NEW SILKROUTES GROUP LIMITED

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

DISPOSAL OF INTERNATIONAL ENERGY GROUP PTE. LTD.

1. INTRODUCTION

1.1 The board of directors (the "**Board**" or the "**Directors**") of New Silkroutes Group Limited ("**NSG**" or the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiary, New Silkroutes Capital Pte. Ltd. ("**NSC**" or the "**Vendor**"), had on 25 March 2019 entered into a share sale and purchase agreement (the "**SPA**") with TK Energy Limited (the "**Purchaser**") to dispose of 100% of the issued and paid-up share capital (the "**Sale Shares**") of International Energy Group Pte. Ltd. ("**IEG**" or the "**Target Company**") to the Purchaser for an aggregate consideration of US$10,000,000 (the "**Consideration**") (the "**Proposed Disposal**").

1.2 Rule 704(18)(c) of the Listing Manual

IEG will cease to be a subsidiary of the Company following the completion of the Proposed Disposal.

2. INFORMATION ON THE TARGET COMPANY

IEG is a private company limited by shares incorporated in Singapore on 15 August 2014. As at the date of this announcement, IEG has an issued and paid-up share capital of S$34,686,000 comprising 34,686,000 ordinary shares, entirely held by NSC. IEG is a wholly-owned subsidiary of the Company and is engaged in the business of oil and gas trading.

3. INFORMATION ON THE PURCHASER

The Purchaser is a private company limited by shares incorporated in Hong Kong formed by stakeholders with interests in the oil and gas sector.

4. RATIONALE OF THE PROPOSED DISPOSAL

The Proposed Disposal is in line with the Group's business strategy to focus on its healthcare division. Following the completion of the Proposed Disposal, the Group will become a full-fledged healthcare group. The Proposed Disposal will enable the Group to channel its resources entirely to the healthcare business, which the Board believes has the potential for growth to the benefit of the Company and its shareholders. The Board is of the view that the Proposed Disposal will reinforce the Company's earnings base, strengthen the Group's operations and financial position, and enhance the long-term interests of shareholders.

5. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

5.1 Introduction

Pursuant to the terms of the SPA, the Vendor shall dispose of the entire issued and paid-up share capital of IEG (the "**Sale Shares**") to the Purchaser, free and clear from any encumbrances and claims, and together with all rights, benefits, and entitlements attaching thereto.

5.2 Consideration

5.2.1 The total consideration payable by the Purchaser to NSC for the disposal of the Sale Shares is US$10,000,000. In connection therewith, the Purchaser has entered into a loan agreement dated 25 March 2019 with NSG pursuant to which the Purchaser agreed to make available to NSG a loan of US$10,000,000. The loan will be deemed to be repaid in full on the date of completion of the SPA (the "**SPA Completion Date**") when all the issued and paid-up shares of IEG are transferred from NSC to the Purchaser.

5.2.2 The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendors and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the historical earnings and net tangible assets of the Target Company.

5.3 Conditions Precedent

The completion of the Proposed Disposal is conditional upon the approval of the Company's shareholders in general meeting and/or the SGX-ST having been obtained, where required, on or prior to the long-stop date (being 30 June 2019).

6. VALUE OF IEG, GAIN FROM PROPOSED DISPOSAL AND USE OF PROCEEDS

6.1 Value of IEG

6.1.1 Based on the latest announced consolidated financial statements of the Group for the financial period ended 31 December 2018 ("**2Q2019**"), the book value and net tangible asset ("**NTA**") value of IEG as at 31 December 2018 was approximately US$26,011,000. There is no difference between the book value and NTA of IEG.

6.1.2 After adjustment for the exclusion of available-for-sale investment, certain other receivables and waiver of intercompany balances, the Vendor and the Purchaser agree that the NTA of the Target Company as at the SPA Completion Date shall be US$10,000.

6.2 Excess of Proceeds over Book Value

Based on the adjusted NTA of the Target Company as set out in paragraph 6.1.2 above, the Consideration represents an excess of US$9,990,000 over the adjusted NTA of the Target Company.

6.3 Use of Proceeds

The Consideration will be redirected to further the growth of the Company's healthcare business and for general working capital purposes.

6.4 Net Profits Attributable to the Target Company and Gain on Disposal

The net profits before tax attributable to the Target Company for 2Q2019 is approximately US$568,000 and there will be an estimated gain of US$9,990,000 on disposal.

7. LOAN FACILITY FROM THE PURCHASER TO IEG

7.1 In connection with the SPA, IEG has entered into a facility agreement dated 25 March 2019 with the Purchaser as lender (the "**Lender**") pursuant to which the Lender agreed to make available to IEG credit facilities of up to US$250,000,000 which may be in the form of revolving or term loans, letters of credit or other forms of financing (the "**Loan**") (the "**Loan Agreement**"). IEG may use the Loan for general working capital purposes and expansion of the business of IEG and its subsidiaries.

