NEW SILKROUTES GROUP LIMITED

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

ENTRY INTO CONVERTIBLE LOAN AGREEMENT – RECEIPT OF APPROVAL-IN-PRINCIPLE IN RELATION TO THE CONVERTIBLE SHARES

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*Unless otherwise defined, all terms used herein shall bear the same meanings as are accorded to them in the Company's announcement dated 30 May 2018 relating to the Convertible Loan (the "**Previous Announcement**").*

The board of directors (the "**Board**") of the Company is pleased to announce that the SGX-ST had on 23 July 2018 granted its approval-in-principle ("**AIP**") for the listing and quotation of up to 11,111,111 Conversion Shares in the capital of the Company. The listing and quotation of the Conversion Shares is subject to, *inter alia,* the following conditions:

(a) compliance with the SGX-ST's listing requirements;

(b) announcement of the following:

  i. details of the adjustment events pursuant to which the issue price of the Conversion Shares may be adjusted; and

  ii. repayment terms for the Convertible Loan;

(c) the Company signing an addendum to the Convertible Loan Agreement with the Lender to provide for an upward adjustment to the Conversion Price (including an upward adjustment to the minimum Conversion Price) in the event of a share consolidation based on the formula set out in the Convertible Loan Agreement;

(d) the issue of a maximum of 11,111,111 Conversion Shares (which will be adjusted proportionately in the event of a share consolidation or a subdivision);

(e) submission of the following documents:

  (i) a written undertaking form the Company to announce any prepayment or conversion of the Convertible Loan;

  (ii) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of proceeds from the Convertible Loan and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;

  (iii) a written confirmation from the Company that it will comply with Listing Rule 803;

  (iv) a written confirmation from the Company that it will not issue the Conversion Shares to persons prohibited under Rule 812(1) of the Listing Manual;

(v) a written confirmation from the Company that the terms of the Convertible Loan comply with Rule 829(1) of the Listing Manual;

(vi) a written undertaking from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual; and

(vii) a written undertaking from the Company that it will comply with Rule 831.

The AIP granted by the SGX-ST for the listing and quotation of the Convertible Shares is not to be taken as an indication of the merits of the Convertible Loan, the Convertible Shares, the Company and/or its subsidiaries.

The Company had announced in the Previous Announcement that the Conversion Price shall be S$0.60 in respect of each Conversion Share as adjusted by a conversion price reset and, if applicable, any necessary adjustments as set out in the Convertible Loan Agreement from time to time. It was announced that based on the agreed adjustment formulae as set out in the Convertible Loan Agreement, the Conversion Price may be adjusted downwards to a minimum of S$0.45.

Further to condition (b)(i) of the SGX-ST's AIP above, the Company would like to announce that at any time on and from 1 July 2018, if the volume weighted average price of the Company's shares on any day (such day as determined by the Lender) is less than S$0.60, the Conversion Price shall be adjusted to become the higher of the average market price or S$0.45. The Lender has exercised its conversion price reset and the Conversion Price is now S$0.45.

In addition, in the event that an Adjustment Event (as defined below) has occurred since the date of the Convertible Loan Agreement, the Conversion Price shall be adjusted to "A/B × Conversion Price" for each Adjustment Event which has occurred, where "A" refers to the aggregate number of issued shares of the Company immediately before the Adjustment Event and "B" refers to the aggregate number of issued shares of the Company immediately after the Adjustment Event.

An Adjustment Event refers to any event or action of the Company which dilutes the value of the Conversion Shares, including but not limited to any share subdivision, share reclassification, share consolidation, free distribution or bonus issue, other distribution to shareholders, rights issue of shares or warrants at less than the Conversion Price, issue of convertible or exchangeable securities with a conversion price less than the Conversion Price and a modification of any rights of conversion, exchange or subscription which results in the conversion, exchange or subscription price being less than the Conversion Price.

Further to condition (b)(ii) of the SGX-ST's AIP above, the Company would like to announce that the Company is required to repay the Convertible Loan in full on the Maturity Date (being 31 May 2020). The Lender's right to convert any Outstanding into Convertible Shares ends on 31 May 2020, and the Company must repay all Outstandings to the Lender by 31 May 2020 if not converted.

BY ORDER OF THE BOARD

Dr Goh Jin Hian
Executive Director and Chief Executive Officer

23 July 2018