NEW SILKROUTES GROUP LIMITED

(formerly known as Digiland International Limited)

(Registration No. 199400571K)

(Incorporated in Singapore)

THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

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1. INTRODUCTION

1.1 **Withdrawal of Previous Application**. The board of directors (the "**Board**" or the "**Directors**") of New Silkroutes Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**"), refers to the Company's announcement dated 25 August 2015 (the "**Announcement**"). The Board now wishes to update the shareholders of the Company (the "**Shareholders**") that, having reconsidered the terms of the previously proposed renounceable non-underwritten rights issue of up to 100,690,237 rights shares, at an issue price of S$0.05 for each rights share on the basis of one (1) rights share for every one (1) existing ordinary share (the "**Share**") of the Company, the Company now intends to propose a rights cum warrants issue instead and has accordingly withdrawn its additional listing application to the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company will make a fresh application in due course for the Proposed Rights cum Warrants Issue (as defined below).

1.2 **Proposed Rights cum Warrants Issue**. The Board wishes to announce that the Company is proposing a renounceable non-underwritten rights cum warrant issue of up to 25,172,385 new ordinary Shares (the "**Rights Shares**") in the issued and paid-up capital of the Company at an issue price of S$0.20 for each Rights Share (the "**Issue Price**"), with up to 25,172,385 free detachable warrants (the "**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary Share in the capital of the Company (the "**New Share**") at an exercise price of S$0.30 for each New Share (the "**Exercise Price**"), on the basis of one (1) Rights Share with (1) free detachable Warrant for every four (4) existing ordinary Shares in the issued share capital of the Company, held by Shareholders of the Company as at a time and date to be determined by the Directors for the purpose of determining the Shareholders' entitlement under the proposed rights cum warrants issue (the "**Books Closure Date**"), fractional entitlements to be disregarded (the "**Proposed Rights cum Warrants Issue**").

1.3 **General Mandate**. The issue of the Rights Shares and the New Shares is proposed to be made pursuant to the authority granted by the Shareholders under the share issue mandate ("**Share Issue Mandate**") approved at the annual general meeting of the Company held on 29 October 2015, pursuant to Section 161 of the Companies Act, Cap.50 and Rule 806(2) of the Listing Manual of the SGX-ST (the "**Listing Manual**"). Accordingly, the Company will not be seeking specific approval from the Shareholders for the Proposed Rights cum Warrants Issue as the basis of the Proposed Rights cum Warrants Issue falls within the limit of the Share Issue Mandate.

1.4 **Non-Underwritten**.In view of the savings in costs by the Company as a result of not having to pay any underwriting fees and there being no minimum amount to be raised by the Proposed Rights cum Warrants Issue, the Company has decided to proceed with the Proposed Rights cum Warrants Issue without having the Proposed Rights cum Warrants Issue being underwritten by any financial institution.

2. PRINCIPAL TERMS OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

2.1 **Basis of Provisional Allotment.** The Proposed Rights cum Warrants Issue is to be made on a renounceable basis to Entitled Shareholders (as defined below) on the

basis of one (1) Rights Share with one (1) free detachable Warrant for every four (4) existing Shares held as at the Books Closure Date, fractional entitlements to be disregarded.

2.2 **Issue Price and Exercise Price.** The proposed Issue Price of S$0.20 for each Rights Share represents a discount of approximately 62.26% to the closing market price of the last trading day preceding this announcement (being S$0.53) and a discount of approximately 56.90% to the theoretical ex-rights price of the Share (being S$0.464). The proposed Exercise Price of S$0.30 for each New Share represents a discount of approximately 43.40% to the closing market price of the last trading day preceding this announcement (being S$0.53) and a discount of approximately 35.34% to the theoretical ex-rights price of the Share (being S$0.464).

