

NEW SILKROUTES GROUP LIMITED

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

APPLICATION FOR WAIVER FROM CONDITIONS SPECIFIED IN THE OUTCOME LETTER (AS DEFINED HEREIN) ISSUED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “SGX-ST”)

1. INTRODUCTION

The board of directors (the “**Board**”) of New Silkroutes Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to the Company’s announcements made on 10 June 2024 and 12 September 2024 in relation to the trading resumption proposal submitted by the Company to the SGX-ST dated 10 June 2024 (the “**10 June Letter**”), and the corresponding outcome letter from the SGX-ST dated 11 September 2024 (the “**Outcome Letter**”).

2. CONDITIONS IMPOSED BY THE SGX-ST IN THE OUTCOME LETTER

As announced in the Company’s announcement dated 12 September 2024, the Outcome Letter stated that the Company’s trading resumption proposal set out in the 10 June Letter was rejected and trading in the Company’s securities will remain suspended as there exists material uncertainty over (i) the Group’s ability to operate as a going concern; and (ii) viability of its new business. The Company is hence required to resubmit a revised trading resumption proposal (the “**Revised Proposal**”) by 31 December 2024 which should include, amongst others, the following (the “**Conditions**”):

- (a) Audited financial statements for the financial year ended 30 June 2024 (“**FY2024 Financial Statements**”) and all outstanding unaudited financial statements;
- (b) The Company convening its annual general meeting for the financial year ended 30 June 2024 (“**2024 AGM**”) by 31 December 2024;
- (c) Confirmation to the satisfaction of the SGX-ST that the Company has obtained all the requisite approvals from the various national agencies for the following upgrades planned for Hequ Yuanyang Industrial Co., Ltd. (“**HYI**”), an indirect subsidiary of the Company: (i) connecting HYI’s railway to China’s Shenhua Railway, (ii) improvement of the coal loading process, (iii) extension of HYI’s railway and (iv) construction of a new pulverised coal field (collectively, the “**Upgrades**”);
- (d) The Company demonstrating to the satisfaction of the SGX-ST that it has secured sufficient financing to fund the Upgrades;
- (e) The completion of the improvement of the coal loading process as represented in the Company’s indicative milestones and timelines;
- (f) Independent Review Report by the Company’s statutory auditors on (i) the Group’s pro-forma financial statements (i.e. balance sheet, income statement and cash flow statement); (ii) the Group’s cash flow projections; and (iii) HYI’s financial projections (including cash flow projections); and
- (g) Audited HYI’s latest financial statements for the financial year ended 31 December 2023 by a suitable auditing firm, which must meet the requirements under Rule 712 of

the listing manual of the SGX-ST (the “**Listing Manual**”), with an unmodified audit opinion.

In the event of a failure to meet any of the above milestones by 31 December 2024, the SGX-ST will proceed to delist the Company pursuant to Rule 1304 of the Listing Manual. The SGX-ST reserves the right to amend and/or vary the above decision and such decision is subject to changes in the SGX-ST’s policies.

3. THE WAIVER APPLICATION MADE TO THE SGX-ST

On 2 October 2024, the Company submitted an application to the SGX-ST to clarify and seek a waiver from certain Conditions stated in the Outcome Letter (the “**Waiver Application**”).

4. RATIONALE FOR THE WAIVER APPLICATION

Details of the Waiver Application and the rationale for the Waiver Application are as follows:

Conditions 2(a) and (b)

Regarding Conditions 2(a) and (b) of the Outcome Letter, the Company clarified in the Waiver Application that its ability to fulfil those Conditions was largely contingent upon the successful transition to a new auditor, as detailed in the circular regarding the change of auditors dated 15 October 2024. This transition was necessary due to the existing audit progress is slower than earlier anticipated. Once the change of auditors is completed, the Company would be able to prepare its FY2024 Financial Statements and lay the same at its 2024 AGM.

Notwithstanding the foregoing, as announced by the Company on 13 December 2024 (“**13 December Announcement**”), the Company had sought an extension of time to submit the FY2024 Financial Statements in its Revised Proposal and to hold its 2024 AGM. Please refer to the 13 December Announcement for further details.

