

NEW SILKROUTES GROUP LIMITED

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

RESPONSE TO QUESTIONS FROM SHAREHOLDERS FOR ANNUAL GENERAL MEETING TO BE HELD ON 29 OCTOBER 2021

The Board of Directors (the “**Board**”) of New Silkroutes Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) would like to thank shareholders for submitting their questions ahead of the Company’s Annual General Meeting to be held on 29 October 2021 at 10:00 a.m. via live webcast. The Company wishes to provide its responses to the substantial and relevant questions received from the shareholders relating to the resolutions to be tabled for approval at the Annual General Meeting, as set out below:

Question 1:

Can the Board advise on the following:

- (1) *The financial condition – is the company still a going concern?*

Company’s response:

The Board of Directors is of the opinion that the Company and the Group can continue as a going concern on the following bases and assumptions:

- (a) The Group had implemented several cost-cutting initiatives;
- (b) The Company is alleged to be a corporate guarantor to a loan extended from OCAP Management Pte Ltd (“**OCAP**”) to International Energy Group Pte. Ltd. (“**IEG**”). In January 2021, 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 in active discussions and negotiations with the provisional liquidators to reach an amicable conclusion;
- (c) IEG is alleged to be a corporate guarantor (“**NSG Guarantee**”) to a lease financing arrangement of the bare boat charter agreement (the “**BBC agreement**”) entered into by its subsidiary, TXZ Tankers Pte. Ltd.. The Company is alleged to be a corporate guarantor to the lease financing arrangement and the contingent liabilities therein. The Company had received a letter of demand dated 7 June 2021 from lolani Shipping Limited (“**lolani**”) for an alleged sum of US\$10,695,760 plus any interest which is alleged to continue to accrue in accordance with the terms of the NSG Guarantee. The Company is currently in active discussions and negotiations with the counterparty to reach an amicable conclusion;
- (d) The Board is monitoring closely the discussions and negotiations with OCAP and lolani. The Board is currently of the view that both parties are committed to reaching a mutually beneficial resolution with the Company. However, if this should change, the Board will make the necessary disclosures in a timely and orderly manner;
- (e) With respect to the breach of a non-financial covenant for a loan from a financial institution amounting to US\$3,631,000, the financial institution has informed the Group that it does not presently intend to enforce the securities or take any action presently against the Group. The Group is currently making all relevant interest and principal payments to the financial institution;

- (f) With respect to the corporate guarantees of US\$2,639,000, there are no risks of cross defaults as existing bank loans contain covenants requiring the monies to be ringfenced around the specific healthcare entities;
- (g) 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\$42.039 million to the revenue of the financial year ended 30 June 2021 ("FY2021"). The Group can continue to grow its healthcare operations based on the financials from its operating subsidiaries;
- (h) The Group also looks to launching its AI driven genomics platform in the next quarter. In conjunction with our partners, Huawei and Sensetime, we have completed our proof of concept for our AI Genomics platform GEIA™ and look forward to converting this to a PaaS cloud computing model. GEIA™ is a complete and seamless, hybrid cloud-based workflow platform solution with AI-optimised analyses. The Group will continue to build relationships with leading tech players who can provide us with a full range of capabilities in data-driven diagnostics; and
- (i) 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.

Question 2:

- (2) *Divestment on the Oil/Gas business – what is the net loss from this divestment?*

Company's response:

The segment loss from oil and gas is US\$18.157 million for the financial year ended 30 June 2021.

Question 3:

- (3) *What are the plans for the non-woven business? If we cannot compete, what is the option? Exit? What is the financial impact on the company?*

Company's response:

The Company will continue the non-woven business and monitor the market forces surrounding it. Strategic directions will be constantly reviewed and steps taken to ensure the Company's businesses remain viable and profitable.

Question 4:

With increasing competition within the healthcare landscape in Singapore, how does the Board ensure the Company maintains the profitability of the healthcare division while having to fulfil the current liability obligations (letter of demand, loans, etc.)?

Company's response:

- (a) The Company has undertaken initiatives to create new corporate partnerships with different healthcare benefits companies; and to extend our branding and scope of services as part of our vision to be a valuable integrated healthcare provider;

- (b) The Group is currently making all relevant interest and principal payments to our loan obligations; and
- (c) With respect to the letters of demand, the Company is currently in active discussions and negotiations with the counterparties to reach an amicable conclusion.

