NEW SILKROUTES GROUP LIMITED

(Registration No. 199400571K)
(Incorporated in Singapore)

THE PROPOSED ACQUISITION OF 66% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF CULROSS GLOBAL HOLDINGS LIMITED

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1. INTRODUCTION

The board of directors (the "**Board**" or the "**Directors**") of New Silkroutes Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, New Silkroutes Capital Pte. Ltd. ("**NSC**"), had on 19 October 2017 entered into a share sale and purchase agreement (the "**SPA**") with Nigel Gove Blanshard ("**Mr Blanshard**") and Nory Corporation (collectively, the "**Vendors**" and each, a "**Vendor**") to acquire 769 ordinary shares (the "**Sale Shares**") representing approximately 66% of the issued and paid-up share capital of Culross Global Holdings Limited (the "**Target**"), for an aggregate consideration of US$2,640,000 (the "**Proposed Acquisition**").

2. INFORMATION ON THE TARGET GROUP

2.1 The Target is a private limited company incorporated in Malta and is an investment holding company. The Target owns shares representing 100% of the total share capital in Culross Global Management Limited ("**CGML**") and Culross Global Investment Management AG ("**CGIMAG**"), and shares representing 99.999% of the total share capital in Culross Global Investment Management Limited ("**CGIML**"). The Target and its subsidiaries shall hereinafter be collectively referred to as the "**Target Group**".

2.2 CGML is a private limited company incorporated in England and Wales carrying on the business of investment management activities and registered with the Financial Conduct Authority of the United Kingdom (the "**FCA**"). CGIMAG is a public limited company incorporated in Switzerland carrying on the business of investment services and distribution activities and registered with the Swiss Financial Market Supervisory Authority ("**FINMA**"). CGIML is a private limited company incorporated in Malta carrying on the business of investment management activities and registered with the Malta Financial Services Authority ("**MFSA**").

2.3 As at the date hereof, Mr Blanshard holds 497 ordinary shares representing approximately 43% of the issued and paid-up share capital of the Target and Nory Corporation holds 668 ordinary shares representing approximately 57% of the issued and paid-up share capital of the Target. Assuming the completion of the Proposed Acquisition, Nory Corporation's interest in the Target will be fully divested, and Mr Blanshard will own 396 ordinary shares representing approximately 34% of the issued and paid-up share capital of the Target.

2.4 Based on the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2016, the aggregate profit-after-tax of the Target Group for the financial year ended 31 December 2016 is approximately US$1.0 million and the net tangible asset value of the Target Group is US$2.2 million.

3. RATIONALE OF THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group's business strategy to expand its NSC investment and fund management services division, which the Board believes has the potential for growth to the benefit of the Company and its shareholders. The investment and fund management business of the Group is carried out through, *inter alia*, NSC. The Proposed Acquisition will thus allow the Group to diversify the range of products and

services offered by its NSC investment and fund management services division and represents an important strategic step for the Group. The Target Group will also contribute significant expertise and skills to the investment and fund management services division, thus raising the financial services capabilities of NSC.

The Board is of the view that the Proposed Acquisition will reinforce the Company's earnings base, strengthen the Group's operations and financial position, and enhance the long-term interests of shareholders. As the Proposed Acquisition represents an acquisition of profitable assets, the Proposed Acquisition will enhance the quality of the Group's earnings and strengthen its balance sheet.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1 Introduction

Pursuant to the terms of the SPA, NSC shall acquire the Sale Shares from the Vendors, free and clear from any encumbrances and claims, and together with all rights, entitlements and benefits attaching thereto.

4.2 Consideration

4.2.1 The aggregate consideration for the sale and purchase of the Sale Shares is US$2,640,000 (or S$3,585,982, based on the exchange rate of S$1.00 to US$0.7362 as at October 2017) (the "**Consideration**").

4.2.2 The Consideration shall be satisfied in the following manner:

(a) the amount of US$528,000 shall be satisfied fully in cash (the "**Cash Consideration**") to be paid to the Vendors in two (2) equal tranches of US$264,000 and US$264,000 no later than within 90 days of completion and 180 days of completion respectively;

(b) subject to the approval of shareholders of the Company (to the extent required by the Listing Manual and/or applicable laws) and the approval from the SGX-ST for the listing and quotation of the new shares having been obtained, the amount of US$2,112,000 shall be satisfied by the procurement by NSC of the issue and allotment by the Company to the Vendors (or to such party as the Vendors may direct) of such number of new ordinary shares in the capital of the Company (the "**Consideration Shares**") on the Completion Date (as defined in paragraph 4.4 below), at an issue price representing the average of the closing prices of the Company's shares in the 5 business days prior to the Completion Date, plus S$0.03 (the "**Issue Price**"), rounded down to the nearest share.