Further, in the Waiver Application, the Company expressed its concerns about the challenges faced in meeting Conditions 2(c), (d) and (e) of the Outcome Letter, the reasons and clarifications (where applicable) for which are as follows:

Condition 2(c)

(i) Confirmation to the satisfaction of the SGX-ST that the Company has obtained all the requisite approvals from the various national agencies for connecting HYI’s railway to China’s Shenhua Railway

In the Waiver Application, the Company assured the SGX-ST that plans for connecting HYI’s railway to China’s Shenhua Railway were currently in progress. However, while the Company endeavoured to submit the relevant applications to the Chinese authorities as soon as possible, the Company sought the SGX-ST’s understanding that the ability to obtain the requisite approvals by 31 December 2024 is beyond the Company’s control and would depend on the efficiency of the Chinese government in processing the necessary licences. As such, the Company sought the SGX-ST’s understanding that this Condition may not be fulfilled in the Revised Proposal.

(ii) Confirmation to the satisfaction of the SGX-ST that the Company has obtained all the requisite approvals from the various national agencies for the improvement of the coal loading process

In the Waiver Application, the Company clarified that the improvement to the coal loading process was encouraged by the Chinese government but is not presently a strict regulatory requirement. Given that such coal loading improvements require time, costs and effort on the part of the Company, the Company decided to continue with its current coal loading process which has no issues. In the event the Chinese government subsequently decides that the coal loading improvements are mandatory, the Company would then make plans to comply with the mandatory requirements. As such, the Company sought the SGX-ST's understanding that this Condition may not be fulfilled in the Revised Proposal.

(iii) Confirmation to the satisfaction of the SGX-ST that the Company has obtained all the requisite approvals from the various national agencies for the extension of HYI's railway and construction of a new pulverised coal field

In the Waiver Application, the Company clarified that the construction of the new pulverised coal field was part of a long-term plan and is currently slated for completion around December 2026. While the Company endeavoured to expedite the process and update the SGX-ST on its progress by December 2024, it would not be possible to obtain all requisite approvals from the Chinese government by such date. As such, the Company sought the SGX-ST's understanding that this Condition may not be fulfilled in the Revised Proposal.

Condition 2(d)

Regarding Condition 2(d) of the Outcome Letter, the Company clarified in the Waiver Application that it is a common practice in China for construction companies to undertake projects on a debt basis, where the work is performed initially, followed by payment on an instalment basis. As such, there is typically no requirement to procure financing in advance. Consequently, the Company did not intend to obtain sufficient financing to fund the Upgrades in advance. Instead, it would plan to obtain financing to fund the Upgrades as and when the need arises. Consequently, the Company sought the SGX-ST's understanding that this Condition will not be fulfilled in the Revised Proposal.

Condition 2(e)

The Company referred to its clarification regarding Condition 2(c) and sought the SGX-ST's understanding as to why Condition 2(e) of the Outcome Letter would not be fulfilled in the Revised Proposal.

Conditions 2(f) and (g)

Regarding Conditions 2(f) and (g) of the Outcome Letter, the Company stated in the Waiver Application that it would procure the independent review report by the Company's statutory auditors on (i) the Group's pro-forma financial statements (i.e. balance sheet, income statement and cash flow statement); (ii) the Group's cash flow projections; (iii) HYI's financial projections (including cash flow projections); and (iv) the audited HYI's latest financial statements for the financial year ended 31 December 2023 by a suitable auditing firm, meeting the requirements under Rule 712 of the Listing Manual, with an unmodified audit opinion. The Company further stated that it would include the aforementioned in its Revised Proposal, which would be submitted to the SGX-ST by 31 December 2024.

Notwithstanding the foregoing, as stated in the 13 December Announcement, the Company sought an extension of time to submit the Revised Proposal. Please refer to the 13 December Announcement for further details. Consequently, the Company will include the items mandated

in Conditions 2(f) and (g) of the Outcome Letter in the Revised Proposal to be submitted to the SGX-ST in due course.

5. CONCLUSION

In conclusion, the Company had sought a waiver from the SGX-ST in the Waiver Application from complying with Conditions 2(c), (d) and (e) of the Outcome Letter in its Revised Proposal based on the rationale set out in paragraph 4 of this announcement.

The Company will provide further updates on the outcome of the Waiver Application in due course.

FOR AND ON BEHALF OF THE BOARD

Mr. Han Binke
Executive Directors and CEO
31 December 2024