



New Silkroutes Group Limited

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

Condensed Interim Financial Statements  
For the six months  
Ended 31 December 2022

## **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**

		<b>3 months ended 31 December 2022</b>	<b>3 months ended 31 December 2021</b>		<b>6 months ended 31 December 2022</b>	<b>6 months ended 31 December 2021</b>	
	<b>Note</b>	<b>Unaudited S\$'000</b>	<b>Unaudited S\$'000</b>	<b>%</b>	<b>Unaudited S\$'000</b>	<b>Unaudited S\$'000</b>	<b>%</b>
			<b>Re-presented</b>			<b>Re-presented</b>	
Revenue	4	10,121	10,532	-4%	19,007	21,109	-10%
Other income		146	410	-64%	409	736	-44%
Purchases of finished goods		(5,973)	(6,146)	-3%	(10,719)	(12,822)	-16%
Changes in inventories of finished goods		(11)	110	-110%	(144)	(114)	27%
Employee benefits expense		(2,692)	(2,875)	-6%	(5,559)	(5,639)	-1%
Amortisation of intangible assets		(31)	(31)	-1%	(63)	(62)	-1%
Depreciation of property, plant and equipment		(163)	(115)	43%	(304)	(275)	11%
Depreciation of right-of-use assets		(476)	(510)	-7%	(950)	(1,040)	-9%
(Write-back)/impairment loss on trade and other receivables		(1)	28	n.m.	(61)	1	n.m.
Other operating expenses		781	(353)	-322%	(101)	(1,095)	-91%
Finance costs		(383)	(266)	44%	(604)	(529)	14%
Profit before taxation	6	1,318	784	68%	911	270	237%
Taxation	7	(108)	(40)	171%	(186)	(181)	3%
Profit for the period		1,210	744	63%	725	89	712%

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)**

	<b>3 months ended 31 December 2022 Unaudited S\$'000</b>	<b>3 months ended 31 December 2021 Unaudited S\$'000 Re-presented</b>	<b>%</b>	<b>6 months ended 31 December 2022 Unaudited S\$'000</b>	<b>6 months ended 31 December 2021 Unaudited S\$'000 Re-presented</b>	<b>%</b>
<b>Other comprehensive (loss)/income:</b>						
<b>Item that may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation (loss)/gain on consolidation	(390)	(88)	344%	640	(446)	-243%
<b>Other comprehensive (loss)/income for the financial period, net of tax</b>	<b>(390)</b>	<b>(88)</b>	<b>344%</b>	<b>640</b>	<b>(446)</b>	<b>-243%</b>
<b>Total comprehensive (loss)/income for the financial period</b>	<b>820</b>	<b>656</b>	<b>25%</b>	<b>1,365</b>	<b>(357)</b>	<b>-482%</b>
<b>Profit/(loss) attributable to:</b>						
Owners of the Company	886	273	224%	69	(739)	-109%
Non-controlling interests	324	471	-31%	656	828	-21%
	<b>1,210</b>	<b>744</b>	<b>63%</b>	<b>725</b>	<b>89</b>	<b>712%</b>
<b>Total comprehensive income/(loss) attributable to:</b>						
Owners of the Company	496	251	97%	648	(1,065)	-161%
Non-controlling interests	324	405	-20%	717	708	1%
	<b>820</b>	<b>656</b>	<b>25%</b>	<b>1,365</b>	<b>(357)</b>	<b>-482%</b>
<b>Profit/(loss) per share attributable to owners of the Company (cent)</b>						
- Basic and diluted	0.42	0.14		0.03	(0.35)	

See accompanying notes to condensed interim financial statements.

**NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES**

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

	Note	Group			Company		
		31 December 2022 Unaudited S\$'000	30 June 2022 Audited S\$'000 Re-presented	1 July 2021 Audited S\$'000 Re-presented	31 December 2022 Unaudited S\$'000	30 June 2022 Audited S\$'000 Re-presented	1 July 2021 Audited S\$'000 Re-presented
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment		2,298	2,074	4,302	4	5	12
Intangible assets	9	7,739	7,809	26,126	-	-	289
Right-of-use assets		1,519	1,998	5,224	385	-	577
Subsidiaries		-	-	-	24,256	24,256	28,294
Prepayments		260	347	1,008	-	-	1,008
Long-term receivables		-	-	475	-	-	-
Deferred tax assets		21	-	50	-	-	-
<b>Total non-current assets</b>		<b>11,837</b>	<b>12,228</b>	<b>37,185</b>	<b>24,645</b>	<b>24,261</b>	<b>30,180</b>
<b>Current assets</b>							
Inventories		1,569	1,759	3,264	-	-	-
Trade and other receivables		9,191	6,169	9,037	1,345	281	553
Prepayments		1,162	981	551	144	-	309
Cash and bank balances		2,807	2,098	8,885	3	-	97
Fixed deposits		532	53	559	-	-	-
		15,261	11,060	22,296	1,492	281	959
Disposal group classified as held for sale		18,038	19,410	-	-	-	-
<b>Total current assets</b>		<b>33,299</b>	<b>30,470</b>	<b>22,296</b>	<b>1,492</b>	<b>281</b>	<b>959</b>
<b>Total assets</b>		<b>45,136</b>	<b>42,698</b>	<b>59,481</b>	<b>26,137</b>	<b>24,542</b>	<b>31,139</b>
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
Share capital	10	120,784	120,784	118,553	120,784	120,784	118,553
Treasury shares	11	(1,182)	(1,182)	(1,160)	(1,182)	(1,182)	(1,160)
Other reserves		(3,485)	(4,064)	(3,513)	62	62	60
Accumulated losses		(144,843)	(144,912)	(94,760)	(141,490)	(142,256)	(95,668)
Equity attributable to equity holder of the Company		(28,726)	(29,374)	19,120	(21,826)	(22,592)	21,785
Non-controlling interests		582	429	1,409	-	-	-
<b>Total equity</b>		<b>(28,144)</b>	<b>(28,945)</b>	<b>20,529</b>	<b>(21,826)</b>	<b>(22,592)</b>	<b>21,785</b>

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		
		31 December 2022 Unaudited S\$'000	30 June 2022 Audited S\$'000 Re-presented	1 July 2021 Audited S\$'000 Re-presented	31 December 2022 Unaudited S\$'000	30 June 2022 Audited S\$'000 Re-presented	1 July 2021 Audited S\$'000 Re-presented
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Borrowings	12	1,288	511	2,070	-	-	-
Lease liabilities		405	-	1,804	405	-	372
Deferred tax liabilities		-	37	203	-	-	-
Other payables		-	-	7,710	-	-	-
<b>Total non-current liabilities</b>		<b>1,693</b>	<b>548</b>	<b>11,787</b>	<b>405</b>	<b>-</b>	<b>372</b>
<b>Current liabilities</b>							
Trade and other payables		10,995	6,992	10,506	10,667	9,555	8,763
Contract liabilities		-	-	206	-	-	-
Borrowings	12	11,793	9,525	14,834	-	-	-
Financial guarantee liabilities		36,891	37,579	-	36,891	37,579	-
Lease liabilities		-	-	1,132	-	-	219
Current income tax payable		-	-	487	-	-	-
		59,679	54,096	27,165	47,558	47,134	8,982
Liabilities directly associated with disposal group classified as held for sale		11,908	16,999	-	-	-	-
<b>Total current liabilities</b>		<b>71,587</b>	<b>71,095</b>	<b>27,165</b>	<b>47,558</b>	<b>47,134</b>	<b>8,982</b>
<b>Total liabilities</b>		<b>73,280</b>	<b>71,643</b>	<b>38,952</b>	<b>47,963</b>	<b>47,134</b>	<b>9,354</b>
<b>Total equity and liabilities</b>		<b>45,136</b>	<b>42,698</b>	<b>59,481</b>	<b>26,137</b>	<b>24,542</b>	<b>31,139</b>

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 S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Other reserves S\$'000	Accumulated losses S\$'000			
<b>Balance as at 1 July 2022</b>	120,784	(1,182)	799	62	(4,925)	(144,912)	(29,374)	429	(28,945)
Profit for the financial period	-	-	-	-	-	69	69	656	725
Other comprehensive income									
- Foreign currency translation differences	-	-	579	-	-	-	579	61	640
<b>Total comprehensive income for the financial period</b>	-	-	579	-	-	69	648	717	1,365
Contributions by and distributions to owners									
- Dividends	-	-	-	-	-	-	-	(564)	(564)
<b>Transactions with owners in their own capacity as owners</b>	-	-	-	-	-	-	-	(564)	(564)
<b>Balance as at 31 December 2022</b>	120,784	(1,182)	1,378	62	(4,925)	(144,843)	(28,726)	582	(28,144)

See accompanying notes to condensed interim financial statements.

**NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES**

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

Group	<----- Attributable to owners of the Company ----->						Total SS'000	Non- controlling interests SS'000	Total equity SS'000
	Share capital SS'000	Treasury shares SS'000	Foreign Currency translation reserve SS'000	Capital reserve SS'000	Other reserves SS'000	Accumulated losses SS'000			
<b>Re-presented</b>									
<b>Balance as at 1 July 2021</b>	118,553	(1,160)	1,260	60	(4,833)	(94,760)	19,120	1,409	20,529
(Loss)/profit for the financial period	-	-	-	-	-	(739)	(739)	828	89
Other comprehensive loss:									
- Foreign currency translation differences	-	-	(326)	-	-	-	(326)	(120)	(446)
<b>Total comprehensive loss for the financial period</b>	-	-	(326)	-	-	(739)	(1,065)	708	(357)
Contributions by and distributions to owners									
- Dividends	-	-	-	-	-	-	-	(637)	(637)
<b>Transactions with owners in their own capacity as owners</b>	-	-	-	-	-	-	-	(637)	(637)
<b>Effect of change in presentation currency</b>	2,134	(21)	19	2	(87)	(1,714)	333	26	359
<b>Balance as at 31 December 2021</b>	120,687	(1,181)	953	62	(4,920)	(97,213)	18,388	1,506	19,894

See accompanying notes to condensed interim financial statements.



**NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES**

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

<b>Company</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Capital reserve S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total equity S\$'000</b>
<b>Balance as at 1 July 2022</b>	120,784	(1,182)	62	(142,256)	(22,592)
Profit for the year, representing total comprehensive loss for the financial period	-	-	-	766	766
<b>Balance as at 31 December 2022</b>	<b>120,784</b>	<b>(1,182)</b>	<b>62</b>	<b>(141,490)</b>	<b>(21,826)</b>
<b>Re-presented</b>					
<b>Balance as at 1 July 2021</b>	118,553	(1,160)	60	(95,668)	21,785
Loss for the year, representing total comprehensive loss for the financial period	-	-	-	(329)	(329)
Effect of change in presentation currency	9	-	1	(6)	4
<b>Balance as at 31 December 2021</b>	<b>118,562</b>	<b>(1,160)</b>	<b>61</b>	<b>(96,003)</b>	<b>21,460</b>

See accompanying notes to condensed interim financial statements.

**NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Group</b>	
	<b>6 months ended 31 December 2022 Unaudited S\$'000</b>	<b>6 months ended 31 December 2021 Unaudited S\$'000 Re-presented</b>
<b>Cash flows from operating activities</b>		
Profit before taxation:	911	270
<b>Adjustments for:</b>		
Amortisation of intangible assets	63	62
Depreciation of property, plant and equipment	304	275
Depreciation of right-of-use assets	950	1,040
Interest expense	604	529
Impairment losses/(write-back) recognised on trade and other receivables	61	(1)
Unrealised foreign exchange differences	(207)	400
Operating cash flows before working capital changes:	2,686	2,575
Changes in inventories	51	538
Changes in trade and other receivables	(3,167)	1,806
Changes in prepayments	(94)	(165)
Changes in trade and other payables	3,429	(494)
Changes in contract liabilities	-	(5)
Cash generated from operations	2,905	4,255
Income tax paid	-	(212)
<b>Net cash generated from operating activities</b>	<b>2,905</b>	<b>4,043</b>
<b>Cash flows from investing activities</b>		
Acquisition of intangible assets	-	(307)
Purchase of property, plant and equipment	(274)	(57)
<b>Net cash used in investing activities</b>	<b>(274)</b>	<b>(364)</b>

See accompanying notes to condensed interim financial statements.

**NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES**

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

	<b>Group</b>	
	<b>6 months ended 31 December 2022 Unaudited S\$'000</b>	<b>6 months ended 31 December 2021 Unaudited S\$'000 Re-presented</b>
<b>Cash flows from financing activities</b>		
Dividends paid to the non-controlling interests of the subsidiaries	(564)	(637)
Interest paid	(326)	(450)
Proceeds from loans	-	302
Repayment of loans	(843)	(1,147)
Repayment of lease liabilities	(575)	(630)
<b>Net cash used in financing activities</b>	<b>(2,308)</b>	<b>(2,562)</b>
<b>Net increase in cash and cash equivalents</b>	<b>323</b>	<b>1,117</b>
Cash and cash equivalents at beginning of financial period	5,679	8,795
Exchange differences on translation of cash and cash equivalents	(1,025)	34
<b>Cash and cash equivalents at end of financial period</b>	<b>4,977</b>	<b>9,946</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances and fixed deposits	5,510	10,588
Less: Cash restricted in use	(532)	(89)
Less: Fixed deposits pledged	(1)	(553)
<b>Cash and cash equivalents at end of financial period</b>	<b>4,977</b>	<b>9,946</b>

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 six months ended 31 December 2022 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 31 December 2022 were:

- (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.

