BLUMONT
博诺有限公司

BLUMONT GROUP LTD.
(Company Registration No.: 199302554G)
(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES ON ANNOUNCEMENT DATED 29 FEBRUARY 2016 IN RELATION TO ITS UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015 FINANCIAL STATEMENTS AND DIVIDEND

INTRODUCTION

The board of directors (the "**Board**") of Blumont Group Ltd. (博诺有限公司) (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its unaudited results for the fourth quarter and full year ended 31 December 2015 financial statements and dividend announcement dated 29 February 2016 (the "**Announcement**"). The Company is pleased to provide response to the queries received from Singapore Exchange Securities Trading Limited on the Announcement, which are set out below:

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a. In paragraph 8 of the Company's FY2015 Results Announcement ("Announcement"), the Company announced a loss on write off of financial assets, available-for-sale of S$0.67 million in FY2015 (FY2014:Nil).

i. Please provide a detailed breakdown of the financial assets for which an impairment loss was recognised, the circumstances leading to the impairment loss and the bases for determining the recognition of the impairment loss.

The detailed breakdown of the financial assets, available-for-sale for which an impairment loss was recognised is disclosed in paragraph 21 (page 17 to 19) of the Announcement.

The basis for determining the recognition of the impairment loss was as disclosed in paragraph 8 (page 10) of the Announcement as follows:

"Impairment loss on financial assets, available-for-sale of S$5.30 million for 4Q2015 (4Q2014: S$10.36 million) and S$5.90 million in FY2015 (FY2014: S$18.65 million) pertains to adjustment to impairment losses recognised due to "significant" or "prolonged" decline in the fair value in FY2015 of the equity investments and loan facility, classified as financial assets, available-for-sale."

In paragraph 8 of the Announcement, the loss on write-off of financial assets, available-for-sale FY2015 was resulted from winding up of Discover Metals Limited as announced on 12 June 2015 by the Company.

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b. In paragraph 8 of the Announcement, the Company indicated an increase of Trade and other payables increased by S$9.38 million from S$7.15 million as at 31 December 2014 to S$16.53 million as at 31 December 2015.

i. Please provide details for the increase in interest expense for the Wintercrest Financing Loans;

The increase in provision for interest payable was mainly due to:

(a) Increase in interest rate from 10% to 12% with effect from 29 May 2015 in accordance with the Supplementary Facility Agreement entered into by the Company and Wintercrest Advisors LLC to

reduce the facility amount from US$30,000,000 to US$23,500,000 as announced on 30 May 2015 by the Company.

(b) A total of US$17,000,000 was drawndown in financial year 2014, which US$9,000,000 was drawndown on 21 February 2014, US$5,000,000 was drawndown on 12 May 2014 and US$3,000,000 drawndown on 23 June 2014.

(c) The interest payable was accumulated as no repayment was made up to 31 December 2015.

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ii. Detailed breakdown of the accrued operating expenses and the nature of such accrual; and

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Please refer to detailed breakdown of the accrued expenses:

Description	As at 31 Dec 2015 S$'000	As at 31 Dec 2014 S$'000	Nature
Accrued administration fees	6,193	2,420	Relates to administration fees charged at 0.5% (from 24 Dec 2013 to 28 May 2014) and 1% (from 29 May 2014 to 31 Dec 2015) of the Wintercrest Loan Facility for each calendar month on the outstanding loan.
Accrued extension fees	586	-	Being fees for extension of loan term dated 13 March 2015 in relation to Wintercrest Loan Facility.
Withholding tax provision	1,354	-	Pertains provision for withholding tax for interest expense on Wintercrest Loan Facility.
Accrued legal and consultancy fees	115	576	Relates to services incurred for the financial year but not billed as at the respective year end.
Others	226	216	Other accrued operating expenses mainly comprise of unbilled audit and tax fees for the financial year, accrued payroll related expenses such as unutilised leave and Central Provident Funds contribution
TOTAL	**8,474**	**3,212**	

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iii. Please indicate whether the Company has previously disclosed the details of the any applicable administration fees and extension fees pursuant to the Wintercrest Financing Loan.

The Company has made announcements to disclosed the details of the administration fees and extension fees pursuant to the Wintercrest Financing Loan as follows:

Date of announcements	Title of announcement	Disclosure Reference
24 December 2013	US$30,000,000 Loan Facility from Wintercrest Advisors LLC	Point 2(d)
30 May 2014	US$30,000,000 Loan Facility from Wintercrest Advisors LLC – Supplemental Agreement	Point 2(f)

13 March 2014	US$23,500,000 Loan Facility from Wintercrest Advisors LLC – Agreement on Extension of Maturity Date	Point 2.3

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c. Taking into consideration the negative equity in statement of financial position and the negative operating cash flow, please provide the Board's opinion on whether the Company would be able to operate as a going concern and the basis for such an opinion.

In the opinion of the Board, the Company would be able to operate as going concern.

The Board has reviewed the Group's cash flow requirements for the next 12 months and believe that although uncertainties exist, there are reasonable grounds to believe that the Group will be able to raise sufficient funds to enable the Group to fund its operations in the next 12 months. The basis for making this statement is as follows:

(a) **Negotiation on full settlement of the outstanding payable to Wintercrest Advisors LLC.** The Company is in negotiation to permanently settle the outstanding amount payable to Wintercrest Advisors LLC through a combination of assignment of assets and conversion to equity (subject to regulatory approval). If successful, the immediate impact would be remove the single largest liability and operating cost. Without any further interest charges and administration fees (FY2015: S$6.96 million), the Company will be in a good position to return to profitability soon.

(b) **Recovery of Consortium costs for Prospect Resources Limited.** As announced by the Company on 15 August 2015, the Court has dismissed Prospect Resources Limited ("**PSC**")'s claim and ordered that PSC pat the Consortium costs. The Company is expecting the cost will be reimbursed in financial year 2016.

(c) **Cash inflow from sale of properties.** As disclosed in paragraph 8 (page 11) of the Announcement, the Group is currently pending conclusion on disposal of one unit of Suasana Sentral Condominium in Malaysia to receive the outstanding payment of approximately S$0.99 million (RM3.00 million) and pending to dispose one unit Clear Water Residence in Malaysia which is valued at approximately S$0.49 million (RM1.50 million) as at 31 December 2015. The Group is expecting to conclude the sale of Suasana Sentral Condominium and realise the sale of Clear Water Residence in financial year 2016.

(d) **Initial sum on joint venture agreement with Eminent Envisage Sdn Bhd ("JV Agreement").** As announced by the Company on 4 December 2015, the Group is expecting to receive RM500,000 as the initial sum of the JV Agreement in financial year 2016.

BY ORDER OF THE BOARD
Blumont Group Ltd.

Ng Kim Huatt
Executive Director
11 March 2016