4.2.3 The Cash Consideration will be fully funded through internal resources of the Group.

4.2.4 The Consideration was arrived at after arm's length negotiations between NSC and the Vendors and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2016 and the average of the audited consolidated profit-after-tax of the Target Group (other than the Target) for the financial years ended 31 December 2014, 31 December 2015, and 31 December 2016.

4.3 Conditions Precedent

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

(a) the resolution of the board of directors of NSC having been obtained for the entry into and completion of, the transactions contemplated to be entered into in the SPA;

(b) the resolution of the board of directors of the Company having been obtained for the entry into and completion of, the transactions (including but not limited to the issue of the Consideration Shares) contemplated to be entered into in the SPA;

(c) to the extent required by the Listing Manual and/or applicable laws, the approval of the shareholders of the Company having been obtained for the entry into and completion of, the transactions (including but not limited to the issue of the Consideration Shares) contemplated to be entered into in the SPA;

(d) the resolution of the board of directors of the Target having been obtained for the completion of the transactions contemplated to be entered into in the SPA (including but not limited to the approval of the transfer of the Sale Shares from the Vendors to NSC and authorising the cancellation of existing share certificate(s) and issuance of new share certificate(s) to NSC);

(e) approval in-principle for the listing and quotation of the Consideration Shares on the Official List of the SGX-ST (on conditions, if any, acceptable to the Company, NSC and the Vendors) having been obtained from the SGX-ST and remaining in full force and effect and where such approval is given subject to conditions which must be fulfilled on or before the Completion Date, such conditions being reasonably acceptable to the Vendors or fulfilled by the Company, as the case may be;

(f) completion of NSC's due diligence investigations in respect of the Target Group and the results thereof being satisfactory to NSC;

(g) all necessary consents, approvals and waivers of the FCA, FINMA, the MFSA and any other relevant authorities in the United Kingdom, Switzerland and Malta having jurisdiction the Target Group, including but not limited to any change of control consents, having been obtained by the Vendors in respect of the transactions contemplated in the SPA, such consents, approvals and waivers not having been amended or revoked before the Completion Date, and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled and/or time periods required to be complied with before the Completion Date, all such conditions having been duly so fulfilled and if required to be fulfilled by a particular date, being so fulfilled;

(h) all necessary consents, approvals and waivers of financial institutions or other third parties (whether in Singapore or elsewhere), including but not limited to any change of control consents, having been obtained by NSC or the Vendors, as the case may be, in respect of the transactions contemplated in the SPA, such consents, approvals and waivers not having been amended or revoked before the Completion Date, and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled;

(i) the Vendors and NSC not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened; and

(j) the Warranties being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Target having performed in all material respects all of its obligations herein to be performed on or before the Completion Date.

4.3.2 The Consideration Shares will rank *pari passu* in all respects with the ordinary shares in the capital of the Company existing as at their date of issue except for any dividends,

distributions or entitlements the record date of which falls on or before the Completion Date. The Company will be submitting an application to the SGX-ST for the listing and quotation of the Consideration Shares.

4.4 Completion

Completion shall take place on a date notified in writing by NSC to the Vendors as the date of completion, being a date no later than the seventh (7th) business day after the satisfaction of the last of the conditions precedent, or such other date as the parties may agree in writing (the "**Completion Date**"), but in any event, not later than 19 April 2018.

