NEW SILKROUTES GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 199400571K)
(the "**Company**")

RESPONSE TO SGX QUERIES

The Board of Directors (the "**Board**") of the Company (and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the Company's first quarter unaudited financial statements for the financial period ended 30 September 2022, as disclosed in the announcement dated 26 October 2023 (the "**Previous Announcement**").

Capitalised terms in this announcement (unless otherwise defined or the context otherwise requires) have the same meaning ascribed to them in the Previous Announcement.

SGX-ST's Query:

1) *It is disclosed that the profit or loss figures for the 3 months ended 30 Sep 2021 and statement of financial position figures as at 30 June 2022 are re-presented. Please explain why the figures were re-presented and elaborate on the adjustments made.*

Company's Response:

The figures are re-presented due to the change in functional currency and presentation currency from USD to SGD. No adjustments have been made.

SGX-ST's Query:

2) *It is noted that the Company's revenue for the financial period ended 30 Sep 2022 relates to healthcare products and services. Taking into consideration the subsequent events disclosed in Note 14, please disclose the remaining business of the Group.*

Company's Response:

The Company has successfully divested its interest in HSIM's medical practices, its Traditional Chinese Medicine practices, and has disposed of most of the Group's interests in HSID's dental practices. As disclosed by the Company in its announcement dated 18 September 2023 in relation to the proposed acquisition of Tianjin Zhoushun Logistics Co., Ltd., the Company intends to move into the logistics business.

SGX-ST's Query:

3) *It is disclosed that, "Non-current borrowings increased to S$1.25 million as at 30 September 2022 from S$0.51 million as at 30 June 2022 due to the reclassification from disposal group classified as held for sale." And "Current borrowings increased to S$12.56 million as at 30 September 2022 from S$9.53 million as at 30 June 2022 due to the reclassification from disposal group classified as held for sale."*

Please disclose the reason for the reclassification which led to an increase in non-current and current borrowings. Please also disclose the use of proceeds from the borrowings.

Company's Response:

Please refer to the table below. The reclassification is due to borrowings incorrectly classified under "Disposal group classified as held for sale". The loans are under HSID, HSIM, and HSI, which are not under "Disposal group classified as held for sale" as at 30 September 2022. The proceeds from the borrowings are for the operations of the Group.

	a Q2 FY2023 **31-Dec-22** Unaudited S$'000	*b* Q1 FY2023 **30-Sep-22** Unaudited S$'000	*c* FS FY2022 **30-Jun-22** **Audited** S$'000	*d=a-c* *Difference* *S$'000*	*e=d/c* *%*
Non-current Borrowings	1,288	1,245	511	*777*	*152.1%*
Current Borrowings	11,793	12,559	9,525	*2,268*	*23.8%*
Disposal group classified as held for sale	*18,038*	*17,429*	*19,410*	*-1,372*	*-7.1%*
Liabilities directly-associated with disposal group classified as held for sale	*11,908*	*12,123*	*16,999*	*-5,091*	*-29.9%*
	~~1) HSI~~	~~1) HSI~~	1) HSI		
	~~2) HSID~~	~~2) HSID~~	2) HSID		
	~~3) HSIM~~	~~3) HSIM~~	3) HSIM		
	4) Dental clinics	4) Dental clinics	4) Dental clinics		
	5) Medical clinics	5) Medical clinics	5) Medical clinics		

SGX-ST's Query:

4) *We note that 'Trade and other receivables' has increased by approximately 53.2% from 6.2m as at 30 June 2022 to $9.5m as at 30 Sep 2022 when 'Revenue' has decreased.*

Please provide the following information:

(i) Breakdown of trade and other receivables as at 30 June 2022 and 30 Sep 2022;

Company's Response:

Please refer to the table in the Company's response to query 4(iii).

(ii) Reasons for the increase in 'Trade and other receivables';

Company's Response:

Please refer to the table in the Company's response to query 4(iii).

