



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

Condensed Interim Financial Statements
For the Fourth Quarter
and
Full Year Ended 30 June 2022

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

Table of Contents

	Page
A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
B. Condensed Interim Statements of Financial Position	3
C. Condensed Interim Statements of Changes in Equity	5
D. Condensed Interim Consolidated Statement of Cash Flows	8
E. Notes to the Condensed Interim Consolidated Financial Statements	10
F. Other Information Required by Listing Rule Appendix 7.2	31

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

		3 months ended 30 June 2022	3 months ended 30 June 2021		12 months ended 30 June 2022	12 months ended 30 June 2021	
	Note	US\$'000 <i>Unaudited</i>	US\$'000 <i>Unaudited</i>	%	US\$'000 <i>Unaudited</i>	US\$'000 <i>Audited</i>	%
Continuing operations:							
Revenue	4	6,805	7,358	-8%	29,430	42,039	-30%
Other income		208	201	3%	939	1,823	-48%
Purchases of finished goods		(3,784)	(4,027)	-6%	(17,309)	(25,244)	-31%
Changes in inventories of finished goods		33	68	-51%	(109)	69	-258%
Employee benefits expense		(2,112)	(2,083)	1%	(8,477)	(8,290)	2%
Amortisation of intangible assets		(23)	(23)	0%	(92)	(106)	-13%
Depreciation of property, plant and equipment		(146)	23	-753%	(557)	(392)	42%
Depreciation of right-of-use assets		(319)	(698)	-54%	(1,483)	(1,390)	7%
Impairment loss on trade and other receivables		(137)	-	n.m.	(136)	(537)	-75%
Impairment loss on intangible assets		(4,418)	-	n.m.	(4,418)	-	n.m.
Other operating expenses		(1,001)	(1,465)	-32%	(29,449)	(6,602)	346%
Finance costs		(170)	(528)	-68%	(735)	(913)	-19%
(Loss)/profit before taxation	6	(5,064)	(1,174)	331%	(32,396)	457	n.m.
Taxation	7	(57)	(87)	-34%	(315)	(399)	-21%
(Loss)/profit from continuing operations for the period/year		(5,121)	(1,261)	306%	(32,711)	58	n.m.
Discontinued operation:							
Loss from discontinued operation, net of tax	8	-	(4,814)	-100%	-	(18,157)	-100%
Loss for the period/year		(5,121)	(6,075)	-16%	(32,711)	(18,099)	81%

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 2022 US\$'000 <i>Unaudited</i>	3 months ended 30 June 2021 US\$'000 <i>Unaudited</i>	%	12 months ended 30 June 2022 US\$'000 <i>Unaudited</i>	12 months ended 30 June 2021 US\$'000 <i>Audited</i>	%
Other comprehensive income/(loss) after tax:						
Item that may be reclassified subsequently to profit of loss:						
Foreign currency translation gain/(loss) on consolidation	(390)	52	-850%	(436)	1,622	-127%
Other comprehensive income/(loss) for the financial period/year, net of tax	(390)	52	-850%	(436)	1,622	-127%
Total comprehensive loss for the financial period/year	(5,511)	(6,023)	-9%	(33,147)	(16,477)	101%
Profit/loss attributable to:						
Owners of the Company						
- Loss from continuing operations, net of tax	(4,413)	(1,454)	204%	(32,911)	(1,029)	n.m.
- Loss from discontinuing operation, net of tax	-	(4,814)	-100%	-	(18,157)	-100%
	(4,413)	(6,268)	-30%	(32,911)	(19,186)	72%
- Non-controlling interests	(708)	193	-467%	200	1,087	-82%
	(5,121)	(6,075)	-16%	(32,711)	(18,099)	81%
Total comprehensive income/(loss) attributable to:						
Owners of the Company						
- (Loss)/profit from continuing operations, net of tax	(4,806)	(1,267)	279%	(33,304)	408	n.m.
- Loss from discontinuing operation, net of tax	-	(4,814)	-100%	-	(18,157)	-100%
	(4,806)	(6,081)	-21%	(33,304)	(17,749)	88%
- Non-controlling interests	(705)	58	n.m.	157	1272	-88%
	(5,511)	(6,023)	-9%	(33,147)	(16,477)	101%
Loss per share attributable to owners of the Company from continuing operations (US cent)						
- Basic and diluted	(2.12)	(0.70)		(15.79)	(0.49)	

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 June 2022	30 June 2021	30 June 2022	30 June 2021
		US\$'000 <i>Unaudited</i>	US\$'000 <i>Audited</i>	US\$'000 <i>Unaudited</i>	US\$'000 <i>Audited</i>
Non-current assets					
Property, plant and equipment		2,242	3,200	4	9
Intangible assets	10	7,309	19,433	561	215
Right-of-use assets		1,150	3,886	-	429
Subsidiaries		-	-	17,734	21,046
Prepayments		803	750	550	750
Long-term receivables		-	353	-	-
Deferred tax assets		-	37	-	-
Total non-current assets		11,504	27,659	18,849	22,499
Current assets					
Inventories		1,303	2,428	-	-
Trade and other receivables	12	4,567	6,722	1,081	411
Prepayments		910	410	200	230
Cash and bank balances		1,532	6,609	-	72
Fixed deposits		39	416	-	-
		8,351	16,585	1,281	713
Non-current asset classified as held for sale	11	13,150	-	-	-
Total current assets		21,501	16,585	1,281	713
Total assets		33,005	44,244	20,130	23,162
EQUITY AND LIABILITIES					
EQUITY					
Share capital	13	88,183	88,183	88,183	88,183
Treasury shares	14	(863)	(863)	(863)	(863)
Other reserves		(3,006)	(2,613)	(45)	(45)
Accumulated losses		(103,396)	(70,485)	(102,577)	(71,160)
		(19,082)	14,222	(15,212)	16,205
Non-controlling interests		327	1,048	-	-
Total equity		(18,755)	15,270	(15,212)	16,205
Non-current liabilities					
Borrowings	15	373	1,540	-	-
Lease liabilities		-	1,342	-	277
Deferred tax liabilities		27	151	-	-
Other payables	16	-	5,735	-	-
Total non-current liabilities		400	8,768	-	277

