BLUMONT
博诺有限公司

ANNUAL REPORT 2019

CONTENTS

CORPORATE INFORMATION

BOARD COMPOSITION

- **Board of Directors**
  Executive Directors:
  Lee Tak Meng
  (Executive Director and Chief Executive Officer)
  John Lee Yow Meng
  (Executive Director and Chief Financial Officer)

  Non-Executive and Independent Directors:
  Siaw Lu Howe
  (Non-Executive Chairman)
  Ng Keok Chai
  (Lead Independent Director)
  Tan Gim Kang, Arran
  Aris Muhammad Rizal

- **Audit Committee**
  Ng Keok Chai
  (Chairman)
  Tan Gim Kang, Arran
  Aris Muhammad Rizal

- **Remuneration Committee**
  Ng Keok Chai
  (Chairman)
  Tan Gim Kang, Arran
  Aris Muhammad Rizal

- **Nominating Committee**
  Tan Gim Kang, Arran
  (Chairman)
  Ng Keok Chai
  Aris Muhammad Rizal

COMPANY SECRETARY
Nor Hafiza Alwi, FCIS

REGISTRAR
B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

AUDITORS
Moore Stephens LLP
Public Accountants and
Chartered Accountants
10 Anson Road, #29-15
International Plaza
Singapore 079903

Audit Partner in charge
(appointment since financial year 2018)
Mr. Christopher Bruce Johnson

REGISTERED OFFICE
Apex @ Henderson
201 Henderson Road
#03-26/27
Singapore 159545
Tel : (65) 6332 9488
Fax : (65) 6332 9489

OPERATING SUBSIDIARIES

- **Singapore**
  Tria Holdings Pte. Ltd.
  Asphere Holdings Pte. Ltd.
  Adroit Innovations Investment Pte Ltd

  Apex @ Henderson
  201 Henderson Road
  #03-26/27
  Singapore 159545

- **Malaysia**
  Raintree Rock Sdn. Bhd.
  Trackplus Sdn. Bhd.
  Gemisuria Corporation Sdn. Bhd.

  No. 177-3, 3rd Floor,
  Jalan Sarjana
  Taman Connaught, Cheras
  56000 Kuala Lumpur
  Malaysia

- **Indonesia**
  PT Rel-ion Sterilization Services

  Kampung Meriuk RT 002 RW 002 Gandamekar
  West Cikarang
  Berkasi – West Java 17520
  Indonesia

- **Seychelles**
  Solid Base Limited

  P.O. Box 1239
  Offshore Incorporations Centre
  Victoria, Mahe
  Seychelles

PRINCIPAL BANKERS
DBS Bank Ltd
12 Marina Boulevard
Level 3
Marina Bay Financial Centre Tower 3
Singapore 018982

HL Bank
1 Wallich Street
#29-01 Guoco Tower
Singapore 078881

Maybank Singapore
2 Battery Road
#21-01 Maybank Tower
Singapore 049907

BOARD OF DIRECTORS

MR. LEE TAK MENG
Executive Director and Chief Executive Officer
Mr Lee Tak Meng was appointed Chief Executive Officer of the Group on 17 April 2019 and Executive Director on 25 April 2019. He has over 35 years of experience in senior management and executive roles for corporate and business development, strategic planning, operations, project development & management, sales & marketing in the public listed and large private group of companies. Mr Lee has previously held Board Member, Chief Operating Officer and Chief Financial Officer positions. He has work exposure in the ASEAN and North Asia countries, UK and Australia. Major corporations and institutions that he had served include Singapore Airlines, NatSteel Group, Haw Par Corporation, Thai Charoen Commercial Group, SUTL Group, ONE°15 Marina Sentosa Cove, KFC Vietnam, Public Utilities Board and Ministry of Education. His last held position was COO of Treasure Bay Bintan. Mr Lee graduated with the Master of Business Administration, Master of Science in Civil Engineering and Bachelor of Engineering (Honours) from the National University of Singapore.

MR. JOHN LEE YOW MENG
Executive Director and Chief Financial Officer
Mr. John Lee Yow Meng was appointed Executive Director and Chief Financial Officer of the Group on 25 April 2019. He is a member of the Institute of Commercial and Industrial Accountants. He has extensive experience in auditing, taxation, financial management, treasury operations and company secretarial work across many industries such as banking, manufacturing, retail, travel, property development, insurance and information technology.

MR. SIAW LU HOWE
Non-Executive Chairman
Mr. Siaw Lu Howe was appointed Executive Chairman and Chief Executive Officer of the Group on 6 December 2017 and subsequently re-designated as Non-Executive Chairman on 17 April 2019. He has had over 20 years of experience in managing diverse businesses, such as in hospitality, real estate and mining services industries, primarily located in the state of Sarawak, Malaysia. Mr. Siaw has been a director at Sri Datai Construction (Sarawak) Sdn Bhd since 1995 and at Modal Sempura Sdn Bhd since 2009 and is currently advisor to Juara Cahya Sarawak Sdn Bhd, since 2015.

MR NG KEOK CHAI
Lead Independent Director
Mr Ng Keok Chai was appointed as Lead Independent Director, Chairman of the Audit Committee and Remuneration Committee, and a member of the Nominating Committee on 25 April 2019. Mr Ng holds a Bachelor of Laws (Hons.) from University of Wolverhampton , London and Certificate of Legal Practice from Legal Profession Qualifying Board, Malaysia. Mr Ng started his early career as a Police Inspector with the Royal Malaysia Police in 1982. He was then posted to serve in Sarawak for 20 years until the rank of Assistant Superintendent of Police . During his tenure in Sarawak, his exposure included the Criminal Investigation Department (“CID”), General Duty and Police Field Force. In 2003, Mr Ng was transferred to Selangor Police Contingent Headquarters. In 2005, he was promoted to Deputy Superintendent of Police and served in Commercial Crime Investigation Department (CCID), Selangor Police Contingent Headquarters. He was then promoted to Superintendent of Police in 2008 and posted as Deputy Head of CCID in the same Contingent. After that, Mr Ng was posted to Johor Police Contingent Headquarters as Deputy Head of CCID in 2014. Then in the same year, he was posted to CCID , Royal Malaysia Police Bukit Aman as Assistant Director in the Forensic Accounting Investigation Division. Mr Ng was promoted to Assistant Commissioner of Police in 2016 and his last held position was Principal Assistant Director in Forensic Accounting Investigation Division, CCID, Royal Malaysia Police, Bukit Aman. Throughout his 36 years’ service in Royal Malaysia Police, he was very much involved in police investigations due to his legal background. He specialises in criminal investigation across various fields which include commercial crime, general crime and forensic accounting with ample management and special operations experience.

MR. TAN GIM KANG, ARRAN
Independent Non-Executive Director
Mr. Tan Gim Kang, Arran was appointed Independent Non-Executive Director on 30 May 2014. He is the Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and Compensation Committee. He has vast experience in the general civil and structural engineering, project management, construction management and traffic engineering and carpark management industry. Mr. Tan graduated with a Bachelor of Engineering (Civil) from the University of Canterbury in 1986.