#### Proposed Restructuring Exercise

The Company on 9 January 2023 applied to the High Court of the Republic Singapore (the “**Court**”) for moratorium protection pursuant to Section 64 of the Insolvency, Restructuring, and Dissolution Act 2018 (“**IRDA**”). On 6 February 2023, the Court granted the moratorium protection sought until 9 July 2023, which was subsequently extended to 9 October 2023, and further extended to 9 December 2023. The purpose of the moratorium is to facilitate the reorganisation of the liabilities and business of the Company and the Group, to preserve the value of the Group’s core business and maintain a sustainable capital structure.

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

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

### 2 Basis of preparation

The condensed interim financial statements are for the six months ended 31 December 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 2022.

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

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 2 Basis of preparation (cont'd)

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

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

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

#### 2.1 New and amended standards adopted by the Group

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

#### 2.2 Use of judgements and estimates

##### *Critical judgements in applying the entity’s accounting policies*

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

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

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

##### *Going concern assumptions*

During the financial period ended 31 December 2022, the Group reported a net profit of S\$911,000 (31 December 2021: S\$270,000) and the Company reported a net profit of S\$766,000 (31 December 2021: net loss of S\$329,000). The Group’s and the Company’s current liabilities exceeded the current assets by S\$38,288,000 (30 June 2022: S\$40,625,000) and S\$46,066,000 (30 June 2022: S\$46,853,000) respectively. These conditions indicate the existence of material uncertainties that may cast significant doubts about the Group’s and the Company’s abilities to continue as going concerns.

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 2 Basis of preparation (cont'd)

#### 2.2 Use of judgements and estimates (cont'd)

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

##### *Going concern assumption (cont'd)*

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

- (a) As part of the debt restructuring exercise, 2810198 Ontario Inc (“**Ontario**”), the largest creditor of the Group, planned to convert its debt into equity in the Company through the company scheme and will become the controlling shareholder of the Company. Ontario is in full support by providing the super priority loan to the Company. Ontario has plans to use the Company as a vehicle to hold various businesses and the investments post debt restructuring. The future value of the Company will be underpinned by the value of business and investments Ontario intends on injecting into the Company.
- (b) The Company on 9 January 2023 applied to the Court for moratorium protection pursuant to Section 64 of the IRDA. On 6 February 2023, the Court granted the moratorium protection sought until 9 July 2023, which was subsequently extended to 9 October 2023, and further extended to 9 December 2023. The purpose of the moratorium is to facilitate the reorganisation of the liabilities and business of the Company and the Group, to preserve the value of the Group's core business and maintain a sustainable capital structure.

The Company refers to its announcements dated 6 September 2023, 20 October 2023, 24 October 2023, 25 October 2023, 30 October 2023 and 1 November 2023. Following the proposal of the Proposed Scheme to its creditors, vote solicitation and adjudication of proof of debt forms have been completed by the Scheme Managers and the Company has applied to the Court, pursuant to Section 71(1) of the IRDA, for an order approving the Proposed Scheme. The Ontario Whitewash Waiver (as defined in the announcement dated 24 October 2023) has also been granted by the Securities Industry Council subject to the conditions disclosed in the announcement.

- (c) Funding will be raised from potential investor amounting to S\$4 million, of which (i) S\$200,000 shall be utilised to fund the cash distribution under the Proposed Scheme, and (ii) S\$3.8 million shall be utilised to fund amongst others the Group's working capital for the next 2 years (from April 2023 to April 2025).

The Directors are of the opinion that the above would allow the Group to restructure its operations and enable the Group and the Company to pay their debts as and when they fall due.

For these reasons, the financial statements have been prepared on the assumptions that the Group and Company will continue as going concerns. The financial statements did not include any adjustments that may result in the event that the Group and Company are unable to continue as going concerns. In the event that the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to realise its assets and discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made in the financial statements.

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 2 Basis of preparation (cont'd)

#### 2.2 Use of judgements and estimates (cont'd)

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

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

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

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

##### *Key sources of estimation uncertainty*

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

###### *Impairment of trade and other receivables*

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

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

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

###### *Impairment test for cash-generating unit containing goodwill and intangibles*

A cash-generating unit ("CGU") to which goodwill has been allocated shall be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use. Where the recoverable amount of the CGU is less than its carrying amount, such impairment loss is recognised in profit or loss.