4.5 Performance Shares

4.5.1 Subject to the approval of shareholders of the Company (to the extent required by the Listing Manual and/or applicable laws) and the approval from the SGX-ST for the listing and quotation of the new shares having been obtained, NSC agrees to procure the issue and allotment by the Company to the Vendors (or to such party as the Vendors may direct) such number of new ordinary shares ("**Performance Shares**") worth up to US$660,000 in three (3) tranches as follows:

(a) in relation to the 12 months ending 30 June 2018 ("**FY2018**"), such number of Performance Shares worth up to US$220,000 based on an issue price representing the average of the closing prices of the Company's shares in the 5 business days prior to the date of allotment, plus S$0.03, rounded down to the nearest share;

(b) in relation to the financial year ending 30 June 2019 ("**FY2019**"), such number of Performance Shares worth up to US$220,000 based on an issue price representing the average of the closing prices of the Company's shares in the 5 business days prior to the date of allotment, plus S$0.03, rounded down to the nearest share; and

(c) in relation to the financial year ending 30 June 2020 ("**FY2020**"), such number of Performance Shares worth up to US$220,000 based on an issue price representing the average of the closing prices of the Company's shares in the 5 business days prior to the date of allotment, plus S$0.03, rounded down to the nearest share,

provided always that if (i) the number of Performance Shares to be allotted and issued in relation to any of FY2018, FY2019 and FY2020 has been pro-rated (as set out in paragraph 4.5.2(b) below), and (ii) the Target Group's average audited consolidated profit-after-tax for FY2018, FY2019 and FY2020 is not less than US$250,000, NSC agrees to procure the issue and allotment by the Company to the Vendors (or to such party as the Vendors may direct) such number of Performance Shares worth up to the amount which is equal to US$660,000 minus the aggregate value of the Performance Shares allotted and issued and to be allotted and issued in relation to FY2018, FY2019 and FY2020, based on an issue price representing the average of the closing prices of the Company's shares in the 5 business days prior to the date of allotment, plus S$0.03, rounded down to the nearest share.

4.5.2 Each issue of the Performance Shares shall be conditional upon the following being satisfied:

(a) the delivery to NSC of a certified true copy of the audited consolidated financial statements of the Target Group for the relevant financial period; and

(b) the Target Group's audited consolidated profit-after-tax for that financial period being not less than US$250,000; provided always that in the event that the Target Group's audited consolidated profit-after-tax for that financial period falls below

US$250,000, the number of Performance Shares to be allotted and issued in relation to that financial period shall be pro-rated accordingly.

4.5.3 The issue of the Performance Shares shall be subject to approval by the Company's shareholders (if applicable) and the listing and quotation notice from the SGX-ST for the listing of, and quotation for, the Performance Shares on the Official List of the SGX-ST not having been revoked or amended, and where such approval is given subject to any conditions required to be fulfilled on or before the date of issue of the Performance Shares, they are so fulfilled.

4.5.4 The Performance Shares will rank *pari passu* in all respects with the ordinary shares in the capital of the Company existing as at their date of issue except for any dividends, distributions or entitlements the record date of which falls on or before the relevant date of issue of the Performance Shares. The Company will be submitting an application to the SGX-ST for the listing and quotation of the Performance Shares.

4.5.5 In the event that the Performance Shares due to the Vendors have not been issued by 30 June 2021 due to the conditions set out in paragraph 4.5.3 not having been satisfied, the aggregate value of the Performance Shares due to the Vendors will be paid by the Purchaser to the Vendors by cashier's order or telegraphic transfer no later than within 30 days of 30 June 2021.

5. CHAPTER 10 OF THE LISTING MANUAL

5.1 Relative Figures under Rule 1006 of the Listing Manual

Pursuant to Rule 1002(1) of the Listing Manual, a "transaction" under Chapter 10 of the Listing Manual excludes an acquisition or disposal which is in, or in connection with, the ordinary course of an issuer's business. As the Proposed Acquisition would expand the Company's existing investment and fund management business and the Proposed Acquisition is in, or in connection with, the ordinary course of the Company's investment and fund management business, Chapter 10 is not applicable.

Notwithstanding that Chapter 10 is not applicable, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Acquisition and based on the latest announced consolidated financial statements of the Group for the financial year ended 30 June 2017 ("**FY2017**") are set out below for illustration purposes only.

Rule	Proposed Acquisition
Rule 1006(a) – the net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable, as this is not a disposal of assets.
Rule 1006(b) – the net profits attributable to the assets acquired, compared with the Group's net profits	-33.76%(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	6.08%(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	4.48%(3)
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 the financial year ended 30 June 2017, the net loss of the Group is approximately US$1,987,931. Based on the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2016, the net profit attributable to the assets acquired (i.e. 66% of total net assets of the Target Group) is approximately US$671,107.