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 June 2022 US\$'000 <i>Unaudited</i>	30 June 2021 US\$'000 <i>Audited</i>	30 June 2022 US\$'000 <i>Unaudited</i>	30 June 2021 US\$'000 <i>Audited</i>
Current liabilities					
Trade and other payables	16	4,545	7,815	7,906	6,517
Contract liabilities		-	153		
Financial guarantee liabilities	17	27,436		27,436	-
Borrowings	15	6,954	11,034	-	-
Lease liabilities		-	842	-	163
Current income tax payable		-	362	-	-
		38,935	-	-	-
Liabilities directly associated with disposal group classified as held-for-sale	11	12,425	-	-	-
Total current liabilities		51,360	20,206	35,342	6,680
Total liabilities		51,760	28,974	35,342	6,957
Total equity and liabilities		33,005	44,244	20,130	23,162

See accompanying notes to condensed interim financial statements.

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

Group	Share capital US\$'000	Treasury shares US\$'000	Foreign currency translation reserve US\$'000	Capital reserve US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
Balance as at 1 July 2021	88,183	(863)	937	45	(3,595)	(70,485)	14,222	1,048	15,270
Loss for the financial year	-	-	-	-	-	(32,911)	(32,911)	200	(32,711)
Other comprehensive income									
- Foreign currency translation differences	-	-	(393)	-	-	-	(393)	(43)	(436)
Total comprehensive loss for the financial year	-	-	(393)	-	-	(32,911)	(33,304)	157	(33,147)
Contributions by and distributions to owners									
- Dividends	-	-	-	-	-	-	-	(878)	(878)
Transactions with owners in their own capacity as owners	-	-	-	-	-	-	-	(878)	(878)
Balance as at 30 June 2022	88,183	(863)	544	45	(3,595)	(103,396)	(19,082)	327	(18,755)

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	Non-controlling interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	Capital reserve	Fair value reserve	Other reserves	Accumulated losses			
Balance as at 1 July 2020	88,183	(863)	(500)	45	(5,468)	(3,595)	(45,831)	31,971	1,099	33,070
Loss for the financial year	-	-	-	-	-	-	(19,186)	(19,186)	1,087	(18,099)
Other comprehensive loss:										
- Foreign currency translation differences	-	-	1,437	-	-	-	-	1,437	185	1,622
Total comprehensive loss for the financial year	-	-	1,437	-	-	-	(19,186)	(17,749)	1,272	(16,477)
Contributions by and distributions to owners										
- Capital reduction	-	-	-	-	-	-	-	-	(62)	(62)
- Dividends	-	-	-	-	-	-	-	-	(1,261)	(1,261)
Transactions with owners in their own capacity as owners	-	-	-	-	-	-	-	-	(1,323)	(1,323)
Loss of control over subsidiaries	-	-	-	-	5,468	-	(5,468)	-	-	-
Balance as at 30 June 2021	88,183	(863)	937	45	-	(3,595)	(70,485)	14,222	1,048	15,270

See accompanying notes to condensed interim financial statements.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

	Share capital US\$'000	Treasury shares US\$'000	Capital reserve US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Company					
Balance as at 1 July 2021	88,183	(863)	45	(71,160)	16,205
Loss for the year, representing total comprehensive loss for the financial year	-	-	-	(31,417)	(31,417)
Balance as at 30 June 2022	<u>88,183</u>	<u>(863)</u>	<u>45</u>	<u>(102,577)</u>	<u>(15,212)</u>
Company					
Balance as at 1 July 2020	88,183	(863)	45	(43,283)	44,082
Loss for the year, representing total comprehensive loss for the financial year	-	-	-	(27,877)	(27,877)
Balance as at 30 June 2021	<u>88,183</u>	<u>(863)</u>	<u>45</u>	<u>(71,160)</u>	<u>16,205</u>

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 2022 US\$'000 <i>Unaudited</i>	12 months ended 30 June 2021 US\$'000 <i>Audited</i>
Cash flows from operating activities		
Profit/(loss) before taxation:		
- from continuing operations	(32,433)	457
- from discontinuing operation	-	(18,169)
	<hr/>	<hr/>
	(32,433)	(17,712)
Adjustments for:		
Amortisation of intangible assets	92	106
Impairment loss on intangible assets	4,418	-
Depreciation of property, plant and equipment	557	1,904
Depreciation of right-of-use assets	1,483	1,475
Interest expense	606	1,921
Interest income	-	(125)
Net fair value gain on derivative financial instruments	-	(2)
Recognition of financial guarantee liabilities	27,436	-
Net present value change of the call and put option liability	533	858
Impairment losses recognised on trade and other receivables	136	537
Plant and equipment written off	-	24
Unrealised foreign exchange differences	(204)	38
	<hr/>	<hr/>
Operating cash flows before working capital changes:	2,624	4,635
Changes in inventories	771	(629)
Changes in trade and other receivables	1,453	6,119
Changes in contract assets	-	3,933
Changes in prepayments	(553)	256
Changes in trade and other payables	(2,322)	(16,543)
Changes in contract liabilities	-	(5)
	<hr/>	<hr/>
Cash from/(used in) operations	1,973	(2,234)
Income tax paid	(305)	(661)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	1,668	(2,895)