(iii) Trade and other receivables turnover days for current period as compared to previous corresponding period and elaborate on material variances, if any; and

Company's Response:

Not applicable.

		a	b	c	d=c-b		
	NSG Group Trade and other receivables	FY2022 As at 30 Jun 2022 US$'000	Translated As at 30 Jun 2022 S$'000	FY2023 Q1 as at 30 Sep 2022 S$'000	Variance S$'000	%	*Notes*
A	**Trade receivables**						
	third parties	4,441	6,083	4,305	(1,778)	-29.2%	Due to post COVID decreasse in Revenue and Trade
	Less: loss allowance	(115)	(158)	(58)	100	-63.2%	receivable under SHFW and effects of exchange differences.
		4,326	**5,925**	**4,247**	**(1,678)**	**-28.3%**	Refer to above
B	**Other receivables**						
	Deposits	102	140	143	3	2.4%	
	Consideration receivables	1,361	1,864	1,619	(245)	-13.2%	Due to effects of exchange differences.
	Other receivables	76	104	5,418	5,314	5104.8%	Due to increasse in other receivable pertaining to MA &MSA
	Less: loss allowance	(1,361)	(1,864)	(1,898)	(34)	1.8%	under SHFW and effects of exchange differences.
		178	**244**	**5,282**	**5,038**	**2066.5%**	Refer to above
C	**Total trade and other receivables**	**4,504**	**6,169**	**9,529**	**3,360**	**54.5%**	Refer to above

(iv) the Company's views on whether provision for doubtful debt is adequate and basis for views.

Company's Response:

The provision for doubtful debt mainly arises from Shanghai Fengwei's management accounts. Per the management team of Shanghai Fengwei, it is adequate based on judgement made.

SGX-ST's Query:

5) Given the Group's significant current liabilities of S$72,952,000 and cash and bank balance of only S$2,959,000 and noting that the Company incurred losses of S$485,000 in 1st Quarter, FY2023, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's short term liabilities of S$72,952,000, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.

Company's Response:

The Company is undergoing restructuring and with the proposed rescue financing to be provided by Ontario, the Board is of the opinion that the Proposed Scheme will enable the Group and the Company to pay their debts as and when they fall due. As disclosed in the Company's announcements dated 20 October 2023 and 1 December 2023, the Company's creditors have voted in favour of the Proposed Scheme and the Court has made on order approving of the Proposed Scheme, respectively.

SGX-ST's Query:

6) *As at 30 September 2022, the Group has net liability position of S$28,964,000 with cash and cash equivalents of S$2,959,000. Please disclose the pro-active actions which management plans to take to ensure that the Group's financial position remains strong.*

Company's Response:

The Company is undergoing restructuring and pursuant to the proposed rescue financing to be provided by Ontario, Ontario has provided S$1,900,000/- cash to support the Company's operations. As disclosed in the Company's announcements dated 20 October 2023 and 1 December 2023, the Company's creditors have voted in favour of the Proposed Scheme and the Court has made an order approving of the Proposed Scheme, respectively.

SGX-ST's Query:

i) *Please provide the Board of Director's assessment of the Group's ability to continue operating as a going concern and the bases for the assessment.*

Company's Response:

The Board has approved the Proposed Scheme. As announced in the Previous Announcement, with the proposed rescue financing to be provided by Ontario, the Board is of the opinion that the Proposed Scheme will enable the Group and the Company to pay their debts as and when they fall due.

SGX-ST's Query:

ii) Please assess the Company's ability to meet its debt covenants (if any).

Company's Response:

The Company is currently proposing a scheme of arrangement to restructure its obligations. As disclosed in the Company's announcement dated 1 December 2023, the Court has made an order approving of the Proposed Scheme.

SGX-ST's Query:

iii) Please provide the Board's confirmation that all material information has been announced and that there is no other material information that shareholders should be aware of.

Company's Response:

The Board has confirmed.

SGX-ST's Query:

iv) Please assess the Company's ability to meet its short-term obligations when they fall due.

Company's Response:

The Company is currently proposing a scheme of arrangement to restructure its obligations.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests. Shareholders of the Company and potential investors are advised to read all further announcements by the Company carefully and to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Mr Han Binke
Executive Director and CEO
20 December 2023