NEW SILKROUTES GROUP LIMITED

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

RESPONSE TO SGX QUERIES IN RELATION TO NOTICE OF ANNUAL GENERAL MEETING

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 proposed Resolution 7 in the Notice of Annual General Meeting of the Company dated 15 October 2020 (the "**Notice**"). Resolution 7 in the Notice pertains to the proposed appointment of Crowe Horwath First Trust LLP as the Auditors of the Company in place of the retiring Auditors, Deloitte & Touche LLP, to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.

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

1. SGX-ST's Query:

Please provide the Board's assessment as to whether it is in the interests of the Company to propose a change in auditors at the upcoming Annual General Meeting on 30 October 2020 when the retiring auditors Deloitte & Touche LLP has served as the External Auditors of the Group only since 31 October 2018 and that Deloitte has issued a disclaimer of audit opinion for the latest audited financial statements for the financial year ended 30 June 2020.

Company's Response:

Deloitte informed the Company that they will be retiring at the AGM and the ARC and the Board are of the view that it would be appropriate and timely to effect a change of auditors of the Company, in view of the following:

(i) the change of auditors would aid the ongoing efforts of the Company to manage its overall business costs and expenses in view of the current economic situation while the Company is in the midst of evaluating growth initiatives and implementing new investment parameters;

(ii) the change of Auditors would result in a substantial reduction in audit fees for the financial year ending 30 June 2021;

(iii) the quality of the audit services to be provided by Crowe is expected to be comparable to that currently provided by Deloitte and the reduction in cost is not expected to affect the quality of the audit;

(iv) there will be no change in the scope of the audit to be undertaken by Crowe;

(v) Deloitte has given its professional clearance to Crowe and confirmed that they are not aware of any professional reasons why Crowe should not accept appointment as auditors of the Company; and

(vi) there were no disagreements with Deloitte on accounting treatments within the last 12 months.

2. SGX-ST's Query:

Please disclose the quantum of fees saved arising from the change in auditors.

Company's Response:

The quantum of fees saved arising from the change in auditors is S$150,200.

3. SGX-ST's Query:

Please disclose the size of the audit team in the incoming auditors' Singapore office.

Company's Response:

Based on Crowe's initial planning, the audit team comprises one Engagement Partner, one Concurring Partner, one Audit Manager and four Audit Staff.

4. SGX-ST's Query:

Please clarify if Crowe Horwath First Trust LLP will perform work on all significant Singapore-incorporated subsidiaries and associated companies and disclose whether the Company is in compliance with Rule 716 of the Listing Manual.

Company's Response:

Pursuant to Rule 716 of the Listing Manual, an issuer may appoint different auditing firms for its subsidiaries or significant associated companies (referred to in Rule 715(1)) provided that:

(1) the issuer's board and audit committee are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the issuer; or

(2) the issuer's subsidiary or associated company, is listed on a stock exchange.

Pursuant to Rule 715(1) of the Listing Manual, an issuer must, subject to Rule 716, engage the same auditing firm based in Singapore to audit its accounts, and its Singapore-incorporated subsidiaries and significant associated companies.

As stated in Explanatory Note 1 of the Notice, Crowe will be appointed as the auditor of the Company's Singapore-incorporated subsidiaries and significant associated companies.

Accordingly, the Company is in compliance with Rule 715(1) of the Listing Manual and Rule 716 is irrelevant. In the event that a different auditing firm is appointed for a significant associated company, the Company will ensure that Rule 716 is complied with.

5. SGX-ST's Query:

Please disclose:

(a) a list of SGX-listed companies audited by Crowe Horwath First Trust LLP;

(b) a list of companies which are involved in similar industries as the Group and audited by Crowe Horwath First Trust LLP and/or Mr Alfred Cheong is the engagement partner.

Company's Response:

(a) Please find below a non-exhaustive list of the SGX-listed companies currently or previously audited by Crowe Horwath First Trust LLP:

- Dutech Holdings Limited
- KTL Global Limited
- Anan International Limited
- Shanghai Turbo Enterprises Limited
- China Mining International Limited
- Star Pharmaceutical Limited
- Epicentre Holdings Limited
- Chinese Global Investors Group Limited
- Darco Water Technologies Limited
- CWX Global Limited
- Nippecraft Limited
- AA Group Limited

- DISA Limited
- China Haida Ltd
- Sinocloud Group Limited

(b) Please find below a list of companies which are involved in similar industries as the Group and audited by Crowe Horwath First Trust LLP and/or Mr Alfred Cheong is the engagement partner:

- CWX Global Limited
- KTL Global Limited
- Star Pharmaceutical Limited

6. SGX-ST's Query:

Please disclose if Crowe Horwath First Trust LLP and/or Mr Alfred Cheong have been engaged in audits of companies which were / are the subject of investigations and/or disciplinary action by the regulatory authorities.

Company's Response:

Crowe was previously the auditor of KTL Global Limited, which received notices from the MAS and the CAD in December 2017 and July 2018 respectively concerning a possible offence under the Securities and Futures Act (Cap. 289) by a former director of KTL Global Limited. Please refer to the Emphasis of Matter in the Independent Auditor's Report dated 29 May 2019 in KTL Global Limited's 2018 Annual Report for more details. Crowe resigned as auditors of KTL Global Limited with effect from 21 January 2020.

BY ORDER OF THE BOARD

Ong Beng Hong
Company Secretary

26 October 2020