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 2022 US\$'000 <i>Unaudited</i>	12 months ended 30 June 2021 US\$'000 <i>Audited</i>
Cash flows from investing activities		
Acquisition of intangible assets	(277)	(215)
Interest received	-	125
Purchase of property, plant and equipment	(112)	(2,345)
Net cash outflow on loss of control over subsidiaries	-	(1,000)
Net cash used in investing activities	(453)	(3,435)
Cash flows from financing activities		
Capital reduction paid to non-controlling interests of the subsidiaries	-	(62)
Dividends paid to the non-controlling interests of the subsidiaries	(877)	(1,261)
Interest paid	(346)	(1,210)
Proceeds from loans	209	4,768
Restricted cash	-	2,191
Repayment of loans	(1,612)	(8,973)
Repayment of lease liabilities	(854)	(1,242)
Net cash used in financing activities	(3,480)	(5,789)
Net decrease in cash and cash equivalents	(2,200)	(12,119)
Cash and cash equivalents at beginning of financial year	6,542	17,065
Exchange differences on translation of cash and cash equivalents	(267)	1,596
Cash and cash equivalents at end of financial year	4,075	6,542
Cash and cash equivalents comprise the following:		
Cash and bank balances	1,532	6,609
Less: restricted cash in use	(73)	(67)
Add: cash included in disposal group classified as held-for-sale	2,615	-
Cash and cash equivalents at end of financial year	4,075	6,542

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 incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 10 Ubi Crescent #05-88 Ubi Techpark Lobby E Singapore 408564. 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 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are that of investment holding Company. The principal activities of the Group are:

- (a) Distributors of health supplements and Chinese proprietary medicine, providers of clinical management services, and healthsciences consultants;
- (b) Dental services;
- (c) General medical services and aesthetic clinic;
- (d) Medical and dental supplies;
- (e) Manufacture of non-woven fabric;
- (f) Management services and investment holding.

Restructuring Exercise

The Company had announced on 24 May 2022 the Company’s entry into the Memorandum of Agreement (“MOA”) with 2810198 Ontario Inc. (“Ontario”) regarding, *inter alia*, the acquisition and capitalisation of certain debts (“debt capitalisation”) owed by a former indirect subsidiary of the Company, International Energy Group Pte. Ltd. (“IEG”) which is in creditor’s winding up and owed by TXZ Tankers Pte. Ltd., a wholly-owned indirect subsidiary of IEG, which is in creditors’ voluntary winding up. Upon completion of the debt capitalisation, Ontario will own between 65% to 70% of the total issued and paid up share capital of the Company.

Pursuant to the MOA, Ontario will also provide an SGD \$1,300,000 working capital loan to the Company.

2 Basis of preparation

The condensed interim financial statements are for the three months ended 30 June 2022 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 2021.

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.

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

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

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 2021.

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

As at 30 June 2022, the Group and Company's total liabilities exceeded their total assets by US\$18,755,000 (30 June 2021: net assets of US\$15,270,000) and US\$15,212,000 (30 June 2021: net assets of US\$16,205,000) respectively.

Notwithstanding the Company's proposed restructuring exercise as explained in Note 1 above, the condensed interim financial statements for the twelve months ended 30 June 2022 have been prepared on the assumption that the Company and its subsidiaries is able to continue as a going concern. As the proposed restructuring exercise is still in progress and the final outcome is uncertain, the actual impact, whether financial or non-financial, is not easily determinable as at the date of this announcement.

The condensed interim financial statements in this announcement, explanatory notes and other information have not been audited or reviewed by the Company's auditors. Accordingly, depending on the eventual outcome of the aforementioned, the Company and/or its subsidiaries may have to make material adjustments to its financial performance and financial position as contained herein. In this regard, the Company will make the announcements at the appropriate time when more information is available

Control over Shanghai Fengwei Garment Accessory Co., Ltd. (the "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 a company incorporated in the People's Republic of China ("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 from 1 January 2020 to 31 December 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.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

2 Basis of preparation (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 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.

Fair value of financial asset at fair value through profit or loss ("FVTPL")

Unquoted financial asset at FVTPL is stated at fair value. If the market for a financial asset is not active or not available, the fair value is established by using valuation techniques, such as the expected selling price involving identical or similar assets and transactions, or present value based on discounted cash flows reflecting the investee's specific circumstances. Considerable subjective judgement is required in selecting the suitable valuation techniques and methodologies, choosing the appropriate comparables, and estimating the expected future cash flows, growth rate and discount rate.

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 10.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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
- Trading of oil and gas - trading in petrochemical products, power generation, investments in strategic petrochemical assets globally, and to develop a trading hub for energy products between Europe and Asia. This segment has been classified as discontinued operation during the previous financial year ended 30 June 2021 (Note 8).

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.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

4 Segment and revenue information (cont'd)

4.1 Reportable segments

	Healthcare US\$'000	Others US\$'000	Per consolidated financial statements US\$'000
1 April 2022 to 30 June 2022			
Segment revenue			
- Sales to external customers	6,805	-	6,805
<hr/>			
Segment results			
- Other income	193	15	208
- Amortisation of intangible assets	(23)	-	(23)
- Depreciation of property, plant and equipment *	(144)	(2)	(146)
- Depreciation of rights-of-use assets	(319)	-	(319)
- Other non-cash items	(4,551)	-	(4,551)
- Finance costs	(127)	(43)	(170)
Segment loss	(4,729)	(392)	(5,121)
<hr/>			
Segment assets and liabilities			
- Segment assets	16,617	3963	20,580
- Segment liabilities	8,144	31191	39,335
- Capital expenditure	(52)	-	(52)
<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)