## **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)*

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.

##### *Impairment of investment in subsidiaries*

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

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

##### *Estimation of financial guarantee liabilities*

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

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

### **3 Seasonal operations**

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

### **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:



## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 4 Segment and revenue information (cont'd)

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

The Group's executive directors monitor the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment.

Information regarding the results of each reportable segment is included in the following table. Performance is measured based on segment profit/(loss) before taxation, as included in the internal management reports that are regularly reviewed by the Group's executive directors. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### 4.1 Reportable segments

	<b>Healthcare Unaudited S\$'000</b>	<b>Per consolidated financial statements Unaudited S\$'000</b>
<b>1 July 2022 to 31 December 2022</b>		
Segment revenue		
- Sales to external customers	19,007	19,007
	<hr/>	
Segment results		
- Other income	409	409
- Amortisation of intangible assets	(63)	(63)
- Depreciation of property, plant and equipment	(304)	(304)
- Depreciation of rights-of-use assets	(950)	(950)
- Finance costs	(604)	(604)
Segment profit	725	725
	<hr/>	
Segment assets and liabilities		
- Segment assets	45,136	45,136
- Segment liabilities	73,280	73,280
	<hr/> <hr/>	

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 4 Segment and revenue information (cont'd)

#### 4.1 Reportable segments (cont'd)

	<b>Healthcare Unaudited S\$'000 Re-presented</b>	<b>Others Unaudited S\$'000 Re-presented</b>	<b>Per consolidated financial statements Unaudited S\$'000 Re-presented</b>
<b>1 July 2021 to 31 December 2021</b>			
Segment revenue			
- Sales to external customers	21,109	-	21,109
Segment results			
- Other income	735	1	736
- Amortisation of intangible assets	-	(62)	(62)
- Depreciation of property, plant and equipment *	(234)	(41)	(275)
- Depreciation of rights-of-use assets	(924)	(116)	(1,040)
- Other non-cash items	(3)	(419)	(422)
- Finance costs	(300)	(229)	(529)
Segment profit/(loss)	561	(472)	89
Segment assets and liabilities			
- Segment assets	47,909	9,969	57,878
- Segment liabilities	21,412	16,574	37,986
- Capital expenditure	(59)	-	(59)

\* 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

	<b>6 months ended 31 December 2022 Unaudited S\$'000</b>	<b>6 months ended 31 December 2021 Unaudited S\$'000 Re-presented</b>
Healthcare products	10,316	12,257
Healthcare services	8,691	8,852
	<u>19,007</u>	<u>21,109</u>

#### Geographical information:

	<b>6 months ended 31 December 2022 Unaudited S\$'000</b>	<b>6 months ended 31 December 2021 Unaudited S\$'000 Re-presented</b>
Australia	-	61
China	10,316	12,257
Singapore	8,691	8,791
	<u>19,007</u>	<u>21,109</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 31 December 2022 and 30 June 2022:

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2022 Unaudited S\$'000</b>	<b>30 June 2022 Audited S\$'000 Re-presented</b>	<b>31 December 2022 Unaudited S\$'000</b>	<b>30 June 2022 Audited S\$'000 Re-presented</b>
<b>Financial assets</b>				
Financial assets at amortised cost	16,005	13,052	1,348	281
<b>Financial liabilities</b>				
Lease liabilities	1,955	1,915	405	-
Financial liabilities at fair value through profit or loss	8,311	8,585	-	-
Financial guarantee liability	36,891	37,579	36,891	37,579
Financial liabilities at amortised cost	<u>33,907</u>	<u>22,523</u>	<u>10,667</u>	<u>9,555</u>

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 6 (Loss)/profit before taxation

#### 6.1 Significant items

	<b>6 months ended 31 December 2022 Unaudited S\$'000</b>	<b>6 months ended 31 December 2021 Unaudited S\$'000 Re-presented</b>
<u>Group</u>		
Impairment loss/(write-back) recognised on trade and other receivables	61	(1)

#### 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:

	<b>6 months ended 31 December 2022 Unaudited S\$'000</b>	<b>6 months ended 31 December 2021 Unaudited S\$'000 Re-presented</b>
<u>Group</u>		
Interest expense	109	111
Lease payments (rental)	356	379

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 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>	<b>6 months ended 31 December 2022 Unaudited S\$'000</b>	<b>6 months ended 31 December 2021 Unaudited S\$'000 Re-presented</b>
Current taxation:		
- Current period	186	162
- Changes in estimates related to prior years	-	-
	<hr/> 186	<hr/> 162
Deferred taxation:		
- Origination and reversal of temporary differences	-	19
	<hr/> 186	<hr/> 181
	<hr/> <hr/>	<hr/> <hr/>

