NEW SILKROUTES GROUP LIMITED

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

RESPONSE TO SGX QUERIES ON CREDITORS VOLUNTARY LIQUIDATION OF INTERNATIONAL ENERGY GROUP PTE. LTD.

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 Creditors' Voluntary Liquidation of International Energy Group Pte. Ltd. released via SGXNET on 5 January 2021.

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 Annual Report that the Group's energy division is through its wholly-owned oil trading subsidiary, International Energy Group Pte. Ltd. For the year ended 30 June 2020, the Company's segment revenue and segment loss amount to US$325,439,326 and US$5,588,739 respectively under Oil and Gas. The Company also has segment assets and segment liabilities of US$46,052,136 and US$28,424,847 as at 30 June 2020 under Oil and Gas, which represented 49% and 47% of the Group's total assets and total liabilities respectively. Please disclose:

a) more details on the background of the Creditors' Voluntary Liquidation ("CVL") of International Energy Group Pte Ltd;

b) whether the Company is a party of and/or guarantor of any debts owing by International Energy Group Pte. Ltd. and/or its subsidiaries;

c) the Board of Directors' opinion as to the impact of the creditors' voluntary liquidation of International Energy Group Pte. Ltd. on the Company;

d) the Board of Directors' opinion as to (i) whether the Company and its subsidiaries (collectively, the "Group") can continue as a going concern; and (ii) the bases for its opinion;

e) the Board of Directors' opinion as to whether a trading suspension is required pursuant to Listing Rule 1303(3) and the bases for such an opinion; and

f) 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:

a) more details on the background of the Creditors' Voluntary Liquidation ("CVL") of International Energy Group Pte Ltd ("IEG");

As previously announced in the Annual Report of the Company for the financial year ended 30 June 2020 ("**FY2020**") released via SGXNET on 15 October 2020, the Group had incurred a net loss after tax of approximately US$8.2 million, which was attributable mainly from the Oil and Gas segment. As announced in the unaudited first quarter 2020 released on 13 November 2020 ("**1Q21**"), the Group registered a total revenue of US$31.98 million, which was 65% lower than the US$90.2 million generated in the first quarter ended 30 September 2019. The energy segment only contributed US$18.36 million to the 1Q21 revenue. In addition, as stated in the announcement "Strategic Review of International Energy Group and its subsidiaries" announced on 15 December 2020, the Group is expecting more provisions of credit loss while trying to recover the remaining trade and other receivables in

the face of the current global pandemic. In addition, TXZ Tankers Pte Ltd (subsidiary of IEG) has been experiencing challenging situations in view of the reduction of shipping charters.

In view of the global pandemic and the challenging energy market, the management conducted a strategic review of the Group's energy division. The management and the Board are of the view that the energy business is not sustainable and IEG will not be able to fulfil its debt obligations as and when they fall due taking into account the cash flow projections commencing on Q22021. In view of that, the Board took the difficult decision that a creditors voluntary liquidation of IEG was appropriate and appointed provisional liquidators.

b) whether the Company is a party of and/or guarantor of any debts owing by International Energy Group Pte. Ltd. and/or its subsidiaries;

1.) The Company is a corporate guarantor to a loan extended from Ocap Management Pte Ltd to IEG. (**"oCap Loan**")
2.) IEG is a corporate guarantor to lease financing arrangement of the bare boat charter agreement (the "**BBC agreement**") entered into by its subsidiary TXZ Tankers Pte Ltd, in which if IEG defaults, the Company is a corporate guarantor to the lease financing arrangement and its contingent liabilities under the applicable termination clauses (the "Termination Amount") associated to the BBC agreement.

c) the Board of Directors' opinion as to the impact of the creditors' voluntary liquidation of International Energy Group Pte. Ltd. on the Company;

The Board of Directors feels that while there will be a liquidity crunch due to the CVL of IEG, the impact will be minimized by the continuous operations and growth of the healthcare arm of the Company together with corporate finance activities.

d) the Board of Directors' opinion as to (i) whether the Company and its subsidiaries (collectively, the "Group") can continue as a going concern; and (ii) the bases for its opinion;

After reviewing the financial forecast and cashflow projections, the Board of Directors is in the opinion that the Company and the Group can continue 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 on the following bases and assumption:

(i) The Group had implemented several cost-cutting initiatives;

(ii) The oCap Loan has an enforceable corporate guarantee ("CG") on the Company and it is repayable in the next twelve months from the date of this announcement. The Company has received letters of demand in respect of US$7,158,133.33 from the provisional liquidators of oCap. The Company is currently reviewing the letters of demand with its legal advisers and is intending to negotiate and to take all necessary legal steps on the payment under the CG.

(iii) The Termination Amount is enforceable onto the Company and it is repayable in the next twelve months from the date of this announcement. The Company has received a reservation of rights letter from the counterparty in respect of the BBC Agreement.

(iv) The Group's healthcare operations generate sufficient operating cash flows to meet its working capital requirements. The health and healthcare subsidiaries of the Company contributed US$13.62 million to the revenue of 1Q2021. The Group can continue to grow its healthcare operations based on the financials from its subsidiaries Shanghai Fengwei and Healthsciences International Pte Ltd.

(v) The Group is in collaboration to develop a healthcare artificial intelligence (AI) platform and expect income generating stream from this once the reliability verification is complete.

(vi) The Group is currently in discussions for external financing from strategic investors to the Company from the ongoing restructuring of the Company into a fully integrated healthcare business.

e) the Board of Directors' opinion as to whether a trading suspension is required pursuant to Listing Rule 1303(3) and the bases for such an opinion; and

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$13.62 million to the revenue of 1Q2021. 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.

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

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

The Company will update the shareholders on further developments of the CVL and demands from creditors.

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

20 January 2021