4.1 Reportable segments (cont'd)

	Healthcare US\$'000	Others US\$'000	Oil and gas (Discontinued operation) US\$'000	Adjustments US\$'000	Per consolidated financial statements US\$'000
1 April 2021 to 30 June 2021					
Segment revenue					
- Sales to external customers	7,358	-	-	-	7,538
Segment results					
- Other income	182	19	-	-	201
- Amortisation of intangible assets	(23)	-	-	-	(23)
- Depreciation of property, plant and equipment *	(401)	42	-	-	(359)
- Depreciation of rights-of-use assets	(612)	(86)	-	-	(698)
- Other non-cash items	(224)	(62)	(2,839)	2,839	(286)
- Finance costs	(122)	(406)	-	-	(528)
Segment loss	(675)	(586)	(4,814)	4,814	(1,261)
Segment assets and liabilities					
- Segment assets	42,343	1,901	-	-	44,244
- Segment liabilities	22,475	6,499	-	-	28,974
- Capital expenditure	(18)	(1)	-	-	(19)

* 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)

4.1 Reportable segments (cont'd)

1 July 2021 to 30 June 2022	Healthcare US\$'000	Others US\$'000	Per consolidated financial statements US\$'000
Segment revenue			
- Sales to external customers	29,430	-	29,430
Segment results			
- Other income	837	102	939
- Amortisation of intangible assets	(92)	-	(92)
- Depreciation of property, plant and equipment *	(552)	(5)	(557)
- Depreciation of rights-of-use assets	(1,355)	(128)	(1,483)
- Other non-cash items	(4,554)	(27,442)	(31,996)
- Finance costs	(543)	(192)	(735)
Segment loss	(4,528)	(28,183)	(31,996)
Segment assets and liabilities			
- Segment assets	16,617	3,963	20,580
- Segment liabilities	8,144	31,191	39,335
- Capital expenditure	(112)	-	(112)

* 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)

4.1 Reportable segments (cont'd)

	Healthcare US\$'000	Others US\$'000	Oil and gas (Discontinued operation) US\$'000	Adjustments US\$'000	Per consolidated financial statements US\$'000
1 July 2020 to 30 June 2021					
Segment revenue					
- Sales to external customers	42,039	-	18,397	(18,397)	42,039
Segment results					
- Other income	1,736	87	45	(45)	1823
- Amortisation of intangible assets	(106)	-	-	-	(106)
- Depreciation of property, plant and equipment *	(1,601)	(4)	(299)	299	(1,605)
- Depreciation of rights-of-use assets	(1,304)	(86)	(85)	85	(1,390)
- Net fair value on derivative financial instruments	-	-	2	(2)	-
- Other non-cash items	(529)	(342)	(2,755)	2,755	(871)
- Finance costs	(495)	(418)	(1,008)	1,008	(913)
Segment profit/(loss)	744	(696)	(23,625)	23,625	58
Segment assets and liabilities					
- Segment assets	42,343	1,901	-	-	44,244
- Segment liabilities	22,475	6,499	-	-	2,8974
- Capital expenditure	(2,003)	(5)	(336)	336	(2,008)

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

4.2 Disaggregation of revenue

	3 months ended 30 June 2022 US\$'000	3 months ended 30 June 2021 US\$'000	12 months ended 30 June 2022 US\$'000	12 months ended 30 June 2021 US\$'000
Continuing operations:				
Healthcare products	3,613	4,444	16,401	28,992
Healthcare services	3,192	2,914	13,029	13,047
	6,805	7,358	29,430	42,039

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

4 Segment and revenue information (cont'd)

4.2 Disaggregation of revenue (cont'd)

Geographical information:

	3 months ended 30 June 2022 US\$'000	3 months ended 30 June 2021 US\$'000	12 months ended 30 June 2022 US\$'000	12 months ended 30 June 2021 US\$'000
Australia	46	13	77	89
Bahrain	-	-	-	774
Cambodia	-	-	-	16,809
China	3,685	4,444	16,401	28,999
Portugal	-	-	-	814
Singapore	3,074	2,901	12,952	12,950
Vietnam	-	-	-	1
Total revenue	6,805	7,358	29,430	60,436
Discontinued operation	-	-	-	(18,397)
Continued operations	6,805	7,358	29,430	42,039

A breakdown of sales and operating loss after tax:

	30 June 2022 US\$'000	30 June 2021 US\$'000	Increase /(Decrease) %
<i>Sales reported for the first half year:</i>			
- Continuing operations	15,605	25,562	-39%
- Discontinuing operation	-	18,397	-100%
<i>Operating loss after tax before deducting non-controlling interests reported for first half year:</i>			
- Continuing operations	(546)	1,009	-154%
- Discontinuing operation	-	(2,337)	-100%
<i>Sales reported for the second half year:</i>			
- Continuing operations	13,825	16,477	-16%
<i>Operating loss after tax before deducting non-controlling interests reported for second half year:</i>			
- Continuing operations	(32,365)	(951)	n.m.
- Discontinuing operation	-	(21,288)	-100%

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 2022 and 30 June 2021:

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Financial assets at amortised cost	6,138	14,100	1,081	483
Financial liabilities				
Lease liabilities	-	2,184	-	440
Financial liabilities at fair value through profit or loss	-	5,735	-	-
Financial liabilities at amortised cost	11,872	17,365	7,906	3,493

5.2 Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and short-term borrowings approximate their respective fair values due to relatively short-term maturity of these financial instruments. Management has assessed that the effect of discounting the non-current long-term receivables to be insignificant and the carrying amount approximates its fair values.

5.3 Financial assets and liabilities measured at fair value

The Group classifies financial assets and liabilities measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- Inputs for the assets or liability which are not based on observable market data (observable inputs) (Level 3).