MR. ARIS MUHAMMAD RIZAL
Independent Non-Executive Director
Mr. Aris Muhammad Rizal was appointed Independent Non-Executive Director on 10 October 2014. He is a member of the Audit Committee, Nominating Committee, Remuneration Committee and Compensation Committee since 10 October 2014. He holds a Bachelor of Engineering (Geological) from the University of Padjadjaran, Indonesia and is currently the Operational Manager at PT. Denichi Amina Selaras which is an Indonesian private company holding iron ore mining interests in Aie Dingin, West Sumatra, Indonesia which undertakes a wide array of activities including exploration.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "**Board**") of Blumont Group Ltd. ("**Blumont**" or the "**Company**" and together with its subsidiaries, the "**Group**"), I am pleased to present to you the Group's annual report for the financial year ended 31 December 2019 ("**FY2019**").

STERILIZATION BUSINESS

The sterilization business continues to be the main revenue contributor for the Group. During 2019, the business maintained consistency and achieved a decent overall performance. Barring any unforeseen circumstances, we do not expect any substantial variation in its performance. In the coming years, we will continue to identify performance gaps to improve operations and continue to optimize business activities to incrementally enhance the operations.

INVESTMENT REVIEW

The proposed acquisition of Samadhi Retreats Pte Ltd was in the midst of negotiations and not yet reached any agreement on further extension of time for completion. The Group will announce at the appropriate juncture as and when material developments are achieved in relation to the proposed acquisition.

During FY2019, the legal proceeding in relation to Raintree Rock Sdn. Bhd. ("Raintree"), a subsidiary of the Group, has ceased and Raintree will complete the sale of the property at the agreed original selling price and receive rental income related to the sale of the property.

For the upcoming years, the Group will continue to exercise seasoned investment decisions and handle with care to progress towards its unwavering goals of enlarging shareholders' benefits.

SUPPORT FROM MAJOR SHAREHOLDER

The Group's major shareholders continue to provide its support to the Group in FY2019, and will continue to do so as and when necessary.

CONCLUSION

On behalf of the Board, I would once again like to express my gratitude to every member of our Group. Our people were the pillar of our success all along. I would like to thank my fellow Board members and working partners for their highly valued contribution during the year. As we reach the new financial year, we will remain committed to optimize shareholder returns through exploring and seizing opportunities to further develop the business. We strive to further enhance the interest of shareholders moving forward. We appreciate the trust of all stakeholders and shareholders in the coming years towards a better future for Blumont.

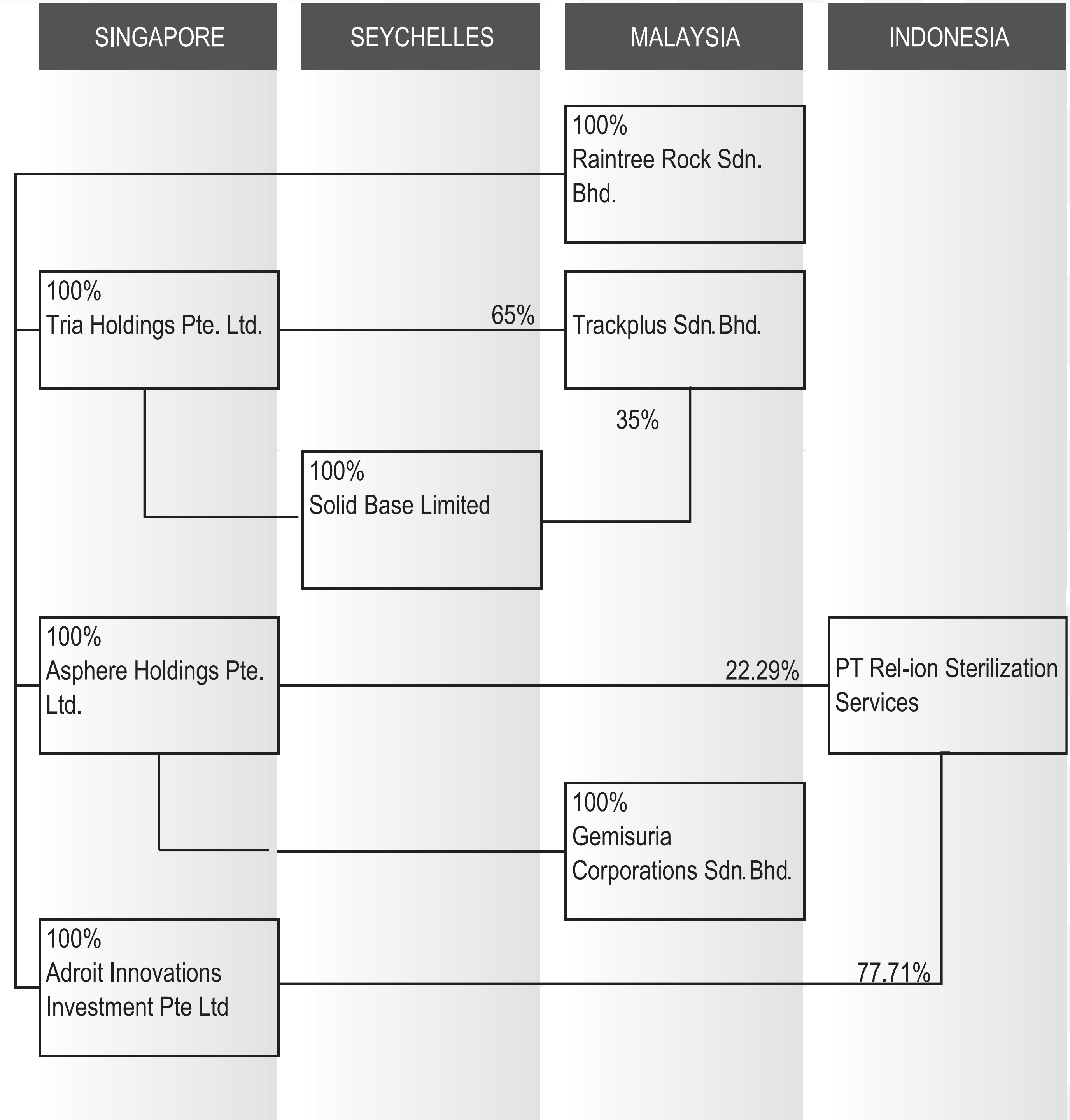
Yours sincerely,

SIAW LU HOWE
Non-Executive Chairman

GROUP STRUCTURE

As at 31 December 2019

BLUMONT
博诺有限公司



MISSION STATEMENT AND MANAGEMENT TEAM

MISSION STATEMENT

To continue to re-engineer Blumont Group Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") into a niche strategic investor in businesses with the global market in mind, that can generate opportunities, scalability and growth for the Group.

MANAGEMENT TEAM

MR. LEE TAK MENG
Executive Director and Chief Executive Officer of Blumont Group Ltd.
Mr. Lee Tak Meng is responsible for setting the overall corporate direction, implementing the Group's strategic plans as well as overseeing the overall operations of the Group.

MR. JOHN LEE YOW MENG
Executive Director and Chief Financial Officer of Blumont Group Ltd.
Mr. John Lee Yow Meng is responsible for managing the overall financials of the Group.

MR. YUSMAN, SH
Managing Director of PT Rel-ion Sterilization Services
Mr. Yusman is responsible for the overall operational aspects and day-to-day management of PT Rel-ion Sterilization Services. He holds a degree in Law from the University of Tanjungpura, West Kalimantan, Indonesia.

