

NEW SILKROUTES GROUP LIMITED

(Registration No. 199400571K)
(Incorporated in Singapore)

THE PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF CAPITAL GROUP INVESTMENTS PTE. LTD.

1. INTRODUCTION

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 had on 3 February 2017 entered into a share sale and purchase agreement (the **“SPA”**) with Ansar Farooq Rahman, Brett David Clark, Anthony James Schoer, Kamil Mehmood, Sebastian Seow Poon Shin, Sharp Ventures, LLC, BF Asia Holdings LLC and CGCM Employee Share Program LLC (collectively, the **“Vendors”** and each, a **“Vendor”**) to acquire 100,000 ordinary shares (the **“Sale Shares”**) in the capital of Capital Group Investments Pte. Ltd. (the **“Target”**), comprising 100% of the issued and paid-up share capital of the Target, for an aggregate consideration of US\$14,400,000.00 (the **“Proposed Acquisition”**).

2. INFORMATION ON THE TARGET GROUP

- 2.1 The Target is a private company limited by shares incorporated in Singapore in 2014 and is an investment holding company. The Target owns, or will own at completion, shares in CG Capital Partners, LLC (**“CGCP”**), which in turn owns shares in CG Capital Markets Holdings, LLC (**“CGCMH”**), which in turn owns shares in each of CG Capital Markets, LLC (**“BD”**), Structured Products Pricing Service, LLC (**“SPPS”**) and CG Capital Management, LLC (**“CGCM”**). The Target and its subsidiaries shall hereinafter be collectively referred to as the **“Target Group”**.
- 2.2 CGCP, CGCMH, BD, SPPS and CGCM are limited liability companies incorporated in Delaware, the United States of America (**“USA”**). CGCP and CGCMH are investment holding companies. BD is a broker-dealer registered with the Financial Industry Regulatory Authority (**“FINRA”**) of USA, providing fixed income market making, capital raising and advisory services to middle market companies and projects around the world. SPPS is a provider of securities pricing data. CGCM is an investment advisory company registered with the U.S. Securities and Exchange Commission. SPPS and CGCM are dormant as at the date hereof and will be commencing operations in the near future.
- 2.3 Based on the audited financial statements of BD for the six (6) months ended 31 December 2015 (**“1H2015”**) and unaudited financial statements of BD for the six (6) months ended 30 June 2016 (**“2H2016”**), the aggregate profit-after-tax of the Target Group for 1H2015 and 2H2016 is approximately US\$1,500,000.00 and the net tangible asset value of the Target Group is zero as accumulated profits were fully distributed.

3. RATIONALE OF THE PROPOSED ACQUISITION

The acquisition of the Target Group is in line with the Group’s business strategy to expand its investment and fund management services division, which the Board believes has the potential for growth to the benefit of the Company and its shareholders. The Group’s investment and fund management business is carried out through, *inter alia*, New Silkroutes Capital Pte. Ltd., a wholly-owned subsidiary of the Company. New Silkroutes Capital Pte. Ltd. has a joint venture with CG Capital Partners, LLC to offer fund management services, including structured products, to investors in Asia. The Proposed Acquisition will thus allow the Group to diversify the range of products and services offered by its investment and fund management services division and represents an important

strategic step for the Group. The Board is of the view that the acquisition of the Target Group will reinforce the Company's earnings base, strengthen the Group's operations and financial position, and enhance the long-term interests of shareholders.

4. PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

4.1 Introduction

Pursuant to the terms of the SPA, the Company shall acquire 100% of the issued and paid-up share capital in the Target from the Vendors, free and clear from any encumbrances and claims, and together with all rights, benefits, and entitlements attaching thereto.

4.2 Consideration

4.2.1 The aggregate consideration for the sale and purchase of the Sale Shares is US\$14,400,000.00 (or S\$20,442,240.00, based on the exchange rate of US\$1.00 to S\$1.4196 as at February 2017) (the "**Consideration**").

4.2.2 The Consideration shall be satisfied, subject to the approval of shareholders of the Company and the approval from the SGX-ST for the listing and quotation of the new shares having been obtained, by the issue and allotment to the Vendors of such number of new ordinary shares in the capital of the Company (the "**Consideration Shares**") on the Completion Date (as defined herein), at an issue price representing the average of the closing prices of the Company's shares in the 5 business days prior to the Completion Date, plus S\$0.03 (the "**Issue Price**").

4.2.3 The Company will be seeking the specific approval of shareholders in general meeting for the issue and allotment of the Consideration Shares in accordance with Rule 805(1) of the Listing Manual.

4.2.4 The Consideration was arrived at after arm's length negotiations between the Company and the Vendors and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the audited financial statements of BD for 1H2015 and the unaudited financial statements of BD for 2H2016 and the aggregate of the audited profit-after-tax of BD for 1H2015 and unaudited profit-after-tax of BD for 2H2016.

