NEW SILKROUTES GROUP LIMITED

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

RESPONSE TO SGX QUERIES ON COMPANY'S RECEIPT OF LETTER OF DEMAND

The Board of Directors (the "**Board**") of the Company (and together with its subsidiaries, the "**Group**") wishes to announce the following in response to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the Company's announcement dated 8 June 2021, entitled "Receipt of Letter of Demand" (the "**Announcement**").

All capitalized terms in this announcement shall have the same meanings as are accorded to them in the Announcement, unless otherwise defined.

SGX-ST's Query:

It is disclosed in the Announcement that, "the Company had received a letter of demand dated 7 June 2021 from Iolani Shipping Limited for an alleged sum of US$10,695,760 plus any interest which is alleged to continue to accrue in accordance with the terms of the NSG Guarantee."

(i) Please disclose the implications of the letter of demand on the Group's operations, financial performance and ability to operate as a going concern;

Company's Response:

The Company is presently taking advice in respect of the BBC Agreement and reviewing the letters of demand received in respect of the same. The amount in connection with the BBC agreement, including its contingent liabilities, is not quantified and/or crystallised. It should also be noted that the Company is taking advice on the basis and merits of the Company's liability (if any) under any guarantee purportedly given by the Company.

The Group's healthcare operations generate sufficient operating cash flows to meet its working capital requirements and able to operate as a going concern. The health and healthcare subsidiaries of the Company contributed US$34.68 million to the revenue of 9M2021. The Group can continue to grow its healthcare operations based on the financials from its operating subsidiaries, Shanghai Fengwei Garment Accessory Co., Ltd. and Healthsciences International Pte Ltd.

(ii) Please provide the Board's assessment as to whether the Company have the necessary financial resources to pay the amount under the letter of demands and the bases for such an assessment; and

Company's Response:

As disclosed in the announcements made by the Company on 20 January 2021 and 25 January 2021 the "**20 and 25 January Announcements**"), the Management has considered and assessed the financial performance and resources within the Group. The Board has assessed that the Company has the necessary financial resources to pay the amount under the letter of demands.

In addition to the bases and assumptions set out in the 20 and 25 January Announcements:

(i) The Board has also taken into account the cash position of the health and healthcare subsidiaries of the Group;

(ii) The Management with the Group's legal advisers are negotiating with the provisional liquidators of oCap Management Pte Ltd ("**oCap**") and the counterparty of the BBC Agreement;

(iii) The Group is currently in discussions for:
- external financing from financial institutions and strategic investors to grow its AI genomic analysis platform and pivot fully into a healthcare-med tech company, and
- business collaboration, business venture or assets sale with strategic investors.

The financial resources within the Group are continuously monitored and assessed by the Management and the Board.

(iv) Please clarify if there are any risks of cross defaults.

Company's Response:

There are no risks of cross defaults as existing bank loans contain covenants requiring the monies to be ringfenced around the specific healthcare entities.

SGX-ST's Query:

We would like to draw the Company's attention to Listing Rule 1303(3) which states that, the Exchange may at any time suspend trading of the listed securities of an issuer where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so, including the following circumstances: (a) when an application is filed with a court to place the issuer (or significant subsidiary) under judicial management; or (b) when an application is filed with a court for the liquidation of the issuer (or significant subsidiary) and the amount of the debt alleged is significant; or (c) when the issuer is unable to reasonably assess its financial position and inform the market accordingly.

In this regard, please disclose:

(i) The Board of Directors' assessment of the Company's ability to operate as a going concern and the base(s) for such a view(s);

Company's Response:

As stated in the 20 January 2021 and 25 January 2021 announcement, the Board of Directors had taken into account the alleged corporate guarantees in forming their opinion that the Company can continue to operate as a going concern and have sufficient working capital and financial resources to meet their obligations as and when they fall due for the next twelve months.

The Management has considered and assessed the financial performance and resources within the Group. The Management and the Group's legal advisers are negotiating with the provisional liquidators of oCap and the counterparty of the BBC Agreement. The Group is also currently in discussions for external financing from financial institutions and strategic investors as well as business collaboration, business venture or assets sale with strategic investors. The Board has assessed that the Company can operate as a going concern. The financial performance and financial position are continuously monitored and assessed by the Management and the Board.

(ii) The Board of Directors' opinion as to whether a trading suspension is required pursuant to Listing Rule 1303(3); and

Company's Response:

The Board of Directors does not think that a trading suspension is required as the Group is continuing its operations. The health and healthcare subsidiaries of the Company contributed US$34.68 million to the revenue of 9M2021. The health and healthcare segment of the Group continue their business and operations as usual. The Group is continuously looking to grow its healthcare business.

(iii) The Board of Directors' confirmation that sufficient information has been disclosed by the Company to enable trading to continue on an informed basis.

Company's Response:

The Board of Directors confirm that sufficient information has been disclosed by the Company to enable trading to continue on an informed basis.

Shareholders of the Company and potential investors should note that the trading in the Company's securities may be suspended in the event that the Company is unable to continue as a going concern. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests. Shareholders of the Company and potential investors are advised to read all further announcements by the Company carefully and to consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Dr VicPearly Wong Hwei Pink
Executive Director and CEO

16 June 2021