

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

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**SALE & PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF CERTAIN  
MEDICAL CLINICS**

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**1. INTRODUCTION**

**1.1 Background information**

The board of directors (the “**Board**” or “**Directors**”) of the Company (and together with its subsidiaries, the “**Group**”) refers to the announcement dated 20 February 2023 in relation to the granting of an order that HSI Medical Pte. Ltd. (the “**Vendor**”) be placed under judicial management.

The Judicial Managers have informed the Company that the Vendor has entered into a sale and purchase agreement (the “**SPA**”) with the following persons:

- (i) Dr Aw Lee Fhoon @ Lily Aw (“**Dr Aw**”)
- (ii) Dr Hiak Tai Soon (“**Dr Hiak**”)
- (iii) Dr Ho Hern Lu (“**Dr Ho**”)
- (iv) Dr Lim Seok Cheng Sabrina (“**Dr Lim**”)
- (v) Dr Michael Chong Chee Keong (“**Dr Chong**”)
- (vi) Dr Roy Ong Eu Jin (“**Dr Ong**”)
- (vii) Dr Khoo Bee Sim (“**Dr Khoo**”)
- (viii) Dr Chua Kok Keong (“**Dr Chua**”)
- (ix) Dr Low Wymin (Liu Weiming) (“**Dr Low**”)

(collectively, the “**Purchasers**”).

The Vendor holds 60% legal shareholding interests in each of the following companies:

- (i) Lily Aw Medical Services Pte Ltd (“**LAMS**”)
- (ii) HL Family Clinic & Surgery (Bedok) Pte. Ltd. (“**HLFCSB**”)
- (iii) HL Dermahealth Aesthetic Clinic Pte. Ltd. (“**HLDAC**”)
- (iv) HL Clinic Pte Ltd (“**HLC**”)
- (v) HK Family Clinic & Surgery Pte. Ltd. (“**HKFCS**”),

and the Vendor holds 49% legal shareholding interests in the following company:

- (vi) Dr Chua’s Family Clinic Pte. Ltd. (“**DCFC**”),

(collectively, the “**Clinic Entities**”).

The Purchasers had in 2018 entered into sale and purchase agreements with the Vendor in respect of the sale and purchase of shares in the respective clinics (the “**Prior SPAs**”). In connection with the Prior SPAs, the Purchasers were granted the First Put Options and the Second Put Options (as defined in the respective Prior SPAs).

On 23 December 2022, the Purchasers commenced HC/OC 481 of 2022 (“**OC 481**”) in the General Division of the High Court against the Vendor claiming that the Vendor has acted in breach of First Put Options under the Prior SPAs.

The Parties have entered into the SPA to set out the terms and conditions in respect of (i) the purchase by each Purchaser of the relevant shares held by the Vendor in each Clinic Entity, to be sold by the Vendor to each Purchaser in accordance with the SPA (the “**Sale Shares**”) from

the Vendor, (ii) the waiver of each Purchaser's rights, interests and benefits in respect of the First Put Options and the Second Put Options under the Prior SPAs (the "**Put Options Rights**"), (iii) the waiver of the Vendor's rights, interests and benefits in respect of the Second Call Options (as defined in the respective Prior SPAs) under the Prior SPAs (the "**Call Option Rights**"), (iv) the discontinuance of OC 481 with no orders as to costs and (v) the termination of the service agreement entered into between each Clinic Entity and each Purchaser (the "**Service Agreements**") (collectively, the "**Proposed Transaction**").

## 1.2 Rule 704(19) of the Listing Manual

Upon the completion of the Proposed Transaction, the Clinic Entities will cease to be subsidiaries of the Group.

## 2. **INFORMATION ON THE PURCHASERS AND CLINIC ENTITIES**

### 2.1 Purchasers

The Purchasers are the current shareholders of the respective Clinic Entities.

### 2.2 Clinic Entities

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 the Vendor, which in turn holds the Clinic Entities.

The Clinic Entities are private companies limited by shares incorporated in Singapore and are engaged in the business of provision of family medicine and aesthetic healthcare services through general practitioner and aesthetic clinics.

Based on the unaudited financial statements of the Group, the net tangible assets of the Clinic Entities is S\$2.1 million and the profit before tax of the Clinic Entities is S\$3.4 million for the financial period ended 30 June 2022.