4.3 Conditions Precedent

The completion of the Proposed Acquisition is conditional upon, *inter alia*:

- (a) the resolution of the board of directors of the Company having been obtained for the entry into and completion of, the transactions (including but not limited to the issue of the Consideration Shares) contemplated to be entered into in the SPA;
- (b) to the extent required by the Listing Manual and/or applicable laws, the approval of the shareholders of the Company having been obtained for the entry into and completion of, the transactions (including but not limited to the issue of the Consideration Shares) contemplated to be entered into in the SPA;
- (c) the resolution of the board of directors of the Target having been obtained for the completion of the transactions contemplated to be entered into in the SPA (including but not limited to the approval of the transfer of the Sale Shares from the Vendors to the Company and authorising the cancellation of existing share certificate(s) and issuance of new share certificate(s) to the Company);
- (d) approval in-principle for the listing and quotation of the Consideration Shares on the Official List of the SGX-ST (on conditions, if any, acceptable to the Company and the Vendors) having been obtained from the SGX-ST and remaining in full force and effect and where such approval is given subject to conditions which must

be fulfilled on or before the Completion Date, such conditions being reasonably acceptable to the Vendor or fulfilled by the Company, as the case may be;

- (e) completion of the Company's due diligence investigations in respect of the Target Group and the results thereof being satisfactory to the Company;
- (f) all necessary consents, approvals and waivers of the relevant authorities having jurisdiction over the transactions contemplated in the SPA (whether in Singapore or elsewhere), financial institutions or other third parties having been obtained by the Company or the Vendor, as the case may be, such consents, approvals and waivers not having been amended or revoked before the Completion Date, and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled;
- (g) the Vendor and the Company not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the SPA, 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; and
- (h) the Warranties being true, accurate and correct in all material respects as if made on the Completion Date, with reference to the then existing circumstances and the Company having performed in all material respects all of its obligations herein to be performed on or before the Completion Date.

4.4 Completion

Completion shall take place on a date notified in writing by the Company to the Vendor as the date of completion, being a date no later than the seventh (7th) business day after the satisfaction of the last of the Conditions Precedent, or such other date as the Parties may agree in writing (the "**Completion Date**"), but in any event, not later than 30 June 2017.

4.5 Performance Shares

4.5.1 The Company agrees to allot and issue, after a certified true copy of the audited consolidated financial statements of the Target Group for the financial year ending 31 December 2019 has been delivered to the Company and subject to the approval of shareholders of the Company and the approval from the SGX-ST for the listing and quotation of the new shares having been obtained, such number of new ordinary shares ("**Performance Shares**") worth up to US\$9,600,000.00, based on an issue price representing the average of the closing prices of the Company's shares in the five (5) business days prior to the date of allotment plus S\$0.03.

4.5.2 The number of Performance Shares to be issued will depend on the financial performance of the Target Group for the financial years ending 31 December 2017, 31 December 2018 and 31 December 2019. The number of Performance Shares to be allotted and issued to the Vendors will be determined based on the following:

- (a) the total number of Performance Shares multiplied by a fraction, the numerator of which is the Performance Earnings (as defined below), and the denominator of which is US\$3,000,000 (up to a maximum of US\$3,000,000 over US\$3,000,000).
- (b) "Performance Earnings" means with respect to FY2017, FY2018 and FY2019, the extent to which the aggregate audited consolidated after-tax profit of the Target Group in the two (2) such fiscal years with the highest after-tax profit, exceeds US\$3,000,000.

- 4.5.3 The issue of the Performance Shares shall be subject to approval by the Company's shareholders at an extraordinary general meeting of the Company to be convened and the listing and quotation notice from the SGX-ST for the listing of, and quotation for, the Performance Shares on the Official List of the SGX-ST not having been revoked or amended, and where such approval is subject to, to the extent that any conditions for the listing of, and quotation for, the Performance Shares on the SGX-ST are required to be fulfilled on or before the date of issue of the Performance Shares, they are so fulfilled.
- 4.5.4 The Company will also be seeking the specific approval of shareholders in general meeting for the issue and allotment of the Performance Shares.

5. CHAPTER 10 OF THE LISTING MANUAL

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 are set out below.

Rule	Proposed Acquisition
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.
Rule 1006(b) – the net profits attributable to the assets acquired, compared with the Group's net profits	-34% ⁽¹⁾
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	18% ⁽²⁾
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	17% ⁽³⁾
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.

