NEW SILKROUTES GROUP LIMITED

(formerly known as Digiland International Limited)

(Registration No. 199400571K)

(Incorporated in Singapore)

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(1) THE PROPOSED ACQUISITION OF 51% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF STAMFORD MANAGEMENT PTE. LTD.

(2) THE PROPOSED CALL OPTION TO ACQUIRE 49% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF STAMFORD MANAGEMENT PTE. LTD.

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1. INTRODUCTION

1.1 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**"), has on 1 March 2016 entered into:

(i) a sale and purchase agreement (the "**SPA**") with Mr Jason Wang Yaw Hsui ("**JW**") and Mr William Chan Poh Wah ("**WC**") (collectively, the "**Vendors**" and each a "**Vendor**") to acquire 51% of the issued and paid-up share capital of Stamford Management Pte. Ltd. ("**Stamford Management**") for a consideration amount of up to S$24.48 million (the "**Proposed Acquisition**"); and

(ii) a call option agreement (the "**Call Option Agreement**") with JW and WC pursuant to which the Company has the right to require the Vendors to sell to it 49% of the issued and paid-up share capital of Stamford Management for a consideration amount of up to S$23.52 million (the "**Proposed Call Option**"),

(collectively, the "**Agreements**" and each an "**Agreement**").

1.2 An extraordinary general meeting ("**EGM**") to seek the approval of the shareholders for the Proposed Acquisition and the Proposed Call Option will be convened in due course.

2. INFORMATION ON STAMFORD MANAGEMENT

Stamford Management was incorporated in Singapore on 22 August 2006. It owns a capital markets services license under the Securities and Futures Act (Chapter 289) of Singapore, as amended, varied or supplemented from time to time (the "**SFA**"), [to conduct the regulated activity of fund management as defined in the SFA. Stamford Management acts as an investment manager and has a portfolio management team that manages its collective investment fund and a wealth management team that manages its private clients. The firm is helmed by two (2) directors who oversee seven (7) staff members who have segregated functions within the front office and in the middle and back office. Stamford Management services solely accredited high net worth individuals and institutions and works closely with a number of counterparties and service providers to provide a premium service to all its clients.

As at the date hereof, Stamford Management has a paid-up and issued share capital of S$250,001 and US$100,000 divided into 350,001 ordinary shares. The current shareholders and directors of Stamford Management are JW and WC.

3. RATIONALE OF THE PROPOSED ACQUISITION AND THE PROPOSED CALL OPTION

The Proposed Acquisition and Proposed Call Option are in-line with the Group's strategic plans and on-going efforts to diversify its business. The Group intends to pursue diversification into the fund management business in order to strengthen the

Group's operations and financial position and to ensure continued growth and success of the Group. The Proposed Acquisition and Proposed Call Option are expected to provide an additional revenue stream for the Group.

Fund management is a regulated activity under the SFA, and is subject to the supervision and regulation of the Monetary Authority of Singapore ("**MAS**"). The Group therefore intends to venture into the fund management business by acquiring Stamford Management, which is already licensed under the SFA. The acquisition of Stamford Management would allow the Group immediate access to the fund management industry and enable the Group to rely on Stamford Management's current expertise and reputation as an investment management company.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION AND THE PROPOSED CALL OPTION

4.1 Introduction

Pursuant to the terms of the SPA, NSC shall acquire 51% of the issued and paid-up share capital of Stamford Management (the "**Sale Shares**") from the Vendors, free from any encumbrances and claims, and together with all rights, benefits and entitlements attaching thereto.

Pursuant to the terms of the Call Option Agreement, NSC is granted a call option to require the Vendors to sell to NSC the remaining 49% of the issued and paid-up share capital of Stamford Management (the "**Option Shares**"), free from any encumbrances and claims, and together with all rights, benefits and entitlements attaching thereto. The call option may be exercised by NSC during the period commencing on 1 March 2016 and ending at 5.00 p.m. on 30 June 2017.