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

5 Financial assets and financial liabilities (cont'd)

5.3 Financial assets and liabilities measured at fair value (cont'd)

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
Financial liability:				
30 June 2022				
Financial liability at fair value through profit or loss				
- Other payables	-	-	-	-
30 June 2021				
Financial liability at fair value through profit or loss				
- Other payables	-	-	-	-

6 (Loss)/profit before taxation from continuing operations

6.1 Significant items

<u>Group</u>	3 months ended 30 June 2022 US\$'000	3 months ended 30 June 2021 US\$'000	12 months ended 30 June 2022 US\$'000	12 months ended 30 June 2021 US\$'000
Impairment loss recognised on trade and other receivables	137	537	136	537
Impairment loss on intangible assets	4,379	-	3,312	-
Recognition of financial guarantee liabilities	-	-	27,436	-
Net present value change of the call and put option liability	533	858	533	858
Consultancy and marketing fees	-	-	-	3,990

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>	3 months ended 30 June 2022 US\$'000	3 months ended 30 June 2021 US\$'000	12 months ended 30 June 2022 US\$'000	12 months ended 30 June 2021 US\$'000
Lease payments (rental)	86	139	514	454
Interest payable	41	393	161	393

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>	3 months ended 30 June 2022 US\$'000	3 months ended 30 June 2021 US\$'000	12 months ended 30 June 2022 US\$'000	12 months ended 30 June 2021 US\$'000
Current taxation:				
- Current period	115	226	402	541
- Changes in estimates related to prior years	-	(63)	-	(63)
	115	163	402	478
Deferred taxation:				
- Origination and reversal of temporary differences	(58)	(234)	(87)	(244)
- Changes in estimates related to prior years	-	158	-	158
	(58)	(76)	(87)	(86)
Withholding tax expense	-	-	-	7
	57	87	315	399

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

8 Loss from discontinued operation, net of tax

On 5 January 2021, the Company has commenced the winding up process of its wholly owned indirect subsidiary, IEG by way of creditors' voluntary liquidation, which was previously reported in the oil and gas segment. As such, the Group has lost control of IEG. Accordingly, the IEG and its subsidiaries were classified as discontinued operation of the Group and its assets and liabilities, deconsolidated from the Group. The comparative statements of comprehensive income are represented to show the discontinued operation separately from continuing operations.

Income statement disclosures

The results of IEG are as follows:

	3 months ended 30 June 2022	3 months ended 30 June 2021	12 months ended 30 June 2022	12 months ended 30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue and other income	-	-	-	18,442
Expenses	-	-	-	(19,992)
Profit/(loss) from operations	-	-	-	(1,550)
Finance costs	-	-	-	(1,008)
Impairment loss from trade and other receivables	-	-	-	-
Fair value loss on financial assets at fair value through profit or loss	-	-	-	(15,611)
Loss before tax from discontinued operation	-	(4,814)	-	(18,169)
Taxation	-	-	-	12
Loss from discontinued operation, net of tax	-	(4,814)	-	(18,157)

Loss per share disclosures

	3 months ended 30 June 2022	3 months ended 30 June 2021	12 months ended 30 June 2022	12 months ended 30 June 2021
	US\$	US\$	US\$	US\$
Loss per share from discontinued operation attributable to owners of the Company (US cent)				
Basic and diluted	-	2.31	-	8.71

9 Net asset value

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net asset value per ordinary share (US cent)	(9.00)	6.82	(7.30)	7.77

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

10 Intangible assets

Group	Goodwill US\$'000	Customer relationship US\$'000	Development costs US\$'000	Service right US\$'000	Trademark US\$'000	Development cost work in progress US\$'000	Total US\$'000
Cost:							
At 1 July 2020	18,056	274	1,544	86	330	-	20,290
Additions	-	-	-	-	-	215	215
Exchange difference on translation	800	-	-	6	-	-	806
At 30 June 2021 and 1 July 2021	18,856	274	1,544	92	330	215	21,311
Additions	-	-	-	-	-	341	341
Exchange difference on translation	(385)	-	-	-	-	-	(385)
Reclass to non-current asset held for sale	(11,988)	-	-	-	-	-	(11,988)
At 30 June 2022	6,483	274	1,544	92	330	556	9,279
Accumulated amortisation and impairment:							
At 1 July 2020							
Amortisation	-	51	1,544	72	99	-	1,766
Impairment loss	-	26	-	14	66	-	106
Exchange difference on translation	-	-	-	6	-	-	6
At 30 June 2021 and 1 July 2021	-	77	1,544	92	165	-	1,878
Amortisation/impairment	4,418	26	-	-	66	-	4,510
Reclass to non-current asset held for sale	(4,418)	-	-	-	-	-	(4,418)
Exchange difference on translation	-	-	-	-	-	-	-
At 30 June 2022	-	103	1,544	92	231	-	1,970
Carrying amount:							
At 30 June 2022	6,483	171	-	-	99	556	7,309
At 30 June 2021	18,856	197	-	-	165	215	19,433

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

10 Intangible assets (cont'd)

Company	Development cost work in progress US\$'000
Cost:	
At 1 July 2020	-
Additions	215
At 30 June 2021 and 1 July 2021	215
Additions	346
At 30 June 2022	<u>561</u>
Accumulated amortisation:	
At 1 July 2020, 30 June 2021 and 1 July 2021	-
Amortisation	-
At 30 June 2022	<u>-</u>
Carrying amount:	
At 30 June 2022	<u>561</u>
At 30 June 2021	<u>215</u>