### 8 Net asset value

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2022 Unaudited</b>	<b>30 June 2022 Audited Re-presented</b>	<b>31 December 2022 Unaudited</b>	<b>30 June 2022 Audited Re-presented</b>
Net asset value per ordinary share (cent)	(13.78)	(14.09)	(10.47)	(10.84)
	<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	Other development cost S\$'000	Total S\$'000
<b>Re-presented</b>							
<b>Cost:</b>							
<b>Balance at 1 July 2021</b>	25,827	375	2,115	125	452	294	29,188
Additions	-	-	-	-	-	474	474
Written off	-	-	-	-	-	(768)	(768)
Exchange difference on translation	(526)	(17)	-	(3)	-	-	(546)
Reclassified to disposal group held for sales	(17,862)	-	-	-	-	-	(17,862)
<b>Balance at 30 June 2022, 1 July 2022 and 31 December 2022</b>	7,439	358	2,115	122	452	-	10,486
<b>Accumulated amortisation:</b>							
<b>Balance at 1 July 2021</b>	-	105	2,115	126	226	-	2,572
Amortisation	-	36	-	-	90	-	126
Impairment charge	6,052	-	-	-	-	-	6,052
Reclassified to disposal group held for sales	(6,052)	-	-	-	-	-	(6,052)
Exchange difference on translation	-	(17)	-	(4)	-	-	(21)
<b>Balance at 30 June 2022 and 1 July 2022</b>	-	124	2,115	122	316	-	2,677
Amortisation	-	18	-	-	45	-	63
Exchange difference on translation	-	7	-	-	-	-	7
<b>Balance at 31 December 2022</b>	-	149	2,115	122	361	-	2,747
<b>Carrying amount:</b>							
<b>Balance at 31 December 2022</b>	7,439	209	-	-	91	-	7,739
<b>Balance at 30 June 2022</b>	7,439	234	-	-	136	-	7,809

## 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 31 December 2022 based on each CGU's business performance. The Group performed its annual impairment test in June 2022. 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 2022. The Group tests goodwill annually for impairment or more frequently if there are indicators that goodwill might be impaired.

### 10 Share capital

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

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

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

The Company's subsidiaries do not hold any shares in the Company as of 31 December 2022 and 30 June 2022.

### 11 Treasury shares

	31 December 2022		30 June 2022	
	Number of shares	Amount S\$'000 Audited	Number of shares	Amount \$'000 Unaudited Re-presented
<b>Group and Company</b>				
<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

	<b>Group</b>	
	<b>31 December 2022 Unaudited S\$'000</b>	<b>30 June 2022 Audited S\$'000 Re-presented</b>
<u>Amount repayable within one year or on demand</u>		
Secured	11,793	9,525
Unsecured	-	-
<u>Amount repayable after one year</u>		
Secured	1,288	511
Unsecured	-	-
	13,081	10,036

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 Financial guarantees liabilities

During the financial year ended 30 June 2022, the Company recognised financial guarantees liabilities amounting to S\$36,891,000 (2021: S\$Nil) in respect of the corporate guarantees provided to OCAP Management Pte. Ltd. and Iolani Shipping Limited.

On 24 May 2022, Ontario and the Company entered into Memorandum of Agreement and Ontario acquired all the rights, title, benefits and interests in financial guarantees relating to the loan and the lease financing arrangement.

Upon execution of the deed of assignment on 18 July 2022, the financial guarantees liabilities were transferred to Ontario.

### 14 Subsequent events

#### Termination of Memorandum of Agreement

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



## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 14 Subsequent events (cont'd)

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

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

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

#### Disposal of Crescent Dental Clinic Pte. Ltd., DentalTrendz JP Pte. Ltd., Trendz Dental Surgeons Pte. Ltd., L'ving Vine Dental Clinic Pte. Ltd., Dover Dental Surgery Pte. Ltd. and DentalTrendz Pte. Ltd. (the “Trendz Subsidiaries”)

The Company refers to the Company's announcements dated 2 February 2023 and 9 February 2023. Unless otherwise defined, capitalised terms used herein shall have the same meaning as ascribed in the 2 February 2023 and 9 February 2023 announcements.

