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

PROVISION OF RESCUE FINANCING OF UP TO S$5.9 MILLION FROM 2810198 ONTARIO INC

The board of directors of the Company refers to its previous announcements on 10 May 2023 and 3 July 2023 regarding the proposed rescue financing to be provided by 2810198 Ontario Inc ("**Ontario**") to the Company.

As previously announced, the Company obtained the order of court granting super priority status to the proposed financing of up to S$5.9 million from Ontario to the Company (the "**DIP Facility**") pursuant to section 67(1)(b) of the Insolvency, Restructuring and Dissolution Act 2018 on 3 July 2023.

By way of update, on 14 September 2023, the Company has entered into a definitive facility agreement with Ontario in respect of the DIP Facility, which is intended to provide urgent financing for the Company and the Group during this restructuring period (the "**DIP Facility Agreement**"). We set out the salient terms of the DIP Facility Agreement in this announcement for shareholders' information.

SALIENT TERMS OF THE DIP FACILITY AGREEMENT

I. Purpose

The purpose of the DIP Facility is to provide the Company with the necessary funding for *inter alia* (i) its urgent working capital requirements, (ii) restructuring costs, and (iii) the cash pool required to fund the 1st cash distribution under the Company's proposed scheme of arrangement (which was circulated to its scheme creditors on 6 September 2023).

Further, given that a condition imposed by Ontario for the provision of the DIP Facility is a "roll-up" on a dollar-to-dollar basis of the working capital loans amounting to approximately S$1.9 million which were advanced by Ontario to the Company prior to the filing the Company's moratorium application in HC/OA 15/2023, part of the DIP Facility shall also be utilised by the Company for the repayment of these working capital loans.

II. Maturity Date

The DIP Facility shall mature on a date falling two years from the date of the Company's first utilisation of the DIP Facility (unless extended in accordance with the terms of the DIP Facility Agreement).

III. Repayment

The Company shall fully repay the DIP Facility on the Maturity Date (unless extended) by paying to Ontario an amount equivalent to 1.1 times the total outstanding principal amount of the loan as at the Maturity Date.

IV. Voluntary and Mandatory Prepayment

At any time prior to the Maturity Date, the Company may, by giving notice, voluntarily prepay the whole or part of the DIP Facility by paying to Ontario an amount equal to the outstanding principal plus interest calculated at the rate of 10% per annum.

Upon the Company's receipt of sale proceeds from the Group's disposal of its equity interest in Shanghai Fengwei Garment Accessory Co., Ltd., the Company shall prepay the whole or part of the DIP Facility by paying to Ontario either (i) an amount equal to the outstanding principal plus

interest calculated at the rate of 10% per annum (if the amount of sale proceeds received by the Company is no less than the total outstanding principal under the DIP Facility at the time); or (ii) an amount equal to the sale proceeds received by the Company (if such amount is less than the total outstanding principal under the DIP Facility at the time), which shall be applied towards the partial satisfaction of the DIP Facility.

For the avoidance of doubt, claims arising from the DIP Facility are excluded from the Company's proposed scheme of arrangement, and shall not be subject to any compromise or arrangement.

V. Interest

Subject to the terms of the DIP Facility Agreement (including the terms on prepayment), no interest shall be payable by the Company to Ontario on the loans made pursuant to the DIP Facility.

If the Company fails to pay any amount payable by it under the DIP Facility Agreement to Ontario, default interest shall accrue on all unpaid sums from the due date to the date of actual payment at a rate of 10% per annum.

The execution of the DIP Facility Agreement is expected to facilitate the Company's ongoing restructuring efforts and to fund its potential business plans moving forward. The Company will endeavour to keep shareholders apprised of any material developments regarding the Group's restructuring and operations.

BY ORDER OF THE BOARD

Mr Han Binke
Executive Director and CEO

14 September 2023