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) Healthsciences International Pte. Ltd. ("HSI"), (ii) 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., Dentaltrendz Pte. Ltd. (collectively, the "Trendz" companies), (iii) Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd., Greedygums Pte. Ltd., Wren Dental and Medical Supplies Pte. Ltd. (collectively, the "Orange" companies), (iv) 84 INC Pte. Ltd., The Dental Hub@SG Pte. Ltd. and NDC Consulting Pte. Ltd. (collectively, the "TDH" companies), (v) Dr Chua's Family Clinic Pte. Ltd., HL Clinic Pte Ltd, HL Family Clinic & Surgery Pte. Ltd., HK Family Clinic & Surgery Pte. Ltd., HL Dermahealth Aesthetic Clinic Pte. Ltd. and Lily Aw Medical Services Pte Ltd (collectively, the "HSI Medical" companies) and (vi) Shanghai Fengwei Garment Accessory Co., Ltd. (the "Shanghai Fengwei") as follows:

	30 June 2022 US\$'000	30 June 2021 US\$'000
<u>Cash-generating units</u>		
HSI	1,052	1,052
HSI Dental ⁽ⁱ⁾	-	4,040
HSI Medical	-	8,333
Shanghai Fengwei	5,431	5,431
	<u>6,483</u>	<u>18,856</u>

⁽ⁱ⁾ Including Trendz, Orange and TDH CGUs.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

10 Intangible assets (cont'd)

For the financial year ended 30 June 2022

The assets of disposal group classified as held-for-sale and liabilities directly associated with disposal group classified as held-for-sale were written down to their fair value less costs to sell of US\$725,000. This is a non-recurring fair value measurement, which was derived using observable inputs, being the price for recent sale of the Trendz and TDH companies (see note 18). The fair value was calculated based on the ratio of transaction price to net profit after tax for the sale of the Trendz and TDH companies.

Shanghai Fengwei's VIU calculation is determined based on management approved cash flow projections covering a five-year period, using an average growth rate of 7% (30.6.2021: 7%) pre-tax discount rate of 13.27% (30.6.2021: 13.27%) and a terminal growth rate of 2% (30.6.2021: 2%).

11 Non-current asset classified as held-for-sale

As previously announced, the Group continues to be in the restructuring of various entities which are in various stages of completion. Accordingly, the HSI Dental and HSI Medical companies were reclassified as held-for-sale.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the remeasurement of disposal group assets classified as held-for-sale.

The disposal group classified as held-for-sale is categorised under the Group's healthcare segment in Singapore, which relates to a portion of the entire Group's healthcare operations (Note 4).

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

	Group 2022 US\$'000
Property, plant and equipment	366
Intangible assets	7,571
Right-of-use assets	1,322
Cash and bank balances	2,615
Inventories	354
Trade and other receivables	922
	<u>13,150</u>

Liabilities directly associated with disposal group classified as held-for-sale are as follows:

	Group 2022 US\$'000
Trade and other payables	7,233
Borrowings	3,390
Lease liabilities	1,380
Current income tax payable	422
	<u>12,425</u>

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

12 Trade and other receivables

	Group		Company	
	30 June 2022 US\$'000	30 June 2021 US\$'000	30 June 2022 US\$'000	30 June 2021 US\$'000
Trade receivables from:				
Third parties	4,112	6,086	-	-
Less: Loss allowance				
Third parties	(43)	(75)	-	-
	4,069	6,011	-	-
Other receivables from:				
Subsidiaries	-	-	2,787	2,135
Deposits	155	363	124	102
Consideration receivables	1,361	1,361	1,361	1,361
Other receivables	343	900	2	6
	1,859	2,624	4,274	3,604
Less: Loss allowance				
- Third parties	(1,361)	(1,560)	(1,361)	(1,361)
- Subsidiaries	-	-	(1,832)	(1,832)
	498	1,064	1,081	411
Total trade and other receivables	4,567	7,075	1,081	411
Represented by:				
Current	4,567	6,722	1,081	411
Non-current	-	353	-	-
	4,567	7,075	1,081	411

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

13 Share capital

	30 June 2022		30 June 2021	
	Number of shares	Amount US\$'000	Number of shares	Amount US\$'000
Group and Company				
<u>Issued and fully paid with no par value</u>				
At beginning and end of interim period	211,908,869	88,183	211,908,869	88,183

The number of issued shares excluding treasury shares as at the end of the interim period was 208,464,669 (30.6.2020: 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 2022 and 30 June 2021.

14 Treasury shares

	30 June 2022		30 June 2021	
	Number of shares	Amount US\$'000	Number of shares	Amount US\$'000
Group and Company				
<u>Issued and fully paid with no par value</u>				
At beginning and end of interim period	3,444,200	(863)	3,444,200	(863)

15 Borrowings

	Group	
	30 June 2022 US\$'000	30 June 2021 US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	6,954	11,034
Unsecured	-	-
<u>Amount repayable after one year</u>		
Secured	373	1,540
Unsecured	-	-
	<u>7,327</u>	<u>12,574</u>

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

15 Borrowings (cont'd)

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.

16 Trade and other payables

	Group		Company	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables from:				
Third parties	298	662	-	-
Other payables from:				
- Subsidiaries	-	-	6,193	2,381
- Former related party	35	35	35	35
- Accrued operating expenses	1,044	1,183	258	180
- Accrued personnel expenses	165	401	109	183
- Consideration payables	1,460	7,247	-	-
- Advance receipt of profit guarantee	-	3,024	-	3,024
- Other payables	1,543	998	1,236	714
	4,545	12,888	7,831	6,517
Total trade and other payables	4,545	13,550	7,831	6,517
Represented by:				
Current	4,545	7,815	7,831	6,517
Non-current	-	5,735	-	-
	4,545	13,550	7,831	6,517

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

17 Financial guarantee liabilities

Financial guarantee liabilities pertain to the effects of fair value of corporate guarantee on initial recognition provided by the Group and Company on behalf of subsidiaries to obtain banking facilities, less amortisation, and corporate guarantee issued to counterparties for performance bonds and claims made against certain subsidiaries.