2.3 **Form and Subscription Rights of the Warrants.** Up to 25,172,385 Warrants will be issued in registered form and will be subject to the terms and conditions to be set out in an instrument by way of a deed poll constituting the Warrants (the "**Deed Poll**"). The Warrants will carry the right to subscribe for one (1) New Share at the Exercise Price of S$0.30 for each New Share at any time during the period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of the issue of the Warrants (the "**Exercise Period**"), unless such date is a date on which the register of members of the Company (the "**Register of Members**") is closed or is not a day on which the SGX-ST is open for securities trading (a "**Market Day**"), in which event the Exercise Period shall end on the date prior to the closure of the Register of Members of the Company or the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the register of holders of Warrants may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll. The Warrants which have not been exercised after the date of expiry shall lapse and cease to be valid for any purpose.

2.4 **Detachability and Trading of the Warrants.** The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form and will be listed and traded separately on the SGX-ST under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on the SGX-ST, subject to, amongst others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

2.5 **Eligibility of Shareholders to participate in the Proposed Rights cum Warrants Issue.** The Company proposes to provisionally allot Rights Shares with Warrants to all the Entitled Shareholders, comprising Entitled Depositors and Entitled Scripholders (both as defined herein).

2.6 **Entitled Depositors.** Shareholders whose Shares are registered in the name of the Central Depository (Pte) Limited (the "**CDP**") and whose securities accounts with CDP are credited with Shares as at the Books Closure Date (the "**Depositors**") will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their securities account with CDP as at the Books Closure Date. To be "**Entitled Depositors**", Depositors must have registered addresses with CDP in Singapore as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents.

2.7 **Entitled Scripholders.** Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to the Books Closure Date by B.A.C.S Private Limited (the "**Share Registrar**"), will be registered to determine the provisional entitlements of the transferee (the "**Scripholder**"), which term shall include a person who is registered as a holder of Shares and whose share certificates are not deposited with CDP) under the Proposed Rights cum Warrants Issue. To be "**Entitled Scripholders**", Scripholders

must have registered addresses in Singapore as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

2.8 **Foreign Shareholders.** For practical reasons and in order to avoid violation of relevant legislation applicable in countries other than Singapore, the Proposed Rights cum Warrants Issue is only made in Singapore and the Rights Shares with Warrants will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not at least three (3) market days prior to the Books Closure Date, provided to the Company, the CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**"). The Offer Information Statement (to be set out in detail below) to be issued for the Proposed Rights cum Warrants Issue and its accompanying documents will not be mailed outside Singapore. Accordingly, no provisional allotments of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid. Entitlements to Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders will, if practicable, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares with Warrants commence.

Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date and sent to them at their own risk by ordinary post, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S$10.00. In the event the amount is less than S$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in connection therewith. Where such provisional allotments of Rights Shares with Warrants are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares and the Warrants represented by such provisional allotments.

2.9 **Ranking.** The Rights Shares will be payable in full upon acceptance and/or application and, upon allotment and issue, will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date (as defined herein) for which falls before the date of issue of the Rights Shares.

The New Shares allotted and issued upon the exercise of the Warrants shall be fully paid and will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date (as defined herein) for which falls before the date of issue of the New Shares.

For the purpose herein, "**Record Date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

2.10 **Provisional Allotments and Excess Applications.** Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for Rights Shares and the Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue.

Provisional allotments of Rights Shares and Warrants which are not taken up for any reason shall be used to satisfy excess applications for Rights Shares and Warrants (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company. In the allotment of excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for excess Rights Shares and Warrants, if any, provided that where there are insufficient excess Rights Shares with Warrants to allot to each application, the Company shall allot the excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board of the Company, will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants.

Fractional entitlements to the Rights Shares and Warrants will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company.

The Exercise Price and/or the number of Warrants to be held by each Warrantholder will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Such circumstances include, without limitation, consolidation or subdivision of Shares, capitalisation issues, rights issue and certain capital distributions. Any such adjustments shall (unless otherwise provided under the Listing Manual from time to time) be announced by the Company.

