

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

**UPDATE ON HEQU YUANYANG INDUSTRIAL CO., LTD'S OPERATIONS
AND FUTURE WORK PLANS**

The board of directors (the “**Board**”) of New Silkroutes Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to provide an update to shareholders on the business operations and work plans of its indirect subsidiary, Hequ Yuanyang Industrial Co., Ltd. (“**HYI**”).

Since March 2024, the local Chinese governments have launched Yellow River Basin management measures within the Shanxi and Shaanxi provinces in China, in response to the concepts of “*clear water flowing into the Yellow River*” and “*lucid waters and green mountains are worth more than gold and silver*” that were introduced by China National General Secretary Xi Jinping. These concepts emphasise ecological protection and sustainable development, particularly in the management of the Yellow River Basin, ensuring water quality protection, ecological restoration and environmental sustainability.

HYI is located in the area where the Yellow River flows through the Shanxi province in the Yellow River Basin and which is subject to the compulsory measure mandated by the local Chinese governments to ban operations of all enterprises located within 1 kilometer of the main line of the Yellow River (the “**Government Mandate**”). The Government Mandate was implemented for the broader public interest, to protect the water quality of the Yellow River, improve the ecological environment, and prevent industrial pollution on the ecological environment and reduce the negative effects on residents’ lives. As such, HYI’s operations have been temporarily shut down due to the Government Mandate.

During the shutdown and rectification period, the whole coal shipment industry in the Shanxi province came to a standstill. 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.

At present, HYI has fulfilled 5 environmental protection rectification requirements of the Provincial Environmental Protection Department and passed the acceptance inspection. Save for the quick loading system which is not mandatory, HYI has also fulfilled 11 rectification requirements of the Municipal Environmental Protection Bureau and passed the preliminary approval of the municipal environmental protection inspection rectification leading group. This is a positive signal indicating HYI’s efforts and results achieved in environmental compliance, as compared to its industry competitors. As of October 2024, HYI has invested a total of RMB4.52 million in environmental protection rectification projects during the shutdown period.

HYI is primarily engaged in the transport services industry and most of the construction projects that it is involved in are supported by advance funds from contractors. During the shutdown and rectification period, HYI has actively communicated with all creditors and obtained their understanding, such that most of the creditors have agreed to extend the repayment period of the advance funds until such time HYI resumes operations.

To prepare for the resumption of operations, HYI has been undertaking the following steps to ensure operations resume smoothly immediately after it receives the operations resumption notification from the local Chinese governments:

1. Communicate with platform shipping households, prepare goods for storage, and determine the shipping plan for the next year;
2. Contact Jinshen Railway Company to prepare for departure, arrange railway maintenance and upkeep, and prepare for pick-up and delivery operations;
3. Contact the Yinta Station of the National Energy Group, report to start the operation of the truck metering track scale, and integrate and unblock the track scale data with the data network transmission system of the National Energy Baoshen Group;
4. Recruit in advance to expand personnel reserves, including coal levelers and loader drivers;
5. Contact fuel customers and organise mechanical fuel reserves;
6. Organise relevant personnel to carry out mechanical maintenance and repair;
7. Organise relevant personnel to check circuits and waterways to ensure power supply and heating in dormitories and fields;
8. Develop a management duty schedule during the year-end holidays;
9. Prior to the upcoming Chinese New Year, arrangements will be made to visit the local Chinese government and villagers to foster good relations with the officers and locals; and
10. Contact government and functional departments related to platform operation to obtain support.

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. Notwithstanding, the resumption of HYI's operations is subject to the local Chinese government policies and the receipt of the operations resumption notification from the local Chinese government.

The Company will keep shareholders updated on any material developments in relation to HYI's operations status by way of announcements as and when appropriate.

BY ORDER OF THE BOARD

Mr. Han Binke
Executive Director and CEO
12 December 2024