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

PROPOSED DISPOSAL OF DENTAL CLINICS BY INDIRECT SUBSIDIARIES OF THE COMPANY

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1. INTRODUCTION

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

Disposal of Dental Clinics

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

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

(i) 84 INC Pte. Ltd. ("**84 INC**");
(ii) The Dental Hub@SG Pte. Ltd. ("**TDH**");
(iii) NDC Consulting Pte. Ltd. ("**NDC**");

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

(i) The Dental Hub (Alexandra);
(ii) The Dental Hub (Bedok); and
(iii) The Dental Hub (Yew Tee).

(the business of the Dental Clinics, collectively the "**Business**").

The Vendors, together with the Company and the existing shareholders of the Vendors (being HSID, Dr Toh Teck Kiong, Ainsley ("**Dr Toh**") and Dr Foong Siew Hong ("**Dr Foong**") respectively and collectively, the "**Existing Shareholders**"), have on 1 February 2023 entered into a business transfer agreement (the "**BTA**") with The Dental Hub Pte. Ltd. (the "**Purchaser**") in relation to the sale by the Vendors to the Purchaser of the Business as a going concern (the "**Proposed Transfer**").

2. INFORMATION ON THE PURCHASER

The information on the Purchaser was provided by the Purchaser and the contents of this announcement relating to the Purchaser have been confirmed by the Purchaser to be accurate. In respect of such information, the Company and the Directors have not independently verified the accuracy and correctness of the same and the sole responsibility of the Company and Directors is to ensure that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

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

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

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

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

3. RATIONALE FOR THE PROPOSED TRANSFER

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

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

4. PRINCIPAL TERMS OF THE BTA

The principal terms of the BTA are as follows:

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

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

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

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

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

(c) in respect of each Dental Clinic, a net working capital equivalent to at least two (2) months of rental and salaries (including employer Central Provident Fund and skill development levy payable by the employer for all its employees working in Singapore, but excluding overtime) (the "**Minimum Net Working Capital**");

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

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

(f) the lease agreements in respect of certain properties (the "**Leases**"); and

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

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

(i) any licences and permits for the operation of the Business;

(ii) all cash in hand, or credited to any account with banks held by the Vendors in connection with the Business other than the Minimum Net Working Capital, as at the Completion Date (as defined in the BTA) (the "**Cash Balances**");

(iii) all retained earnings as at the Completion Date; and

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

Pursuant to the BTA, the Existing Shareholders further agreed that all Cash Balances as at the Completion Date shall be distributed in accordance with their respective shareholdings in the Vendors which are as follows:

(i) HSID: 70%

(ii) Dr Toh: 15%

(iii) Dr Foong: 15%

4.2 Settlement of Put Options; Termination of SPA

The Existing Shareholders have further agreed that the put options (the "**Put Options**") granted by each of HSID and the Company to each Dr Toh and Dr Foong pursuant to the sale and purchase agreement dated 10 October 2017 entered into between the Company, HSID, Dr Toh and Dr Foong in relation to the sale and purchase of 84 INC, TDH and NDC respectively (the "**SPA**") shall terminate with effect on and from the Completion Date of the BTA and each of Dr Toh and Dr Foong shall not be entitled to exercise any such Put Options in relation thereto upon Completion.

The SPA shall also be terminated upon Completion, with effect from the Completion Date.

4.3 Consideration

The aggregate amount payable by the Purchaser to the Vendors or their nominee(s) for the Proposed Transfer shall be S$1,650,000 (the "**Consideration**"), to be paid to the Vendors and/or their nominee(s) (the "**Vendors' Nominees**", and each a "**Vendors' Nominee**"). Payment of the Consideration is conditional upon the Court being informed of the BTA and the transactions contemplated thereunder and there being no objections raised by the Court in respect of the BTA and the transactions contemplated hereunder at the hearing of HC/OA 15/2023, being the hearing for the moratorium protection applied for by the Company pursuant to Section 64 of the Insolvency, Restructuring and Dissolution Act 2018 of Singapore.

