

NEW SILKROUTES GROUP LIMITED

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

RESPONSES TO SGX QUERIES

The Board of Directors (the “**Board**”) of New Silkroutes Group Limited (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 (“**SGX-ST**”) on 13 December 2024 and 18 December 2024 in relation to the Company’s announcement dated 12 December 2024 (the “**Previous Announcement**”) entitled “Update on Hequ Yuanyang Industrial Co., Ltd’s operations and future work plans”.

Capitalised terms in this announcement (unless otherwise defined or the context otherwise requires) have the same meaning ascribed to them in the Previous Announcement.

SGX-ST’s query:

1. *It is disclosed in the announcement that, “HYI’s operations have been temporarily shut down due to the Government Mandate” and “The management of HYI expects to receive shipments before the end of the year and for the shipment volume to be no less than before the shutdown and rectification period.”*
- (i) *Please disclose the date when (a) HYI was first informed of the rectification requirements; and (b) HYI’s operations have been temporarily shut down.*

Company’s response:

- (a) HYI was first informed on 19 May 2024 that it is on "Hequ County Industrial Enterprise Classification and Management List" dated 13 May 2024 from the local Chinese governments that sets out the enterprises which are subject to the Government Mandate.
- (b) The Government Mandate provided that all coal in the coal shed be removed before 1 June 2024 and from 1 June 2024, all coal shipment will be suspended. As such, HYI could not make any further coal shipments and its operations have been temporarily suspended since 1 June 2024.

SGX-ST’s query:

- (ii) *Please disclose the Board’s assessment on:*
 - (a) *the continued business viability of HYI’s operations, including the bases for the said assessment;*
 - (b) *the Group’s ability to operate as a going concern given the shut down of HYI’s operations, including the bases for the said assessment;*

Company’s response:

- (a) The Board and the Management are of the view that HYI’s business remains viable. This is because HYI has undertaken the steps disclosed in the announcement dated 12 December 2024 to ensure the smooth resumption of operations when it

receives the operations resumption notification from the local Chinese government. The current suspension of its business operations is temporary and is a result of the local Chinese government's policies.

- (b) The Board and the Management are of the view that the Group has the ability to operate as a going concern, on the following basis:
1. HYI's business remains viable for reasons stated under our response to Query 1(ii)(a); and
 2. Ontario's financial support and commitment to the Group by way of the scheme of arrangement.

SGX-ST's query:

- (iii) *Please disclose the impact on the proposed Scheme arising from the shut-down of HYI's operations, if any.*

Company's response:

The Scheme is not affected by the temporary suspension of HYI's operations and subject to the satisfaction of the relevant conditions precedent, it will be carried out according to the intended timeline.

SGX-ST's query:

- (iv) *Please disclose the impact on the Group if (i) HYI's operations do not resume before the shipments; and (ii) HYI is unable to obtain the relevant approval from the local Chinese governments to resume its operations.*

Company's response:

- (i) As HYI is located in an area where only rail transportation is suspended, land transportation remains unaffected and coal can be transported from the mines to the station. In addition, as the surrounding area where HYI is located is rich in coal resources, there are multiple large-scale open-pit coal mines, which can reserve sufficient coal for shipment within 1-2 days once the suspension is lifted. Accordingly, there will be sufficient coal for shipment upon the resumption of operations of HYI.
- (ii) HYI's coal shipments will remain suspended, and the Group will not be able to generate any income during this suspension period.

SGX-ST's query:

2. *It is disclosed in the announcement that, "During this period, HYI is required to undertake corrective measures, carry out technological transformation, and meet stricter environmental protection standards. Further, HYI is required to improve its environmental protection facilities and control pollutants levels to meet the local Chinese governments' rectification requirements."*
- (i) *Please provide an estimated time period required to carry out the aforementioned actions prior to the approval for resumption of operations from the local Chinese government and disclose when HYI is likely to obtain such approvals.*

Company's response:

HYI has completed the construction of the environmental protection facilities, implemented the corrective measures, and fulfilled the technological transformation and stricter environmental protection standards. HYI is currently awaiting to receive the operations resumption notification from the local Chinese governments.

SGX-ST's query:

- (ii) *Please provide a list of specific conditions required to be fulfilled prior to the resumption of HYI's operations, including but not limited to environmental protection rectification requirements under Provincial Environmental Protection Department and rectification requirements of the Municipal Environmental Protection Bureau, and elaborate how these conditions will be met.*

Company's response:

The specific conditions required to be fulfilled prior to the resumption of HYI's operations are as follows:

1. All sewage treatment equipment, hazardous chemical warehouses, and on-site vehicles shall be registered;
2. The coal shed shall be fully enclosed;
3. Automatic sensor gates shall be installed at the coal storage facility entrance and exit;
4. High-definition video surveillance facilities shall be installed at the entrances and exits of coal storage warehouses and coal loading and unloading operations areas, and the surveillance data shall be kept for at least half a year;
5. A dust suppression spray system shall be installed on the coal storage working surface;
6. The section from Shenbao Road to the coal platform, the transportation trunk line, and the roads within the coal platform shall be hardened, and damaged and potholed roads shall be repaired;
7. For land plots that cannot be hardened, all vegetation or artificial lawns shall be covered over these plots;
8. All coal logistic businesses shall be equipped with one vacuum truck, two sprinkler trucks and one sewage truck;
9. A 21-meters-long standardised automatic car wash shed shall be built at the north and south platform exits. This automatic car wash shall be equipped with automatic induction wheel cleaning and body cleaning functions, as well as drying and heating facilities. A special sedimentation tank for car washing shall be built, and the bottom and both sides of the tank will be hardened and anti-seepage treated. The wastewater shall be recycled after the sedimentation process in the sedimentation tank and shall not be discharged externally;
10. Build an access control video system and link it with the ecological environment department; and

11. Build or improve a rainwater collection pool and a reservoir at the lowest point in the site, with a total volume of about 2,000 cubic meters. The rainwater collection pool shall be equipped with a manual switching valve. The collection pool and the reservoir shall be equipped with an interoperable conveyance system. The collected rainwater shall be recycled after the sedimentation process and will not be discharged externally.

All the above conditions have been fulfilled during the period from May 2024 to October 2024 as informed by the Management to the Board.

SGX-ST's query:

- (iii) *Please disclose how HYI plans to fund the costs required for the outstanding rectification requirements.*

Company's response:

The rectification project will be funded by contractors on a credit term basis. HYI will repay these contractors from collections received for the service rendered when revenue is generated from its coal shipments upon the resumption of its operations.

In response to the queries raised by the SGX-ST on 18 December 2024 in relation to the Previous Announcement, the Company's responses are as follows.

SGX-ST's query:

1. *Please explain why the temporary suspension of the Company's operations was not announced in May 2024 when the notice was received.*

Company's response:

The "Hequ County Industrial Enterprise Classification and Management List" that HYI had received is an internal document of the local Chinese government. As HYI had not received a formal official notification to suspend its operations, the Company had to conduct further clarification and verify the actions (including the suspension of operations) to be taken by HYI. HYI obtained verbal confirmation on 19 May 2024 from the local Chinese government to suspend operations.

SGX-ST's query:

2. *With regard to question (iv)(i), please disclose what happens to the shipments due to be received before the end of the year if HYI's operations do not resume (i.e. no further coal shipments could be made under the Government Mandate).*

Company's response:

If HYI's operations do not resume before the end of the year, the shipments received will be placed in the coal storage warehouse until operations resume and the third-party vendors will not object to this arrangement due to their understanding of the current situation.

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

Mr Han Binke
Executive Director and Chief Executive Officer

31 December 2024