AUDITED FINANCIAL YEAR END SUMMARY

The Group **Consolidated Statement of Comprehensive Income – S$**	**31 December 2019** **12 months**	**31 December 2018** **12 months**
Operating Revenue	4,298,414	3,919,553
Other (Losses)/Gains – net	(20,267)	1,126,371
Total Expenses	(3,490,993)	(4,484,727)
Income Tax Expense	(585,111)	(485,902)
Total Profit/(Losses): The Group	202,043	75,295
– Non-Controlling Interests	-	216,485
– Owners of the Company	202,043	(141,190)

The Group **Statements of Financial Position – S$**	**31 December 2019**	**31 December 2018**
Total Assets	12,753,288	12,318,003
Total Liabilities	(9,044,709)	(8,966,944)
Net Assets	3,708,579	3,351,059
Intangible Assets	-	-
Net Tangible Assets – The Group	3,708,579	3,351,059
Equity: The Group	3,708,579	3,351,059
– Non-Controlling Interests	-	-
– Owners of the Company	3,708,579	3,351,059

Owners of the Company **Per Share Computation**	**31 December 2019**	**31 December 2018**
Number of Shares	27,570,762,183	27,570,762,183
Net Assets Value per Share – in cents	0.01	0.01
Net Tangible Assets per Share – in cents	0.01	0.01
Weighted Average Number of Shares	27,570,762,183	27,570,762,183
Profit/(Loss) per Share – in cents	0.001	(0.001)

The Group **Ratio Computation**	**31 December 2019**	**31 December 2018**
Return on Assets	1.6%	0.6%
Return on Equity	5.4%	2.2%

CORPORATE GOVERNANCE REPORT

INTRODUCTION

This report outlines the main corporate governance practices and procedures adopted by Blumont Group Ltd. ("**Blumont**" or "**Company**" and together with its subsidiaries, the "**Group**") with specific reference to the Code of Corporate Governance 2018 ("**Code**"). The Group and the Board of Directors ("**Board**") are committed to ensure and fully supports the Principles and Provisions of the Code that forms part of the continuing obligations as described in the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") Listing Manual. The Board recognises that sound corporate governance practices are important to the proper functioning of the Group and enhances the interest of all shareholders.

This report describes the Company's corporate governance practices that were in place throughout the financial year ended 31 December 2019 ("**FY2019**"), with specific reference to the Code.

The Board is pleased to confirm that the Group has adhered to the Principles and Provisions of the Code, except where otherwise explained. In areas where there are deviations from the Provisions of the Code, appropriate explanations are provided and the Company will continue to assess its needs and implement appropriate measures accordingly.

The Code

The Code is divided into five main sections, namely:

(A) Board Matters
(B) Remuneration Matters
(C) Accountability and Audit
(D) Shareholder Rights and Engagement
(E) Managing Stakeholder Relationships

(A) BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

As of the date of this report, the Board of the Company comprises six (6) members ("**Directors**"), namely:

Mr. Lee Tak Meng (Executive Director and Chief Executive Officer)
Mr. John Lee Yow Meng (Executive Director and Chief Financial Officer)
Mr. Siaw Lu Howe (Non-Executive Chairman)
Mr. Ng Keok Chai (Lead Independent Non-Executive Director)
Mr. Tan Gim Kang, Arran (Independent Non-Executive Director)
Mr. Aris Muhammad Rizal (Independent Non-Executive Director)

The profile of each Director is presented in the section headed "Board of Directors" of this Annual Report.

Blumont is headed by competent Board members with diversified backgrounds and they collectively bring with them a wide range of experience. Each Director brings to the Board specific industry knowledge and expertise.

Newly appointed Directors will be provided with a formal letter, setting out their duties and obligations and first-time Directors will be required to attend relevant training. The Company has in place general orientation-training programs to ensure that every newly appointed and incoming Director of the Company is familiar with the Group's operations and governance practices including briefing on the Group's financial performance, strategies and action plans, corporate strategic direction, policies and activities.

CORPORATE GOVERNANCE REPORT

Directors are also briefed and/or updated regularly on accounting and regulatory changes as well as changing commercial risks, where necessary, including but not limited to: (a) amendments to the SGX-ST Listing Manual and Code of Corporate Governance, (b) changes to the Companies Act, Chapter 50 and (c) changes to the Financial Reporting Standards.

In addition, the Board encourages its members to attend relevant seminars and courses to keep themselves updated on developments and changes in financial and regulatory requirements, and the business environment and outlook.

Role of the Board of Directors

The Board establishes the corporate strategies for the Group and sets strategic directions and objectives for the Management, supervises them and monitors the performance of these objectives to enhance and build long term sustainable value for shareholders.

The Board has delegated the day-to-day management of the Group to the Management headed by the Executive Director and Chief Executive Officer to facilitate effective management. The principal functions of the Board are to, *inter alia*:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

- establish a framework of prudent and effective controls which enables risk to be assessed and managed including safeguarding of the shareholders' interest and the Group's assets;

- review and monitor the performance of Management;

- set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;

- consider sustainability issues, where applicable, in the formulation of its strategies;

- monitor and review the adequacy of the Group's internal control systems, risk management systems, compliance and financial reporting systems;

- approve the annual budgets, business plans, major funding proposals, financial restructuring, share issuance, investment and divestment proposals; and

- review the Group's financial performance.

The Board carries out its function directly or through various committees, which have been set up to support its role.

Each Director is expected, in the course of carrying out his duties, to act in good faith and consider at all times the interests of the Company.

The Board has established and delegated certain specific responsibilities to the following three (3) Board committees to support the role of the Board:

- Nominating Committee ("**NC**");
- Remuneration Committee ("**RC**"); and
- Audit Committee ("**AC**").

These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The effectiveness of these committees is also constantly monitored and reviewed by the Board. The roles and responsibilities of these committees are provided for in the latter sections of this report.

The Board accepts that while these Board committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

CORPORATE GOVERNANCE REPORT

Board Meetings Held

The Board conducts meetings on a quarterly basis to coincide with the announcement of the Group's quarterly and full-year results. Ad-hoc meetings are convened as warranted by particular circumstances.

In addition to these meetings, special corporate events and actions requiring the Board's immediate approval were discussed over electronic mails and telephonic conference and resolved with Directors' resolutions. The Company's Constitution allows the Board to hold telephonic and video-conference meetings.

Matters Requiring the Board's Approval

The matters which require the Board's approval, include but are not limited to:

- statutory requirements such as approval of annual report and financial statements;
- other requirements such as interim and annual results announcements;
- financial objectives and financial performance of the Group;
- corporate strategic direction, strategies and action plans;
- the setting of policies and key business initiatives;
- major funding, material acquisition, investments, disposal and divestments and other material transactions; and
- the appointment and removal of the company secretaries.

The Board has established financial authorisation and proper approval processes pertaining to the operating and capital expenditures, including acquiring and disposing of assets and investments. This includes proper procedures, guidelines, handbooks, policies and forms that are set forth and established for guidance, monitoring and review.

The number of Board and Board Committee meetings held in FY2019 and the attendance of each Director where relevant are as follows:

Name	Board of Directors		Nominating Committee ("NC")		Remuneration Committee ("RC")		Audit Committee ("AC")	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. Lee Boon Teck(1)	1	1	NA	NA	NA	NA	NA	NA
Ms Kek Wei Na(2)	1	1	NA	NA	NA	NA	NA	NA
Mr. Calvin Lim Huan Kim(3)	1	1	1	1	1	1	1	1
Mr. Lee Tak Meng(4)	3	3	NA	NA	NA	NA	NA	NA
Mr. John Lee Yow Meng(5)	3	3	NA	NA	NA	NA	NA	NA
Mr. Siaw Lu Howe(6)	4	4	NA	NA	NA	NA	NA	NA
Mr. Ng Keok Chai(7)	3	3	NA	NA	NA	NA	3	3
Mr. Tan Gim Kang, Arran	4	4	1	1	1	1	4	4
Mr. Aris Muhammad Rizal	4	4	1	1	1	1	4	4

NA: Not applicable

Note:

(1) Mr Lee Boon Teck resigned as Executive Director and Chief Operating Officer of the Company on 30 April 2019.