Pursuant to the Shareholder's exercise of the call option in the share purchase agreement dated 26 May 2017 and entered into between the Shareholder, the Company and Healthsciences International Pte. Ltd. (“HSI”), the Shareholder has exercised the call option to purchase the Call Option Shares (as defined in the SPA), being all of the HSI Dental Pte. Ltd. (“HSID”)’s shares in the Trendz Subsidiaries and completion took place on 7 February 2023. Accordingly, HSID no longer holds any of the registered capital of the Trendz Subsidiaries and the Trendz Subsidiaries have ceased to be subsidiaries of the Company.

#### Striking off of Silk Systems Pte. Ltd.

As disclosed in the Company's announcement dated 13 February 2023, Silk Systems Pte. Ltd., an associated company of the Company, has been struck off the register pursuant to Section 344A of the Companies Act 1967.

#### 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 is ongoing.

#### Incorporation of New Silkroutes Developments Pte. Ltd.

The Company has on 12 April 2023 incorporated a wholly owned direct subsidiary, New Silkroutes Developments Pte. Ltd..

#### Disposal of Lily Aw Medical Services Pte Ltd, HL Family Clinic & Surgery (Bedok) Pte. Ltd., HL Dermahealth Aesthetic Clinic Pte. Ltd., HL Clinic Pte Ltd, HK Family Clinic & Surgery Pte. Ltd., and Dr Chua's Family Clinic Pte. Ltd. (the “Medical Subsidiaries”)

The Company refers to its announcements dated 3 May 2023 and 10 May 2023 in relation to, *inter alia*, the disposal of the Medical Subsidiaries by the Judicial Managers of HSIM. The disposals have been completed as at 5 May 2023. Accordingly, HSIM no longer holds any of the registered capital of the Medical Subsidiaries and the Medical Subsidiaries have ceased to be subsidiaries of the Company.

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 14 Subsequent events (cont'd)

#### Acquisition of Hidderton Limited

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

#### Disposal of HSI Chinese Medicine

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

#### Disposal of Wren Dental and Medical Supplies Pte. Ltd. (“WDMS”) and Orange Orthodontics and Dentofacial Orthopaedics Pte. Ltd. (“ODOO”)

The Company refers to its announcement dated 12 May 2023 in relation to the disposal of HSID’s entire shareholding interest in WDMS and OODO. The disposal has been completed as at 12 May 2023. Accordingly, HSID no longer holds any of the registered capital of WDMS and OODO and WDMS and OODO have ceased to be subsidiaries of the Company.

#### Disposal of Shanghai Fengwei

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

#### Proposed Restructuring Exercise

The Company on 9 January 2023 applied to the Court for moratorium protection pursuant to Section 64 of the IRDA. On 6 February 2023, the Court granted the moratorium protection sought until 9 July 2023, which was subsequently extended to 9 October 2023, and further extended to 9 December 2023. The purpose of the moratorium is to facilitate the reorganisation of the liabilities and business of the Company and the Group, to preserve the value of the Group’s core business and maintain a sustainable capital structure.

The Company refers to its announcements dated 6 September 2023, 20 October 2023, 24 October 2023, 25 October 2023, 30 October 2023 and 1 November 2023. Following the proposal of the Proposed Scheme to its creditors, vote solicitation and adjudication of proof of debt forms have been completed by the Scheme Managers and the Company has applied to the Court, pursuant to Section 71(1) of the IRDA, for an order approving the Proposed Scheme. The Ontario Whitewash Waiver (as defined in the announcement dated 24 October 2023) has also been granted by the Securities Industry Council subject to the conditions disclosed in the announcement.

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

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 14 Subsequent events (cont'd)

#### Super Priority Rescue Financing

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

#### Voluntary Liquidation of HSI and HSID

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

#### Acquisition of Tianjin Zhoushun Logistics Co., Ltd.

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

## 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 31 December 2022 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 six-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 2022 due to:

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

Please refer to page 50 - 54 of the Company's Annual Report for the financial year ended 30 June 2022 for more information on these outstanding audit issues.

The Board has appointed KPMG Services Pte. Ltd. ("KPMG") as the independent reviewer to carry out an independent review. The independent review is still ongoing as of the date of this announcement. 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

### 1. Review (cont'd)

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

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

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

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

### 2. Review of performance of the Group

#### Income Statement Review

Group revenue decreased to S\$19.01 million in the second quarter ended 31 December 2022 ("2Q23") compared to S\$21.11 million in the second quarter ended 31 December 2021 ("2Q22"). The Group's performance was 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.

Other income decreased to S\$0.41 million in 2Q23 when compared to S\$0.74 million in 2Q22 mainly due to lower in value-added tax refund and government grants received in 1Q23.