4.2 Consideration

(i) The Proposed Acquisition

The consideration for the Sale Shares (the "**Consideration for Sale Shares**") shall be the amount computed based on the following formula:

8 x 51% x NPAT,

where "**NPAT**" shall refer to the audited net profit after tax of Stamford Management for the financial year ending 30 June 2016, and provided that the NPAT shall be capped at S$6.0 million for purposes of computing the Consideration for Sale Shares.

The Consideration for Sale Shares would therefore be capped at S$24.48 million.

(ii) The Proposed Call Option

The consideration for the Option Shares (the "**Consideration for Option Shares**") shall be the amount computed based on the following formula:

8 x 49% x NPAT,

where "**NPAT**" shall refer to the audited net profit after tax of Stamford Management for the most recently completed financial year prior to the completion date as defined in the Call Option Agreement, and provided that the NPAT shall be capped at S$6.0 million for purposes of computing the Consideration for Option Shares.

The Consideration for Option Shares would therefore be capped at S$23.52 million.

In accordance with the terms of each Agreement, the Consideration for Sale Shares and Consideration for Option Shares will be satisfied by NSC procuring the issuance of bonds by the Company to the Vendors (the "**Consideration Bonds**").

The Consideration Bonds shall be issued by the Company to the Vendors in accordance with each of their pro-rata proportion of the Sale Shares and Option Shares, which as at the date of the Agreements are held by the Vendors as follows:

Vendor	**Number of Sale Shares**	**Number of Option Shares**
JW	157,501	150,500
WC	21,000	21,000
Total number of shares	**178,501**	**171,500**

The Consideration for Sale Shares and Consideration for Option Shares were arrived at on a willing-buyer, willing-seller basis and on arm's length commercial terms, after taking into account, *inter alia*, the business prospects of Stamford Management.

Based on the unaudited financial statements of Stamford Management for the financial period ended 31 December 2015, the NTA of Stamford Management as at 31 December 2015 is approximately US$153,000. No valuation was commissioned in respect of Stamford Management.

4.3 Consideration Bonds

The Consideration Bonds will be redeemed by the Company at 100% of their principal amount on the date falling eighteen (18) months from their issue (the "**Final Redemption Date**"). At redemption of the Considerations Bonds, the Company may pay 100% of the principal amount in the following manners (where the apportionment of payment by cash and/or shares is at the sole discretion of the Company):

(i) payment in cash by cheque or electronic funds transfer to a bank account specified by the bondholder; and/or

(ii) subject to the approval of the Company's shareholders being obtained at a general meeting of the Company (to the extent required by the SGX-ST Listing Manual and/or applicable laws) and approval in-principle of the SGX-ST being obtained, to issue and allot to the bondholder fully paid ordinary shares in the issued and paid-up capital of the Company ("**Shares**") which shall rank *pari passu* in all respects with the other Shares in issue for the time being (the "**Consideration Shares**"), such number of Consideration Shares to be computed based on the following formula:

$$A_1 = \frac{B_1}{C_1}$$

Where:

A_1 = the number of Consideration Shares to be issued;

B_1 = the portion of the principal amount of the Bonds to be repaid by way of the issuance of Consideration Shares; and

C_1 = the exercise price (the "**Exercise Price**"), being the higher of the following:

(i) S$0.44; and

(ii) the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the date of redemption of the Bonds. For the purposes herein, "**Market Day**" means a day on which the SGX-ST is open for trading in securities,

such Exercise Price being no more than S$0.84.