(2) Ms Kek Wei Na resigned as Executive Director and Chief Financial Officer of the Company on 30 April 2019.

(3) Mr Calvin Lim Huan Kim resigned as Lead Independent Director of the Company and simultaneously relinquished his Board Committees' role on 24 April 2019.

(4) Mr Lee Tak Meng was appointed as Chief Executive Officer of the Company on 17 April 2019 and subsequently appointed as the Executive Director on 25 April 2019.

(5) Mr John Lee Yow Meng was appointed as Executive Director and Chief Financial Officer of the Company on 25 April 2019.

(6) Mr Siaw Lu Howe relinquished his position as Chief Executive Officer and re-designated as Non-Executive Chairman of the Board on 17 April 2019.

(7) Mr Ng Keok Chai was appointed as Lead Independent Director, Chairman of Audit Committee and Remuneration Committee and member of Nomination Committee on 25 April 2019.

CORPORATE GOVERNANCE REPORT

The Board is provided with Board papers in advance before each Board Meeting, giving the background, explanatory information and justification for each decision and mandate sought by the Management, including, where applicable, pertinent financials, to enable them to be properly informed of matters to be discussed and/or approved.

All Directors have separate and independent access to the Management Team of the Group at all times and can communicate directly with the Management, the officers, the Company Secretary and external auditors on all matters as and when they deem necessary. They have full access to the Company's records and information and may obtain independent legal and other professional advice if they deem necessary in the discharge of their responsibilities properly. Such expenses are to be borne by the Company.

The Company Secretary and/or representative(s) from the Secretary's office will attend the Board Meetings and are responsible for recording the proceedings. In addition, the Company Secretary and/or a representative will assist the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively, and the Company's Constitution and relevant rules and regulations, including requirements of the Singapore Companies Act and the SGX-ST, are complied with. The appointment and removal of the Company Secretary are decided by the Board as a whole.

Principle 2: **Board Composition and Guidance**

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Board Composition and Independent Directors

The Board comprises six (6) Directors, two (2) Directors being Executive Directors, one (1) being Non-Executive Director and three (3) Directors being Independent Non-Executive Directors.

The composition of the Board takes into consideration the nature and scope of the Group's operations to ensure diversity and relevant skill sets for effective decision making. The Directors have varied qualifications and expertise in finance, accounting, business management, industry knowledge and strategic planning. Taking into account the scope and nature of the Group's operations as well as the diversified background and experience of the Directors, the NC and the Board is satisfied that the composition of the Board is of an appropriate size to facilitate effective decision making. The NC is also of the view that the current Board comprises persons who as a group provide capabilities required for the Board to be effective.

The Company has adopted the Code's definition of "Independent Director" and its guidance in respect of relationships which would deem a Director to be regarded as non-independent. An Independent Director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company. The Company has the number of Independent Directors which complies with the Code's requirement. At least half of the Board is made up of Independent Directors, which brings a strong and independent element to the Board.

The functions of examining and assessment of the Board are delegated to the NC and its responsibilities and assessment are further discussed under the **Nominating Committee** heading, **Principle 4** and **Principle 5** as below.

As part of good corporate governance, the NC also reviews annually the independence of Independent Directors to ascertain the compliance to the Code's definition of independence. Conversely, the NC has the discretion to determine that a Director is non-independent even if the Director does not fall under the circumstances set forth.

In addition, the Non-Executive Directors are constructively reviewing and assisting the Board to facilitate and develop proposals on strategy and review the performance of the Management in meeting on agreed objectives and monitoring the reporting of performance. On the effectiveness, the Independent Directors have the full access and co-operation from the Company's Management and officers including on a regular basis, presentation and review of the financial performance. The Independent Directors have full discretion to have separate meetings and to invite any Directors or officers to the meetings and to meet without the presence of Management as and when warranted by certain circumstances.

The Independent Directors namely Mr. Ng Keok Chai, Mr. Tan Gim Kang, Arran and Mr. Aris Muhammad Rizal has each confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interest of the Company.

The NC assesses the independence of each Director in accordance with the guidance provided in Code 2018 and is satisfied that the aforesaid Independent Directors meet the criterion of independent as set forth and each of them has the ability to exercise independent business judgement in the best interests of the Company and its shareholders.

There is currently no Independent Director who has served on the Board for more than nine years.The Board continually reviews its size and composition with a view towards the refreshing of the Board and to strike the appropriate balance and diversify of skills, experience, gender, age and knowledge of the Company to support the Group's businesses and strategy.

Principle 3: **Chairman and Chief Executive Officer ("CEO")**

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr. Siaw Lu Howe is the Non-Executive Chairman ("**Chairman**") of the Board and Mr. Lee Tak Meng is the CEO and Executive Director of the Company. Mr. Siaw Lu Howe and Mr. Lee Tak Meng are not related to each other and do not have any business relationship between them.

The Chairman leads the Board and is responsible for the management of the Group. He encourages Board's interaction with the Management, facilitates effective contribution of Non-Executive Directors, encourages constructive relationships among the Directors and ensures that the Group complies with the Code and maintains high standards of corporate governance. In addition, the Chairman also ensures that the Directors receive accurate, timely and clear information and there is effective communication with shareholders of the Company

The CEO is responsible for the overall management, operations, strategic planning and business expansion of the Group. He oversees the execution of the Group's corporate and business strategies and the day-to-day operations of the Group. His performance and appointment to the Board will be reviewed periodically by the NC and his remuneration package is reviewed by the RC.

The Board is of the view that there is a clear division of responsibilities between the Chairman and the CEO in order to ensure that there is an appropriate balance of power, increased accountability and sufficient capacity of the Board for independent decision making.

The Company has appointed Mr. Ng Keok Chai as the Lead Independent Director. The Lead Independent Director is available to shareholders when they have concerns in which contact through the normal channels of the Non-Executive Chairman and the CEO has failed to resolve or for which such contact is inappropriate.

Led by the Lead Independent Director, the Independent Directors of the Company would meet when necessary, without the presence of the other Executive Directors.

All the Board Committees are chaired by an Independent Director and the majority of the Board consists of Non-Executive Directors.

CORPORATE GOVERNANCE REPORT

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

As at the date of this report, the NC of the Company comprises three (3) members, namely:

- Mr. Tan Gim Kang, Arran (Chairman);
- Mr. Ng Keok Chai; and
- Mr. Aris Muhammad Rizal.

All members of the NC are Independent Directors and none of the NC members are associated with any substantial shareholders of the Company. The members meet at least once a year.

The Board is of the view that the current NC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on appointment and re-appointment of Directors and other relevant matters to the Board. The Board will constantly examine the NC composition from time to time.

The NC has specific written Terms of Reference setting out their duties and responsibilities. The NC's main principal functions are as follows:

- review and assess candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment of Directors;

- review and recommend the re-nomination of Directors in accordance with the Constitution at each annual general meeting and having regard to the Director's contribution and performance;

- ensure that at least half of the Board made up of Independent Directors;

- determine annually whether or not a Director of the Company is independent;

- review of structure, composition and size of the Board;

- decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of the Board; and

- assess the performance of the Board as a whole and contribution of each Director to the effectiveness of the Board.