Purchases of finished goods and changes in inventories of finished goods expenses decreased to S\$10.72 million in 2Q23 from S\$12.82 million in 2Q22 and S\$0.14 million in 2Q23 from S\$0.11 million in 2Q22 respectively. The decrease is in line with the decrease in revenue for non-woven material.

Other operating expenses decreased to S\$0.95 million in 2Q23, down from S\$1.04 million in 2Q22 mainly due to lower professional fees expenses.

Finance costs increased to S\$0.60 million in 2Q23 from S\$0.53 million in 2Q22 mainly due to accrued interest for consideration payable to a shareholder.

#### Financial Position Review

Property, plant and equipment increased to S\$2.30 million as at 31 December 2022 compared to S\$2.07 million as at 30 June 2022, mainly due to purchase of property, plant and equipment and depreciation of property, plant and equipment recognised.

Intangible assets decreased to S\$7.74 million as at 31 December 2022 compared to S\$7.81 million as at 30 June 2022 mainly due to amortisation of intangible assets and exchange differences on translation.

Right-of-use assets decreased to S\$1.52 million as at 31 December 2022 from S\$2.00 million as at 30 June 2022 following a renewal of tenancy agreements in relation to the Group's office.

Inventories decreased to S\$1.57 million as at 31 December 2022 from S\$1.76 million as at 30 June 2022 mainly due to utilisation of the non-woven materials in the healthcare and healthcare consumables segment.

## **NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES**

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

#### **Financial Position Review (cont'd)**

Non-current borrowings increased to S\$1.29 million as at 31 December 2022 from S\$0.51 million as at 30 June 2022 due to the reclassification from disposal group classified as held for sale.

Non-current lease liabilities increased to S\$0.41 million as at 31 December 2022 from S\$Nil million as at 30 June 2022 following a renewal of tenancy agreements in relation to the Group's office.

Trade and other payables increased to S\$11.00 million as at 31 December 2022 from S\$6.99 million as at 30 June 2022 mainly due to increase payable to creditors.

Current borrowings increased to S\$11.79 million as at 31 December 2022 from S\$9.53 million as at 30 June 2022 due to the reclassification from disposal group classified as held for sale.

#### **Cash Flow Statement Review**

Net cash flows generated from operating activities of S\$2.91 million in 2Q23 mainly due to positive operating cash flows in healthcare segment.

Net cash flows used in investing activities amounted to S\$0.27 million mainly due to additions of property, plant and equipment.

Net cash flows used in financing activities of S\$2.31 million were mostly to repay loans and lease liabilities and dividends paid to the non-controlling interests of the subsidiaries.

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

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

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

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

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

The Group on 18 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 2022 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 14 (Subsequent Events) above for further information on further factors and events that may affect the Group.

### 5. Dividend information

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding period of the immediate preceding financial year

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

None.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend has been declared or recommend for the period ended 31 December 2022 due to accumulated losses of the Company.

## NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES

### 6. Interested person transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000	S\$'000
Interest expense:		
Mr Shen Yuyun	109	-
Rental:		
Shanghai Fengwei Nonwovens Co., Ltd	356	-

For full disclosure, please note that there is an amount of S\$1.58 million owing from Shanghai Fengwei Nonwovens Co., Ltd. (“SFNW”) a company majority owned by Mr Shen Yuyun (a substantial shareholder of the Company) to Shanghai Fengwei, a wholly owned subsidiary of the Company, which amount was owing prior to the Group’s acquisition of Shanghai Fengwei. SFNW and New Silkroutes Capital Pte. Ltd., a wholly owned subsidiary, has entered into a lease agreement and the amount owing from SFNW will be used to offset against the rental payable by Shanghai Fengwei for the use of the land.

As disclosed in the announcement dated 21 July 2023, New Silkroutes Capital Pte. Ltd. (“NSC”), a wholly owned subsidiary of the Company, has entered into an Equity Transfer Agreement with Shanghai Yikang Non-Woven Fabric Co., Ltd. for the disposal of all of the shares held by NSC in Shanghai Fengwei, representing 100% of the total issued and paid up share capital of Shanghai Fengwei. The Company will make further announcements to update shareholders as and when there are material developments on the matter.

The Group does not have a general mandate for interested person transactions.

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

During the period ended 31 December 2022, 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 14 (Subsequent Events) above for subsequent acquisitions and disposals of shares carried out by the Group.



## **NEW SILKROUTES GROUP LIMITED AND ITS SUBSIDIARIES**

### **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 six months ended 31 December 2022 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**  
**10 November 2023**