7.2 The first advance of US$50,000,000 will be made available by the Lender to IEG within 10 business days from the date of the Loan Agreement or such other date as may be agreed between IEG and the Lender, and is repayable in full on the SPA Completion Date by way

of the issue and allotment by IEG of such number of new ordinary shares in the capital of IEG to the Lender as may be agreed between IEG and the Lender.

8. CHAPTER 10 OF THE LISTING MANUAL

Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest announced consolidated financial statements of the Group for 2Q2019 and the adjusted NTA of the Target Company as set out in paragraph 6.1.2 of this announcement are set out below:

Rule	Proposed Disposal
Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	0.02%(1)
Rule 1006(b) – the net profits(2) attributable to the assets disposed of, compared with the Group's net loss	-235.68%(3)
Rule 1006(c) – the aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares)	26.02%(4)
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 (excluding treasury shares)	Not applicable, as this is not an acquisition.
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) Based on the latest announced consolidated financial statements of the Group for 2Q2019, the net asset value of the Group was approximately US$43,901,000. Based on the adjusted NTA of the Target Company as set out in paragraph 6.1.2 of this announcement, the net asset value of the Target Company is approximately US$10,000.

(2) "Net profits" means profit or loss before income tax, minority interests and extraordinary items.

(3) Based on the latest announced consolidated financial statements of the Group for 2Q2019, the net loss of the Group before income tax, minority interests and extraordinary items was approximately US$241,000. Based on the unaudited financial statements of the Target Company for 2Q2019, the net profits attributable to the assets disposed of was approximately US$568,000.

(4) The Consideration for the Proposed Disposal is US$10,000,000 (equivalent to approximately S$13,486,177 based on the in-house exchange rate of the Company of S$1 to US$0.7415 for the month of March 2019). The Company's market capitalisation is S$51,826,283, computed on the basis of 207,887,215 ordinary shares in issue (excluding treasury shares) and the weighted average price of S$0.2493 per share transacted on 22 March 2019, being the last market day preceding the date of the SPA.

As the relative figure in (c) above exceeds 20%, the Proposed Disposal constitutes a "major transaction under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders at the EGM.

9. FINANCIAL EFFECTS

9.1 Bases and Assumptions

The *pro forma* financial effects of the Proposed Disposal are based on, *inter alia*:

(i) the audited consolidated financial statements of the Group for the financial year ended 30 June 2018 ("**FY2018**"); and

(ii) the audited financial statements of IEG for FY2018.

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group following the completion of the Proposed Disposal.

9.2 NTA per share

Assuming that the Proposed Disposal was completed on 30 June 2018, the *pro forma* financial effects of the Proposed Disposal on the consolidated NTA per share of the Group are as follows:

	Before the Proposed Disposal	**After completion of the Proposed Disposal**
Consolidated NTA attributable to the shareholders (US$'000)	35,163	45,153(1)
Number of shares	164,198,495	164,198,495
Consolidated NTA per share attributable to the shareholders (US cents)	21.4149	27.4990

Notes:

(1) Based on the adjusted NTA of the Target Company as set out in paragraph 6.1.2 above, the NTA of the Target Company is approximately US$10,000.

9.3 Earnings per Share ("**EPS**")

Assuming that the Proposed Disposal was completed on 1 July 2017, the *pro forma* financial effects of the Proposed Disposal on the EPS of the Group are as follows:

	Before the Proposed Disposal	**After completion of the Proposed Disposal**
Consolidated profit/(loss) after taxation and minority interests (US$'000)	(3,124)	5,826(1)
Weighted average number of shares	155,238,628	155,238,628
Consolidated earnings/(loss) per share (US cents)	(2.0126)	3.7529

Notes:

(1) Based on the audited financial statements of the Target Company for FY2018, the profit-after-tax of the Target Company is approximately US$1,040,000.

10. SERVICE AGREEMENTS

As at the date of this announcement, no person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal.

11. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Company's Directors or controlling shareholders has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings (if any) in the Company.

12. EGM AND CIRCULAR TO SHAREHOLDERS

The Company will convene an extraordinary general meeting ("**EGM**") to seek the approval of the shareholders of the Company for the Proposed Disposal and a circular containing, *inter alia*, details thereof, together with the opinions and recommendations of the Directors in relation thereto and enclosing the notice of EGM in connection therewith, will be despatched to the shareholders in due course.

13. CAUTIONARY STATEMENT

Shareholders are advised to exercise caution in dealings with the shares, to read this announcement carefully and should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

14. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of each of the SPAs will be available for inspection during normal business hours at the Company's registered office at 456 Alexandra Road #19-02 PSA Building, Singapore 119962 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Dr Goh Jin Hian
Executive Director and Chief Executive Officer

25 March 2019