The process for the selection and appointment of new Board members is as follows:

- the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with the Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;

- the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board;

- the NC meets with short-listed candidate(s) to assess their suitability and to ensure that the candidate(s) are aware of the expectations; and

- the NC makes recommendations to the Board for approval.

CORPORATE GOVERNANCE REPORT

The NC establishes the process for assessing the effectiveness of the Board and for assessing the contribution by each individual Director. It also makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.

The Board has placed each individual Director such that he/she is able to devote sufficient time and attention to discharge his/her duties and responsibilities as directors of the Company, bearing in mind his/her other commitments. In considering the nomination of directors for re-election and re-appointment, the NC will take into account, amongst others, the competing time commitments faced by the directors with multiple Board memberships.

In FY2019, the NC is satisfied that sufficient time and attention were being given by the Directors to the affairs of the Group, and there is presently no need to implement internal guidelines to address their competing time commitments. The NC is also of the opinion that the current Board size is adequate for the effective functioning of the Board.

With effect from 1 January 2019, pursuant to Rule 720(5) of the Listing Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. Pursuant to the Company's Constitution, one-third of the Directors are required to retire by rotation and submit themselves for re-election at each annual general meeting ("**AGM**") of the Company. All the Directors shall retire by rotation at least once every three (3) years and such retiring Director shall be eligible for re-election.

On the nomination of re-election of retiring Directors, the NC would assess the performance and contribution of the Director and subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.

Accordingly to the Company's Constitution, the NC has reviewed and recommended to the Board that Mr. Siaw Lu Howe, Mr. Lee Tak Meng, Mr. John Lee Yow Meng and Mr. Ng Keok Chai be nominated for re-election at the forthcoming AGM. Mr. Siaw Lu Howe is retiring pursuant to Article 110 of the Company's Constitution whereas Mr. Lee Tak Meng, Mr. John Lee Yow Meng and Mr. Ng Keok Chai are retiring pursuant to Article 120 of the Company's Constitution. All the four Directors have offered themselves for re-election at the forthcoming AGM (the "**retiring Director**"). The Board has accepted the NC's recommendations and had tabled for shareholders' approval at the forthcoming AGM, the resolution for the retiring Directors to be nominated for re-election as Directors of the Company.

Please refer to the Notice of AGM for the resolutions put forth in relation to the respective re-elections and details of the retiring Directors including the information required under Appendix 7F of the Listing Manual of the SGX-ST ("**Listing Rules**") are disclosed in pages 24 to 33 of this Annual Report.

Key information regarding the Directors, including their present and past three years' directorships in other listed companies are set out in the section headed "Board of Directors" of this Annual Report.

There is no alternate director appointed on the Board.

Principle 5: **Board Performance**

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC has adopted a formal process to assess the effectiveness of the Board as a whole and for assessing the contribution by each individual Director. This evaluation is to be carried out at least once a year. When a Director has multiple board representations, the Director would need to ensure that sufficient time and attention is given to the affairs of each company. Nevertheless, the NC will also review and assess whether the Director is able to and has been adequately carrying out the duties as a Director of the Company. Upon assessment, the NC will make recommendations for improvement, as and when required.

The Chairman of the Board will act on the results of the performance evaluation and recommendation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of the Directors, in consultation with the NC.

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For FY2019, the Directors were requested to complete an assessment checklist/form which focuses on the criterion on effectiveness and efficiency on the Board's access to information, evaluation of the size and composition of the Board, the Board's processes, procedures and compliance, accountability, Board's performance in connection to discharging its responsibilities and duties and Directors' standards of conduct. In addition, the Board also considered the qualitative measures such as the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board.

The individual assessment would include and aim to assess efficiency and effectiveness of each Director's continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties.

Upon reviewing the assessment, the NC is of the opinion that the Board and all its members have sufficiently contributed to the Board and Group during the year.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his/her performance or re-nomination as a Director.

Furthermore, the Board will continuously review and assess the current size and composition of the Board on the adequate ability to meet the Group's existing scope of needs and the nature of operation for effective decision making. From time to time, the review of the appropriateness will be taking into consideration the changes in the nature and scope of the Group's operations as well as diversified background, experience of the Directors and regulatory environment.

(B) REMUNERATION MATTERS

Principle 6: **Procedures for Developing Remuneration Policies**

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Company had established a RC which comprises three (3) Directors, all of whom are Independent Directors.

The members of the RC are:

- Mr. Ng Keok Chai (*Chairman*);
- Mr. Tan Gim Kang, Arran; and
- Mr. Aris Muhammad Rizal.

The Board is of the view that the current RC size and composition are appropriate and effective to provide the necessary objective inputs to the Board on reviewing and recommending to the Board a remuneration framework for the Board, Management and key employees as well as other compensation related matters to the Board. The Board will examine the RC composition from time to time.

The RC is governed by the RC's Terms of Reference which describes the duties and responsibilities of the RC. The duties and functions of the RC are as follows:

- recommend to the Board a framework of remuneration for the Board, Non-Executive Directors, Executive Directors, Management and key employees of the Company;

- recommend specific remuneration packages for each Director and the key management personnel of the Group;

- review of service contracts and/or employee contracts, where applicable;

- oversee and review the administration of the Blumont Employee Share Option Scheme 2013 ("**Blumont ESOS 2013**") and Blumont Performance Share Plan ("**Blumont PSP**") as defined in the Blumont Employee Share Option Scheme and Blumont Performance Share Plan, respectively through Compensation Committee (comprise of Mr. Ng Keok Chai, Mr. Tan Gim Kang, Arran and Mr. Aris Muhammad Rizal);

- recommend payment of fees to Non-Executive Directors based on the effort, time spent and responsibilities of the individual Director;

- review the Company's obligations arising in the event of termination of Executive Directors, Management and key employees' contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; and

- other acts as may be required by the SGX-ST and the Code from time to time.

The RC covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind, compensation/termination and gratuities. The members of the RC shall not be involved in the discussion and decision of their own remuneration. Each member of the RC shall abstain from voting on any resolutions in respect of his/her own remuneration package.

The RC may obtain independent professional advice if it deems necessary in the discharge of its responsibilities properly. Such expenses are to be borne by the Company.

The Board has not engaged any external remuneration consultant to advise on remuneration matters for FY2019.

The Non-Executive Directors are paid a fixed director's fee for their efforts, responsibilities, time spent and contribution to the Board. Directors' fees are recommended by the Board for approval by shareholders at the Company's AGMs.

The RC has proposed and recommended that the directors' fees for the financial year ending 31 December 2020 to be at S$100,000, payable quarterly in arrears. The Board concurred with the RC's proposal and recommended that the said directors' fees be tabled for shareholders' approval at the forthcoming AGM.

Principle 7: **Level and Mix of Remuneration**

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The review of the remuneration packages takes into consideration the long-term interests of the Group, the performance of the Group, overall assessment of the Board, the individual assessment of each Director, level of contribution to the Company and Board, taking into account factors such as, efforts, time spent, responsibilities and duties of the Directors, carefully evaluating the costs and benefits of each incentive before recommendation to the Board for review and approval. Nevertheless, the RC will ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

During the year, the RC reviewed the compensation and remuneration packages such that the Directors and the Management were sufficiently compensated. In addition, the RC provided appropriate compensation packages at market rates for the Board and the Management of the Company to reward good performance, attract and motivate the Directors and the Management.