The Consideration was negotiated between the Vendors and the Purchaser and arrived at on a willing seller, willing buyer basis, after taking into account various factors such as the book value and net tangible asset value of the Business and the Put Options.

In connection with the Proposed Transfer, and in consideration for, *inter alia*, the waiver of the Put Options by Dr Toh and Dr Foong respectively pursuant to the BTA, the Vendors nominated the following shareholders as the Vendors' Nominees and the Existing Shareholders thereby agreed amongst themselves to the following payment of the Purchase Consideration as follows:

(a) HSI, a related corporation of HSID, to receive S$390,000 of the Consideration;

(b) Dr Toh to receive S$630,000 of the Consideration; and

(c) Dr Foong to receive S$630,000 of the Consideration.

4.4 Value of Assets

Based on the latest announced unaudited financial statements of the Group as at 30 June 2022, the book value of the Business (taking into account the 70% shareholding of HSID in the Vendors) was approximately S$393,400 and the net tangible asset value of the Business (taking into account the 70% shareholding of HSID in the Vendors) was approximately S$393,400. There is no open market value.

No valuation of the assets has been commissioned by the Group.

4.5 Conditions Precedent

4.5.1 Completion is conditional upon the satisfaction (or waiver, as the case may be) of certain conditions precedent by the date falling three (3) months from the date of the BTA (or such later date as the Parties may mutually agree in writing) (the "**Long-Stop Date**"), including:

(a) the Dental Clinics collectively having maintained the Minimum Net Working Capital, and such sum being free from encumbrances; and

(b) all approvals and consents (including without limitation any governmental, regulatory, third party, board of directors and shareholders and/or internal approvals and consents) for the sale of the Business (including the Sale Assets) to the Purchaser being obtained by each Vendor, and if such approvals and consents are granted subject to conditions, such conditions being fulfilled on or satisfied before Completion, and such approvals and consents remaining in full force and effect;

(c) receipt by the Purchaser of the letters of novation duly signed by the respective Vendors and the Purchaser for each Contract, as well as the endorsement or agreement from the relevant parties with whom the Vendors have entered into the Contracts to the novation of the Contracts to the Purchaser;

(d) each of Dr Toh and Dr Foong having delivered to the Purchaser duly executed copies of the service agreements to be entered into by each of Dr Toh and Dr Foong with the Purchaser, on terms to be agreed between the Purchaser and each of Dr Toh and Dr Foong; and

(e) the sale of the Business (including the Sale Assets) not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the BTA any legislative, executive, or regulatory body or authority of Singapore which is applicable to the Parties.

4.5.2 The Purchaser may in its absolute discretion waive any conditions set out in paragraph 4.5.1 (save for the condition under paragraph 4.5.1(e).

4.5.3 In the event any of the conditions precedents are not fully satisfied or otherwise waived by the Purchaser by the Long-Stop Date, the BTA shall *ipso facto* lapse and cease to have further effect and all obligations of the Parties shall cease and determine and no Party shall have any claim against the other Party, save for any antecedent breach of any provision of BTA by any Party.

4.6 Others

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

5. USE OF PROCEEDS

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

6. THE PROPOSED TRANSFER AS A NON-DISCLOSEABLE TRANSACTION

None of the relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Transfer exceeds 5% and accordingly, the Proposed Transfer constitutes a non-discloseable transaction within the meaning of Chapter 10 of the Listing Manual.

The company is however making this announcement pursuant to Rule 1008(2) of the Listing Manual.

7. FINANCIAL EFFECTS OF THE PROPOSED TRANSFER

The above is not expected to have any material impact on the net earnings per share or the net tangible assets per share of the Company for the current financial year ending 30 June 2023.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

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

10. FURTHER ANNOUNCEMENTS

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

11. CAUTION IN TRADING

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

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

FOR AND ON BEHALF OF THE BOARD

Mr Han Binke
Executive Director and CEO

1 February 2023