## 3. **PRINCIPAL TERMS OF THE SPA**

### 3.1 Proposed Disposal of the Clinic Entities and Other Matters

As disclosed above, the Parties have entered into the SPA to set out the terms and conditions in respect of Proposed Transactions (as defined above), including the purchase by each Purchaser of the Sale Shares held by the Vendor in each Clinic Entity.

The Vendor and / or the Purchasers (as the case may be) acknowledge and agree that upon Completion (as defined in the SPA):

- (i) the Vendor shall waive any and all rights, benefits and interests in the respective Second Call Options. The Second Call Options shall terminate and be of no further force or effect upon Completion, and the Vendor shall not be entitled to exercise any such Second Call Options in relation thereto upon Completion; and
- (ii) the Put Options Rights shall be fully and finally satisfied by way of the waiver by the respective Purchasers of the First Put Options and Second Put Options. The First Put Options and Second Put Options shall terminate and shall be of no further force or effect upon Completion and each Purchaser shall not be entitled to exercise any such Put Options in relation thereto upon Completion.

The Purchasers shall not be obliged to (i) complete the purchase of any of the Sale Shares unless the purchase of all of the Sale Shares is completed simultaneously and (ii) waive their Put Options Rights unless the purchase of the Sale Shares is completed simultaneously with the waiver of the Put Options Rights.

### 3.2 Consideration

- (a) The consideration for the sale of the Sale Shares shall be an aggregate amount of S\$2,200,000 ("**Consideration**"), and shall be satisfied by the Purchasers by payment without deduction, to the Vendor on Completion in amounts as set out in the SPA.
- (b) The Vendor shall, on the Completion Date, apply a portion of the Consideration equivalent to the outstanding amount payable by the Vendor to DBS Bank Ltd as set out in the redemption statements in respect of the Existing DBS Loans, for the purpose of repayment to DBS Bank Ltd of the Existing DBS Loans.

The Consideration was arrived at by agreement between the Vendor and the Purchasers at arm's length, on a "willing-buyer, willing-seller" basis after taking into account *inter alia* the cash settlement of the Consideration, the value of the Put Options Rights and the ability of the Purchasers to complete the transaction expeditiously.

### 3.3 Fulfilment of the Consideration

In respect of the Sale Shares, the Consideration to be paid by the Purchasers to the Vendor under this Agreement shall be discharged by way of bank transfer to the Vendor on the Completion Date, or by such other manner as may be agreed between the Purchasers and the Vendor in writing.

### 3.4 Conditions Precedent

Completion of the Proposed Transaction is conditional upon the following conditions satisfied or waived in accordance with the SPA:

- (a) in respect of the Existing DBS Loans (as defined in the SPA), the delivery by the Vendor to the Purchasers (or their solicitors) of the preliminary redemption statements in respect of the Existing DBS Loans;
- (b) the purchase and transfer of the Sale Shares upon the terms and conditions of the SPA not being prohibited or restricted by any statute, order, rule, regulation, directive, guideline or request (whether or not having the force of law) promulgated by any legislative, executive or regulatory body or other authority of Singapore and any other relevant jurisdictions, including but not limited to the provisions of the Insolvency, Restructuring and Dissolution Act 2018;
- (c) the Vendor providing written confirmation that all consents and approvals of, notices to and filings or registrations with any governmental authority or any other person required pursuant to any Applicable Law (as defined in the SPA), including compliance with all relevant provisions of the Insolvency, Restructuring and Dissolution Act 2018 or regulation of any governmental authority, or to which its respective assets are subject or bound, in connection with the execution, or the consummation of the transactions contemplated thereby have been duly obtained or made;
- (d) the Purchasers providing written confirmation that all consents and approvals of any person required pursuant to any contract binding on the Clinic Entities, in connection with the execution, or the consummation of the transactions contemplated thereby, have been duly obtained or made; and
- (e) the Vendor procuring the written resignations in the agreed form from Mr. Pei Zongle as a director from each of the Clinic Entities, duly executed by Mr. Pei Zongle to take effect on Completion Date.

## 4. **USE OF PROCEEDS AND PROFIT FROM PROPOSED TRANSACTION**

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

Based on the unaudited financial statements of the Group for 30 June 2022 ("**Latest Accounts**"), the total Consideration of S\$2.2 million represents a profit of S\$1.13 million over the net book value of the Sale Shares of S\$1.07 million.