The Company does not use contractual provisions to allow the Company to claim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event such breach of fiduciary duties.

CORPORATE GOVERNANCE REPORT

Principle 8: **Disclosure on Remuneration**

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Company recognises that a clear disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid/payable to the Directors and the Management personnel.

The Company's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise.

One of the Executive Director, Mr John Lee Yow Meng received Director's fee up to 30 June 2019 from the Malaysia subsidiary, Trackplus Sdn. Bhd. Since July 2019, he had ceased receiving director's fee. Henceforth, all Executive Directors do not receive Directors' fees but are remunerated as members of the Management.

The remuneration package of each of the Executive Directors comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The performance-related component of the remuneration package is designed to align the interests of the Executive Directors with those of Shareholders and link rewards to the Group's financial performance. Service agreements for the Executive Directors are for a fixed appointment period and do not contain onerous removal clauses. No Director is involved in deciding his own remuneration. The RC reviews the fairness and reasonableness of the termination clauses contain in the service agreements of the Executive Directors to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

There were no termination or retirement benefits and post-employment benefits that are granted to the Executive Directors in FY2019.

The Independent Directors and the Non-Executive Directors do not have any service agreement with the Company. They are paid fixed Directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and Board Committees. They do not receive any other form of remuneration from the Company. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

The Company's share incentive award plan, Blumont ESOS 2013 and Blumont PSP are as described below:

<u>Blumont ESOS 2013</u>

At the Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the Blumont ESOS 2013, options may be exercised after 1st anniversary of the date of grant and before the 5th anniversary of such date of grant for non-executive directors and the 10th anniversary of such date of grant for group employees.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

(a) fixed at the market price equal to the average of the last dealt prices for the share on the SGX-ST for the three (3) consecutive trading days immediately preceding the date of grant of that option; or

(b) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the Market Price.

No share options under the Blumont ESOS 2013 have been granted in FY2019.

Blumont PSP

At the Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont PSP, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No performance shares under the Blumont PSP have been granted in FY2019.

The remuneration of each Director and Key Management personnel (who are not Directors and/or CEO of the Company) has been disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 31 December 2019 for the Group is as follows:

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Remuneration Band Below S$250,000

Name	Director Fees	Salary & Allowance	AWS	Bonus	Compensation	Total
Executive Directors						
Lee Boon Teck(1)	-	100%	-	-	-	100%
Kek Wei Na(2)	-	100%	-	-	-	100%
Lee Tak Meng(3)	-	100%	-	-	-	100%
John Lee Yow Meng(4)	15%	85%*	-	-	-	100%
Non-Executive Director						
Siaw Lu Howe(6)	29%	71%	-	-	-	100%
Independent Non-Executive Directors						
Calvin Lim Huan Kim(5)	100%	-	-	-	-	100%
Ng Keok Chai(7)	100%	-	-	-	-	100%
Tan Gim Kang, Arran	100%	-	-	-	-	100%
Aris Muhammad Rizal	100%	-	-	-	-	100%
Key Management Personnel (who are not Directors and/or CEO of the Company)						
-	-	-	-	-	-	-

Note :
The following Directors had resigned during the year and their remuneration was pro-rated up to their respective date of resignation:
(1) Mr Lee Boon Teck resigned as Executive Director and Chief Operating Officer of the Company on 30 April 2019.
(2) Ms Kek Wei Na resigned as Executive Director and Chief Financial Officer of the Company on 30 April 2019.
(5) Mr Calvin Lim Huan Kim resigned as Lead Independent Director of the Company and simultaneously relinquished his Board Committees' role on 24 April 2019.

The following Directors were appointed during the year and their remuneration was pro-rated from their respective date of appointment
(3) Mr Lee Tak Meng was appointed as Chief Executive Officer of the Company on 17 April 2019 and subsequently appointed as the Executive Director on 25 April 2019.
*(4) Mr John Lee Yow Meng was appointed an Executive Director and Chief Financial Officer of the Company on 25 April 2019. *From July 2019, he only received Salary.*
(6) Mr Siaw Lu Howe relinquished his position as Chief Executive Officer and re-designated as Non-Executive Chairman of the Board on 17 April 2019.
(7) Mr Ng Keok Chai was appointed the Lead Independent Director, Chairman of Audit Committee and Remuneration Committee and member of Nomination Committee on 25 April 2019.

The Company has no key management personnel (who are not Directors and/or Chief Executive Officer of the Company) in FY2019.

The Company has no employee who is a substantial shareholder of the Company or immediate family members of a Director or the Chief Executive Officer or a substantial shareholder of the Company.

(C) ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board determines the Group's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

The Board had, at least annually, reviewed the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review had been carried out internally.

In addition, the independent auditors conduct an annual review, in accordance with their audit plan, of the effectiveness of the Group's material internal control systems, including financial, operational and compliance controls, information technology and risk management. Any material non-compliance or failures in internal control systems and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the external auditors in this respect where necessary.

It is the opinion of the Board with the concurrence of the AC that the internal control systems, which address the Group's financial, operational, compliance and information technology controls and risks, maintained by the Group is in place, adequate and effective throughout the financial year and up to the date of the Annual Report. It provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and management of financial, operational, compliance and information technology risks.

The Board notes that all internal control systems contain inherent limitations and no internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities. However, other procedures, policies, guidelines and compliance regulations, as discussed in the Annual Report, are in place to mitigate any possible and/or suspected irregularities. Nothing has come to the attention of the AC, Board and/or the Management that there is any deficiency in the internal control systems that resulted in significant loss and/or material financial misstatements.

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that the financial records have been properly maintained and that the financial statements give a true and fair view of the Company's operations and finances; and also an effective risk management and internal control systems (including financial, operational, compliance and information technology) has been put in place.

The Group is aware that each business transaction carries risk whether internally and/or externally in the form of environmental, operational, financial and/or Management decision making risk. The operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Other risks include legal risk and strategic risk (the risk of loss arising from poor strategic business decisions). The Group's financial risk management and policies are further outlined under heading "Financial Risk Management" in the "Financial Statement" section of this Annual Report.

The Group regularly reviews and improves its business and operations activities to identify areas of significant business risks as well as respond appropriately to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

As at the date of this report, the Audit Committee (the "**AC**") of the Company comprises three (3) members, all of whom are Independent Directors, namely:

- Mr. Ng Keok Chai (Chairman);
- Mr. Tan Gim Kang, Arran; and
- Mr. Aris Muhammad Rizal.

The members meet at least four (4) times in a year.

The AC has specific written Terms of Reference setting out their duties and responsibilities. The AC's main principal functions are as follows:

- review the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;

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- review the assistance given by the Company's Management to the independent auditors;
- review the quarterly and the annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 before their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- review the effectiveness of the Group's material internal control systems, including financial, operational, compliance, information technology controls and risk management;
- meet with the independent auditors, other committees, and/or the Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- review the scope and results of the external audit, cost effectiveness and the independence and objectivity of the independent auditors;
- review the nature and extent of non-audit services provided by the independent auditors;
- recommend to the Board the independent auditors to be nominated, approve the compensation and terms of engagement of the independent auditors;
- report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- review interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual.