Notes:

- (1) Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016, the net loss of the Group is approximately US\$3,516,000.00. Based on the audited financial statements of BD for the six (6) months ended 31 December 2015 and the unaudited financial statements of BD for the six (6) months ended 30 June 2016, the net profit attributable to the assets acquired (i.e. 80% of total net assets of the Target Group) is approximately US\$1,200,000.00.
- (2) The Consideration for the Sale Shares is US\$14,400,000.00. The Company's market capitalisation of S\$116,696,223.00 is computed based on 132,609,344 shares in issue and the closing price of S\$0.88 per share transacted on 2 February 2017, being the market day preceding the signing of the SPA.
- (3) The actual number of equity securities, being ordinary shares, issued by the Company as consideration for the Proposed Acquisition cannot be determined as at the date hereof, as it will be based on the Consideration divided by the average of the closing prices of the Company's shares in the five (5) business days prior to the Completion Date plus S\$0.03. Purely for illustrative purposes only, assuming that S\$0.88, being the average of the closing prices of the Company's shares in the five (5) business days prior to the date of the SPA plus S\$0.03, is used as the Issue Price, the number of shares to be issued as Consideration Shares will be 22,464,000. The number of shares in issue as at the date hereof is 132,609,344 shares.

5.2 Shareholders' Approval

The Company will be seeking shareholders' approval for, *inter alia*, the issue and allotment of the Consideration Shares and Performance Shares. A Circular containing further

information on, *inter alia*, the issue and allotment of the Consideration Shares and Performance Shares will be despatched in due course.

6. FINANCIAL EFFECTS

6.1 Bases and Assumptions

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

- (i) the audited consolidated financial statements of the Company and the Group for the financial year ended 30 June 2016; and
- (ii) the audited financial statements of BD for the six (6) months ended 31 December 2015 and the unaudited financial statements of BD for the six (6) months ended 30 June 2016.

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

6.2 NTA per share

Assuming that the Proposed Acquisition was completed on 30 June 2016, the *pro forma* financial effects of the Proposed Acquisition on the consolidated NTA of the Group are as follows:

	Before the Proposed Acquisition	After completion of the Proposed Acquisition
Consolidated NTA attributable to the shareholders (US\$'000)	34,250	34,250
Number of shares	124,570,227	147,034,227 ⁽¹⁾
Consolidated NTA per share attributable to the shareholders (US cents)	27.495	23.294 ⁽¹⁾

Note:

- (1) The actual number of equity securities, being ordinary shares, issued by the Company as consideration for the Proposed Acquisition cannot be determined as at the date hereof, as it will be based on the Consideration divided by the average of the closing prices of the Company's shares in the five (5) business days prior to the completion date plus S\$0.03. Purely for illustrative purposes only, assuming that S\$0.88, being the average of the closing prices of the Company's shares in the five (5) business days prior to the date of the SPA plus S\$0.03, is used as the Issue Price, the number of shares to be issued as Consideration Shares will be 22,464,000. The number of shares in issue as at the date hereof is 132,609,344 shares.

6.3 Earnings per Share ("EPS")

Assuming that the Proposed Acquisition was completed on 1 July 2015, the financial effects of the Proposed Acquisition on the EPS of the Group are as follows:

	Before the Proposed Acquisition	After completion of the Proposed Acquisition
Consolidated profit/(loss) after taxation and minority interests (US\$'000)	(3,362)	(2,162)
Weighted average number of shares	106,939,537	129,403,537 ⁽¹⁾
Consolidated earnings/(loss) per share (US cents)	(3.144)	(1.671) ⁽¹⁾

Note:

- (1) The actual number of equity securities, being ordinary shares, issued by the Company as consideration for the Proposed Acquisition cannot be determined as at the date hereof, as it will be based on the Consideration divided by the average of the closing prices of the Company's shares in the five (5) business days prior to the Completion Date plus S\$0.03. Purely for illustrative purposes only, assuming that S\$0.88, being the average of the closing prices of the Company's shares in the five (5) business days prior to the date of the SPA plus S\$0.03, is used as the Issue Price, the number of equity securities to be issued as Consideration Shares will be 22,464,000. The number of shares in issue as at the date hereof is 132,609,344 shares.

7. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed the terms of the Proposed Acquisition, and is of the unanimous opinion that the Proposed Acquisition is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

8. SERVICE AGREEMENTS

As at the date hereof, no person is proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition.

9. 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, other than through their respective shareholdings (if any) in the Company.

10. CAUTIONARY STATEMENT

Shareholders are advised that the completion of the Proposed Acquisition is subject to the conditions precedents in the SPA being fulfilled and there is no certainty or assurance that the Proposed Acquisition will be completed or that no changes will be made to the terms of the SPA. 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.

11. 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 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 information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the SPA will be available for inspection during normal business hours at the Company's registered office at 460 Alexandra Road #24-06 PSA Building, Singapore 119963 for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Lim Koon Hock
Joint Company Secretary
3 February 2017