NEW SILKROUTES GROUP LIMITED

(formerly known as Digiland International Limited)

(Registration No. 199400571K)

(Incorporated in Singapore)

PROPOSED SUBSCRIPTION OF SHARES IN BALING (CHINA) INVESTMENT LIMITED

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1. INTRODUCTION

The board of directors (the "**Board**") of New Silkroutes Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Top Post Enterprises Limited (the "**Subscriber**"), has on 19 February 2016 entered into a subscription agreement (the "**Agreement**") with Baling (China) Investment Limited ("**BCI**") to subscribe for such number of shares in BCI that shall represent approximately 99.97% of the enlarged share capital of BCI (the "**Proposed Subscription**").

Upon completion of the Proposed Subscription, BCI will become a subsidiary of the Company.

2. INFORMATION ON BCI AND RATIONALE OF THE PROPOSED SUBSCRIPTION

BCI was incorporated in Hong Kong on 25 October 2012. It is principally engaged in international trading of natural resources, including but not limited to iron ore, coal, coke, and precious metal.

As at the date hereof, BCI has a paid-up and issued share capital of HK$10,000 divided into 10,000 ordinary shares. The current shareholder of BCI is Mr. Wilson Tang.

The Proposed Subscription is in-line with the Group's strategic plans and on-going efforts to pursue new investment opportunities. It is expected to provide an additional revenue stream for the Group, and is part of the Group's strategy to pursue diversification to strengthen the Group's operations and financial position and to ensure continued growth and success of the Group.

3. PRINCIPAL TERMS OF THE PROPOSED SUBSCRIPTION

3.1 Consideration

The consideration for the Proposed Subscription is Hong Kong Dollar Thirty Five million (HK$35,000,000) (equivalent to US$4,491,139.60 based on an exchange rate of HK$7.7931 : US$1.00) (the "**Consideration**"). The Consideration shall be used by BCI for trading purpose and general working capital purpose only.

The Consideration shall be paid in cash and will be funded by a combination of internal resources and bank borrowings.

The Consideration was arrived at on a willing buyer willing seller basis and on arm's length commercial terms, after taking into account, *inter alia*, the net tangible assets ("**NTA**") and business prospects of BCI. No valuation was commissioned in respect of BCI.

Based on the unaudited financial statements of BCI for the period ended 31 December 2015, the NTA of BCI as at 31 December 2015 is HK$10,000.

3.2 Conditions Precedent

The completion of the Proposed Subscription is conditional upon, *inter alia*:

(a) the relevant authorisation and/or consent that is required for the Proposed Subscription being given; and

(b) the Subscriber being satisfied with the due diligence examination/review in respect of BCI.

3.3 Nomination of Directors

Pursuant to the Agreement, the Subscriber is entitled to nominate and appoint two executive directors to the board of BCI.

4. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

The relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in respect of the Proposed Subscription and based on the unaudited financial statements of the Company for the period ended 31 December 2015 ("**2Q2016**") are as follows:

Base	**Relative figure computed in accordance with the bases set out in Rule 1006**
Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable to the Proposed Subscription
Rule 1006(b) – the net profits attributable to the assets acquired, compared with Group's net profits	Not applicable[(1)]
Rule 1006(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%[(2)]
Rule 1006(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 to the Proposed Subscription
Rule 1006(e) – the aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	Not applicable as the Company is not a mineral, oil and gas company

Notes:

(1) No profits are attributable to the assets acquired as BCI has not commenced business yet.

(2) The Consideration is Hong Kong Dollar Thirty Five Million (HK$35,000,000.00) (equivalent to US$4,491,139.60 based on an exchange rate of HK$7.7931 : US$1.00).

The Company market capitalisation of US$31,031,000 is computed based on 100,689,542 shares in issue and the closing price of S$0.440 per share transacted on 18 February 2016, being the market day preceding the signing of the Agreement.

As the relative figure under Rule 1006(c) exceeds 5% but does not exceed 20%, the Proposed Subscription constitutes a discloseable transaction pursuant to Rule 1010 of the Listing Manual.

5. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

5.1 Bases and Assumptions

For the purposes of illustration only, the financial effects of the Proposed Subscription taken as a whole are set out below. The financial effects have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2015 and do not necessarily reflect the actual future financial position and performance of the Group following completion of the Proposed Subscription.

5.2 Share Capital

The Proposed Subscription has no impact to the Company's issued share capital.

5.3 NTA

Assuming that the Proposed Subscription was completed on 30 June 2015, the financial effects of the Proposed Subscription on the consolidated NTA of the Group are as follows:

	As at 30 June 2015	
	NTA of the Group (US$'000)	NTA per share (US cents)
Before the Proposed Subscription	34,582	34.345
After the Proposed Subscription	34,583	34.346

5.4 Earnings Per Share ("**EPS**")

Assuming that the Proposed Subscription had been completed on 1 July 2014, the financial effects of the Proposed Subscription on the consolidated EPS of the Group are as follows:

	As at 30 June 2015	
	Earnings/(Loss) of the Group (US$'000)	EPS/(Loss) per share (US cents)
Before the Proposed Subscription	(2,573)	(2.555)
After the Proposed Subscription	(2,573)	(2.555)

5.5 Gearing

The Proposed Subscription will have no material impact on the gearing of the Group.

6. SERVICE AGREEMENTS

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

7. 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 Subscription, other than through their respective shareholdings in the Company.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be available for inspection during normal business hours at the Company's registered office at 21 Serangoon North Avenue 5, Ban Teck Han Building #05-02, Singapore 554864 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lim Koon Hock
Joint Company Secretary

19 February 2016