The AC has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if it deems necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

The AC has full access to and co-operation of the Management, officers, Company Secretary, Directors and relevant external regulator and/or professional parties and has full discretion to invite any Director or officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC also reviews any arrangement by which staff of the Group, or any other officers, may, in confidence, raise concerns about possible and/or suspected fraud, irregularities, corruption, dishonest practices and/or improprieties in matters of financial reporting or other similar matters. The AC's objective is to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow up action and improvements, if necessary and required.

The Company has put in place the Whistle-Blowing Policy which provide the staff with well-defined and accessible channels within the Group to counter and mitigate any possible and/or suspected fraud. Proper written procedures, policies and guideline are in place for making such reports in good faith, with confidence and will be treated fairly and be protected from reprimand. As at the date of this report and to the best of their knowledge and belief, nothing has come to the attention of the AC that may require any follow up and/or action plan.

All subsidiaries are audited by member firms of Moore Global Network Limited of which Moore Stephens LLP, Singapore is also a member except for PT. Rel-ion Sterilization Services, which is audited by Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Rekan, Indonesia, a member firm of PKF International Limited; and Gemisuria Corporation Sdn. Bhd., which is audited by KBCF Tan, Malaysia.

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In evaluating the degree of reliance to be placed on the financial statements and auditor's reports on the subsidiaries, Moore Stephens LLP, Singapore may perform certain audit procedures where appropriate for the purpose of the consolidated financial statements.

The AC and Board are of the view that these audit firms are adequately resourced, of appropriate standing within the international affiliation, have reviewed and are satisfied that the appointment would not compromise the standard and effectiveness of the audit of the Company and that the Company is in compliance with Rule 712, 715 and 716 of the Listing Manual of the SGX-ST.

The AC undertook a review of the independence and objectivity of the external auditors through discussions and reviewing the non-audit fees awarded to them. A disclosure of the fees paid in respect of audit and non-audit services for the past two years is disclosed in the "Financial Statements" section of this Annual Report, under Note 8. Having undertaken a review of the non-audit services provided in FY2019, the AC remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services they provide to the Group.

Throughout FY2019, the Board has assessed and reviewed, together with the assistance of the NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board's view is that adequate and reasonable assistance and support has been properly rendered by the Directors, Management and officers to the AC and that the AC has effectively and efficiently contributed to the Board and the Group. During the financial year 2019, the AC held four (4) meetings to review and undertake the scope of work as set out above. The independent auditor provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

The Board reviews the appointment of the independent Auditor from time to time together with its committees and rigorously reviews the compliance with Rules of the Listing Manual of the SGX-ST. Moore Stephens LLP has served as independent auditor for 13 consecutive audits since the financial year ended 31 December 2007. The AC is of the view that a change of independent auditors is in the best interests of the Company and the shareholders, and also as the professional fees for the audit services proposed by PKF-CAP LLP is more competitive in comparison to that charged by Moore Stephens LLP. The AC has recommended and the Board of Directors has approved the nomination to appoint PKF-CAP LLP as the Company's independent Auditor for the financial year ending 31 December 2020 in place of Moore Stephens LLP subject to the approval of shareholders at an Extraordinary General Meeting of the Company to be convened immediately after the conclusion of the forthcoming Annual General Meeting.

The internal audit function of the Company is currently subsumed under the finance team, with the relevant qualifications and experience, and that is independent of the activities it audits. The AC has reviewed and is satisfied that the existing internal control systems are adequate, taking into consideration the corporate structure and scope of the Group's operations.

The AC and the Board have reviewed and are looking into the engagement of a suitable external professional firm as the internal auditor, to carry out the internal audit functions of the Company.

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: **Shareholder Rights and Conduct of General Meetings**

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company facilitates the exercise of ownership rights by all shareholders. In particular, the shareholders of the Company are sufficiently informed of changes in the Group's business and development that are price sensitive and would be likely to materially affect the price or value of the Company's shares and those information are communicated to the shareholders on a timely basis via the SGXNet.

The Company also ensures that the shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders.

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Shareholders are given the opportunity to opine their views and seek clarification on questions regarding the Group. All Directors, in particular the Chairman of the Board, the respective Chairman of the AC, NC and RC, will be present and available to address shareholders' queries at the general meetings. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report.

Shareholders have the opportunity to participate effectively and to vote in AGMs. They are allowed to vote in person or by appointed proxy. The Constitution of the Company allow members of the Company to appoint not more than two (2) proxies to attend and vote on their behalf at the AGMs. The Company does not implement voting in absentia by email, mail or fax due to authentication and other security related concerns.

During general meetings, the resolutions on separate issues are disclosed separately and not bundled together unless the resolutions are interdependent and linked so as to form one significant proposal and clear explanation and reasons are to be provided together with its material implications.

Shareholders would be informed of the rules governing such meetings and voting procedures of the general meetings. An independent polling agent is appointed by the Company for general meetings who will explain the voting procedures that govern the general meetings of shareholders. An announcement which include the results of voting showing the number of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings.

Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with responses from the Board and Management. The Company does not deem it necessary for the minutes to be published on its website because shareholders who are interested to receive a copy of these minutes can easily make a request and such minutes will be made available to interested shareholders as soon as practicable upon receipt of their requests.

The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the Company's shares will depend on the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may, in their absolute discretion, deem appropriate. The Board is not recommending any dividend for FY2019 as the Board deemed more appropriate to retain the cash for the Group's working capital purposes, after taken into account various factors including:

- the level of the available cash;
- the projected levels of capital expenditure and other investment plans; and
- the accumulated losses of the Company for the past years.

Principle 12: **Engagement with Shareholders**

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. In line with the continuous obligations of the Company pursuant to the Rules of the Listing Manual of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments and the Company will make disclosure publicly to all shareholders as soon as practicable.

The Board provides shareholders with an assessment of the Company's performance, position and prospects via quarterly and annual results announcements and other ad-hoc announcements as required by the Singapore Exchange. The Company does not practise selective disclosure. Price sensitive information is first publicly released through the SGXNet. In addition, The Company has taken steps to solicit and understand the views of the shareholders through the Company website.

Results and annual reports are announced and/or issued within the mandatory period. All the shareholders of the Company receive the annual report and the notice of the general meetings.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

Principle 13: **Engagement with Stakeholders**

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board considers the Company's obligations to its shareholders and also the interests of its material stakeholders as the relationships with material stakeholders may have an impact on the Company's long-term sustainability. Stakeholders are parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities. The Board has identified its stakeholders as customers, employees, suppliers, landlords, investors, media, government institutions and the communities. In addition, the Group also issue sustainability report to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders.

OTHER GOVERNANCE PRACTICES

Material Contracts

There is no material contract of the Company and its subsidiaries, including loans, involving the interests of any Director or the controlling shareholders either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year, save as for those as announced via SGXNet and as outlined in the Annual Report under headings "Borrowings" in the "Financial Statements" section of this Annual Report.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested persons transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The Board and the AC will review all interested person transactions to be entered into to ensure that the relevant rules under Chapter 9 of the Listing Manual are complied with.

Except those as announced via SGXNet and as outlined in the Annual Report under headings **Trade and Other Payables** and **Related Party Transactions**, there is no other interested person transaction for FY2019.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Mr. Siaw Lu Howe	Nil	Nil

Dealing in Securities

In line with Blumont's Best Practices Guide in Dealing in Securities (the "**Best Practices Guide**") adopted and reviewed from time to time, the Company has in place a code of conduct on share dealings by Officers. This code sets out the statutory restrictions on insider trading as well as the recommendations of the Best Practices Guide on securities transactions. This has been made known to the Officers, including the Directors, staff, any relevant body corporate and officers of the Company and the Group, not to deal during the period commencing one (1) month before the announcement of the Company's quarterly results or one (1) month before financial year, as the case may be, and ending on the date of the announcement of the relevant results.