As at 30 June 2022, the Group and the Company recognised financial guarantee liabilities of US\$27.4 million (FY2021: NIL) and US\$27.4 million (FY2021: NIL), respectively. The liabilities made are mainly resulted from the insolvency of the oil and gas segment as disclosed in Note 8. The liabilities were principally arising from loan, lease financing arrangement and boat charter agreement.

18 Subsequent events

Business Transfer Agreement with The Dental Hub Pte. Ltd. & other related proposed transactions

On 3 October 2022, the Company announced that certain indirect subsidiaries of the Company (the “Vendors”) have entered into a Business Transfer Agreement (“BTA”) with a third party, The Dental Hub Pte. Ltd. (“the Purchaser”) to dispose the Business (as defined in the BTA) as a going concern (the “Proposed Transfer”). The Vendors are:

- 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”).

In connection with the Proposed Transfer, each of Trendz Dental Surgeons Pte. Ltd. (“TDS”) and Dover Dental Surgery Pte. Ltd. (“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 (as defined below) 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 Related Clinics are:

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

The consideration for the BTA is SGD 4,450,000.

In connection with the Proposed Transaction, HSI Dental Pte. Ltd. intends to, on the date of completion of the Proposed Transfer, transfer to Dr Keith Alan Liew all shares held by HDPL in CDC, DTJP, LVDC, DTPL, TDS and DDS, and to Dr Toh Teck Kiong, Ainsley all shares held by HDPL in 84 Inc, TDH@SG and NDCC, on terms to be agreed between HDPL and each of Dr Liew and Dr Toh.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

18 Subsequent events (cont'd)

Term Sheet with Ms Lina Ng

On 12 May 2022, an indirect subsidiary of the Company, Healthsciences International Pte. Ltd. (“HSI”), entered into a term sheet with Ms Lina Ng for the disposal of the business and assets of HSI Chinese Medicine, the details of which are set out in the announcement released on SGXNet on 12 May 2022.

Due to delays with obtaining certain approvals, the proposed sale was delayed and the new completion date is expected to be in November 2022.

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 2022 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 2021 due to:

- i. Going concern assumptions
- ii. Management agreement and management service agreement entered by the Company and its wholly owned subsidiary, Shanghai Fengwei Garment Accessory Co., Ltd ("Shanghai Fengwei") with Shanghai Minlin New Textile Materials Sales Centre ("Shanghai Minlin").
- iii. Investment in International Energy Group Pte. Ltd. ("IEG") concerning its valuation of the carrying amounts of assets and liabilities of IEG including Thai General Nice Coal and Coke Co., Ltd ("Thai GNCC"), 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. Contingent liabilities and guarantees to third parties for loan, lease financing arrangement and boat charter agreement for IEG and TXZ Tankers Pte. Ltd. ("TXZ").
- v. Opening balances as at 1 July 2020 due to another firm of independent auditors was engaged to audit the financial statements for the financial year ended 30 June 2020 whose report dated 14 October 2020 contained a disclaimer of opinion.

Please refer to page 48 - 51 of the Company's 2021 Annual Report for more information on these outstanding audit issues.

The Board has appointed KPMG Services Pte. Ltd. ("KPMG") as the independent reviewer to carry out an independent review into the above outstanding audit issues (ii, iii and v). The independent review is still ongoing as of the date of this announcement.

For outstanding audit issue iv, the Company has entered into a MOA with Ontario. Ontario has conditionally agreed to acquire all rights to and interests in the contingent liabilities and guarantees to third parties relating to the loan, lease financing arrangement and boat charter agreement relating to IEG and TXZ respectively. Accordingly, the Company has recognised the contingent liabilities and guarantees as financial guarantee liabilities. Please refer to Note 17 and Note 18 of the interim financial statements for the 12 months ended 30 June 2022 for further information.

After the conclusion of the independent review of KPMG and finalisation of the discussion with the creditors, the Company will follow up with the appropriate accounting treatment on these outstanding audit issues.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

(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 US\$6.805 million in the fourth quarter ended 30 June 2022 ("4Q21") compared to US\$7.358 million in 4Q21 for the continuing operations. 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.

Depreciation of property, plant and equipment for 4Q22 was US\$0.146 million as compared to US\$0.023 million for 4Q21 due to a reversal of over depreciated assets in 4Q21.

Impairment loss on intangible assets of US\$4.418 million arose from impairment of goodwill from the healthcare business. There was no impairment recognised in 4Q21.

Other operating expenses fell to US\$1.001 million in 4Q22 from US\$1.465 million in 4Q21 due to higher legal fee and fees paid to other auditors in 4Q21.

Finance costs decreased to US\$0.170 million in 4Q22 from US\$0.528 million in 4Q21 due to one-time adjustment for under-recognition of interests in prior months for FY2021.

Financial Position Review

Property, plant and equipment decreased to US\$2.242 million as at 30 June 2022 compared to US\$3.20 million as at 30 June 2021 due to depreciation of US\$0.577 million and transfer to asset held-for-sale of \$0.366 million, which were partially offset by fixed assets addition of US\$0.112 million.

Intangible assets decreased to US\$7.309 million as at 30 June 2022 compared to US\$19.433 million as at 30 June 2021 due to impairment of goodwill in the healthcare business of US\$4.379 million and US\$7.571 million reclassified to asset held-for-sale.

Inventories increased to US\$1.303 million as at 30 June 2022 from US\$2.428 million as at last financial year end mainly due to a lower demand for non-woven products caused by higher competition and the stabilised COVID situation and transfer to asset held-for-sale of US\$0.354 million.

Trade and other receivables decreased to US\$4.567 million when compared to US\$6.722 million as at 30 June 2021 mainly due to lower trade receivables from lower sales and transfer to asset held-for-sale of US\$0.922 million.