## 5. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction is part of the Judicial Managers' proposal for the Vendor to achieve the following purpose stated in section 89(1)(c) of the Insolvency, Restructuring and Dissolution Act:

- (a) the survival of the Vendor, or a whole part or part of its undertaking as a going concern; and/or
- (b) a more advantageous realisation of the Vendor's assets or property than on a winding up.

## 6. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING RULES

The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Rules in respect of the Proposed Transaction and based on the Latest Accounts are as follows:

Rule 1006	Base	Relative figure
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	-4% <sup>(1)</sup>
(b)	The net profit attributable to the assets acquired or disposed of, compared with the Group's net loss <sup>(2)</sup>	-7% <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	14% <sup>(3)</sup>
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable <sup>(5)</sup>

**Notes:**

- (1) Based on the unaudited net asset value of S\$1.1 million of the Sale Shares and the unaudited net asset value of the Group of -S\$29.0 million, based on the Latest Accounts.
- (2) Based on the unaudited profit of S\$3.4 million of the Clinic Entities and unaudited loss of the Group of approximately S\$48.6 million, based on the Latest Accounts.
- (3) Based on (i) the Consideration of S\$2.2 million; and (ii) the Company's market capitalisation calculated based on 208,464,669 issued shares (excluding treasury shares) multiplied by S\$0.075 (being the last traded price on 15 November 2021, the date on which the Company requested a trading halt).
- (4) Rule 1006(d) of the Listing Rules is not applicable to a disposal of assets.
- (5) Rule 1006(e) of the Listing Rules is not applicable as the Company is not a mineral, oil and gas company.

As the Proposed Disposal involves the disposal of a profit-making asset by the Group (which is loss-making), the computation of the relative figures under Rule 1006(a) and (b) involves negative figures. In accordance with paragraph 4.4(c) and (d) of Practice Note 10.1, it is a discloseable transaction.

## 7. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

### 7.1 Bases and Assumptions

For the purposes of illustration only, the pro forma financial effects of the Proposed Transaction are set out below. The pro forma financial effects have been prepared based on the unaudited consolidated financial statements of the Group for the financial year ended 30 June 2022 and assuming the completion of the Proposed Transaction, as set out below. The pro forma financial effects are only presented for illustration purposes and are not intended to reflect the actual future financial position and performance of the Company or the Group after the Proposed Transaction.

### 7.2 Net Tangible Liabilities ("NTL")

Assuming that the Proposed Transaction was completed on 30 June 2022, the *pro forma* financial effects of the Proposed Transaction on the unaudited consolidated NTL of the Group are as follows:

	<b>As at 30 June 2022</b>	
	<b>Before the Proposed Transaction</b>	<b>After the Proposed Transaction</b>
<b>NTL of the Group (S\$'000)</b>	29,045	30,123
<b>Number of issued ordinary shares in the capital of the Group</b>	208,464,669	208,464,669
<b>NTL per share (cents)</b>	(0.14)	(0.14)

### 7.3 Earnings Per Share ("EPS")

Assuming that the Proposed Transaction had been completed on 1 July 2021, the *pro forma* financial effects of the Proposed Transaction on the unaudited consolidated EPS of the Group are as follows:

**FY2022**

	<b>Before the Proposed Transaction</b>	<b>After the Proposed Transaction</b>
<b>Loss after tax (S\$'000)</b>	(48,600)	(49,802)
<b>Weighted average number of Shares</b>	208,464,669	208,464,669
<b>EPS (cents)</b>	(0.23)	(0.24)

**8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Company's directors or controlling shareholders or their associates has any interest, direct or indirect, in the Proposed Transaction, other than through their respective shareholdings in the Company.

**9. DIRECTORS' SERVICE CONTRACTS**

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

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 456 Alexandra Road, #24-01, Fragrance Empire Building, Singapore 119962 for a period of three (3) months from the date of this Announcement.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm after making all reasonable enquiries that to the best of their knowledge and belief, this Announcement constitutes full and true disclosure of all material facts about the Proposed Transaction and the Directors are not aware of any facts the omission of which would make any statement in this Announcement misleading.

Where information in this Announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Announcement in its proper form and context.

**12. FURTHER ANNOUNCEMENTS**

The Company will make further announcements on the Proposed Transaction as appropriate or when there are further developments on the same.

**13. CAUTION IN TRADING**

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

**Shareholders and potential investors are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential**

**investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.**

**FOR AND ON BEHALF OF THE BOARD**

Mr Han Binke  
Executive Director and CEO

3 May 2023