(2) The Consideration for the Sale Shares is US$2,640,000 (or S$3,585,982, based on the exchange rate of S$1.00 to US$0.7362 as at October 2017). The Company's market capitalisation of S$58,953,010 is computed based on 145,562,987 shares in issue (excluding treasury shares) and the weighted average price of S$0.4050 per share transacted on 17 October 2017, being the last market day preceding the signing of the SPA.

(3) The actual number of equity securities, being ordinary shares, issued by the Company as consideration for the Proposed Acquisition cannot be determined as at the date hereof, as it will be based on the amount of US$2,112,000 (or S$2,868,786, based on the exchange rate of S$1.00 to US$0.7362 as at October 2017) (as part of the Consideration) divided by the average of the closing prices of the Company's shares in the five (5) business days prior to the Completion Date plus S$0.03. Purely for illustrative purposes only, assuming that S$0.4400, being the average of the closing prices of the Company's shares in the five (5) business days prior to the date of the SPA plus S$0.03, is used as the Issue Price, the number of equity securities to be issued as Consideration Shares will be 6,519,968. The number of shares in issue (excluding treasury shares) as at the date hereof is 145,562,987 shares.

6. FINANCIAL EFFECTS

6.1 Bases and Assumptions

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

(i) the audited consolidated financial statements of the Company and the Group for the financial year ended 30 June 2017; and

(ii) the audited consolidated financial statements of the Target Group for the financial year ended 31 December 2016.

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 Acquisition.

6.2 NTA per share

Assuming that the Proposed Acquisition was completed on 30 June 2017, the *pro forma* financial effects of the Proposed Acquisition on the consolidated NTA of the Group are as follows:

	Before the Proposed Acquisition	**After completion of the Proposed Acquisition**
Consolidated NTA attributable to the shareholders (US$'000)	34,358	35,251
Number of shares	144,563,187	151,083,155(1)
Consolidated NTA per share attributable to the shareholders (US cents)	23.7669	23.3319(1)

Note:

(1) The actual number of equity securities, being ordinary shares, issued by the Company as consideration for the Proposed Acquisition cannot be determined as at the date hereof, as it will be based on the amount of US$2,112,000 (or S$2,868,786, based on the exchange rate of S$1.00 to US$0.7362 as at October 2017) (as part of the Consideration) divided by the average of the closing prices of the Company's shares in the five (5) business days prior to the Completion Date plus S$0.03. Purely for illustrative purposes only, assuming that S$0.4400, being the average of the closing prices of the Company's shares in the five (5) business days prior to the date of the SPA plus S$0.03, is used as the Issue Price, the number of equity securities to be issued as Consideration Shares will be 6,519,968.

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

Assuming that the Proposed Acquisition was completed on 1 July 2016, the financial effects of the Proposed Acquisition on the EPS of the Group are as follows:

	Before the Proposed Acquisition	**After completion of the Proposed Acquisition**
Consolidated profit/(loss) after taxation and minority interests (US$'000)	(1,794)	(1,123)
Weighted average number of shares	129,844,580	136,364,548(1)
Consolidated earnings/(loss) per share (US cents)	(1.3816)	(0.8234)(1)

Note:

(1) The actual number of equity securities, being ordinary shares, issued by the Company as consideration for the Proposed Acquisition cannot be determined as at the date hereof, as it will be based on the amount of US$2,112,000 (or S$2,868,786, based on the exchange rate of S$1.00 to US$0.7362 as at October 2017) (as part of the Consideration) divided by the average of the closing prices of the Company's shares in the five (5) business days prior to the Completion Date plus S$0.03. Purely for illustrative purposes only, assuming that S$0.4400, being the average of the closing prices of the Company's shares in the five (5) business days prior to the date of the SPA plus S$0.03, is used as the Issue Price, the number of equity securities to be issued as Consideration Shares will be 6,519,968.

7. SERVICE AGREEMENTS

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

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 Acquisition, other than through their respective shareholdings (if any) in the Company.

9. CAUTIONARY STATEMENT

Shareholders are advised that the completion of the Proposed Acquisition is subject to the conditions precedents in the SPA being fulfilled and there is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms of the SPA. Accordingly, shareholders are advised to exercise caution in dealings with the shares, to read this announcement and any further update announcement(s) released by

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

10. 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 Acquisition, 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.

11. 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 460 Alexandra Road #24-06 PSA Building, Singapore 119963 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 October 2017