Non-current lease liabilities decreased to US\$Nil as at 30 June 2022 from US\$1.342 million as at 30 June 2021 following a surrender of lease for an office and reclassification to held-for-sale.

Trade and other payables were lower at US\$4.545 million against US\$13.550 million as at 30 June 2021 mainly due to the repayment of the advance profit guarantee and transfer to held-for-sale of US\$7.233 million.

Current borrowings decreased to US\$6.954 million as at 30 June 2022 from US\$11.034 million before following the repayment of short-term loans and transfer to held-for-sale of US\$2.26 million.

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 rose to US\$1.668 million mainly resulting from the repayment of management fees of US\$3.21 million to Shanghai Minlin and payment of accrued staff cost of approximately US\$1.86 million in Shanghai Fengwei in the previous financial year.

Net cash flows used in investing activities amounted to US\$3.004 million mainly due to additions of property, plant and equipment and intangible assets and net cash reclassified to non-current asset held-for-sale of US\$2.615 million.

Net cash flows used in financing activities of US\$3.480 million were mostly to repay borrowings.

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.

Shanghai Fengwei

Our healthcare business in Shanghai continues to be adversely affected by the Covid-19 pandemic and the resulting restrictions imposed by the Chinese government. The decrease in revenue from Shanghai Fengwei arose due to decrease in orders and manpower shortages.

Plans to mitigate the fall in business include:

1. Maintain good relationships with existing customers to avoid customer attrition and to find new customers;
2. Maintain idling equipment in good condition and explore new manufacturing techniques so that the company is able to rapidly resume production when the Covid-19 pandemic and economy improves;
3. Engage in staff training; and
4. Undertake cost saving measures without affecting production quality.

HSI Medical

Our medical business in Singapore has been growing steadily due to the end of the Covid-19 pandemic. This was offset by a decline in PCR testing and vaccination services.

Traditional Chinese Medicine

Our Traditional Chinese Medicine ("TCM") clinic continues to suffer from low income due to lack of manpower. Incomes have been on the rise recently as the pandemic has ended and the number of patients has continued to rise. However, due to HSI's general financial situation, we had to choose to sell TCM clinic in order to obtain cash to meet HSI's debt.

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. (cont'd)

Term Sheet with Ms Lina Ng

On 12 May 2022, an indirect subsidiary of the Company, Healthsciences International Pte. Ltd. (“HSI”), entered into a term sheet with Ms Lina Ng for the disposal of the business and assets of HSI Chinese Medicine, the details of which are set out in the announcement released on SGXNet on 12 May 2022.

Due to delays with obtaining certain approvals, the proposed sale was delayed and the new completion date is expected to be in November 2022.

HSI Dental

On 3 October 2022, the Company announced that certain indirect subsidiaries of the Company (the “Vendors”) have entered into a Business Transfer Agreement (“BTA”) with a third party, The Dental Hub Pte. Ltd. (“the Purchaser”) to dispose the Business (as defined in the BTA) as a going concern (the “Proposed Transfer”). Eight clinic companies and one payroll services company controlled by HSID have disposed of their businesses. This sale will provide HSI with proceeds of \$3.115 million.

The Vendors are:

- 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”).

In connection with the Proposed Transfer, each of Trendz Dental Surgeons Pte. Ltd. (“TDS”) and Dover Dental Surgery Pte. Ltd. (“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 (as defined below) 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 Related Clinics are:

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

The consideration for the BTA is SGD 4,450,000.

In connection with the Proposed Transaction, HSI Dental Pte. Ltd. intends to, on the date of completion of the Proposed Transfer, transfer to Dr Keith Alan Liew all shares held by HDPL in CDC, DTJP, LVDC, DTPL, TDS and DDS, and to Dr Toh Teck Kiong, Ainsley all shares held by HDPL in 84 Inc, TDH@SG and NDCC, on terms to be agreed between HDPL and each of Dr Liew and Dr Toh.

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. (cont'd)**

Debt restructuring

The Company has entered into a MOA with a third party, Ontario, pursuant to which Ontario has conditionally agreed to acquire all rights to and interests in the contingent liabilities and guarantees to third parties relating to the loan, lease financing arrangement and boat charter agreement relating to IEG and TXZ respectively.

Pursuant to the MOA, it is proposed that subsequently, all of the Relevant Debts (as defined in the MOA) will, among others, be capitalised through the allotment and issuance of shares in the Company. The debt capitalisation will be subject to the conditions stipulated in the MOA.

Subject to the conditions stipulated in the MOA, Ontario will also provide a working capital loan not exceeding S\$1.3 million to the Company. Ontario may elect to either receive repayment of the principal amount and interest payable in respect of the working capital loan in cash or by way of the allotment and issue of new shares in the Company. Ontario has now completed \$1.1 million of the \$1.3 million working capital facility required in the MOA. These funds were supposed to be all used for NSG's debt repayment and operation, but due to HSI's financial strain, part of the working capital loan in MOA had to be allocated to HSI, so NSG still lacked enough funds to repay the debt.

The Group has and will continue to take all necessary steps to closely monitor the costs and cash flow of the Group. The Group has also managed and will continue to manage its cash flow and working capital position diligently.

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

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.

6. **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.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

6. Dividend information (cont'd)

- (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 2022 due to accumulated losses of the Company.

7. 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)
	US\$'000	US\$'000
Rental:		
Shanghai Fengwei Nonwovens Co., Ltd	454	-
Interest expense:		
Mr Shen Yuyun	161	-

For full disclosure, please note that there is an amount of US\$1.15M 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 Garment Accessory Co., Ltd. ("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.

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 significant reduction in revenue due to increased competition and decreased demand for its products.

The Group's medical business is relatively stable. However, HSI is facing high debt pressure.

NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

Ong Beng Hong
Company Secretary
28 October 2022