Question 5:

There is a lot of talk on AI genomics but can the Board shed light on the progress and how is this going to ensure the Company be stirred back to profitability?

Company's response:

The Group looks to launching its AI driven genomics platform in the next quarter. In conjunction with our partners, Huawei and Sensetime, we have completed our proof of concept for our AI Genomics platform GEIA™ and look forward to converting this to a PaaS cloud computing model. GEIA™ is a complete and seamless, hybrid cloud-based workflow platform solution with AI-optimised analyses. The Group will continue to build relationships with leading tech players who can provide us with a full range of capabilities in data-driven diagnostics.

Question 6:

Can I know the risk management and oversight protocol? Current liabilities of US\$17.7 million to current assets of US\$6.6 million seems to suggest that risk management and stress testing protocol may be inadequate.

Company's response:

The Board recognises that it is responsible for the overall governance of risk by ensuring that the Group maintains sound systems of risk management and internal controls. The Audit and Risk Committee reviews and makes recommendations to the Board on the adequacy and effectiveness of the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems.

The Company carries out a risk assessment of its business and operations on an ongoing basis. The objectives of the continuous risk assessment are to identify and rank the processes most critical to the business and formulate plans to address the risks relating to these processes. The exercise also aims to establish a proactive risk management environment. The risk assessment covers business operation risk, financial risk, legal risk and reputation risk.

The Company routinely reviews many non-financial factors, such as the quality of corporate governance, employee, vendor and customer management processes, crisis management processes, the Company's use of technology and its deployment of best practices. Early identification of trends gives the Management time to react before problems manifest themselves.

The Board is monitoring closely on the risk management of the Group. If this should change, the Board will make the necessary disclosures in a timely and orderly manner.

Question 7:

Any projections or roadmap on when the Company will be profitable?

Company's response:

- (a) The Company is committed towards reaching amicable solutions with the counterparties which have served the letters of demand;
- (b) The health and healthcare subsidiaries of the Company contributed US\$42.039 million to the revenue of FY2021. The Group can continue to grow its healthcare operations based on the financials from its operating subsidiaries. The Company has undertaken initiatives to create new corporate partnerships with different healthcare benefits companies; and to extend our branding and scope of services as part of our vision to be a valuable integrated healthcare provider;
- (c) The Group also looks to launching its AI driven genomics platform in the next quarter. In conjunction with our partners, Huawei and Sensetime, we have completed our proof of concept for our AI Genomics platform GEIA™ and look forward to converting this to a PaaS cloud computing model. GEIA™ is a complete and seamless, hybrid cloud-based workflow platform solution with AI-optimised analyses. The Group will continue to build relationships with leading tech players who can provide us with a full range of capabilities in data-driven diagnostics; and
- (d) The Company will continue to monitor the businesses closely and embark on strategic reviews to maintain business agility.

Question 8:

How do the Independent Directors justify the proposed Directors' fees when Company performance and stock price is as such.

Company's response:

The Company has kept the number of independent directors to the minimum needed for compliance with the SGX requirements and of the independent directors are fulfilling more than one role on the Board. Directors' fees are only payable to the independent Directors and comprises a base fee as well as fees for chairing Board Committees, taking into consideration the effort, time spent and responsibilities of the independent Director and the fees paid in comparable companies.

Question 9:

Can the Board explain how the current and future work plan will chart the Company to a sustainable business especially the deep focus investment on AI Genomic Solution.

Company's response:

The Group looks to launching its AI driven genomics platform in the next quarter. In conjunction with our partners, Huawei and Sensetime, we have completed our proof of concept for our AI Genomics platform GEIA™ and look forward to converting this to a PaaS cloud computing model. GEIA™ is a complete and seamless, hybrid cloud-based workflow platform solution with AI-optimised analyses. The Group will continue to build relationships with leading tech players who can provide us with a full range of capabilities in data-driven diagnostics.

BY ORDER OF THE BOARD

Dr VicPearly Wong Hwei Pink
CEO & Executive Director

28 October 2021