regulatory Approvals as may be required by law or the listing manual of the SGX-ST (the "**Listing Manual**") or in connection with the transactions contemplated by the BTA as may be necessary,

and where such approval is subject to conditions, (A) such conditions being reasonably acceptable to the Vendors and the Purchaser and (B) if such conditions are required to be fulfilled on or prior to Completion, such conditions having been so fulfilled, and all such approvals, consents, waivers, filings, registrations, or notifications remaining in full force and effect; and

(i) (if required by law or the Listing Manual) approval of the shareholders of the Company at a general meeting of the Company, to approve the Proposed Transaction and such matters as contemplated in the BTA.

4.3.2 The Purchaser shall:

(a) subject to paragraph 4.3.2(b), be entitled (but not bound) to waive in whole or in part any of the conditions precedent set out in paragraph 4.3.1 above other than paragraphs 4.3.1(h) and 4.3.1(i); and

(b) subject to paragraph 4.3.3 below, and in the event that any of the consents as described under paragraphs 4.3.1(b), (c) and (d) have not been obtained by the Long-stop Date**,** waive in whole the condition(s) precedent set out in paragraphs 4.3.1(b), (c) and/or (d) (as the case may be).

4.3.3 In the event that the Purchaser waives the condition(s) precedent in the manner set out under paragraph 4.3.2(b) above, in consideration for such waiver, the Vendors jointly and severally undertake to indemnify and hold the Purchaser harmless against all losses which the Purchaser may incur or suffer in connection with or arising from any failure to obtain such consents in respect of the matters under paragraphs 4.3.1(b), (c) and/or (d).

4.3.4 In the event any of the conditions set out in paragraph 4.3.1 is not fully satisfied or otherwise waived in accordance with paragraph 4.3.2 by the Long-stop Date, the BTA shall *ipso facto* lapse and cease to have further effect.

4.4 Others

In connection with the Proposed Transfer, each of TDS and DDS will, on completion of the Proposed Transfer, enter into a Clinic Management Services Agreement with the Purchaser. Under each Clinic Management Services Agreement, the Purchaser will provide certain clinic management services to the Related Clinics, which will be operated for the benefit of the Purchaser.

The BTA contains customary provisions relating to the Proposed Transaction, including representations and warranties, pre-completion undertakings, restrictive covenants and limitations of liability.

Under the BTA, the Vendors will procure that the shareholders of each of the Vendors will guarantee the performance and obligations of the Vendors under the BTA, based on their respective shareholding proportion in the Vendors.

5. USE OF PROCEEDS

The proceeds from the Proposed Transaction will be used for general working capital purposes and/or repayment of working capital loans of the Group.

6. THE PROPOSED TRANSACTION AS A DISCLOSEABLE TRANSACTION

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Transaction and based on the latest announced financial statements of the Company as at 31 March 2022 (the "**Latest Accounts**") are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value.	-7.14 (1)
(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits.	-1.29 (2)
(c)	Aggregate value of the consideration, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	19.92 (3)
(d)	Number of equity securities issued by the Company as consideration for the Proposed Transaction, compared with the number of equity securities previously in issue.	Not applicable
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not applicable

Notes:

(1) Based on the net asset value of the Sale Assets of US$917,000 (equivalent to S$1,246,755 (based on an exchange rate of US$1 : S$1.3597 as at 31 March 2022 (closing rate)) and the Group's net asset value of US$12,837,000, based on the Latest Accounts.

As this is a negative figure and the relevant absolute relative figure does not exceed 20%, based on paragraph 4.4(d) of Practice Note 10.1 of the Listing Manual, Rule 1010 of the Listing Manual will apply to the Proposed Transaction.

(2) Based on the net profits attributable to the Sale Assets of US$353,000 (equivalent to S$478,300 based on an exchange rate of US$1 : S$1. 3537 as at 31 March 2022 (average rate)), and the net loss of the Group of US$27,332,000, based on the Latest Accounts.

In relation to this negative figure, although the absolute relative figure does not exceed 5%, this will not fall within the scenarios contemplated under paragraph 4.3 of Practice Note 10.1 of the Listing Manual, (where no announcement and shareholders' approval of the transaction is required), as paragraph 4.3 requires that other relative figures for Rule 1006 must not exceed 5% as well.

(3) Based on (a) a consideration amount of S$3,115,000, equivalent to 70% of the total Consideration payable by the Purchaser, based on the Group's shareholding interest in the Vendors and (b) the Company's market capitalisation calculated based on 208,464,669 issued shares (excluding treasury shares) multiplied by S$0.075 (being

the last traded price on 15 November 2021, the date on which the Company requested a trading halt).

As the relative figure computed under Rule 1006(c) of the Listing Manual exceeds 5% (but does not exceed 20%), and the absolute relative figures computed under Rules 1006(a) and (b) do not exceed 20%, the Proposed Transaction is a discloseable transaction under Chapter 10 of the Listing Manual.

7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The financial effects of the completion of the Proposed Transaction on the Group set out below are purely for illustrative purposes only and do not reflect the actual future financial performance of the Group after Completion.

The pro forma financial effects of the completion of the Proposed Transaction below have been prepared based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2021.

7.1 NTA per share

The pro forma financial effects on the consolidated NTA per share of the Group, assuming the completion of the Proposed Transaction had been effected on 30 June 2021, are as follows:

	Before completion of the Proposed Transaction	**After completion of the Proposed Transaction**
NTA (US$'000)	14,200	13,126
Number of shares	208,464,669	208,464,669
NTA per share (US$)	0.068	0.063

7.2 Earnings per share ("EPS")

The pro forma financial effects on the consolidated EPS of the Group, assuming the completion of the Proposed Transaction had been effected on 1 July 2020, are as follows:

	Before completion of the Proposed Transaction	**After completion of the Proposed Transaction**
Loss after tax (US$'000)	-1,029	-2,351
Weighted average number of shares	208,464,669	208,464,669
EPS (US$ cents)	-0.49	-1.13

8. NO DIRECTOR SERVICE CONTRACTS

No person is proposed to be appointed as Director in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or controlling shareholders of the Company and/or their respective associates has any interest, direct or indirect, in the Proposed Transaction, other than through their respective shareholding interests in the Company, if any.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of the BTA will be available for inspection during normal business hours at the Company's registered office at 10 Ubi Crescent #05-88 (Lobby E) Ubi Tech Park, Singapore 408564 for a period of three (3) months from the date of this Announcement.

Shareholders who wish to inspect the BTA at the registered office of the Company are required to send an email request to finance@newsilkroutes.org to make an appointment in advance.

11. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Transaction as and when appropriate in compliance with the requirements of the Listing Manual (including, *inter alia*, information required under Chapter 10 of the Listing Manual) and/or when there are material developments on the Proposed Transaction.

12. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company as Completion is subject to the fulfilment of the conditions precedent, and there is no certainty or assurance as at the date of this announcement that the Proposed Transaction will be completed. The Company will make the necessary announcements as and when there are further developments on the Proposed Transaction.

Shareholders and potential investors are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

FOR AND ON BEHALF OF THE BOARD

Mr Han Binke
Executive Director and CEO

3 October 2022