3. RATIONALE OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

3.1 **Rationale of the Proposed Rights cum Warrants Issue.** The Proposed Rights cum Warrants Issue has been proposed to raise funds for (a) the expansion of the business of the Group through investments, acquisition, joint ventures or strategic alliances which the Company may identity through its efforts to actively seek new areas of business, investment and collaboration ("**Acquisitions**"); and (b) for working capital so as to provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans ("**Working Capital**").

3.2 **Use of Net Proceeds and Exercise Proceeds.** The maximum estimated net proceeds will be approximately S$4.68 million (the "**Net Proceeds**"), after deducting professional and related expenses incurred in connection with the Proposed Rights cum Warrants Issue (assuming the Rights Shares are fully subscribed for).

The Company intends to use the Net Proceeds in the following proportions:

Use of Net Proceeds	**Percentage Allocation (%)**
Funding the cost of Acquisitions	50%
Working Capital	50%

Assuming all the Warrants issued under the Proposed Rights cum Warrants Issue are exercised, the estimated gross proceeds from the exercise of the Warrants will be approximately S$7.55 million ("**Exercise Proceeds**"). As and when the Warrants are exercised, the Exercise Proceeds raised may, at the discretion of the Directors, be applied towards the Acquisitions as well as Working Capital.

The Directors are of the reasonable opinion that, after taking into consideration the Group's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements and the proceeds from the Proposed Rights cum Warrants Issue will be used towards improving the Group's Working Capital position and funding the Acquisitions, if any.

In the event that any part of the Company's proposed uses of the Net Proceeds and/or Exercise Proceeds does not materialise or proceed as planned, the Directors will carefully evaluate the situation and may reallocate the proceeds to other purposes. Any change in the use of the Net Proceeds and/or Exercise Proceeds will be subject to the provisions of the Listing Manual and appropriate announcements will be made by the Company on SGXNET. Pending the deployment of the Net Proceeds and/or Exercise Proceeds, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis, as the Directors may in their absolute discretion deem fit in the interest of the Group. The Company will make periodic announcements on the utilisation of the Net Proceeds and/or Exercise Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of proceeds from the Proposed Rights cum Warrants Issue in the Company's annual report(s). Where the proceeds have been used for Working Capital, the Company will also provide a breakdown with specific details on the use of proceeds for Working Capital in the announcements and status reports.

4. APPROVALS FOR THE PROPOSED RIGHTS CUM WARRANTS ISSUE

4.1 The Proposed Rights cum Warrants Issue is subject to, *inter alia*, the following:

(a) the execution of the Deed Poll;

(b) the in-principle approval of the SGX-ST (such approval not having been withdrawn or revoked on or prior to the closing date of the Proposed Rights cum Warrants Issue) for the listing of and quotation for the Rights Shares, the Warrants and the New Shares on the SGX-ST, and if such approval is granted subject to conditions, such conditions being acceptable to the Company; and

(c) the lodgement of the Offer Information Statement (as set out in detail below) together with all other accompanying documents by the Company with the Monetary Authority of Singapore.

4.2 The Company will make an application to the SGX-ST for the listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Mainboard of the SGX-ST. An appropriate announcement will be made in due course to notify Shareholders when the listing and quotation notice is obtained.

5. OFFER INFORMATION STATEMENT

The terms and conditions of the Proposed Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights cum Warrants Issue will be contained in the Offer Information Statement to be issued by the Company in due course. All Entitled Shareholders will receive the appropriate application forms and accompanying documents at their Singapore addresses.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Saved as disclosed in this announcement, none of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Rights cum Warrants Issue (other than through their respective shareholdings in the Company).

7. 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 Rights cum Warrants Issue, the Company and its subsidiaries, 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.

BY ORDER OF THE BOARD

Lim Koon Hock
Joint Company Secretary

30 December 2015