4.4 Conditions Precedent

The completion of each of the Proposed Acquisition and Proposed Call Option is conditional upon, *inter alia*:

(i) the respective resolutions 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 each of the Agreements;

(ii) to the extent required by the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and/or applicable laws, the approval of the shareholders of NSC and/or the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into in each of the Agreements;

(iii) the respective resolutions of the board of directors of Stamford Management having been obtained for the completion of each of the transactions contemplated to be entered into in each of the Agreements;

(iv) all approvals, confirmations, authorisations, registrations, licences, waivers and/or consents (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in respect of or in connection with the transfer of the Sale Shares and Option Shares being granted or obtained, and the same remaining in full force and effect and not being withdrawn or amended on or before the relevant completion date pursuant to each Agreement, and to the extent that such approvals, confirmations, authorisations, registrations, licences, waivers and/or consents are subject to any conditions required to be fulfilled before the relevant completion date, all such conditions having been duly so fulfilled;

(v) 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 each of the Agreements, 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;

(vi) each of the representations, undertakings and warranties of the Vendors under each of the Agreements remaining true and not misleading in any respect as at the Agreements' respective completion dates, as if repeated as at the relevant completion dates and at all times between the date of each of the Agreements and as at the respective completion date;

(vii) the results of the due diligence review, in the areas of financial, legal, tax, commercial, regulatory and technical, conducted in respect of Stamford Management for each of the Agreements being satisfactory to NSC in its sole discretion; and

(viii) there being no material adverse changes to the financial condition or operations of Stamford Management,

(collectively, the "**Conditions Precedent**" and each a "**Condition Precedent**").

5. LISTING MANUAL

Under Chapter 10 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), a transaction will be classified as a "major transaction" if any of the relative figures calculated on the bases set out in Rule 1006 of the Listing Manual exceeds 20% and if so, shareholders' approval must be obtained for the "major transaction".

5.1 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 Acquisition and Proposed Call Option are set out below.

Rule	Proposed Acquisition	Proposed Call Option
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.	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	19%[(1)]	19%[(3)]
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	50%[(2)]	48%[(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	55%[(5)]	53%[(6)]
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.	Not applicable as the Company is not a mineral, oil and gas company.

Notes:

(1) Based on the unaudited consolidated financial statements of the Company for the financial period ended 31 December 2015, the net loss of the Group is approximately US$1,811,000. Based on the unaudited consolidated financial statements of Stamford Management for the financial period ended 31 December 2015, the net loss attributable to the assets acquired is approximately US$342,000.

(2) The Consideration for Sale Shares is capped at S$24.48 million. The Company's market capitalisation of US$34,558,000 is computed based on 100,689,542 shares in issue and

the closing price of S$0.490 per share transacted on 29 February 2016, being the market day preceding the signing of the SPA.

(3) Based on the unaudited consolidated financial statements of the Company for the financial period ended 31 December 2015, the net loss of the Group is approximately US$1,811,000. Based on the unaudited consolidated financial statements of Stamford Management for the financial period ended 31 December 2015, the net loss attributable to the assets acquired is approximately US$342,000.

(4) The Consideration for Option Shares is capped at S$23.52 million. The Company's market capitalisation of US$34,558,000 is computed based on 100,689,542 shares in issue and the closing price of S$0.490 per share transacted on 29 February 2016, being the market day preceding the signing of the Call Option Agreement.

(5) Assuming the maximum Consideration for Sale Shares of S$24.48 million and the minimum Exercise Price of S$0.44.

(6) Assuming the maximum Consideration for Option Shares of S$23.52 million and the minimum Exercise Price of S$0.44.

5.2 Major Transaction

As the relative figures computed on the bases set out in Rule 1006(c) and Rule 1006(d) exceed 20%, the Proposed Acquisition and Proposed Call Option each constitutes a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, under Rule 1014(2) of the Listing Manual, the Proposed Acquisition and Proposed Call Option are conditional upon the approval by shareholders of the Company in a general meeting.

6. FINANCIAL EFFECTS

6.1 Bases and Assumptions

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

(i) the audited consolidated financial statements of the Group for the financial year ended 30 June 2015; and

(ii) the audited financial statements of Stamford Management for the financial period ended 30 June 2015.

The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Group following the completion of the Proposed Acquisition and Proposed Call Option.

6.2 The Proposed Acquisition

Share Capital

	As at 30 June 2015
	Number of Shares (adjusted for the share consolidation exercise which was completed on 21 December 2015)
Before the Proposed Acquisition	100,689,542
After the redemption of the Consideration Bonds to be issued pursuant to the Proposed Acquisition	156,325,906[(1)]

NTA per share

Assuming that the Proposed Acquisition was completed on 30 June 2015, the pro forma financial effects of the Proposed Acquisition on the consolidated NTA of the Group are as follows:

	As at 30 June 2015	
	NTA of the Group (US$'000)	NTA per share (US cents)
Before the Proposed Acquisition	34,582	34.345
After the redemption of the Consideration Bonds to be issued pursuant to the Proposed Acquisition[(1)]	39,544	25.296

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

Assuming that the Proposed Acquisition was completed on 1 July 2014, the financial effects of the Proposed Acquisition on the EPS of the Group are as follows:

	As at 30 June 2015	
	Earnings/(Loss) of the Group (US$'000)	EPS/(Loss) per share (US cents)
Before the Proposed Acquisition	(2,573)	(2.555)
After the redemption of the Consideration Bonds to be issued pursuant to the Proposed Acquisition[(1)]	1,325	0.848

Note:

(1) Assuming that the redemption of the Consideration Bonds will be done by way of issue of shares in the Company.

6.3 The Proposed Call Option

Share Capital

	As at 30 June 2015
	Number of Shares (adjusted for the share consolidation exercise which was completed on 21 December 2015)
Before the Proposed Call Option	100,689,542
After the redemption of the Consideration Bonds to be issued pursuant to the Proposed Call Option	154,144,087[(1)]

NTA per share

Assuming that the Proposed Call Option was completed on 30 June 2015, the pro forma financial effects of the Proposed Call Option on the consolidated NTA of the Group are as follows:

	As at 30 June 2015	
	NTA of the Group (US$'000)	NTA per share (US cents)
Before the Proposed Call Option	34,582	34.345
After the redemption of the Consideration Bonds to be issued pursuant to the Proposed Call Option[(1) (2)]	39,544	25.654

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

Assuming that the Proposed Call Option was completed on 1 July 2014, the financial effects of the Proposed Call Option on the EPS of the Group are as follows:

	As at 30 June 2015	
	Earnings/(Loss) of the Group (US$'000)	EPS/(Loss) per share (US cents)
Before the Proposed Call Option	(2,573)	(2.555)
After the redemption of the Consideration Bonds to be issued pursuant to the Proposed Call Option[(1) (2)]	1,325	0.860

Notes:

(1) Assuming that the redemption of the Consideration Bonds will be done by way of issue of shares in the Company.

(2) Assuming that the Group has control over Stamford Management.

7. 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 Acquisition and Proposed Call Option.

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 and Proposed Call Option, other than through their respective shareholdings in the Company.

9. CAUTIONARY STATEMENT

Shareholders are advised that the respective completions of the Proposed Acquisition and Proposed Call Option are subject to the conditions precedents in the respective Agreements being fulfilled and there is no certainty or assurance that the Proposed Acquisition and Proposed Call Option will be completed or that no changes will be made to the terms of the Agreements. 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 Proposed Call Option, 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 any information has been extracted from published or publicly available sources, the sole responsibility of the Directors has been to ensure through reasonable enquiries that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this announcement in its proper form and context.

11. CIRCULAR TO SHAREHOLDERS

A circular containing further details of, *inter alia*, the Proposed Acquisition and Proposed Call Option, together with a notice of the EGM will be despatched to shareholders in due course.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Agreements will be available for inspection during normal business hours at the Company's registered office at 21 Serangoon North Avenue 5, Ban Teck Han Building #05-02, Singapore 554864 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lim Koon Hock
Joint Company Secretary
1 March 2016