CORPORATE GOVERNANCE REPORT

The officers have been informed that to deal in the Company's securities, as well as securities of other listed companies, when they are in possession of information that is not generally available but, if it were, would be likely materially to affect the price of those securities in relation to those securities and relates to any transaction (actual or expected) involving both those bodies corporate or involving one of them and securities of the other are prohibited and is a subject to the law. The Company, while having provided the window periods for dealing in the Company's securities, has its own internal compliance code in providing guidance to its officers with regards to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times. In addition, an officer should also not deal in the Company's securities on short-term considerations.

In the opinion of the AC, to the best of their knowledge and belief, the Company complies with Blumont's Best Practices Guide.

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 TO THE LISTING MANUAL OF THE SGX-ST

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST ("**Listing Rules**"), the information as set out in Appendix 7.4.1 of the Listing Rules relating to Mr. Siaw Lu Howe, Mr. Lee Tak Meng, Mr. John Lee Yow Meng and Mr. Ng Keok Chai, being the Directors who are retiring in accordance with the company's Constitution at the forthcoming AGM, are set out below:

	Mr. Siaw Lu Howe	**Mr. Lee Tak Meng**	**Mr. John Lee Yow Meng**	**Mr. Ng Keok Chai**
Date of Appointment	5 September 2017 – as Interim Chief Executive Officer 6 December 2017 – re-designated to Chief Executive Officer and Executive Chairman 17 April 2019 – re-designated to Non-Executive Chairman	17 April 2019 – as Chief Executive Officer 25 April 2019 – as Executive Director	25 April 2019	25 April 2019
Date of last re-appointment	26 April 2018	Not applicable	Not applicable	Not applicable
Age	50	60	58	60
Country of principal residence	Singapore	Singapore	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Siaw Lu Howe as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Siaw Lu Howe's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Lee Tak Meng as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Lee Tak Meng's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr John Lee Yow Meng as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr John Lee Yow Meng's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Ng Keok Chai as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Ng Keok Chai's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.

CORPORATE GOVERNANCE REPORT

Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Executive	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member , etc)	Non-Executive Chairman and Director	Executive Director and Chief Executive Officer	Executive Director and Chief Financial Officer	Independent Director, Chairman of Audit and Remuneration Committees and member of the Nominating Committee.
Professional qualifications	Nil	Master of Business Administration, National University of Singapore Master of Science (Civil Engineering), National University of Singapore Bachelor of Engineering (Second Class Honours), National University of Singapore	Associate member of the Institute of Commercial and Industrial Accountants (ICIA)	Bachelor of Laws (Hons.), University of Wolverhampton, London Certificate in Legal Practice, Legal Profession Qualifying Board
Working experience and occupation(s) during the past 10 years	Period: April 2019 to current Non- Executive Chairman, Blumont Group Ltd Period: December 2017 to April 2019 Executive Chairman and Chief Executive Officer, Blumont Group Ltd. Period: September 2017 to December 2017 Interim Chief Executive Office, Blumont Group Ltd. Period: July 2017 to present Group Managing Director, Sri Datai Mining Sdn Bhd	Period: 25 April 2019 to current Executive Director, Blumont Group Ltd Period: 17 April 2019 to current Chief Executive Officer, Blumont Group Ltd Period: January 2018 to April 2019 Chief Operating Officer, Treasure Bay Bintan - Landmarks Berhad Period: March 2016 to December 2017 Strategic Director (APBA) and Chief Investment Officer (Restructured Group) - APBA Group Pte Ltd	Period: 25 April 2019 to current Executive Director and Chief Financial Officer, Blumont Group Ltd Period: June 2017 to April 2019 Head of Malaysian Operations - Blumont Group Ltd. Period: March 2015 to June 2017 Chief Financial Officer, Malaysia Operations - Blumont Group Ltd. Period: May 2004 to Present Founder and Managing Director - Bizsolve Services Sdn Bhd	Period: 25 April 2019 to current Independent Director, Blumont Group Ltd Period: February 2016 to March 2019 Rank: Assistant Commissioner of Police Post: Principal Assistant Director of Forensic Accounting Investigation Division, Commercial Crime Investigation Department, Royal Malaysia Police Period: November 2014 to February 2016 Rank: Superintendent of Police Post: Assistant Director of Forensic Accounting Investigation Division, Commercial Crime Investigation Department, Royal Malaysia Police

CORPORATE GOVERNANCE REPORT

Working experience and occupation(s) during the past 10 years (cont'd)	Period: March 2017 to present Group Managing Director, Sri Datai Group of Companies Period: January 2015 to Present Advisor, Juara Cahya Sarawak Sdn Bhd Period: October 2009 to November 2010 Director, Juara Cahya Sarawak Sdn Bhd Period: March 2009 to Present Director, Modal Sempura Period: September 1995 to present Director, Sri Datai Construction (Sarawak) Sdn Bhd	Period: October 2013 to March 2016 Chief Operating Officer - BTH Group Pte Ltd Period: January 2012 to March 2013 Chief Financial Officer - Sitra Holdings (International) Ltd Period: August 2009 to January 2012 Vice Principal (Finance and Administration), Meridian Junior College - Ministry of Education	Period: 25 April 2019 to current Executive Director and Chief Financial Officer, Blumont Group Ltd Period: June 2017 to April 2019 Head of Malaysian Operations - Blumont Group Ltd. Period: March 2015 to June 2017 Chief Financial Officer, Malaysia Operations - Blumont Group Ltd. Period: May 2004 to Present Founder and Managing Director - Bizsolve Services Sdn Bhd	Period: February 2014 to November 2014 Rank: Superintendent of Police Post: Deputy Head of Commercial Crime Investigation Department, Johor Contingent Headquarter, Royal Malaysia Police Period: June 2008 to February 2014 Rank: Superintendent of Police Post: Deputy Head of Commercial Crime Investigation Department, Selangor Contingent Headquarter, Royal Malaysia Police
Shareholding interest in the listed issuer and its subsidiaries	Mr Siaw Lu Howe is deemed interested in 22,131,184,204 shares held by Ultimate Horizon Pte. Ltd. in the Company.	Nil	15,000,000 ordinary shares in the Company	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	No
Conflict of Interests (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes

CORPORATE GOVERNANCE REPORT

Other Principal Commitments* Including Directorships#				
Past (for the last 5 years)	Golden Regime Sdn Bhd	PT Marine Life Discovery Park	Nil	NIl
Present	1. Sri Datai Holdings (Sarawak) Sdn Bhd 2. Sri Datai Construction (Sarawak) Sdn Bhd 3. Sri Datai Properties (Sarawak) Sdn Bhd 4. Sri Datai Trading (Sarawak) Sdn Bhd 5. Sri Datai Mining Sdn Bhd 6. Modal Sempurna Sdn Bhd 7. Sri Jaya M&E Sdn Bhd 8. Striker Borneo Sdn Bhd 9. Sri Datai Shipping (Sarawak) Sdn Bhd 10. Sri Datai Properties (Labuan) Sdn Bhd 11. SDDN Capital Sdn Bhd 12. Merdeka Waterfront Hotel Sdn Bhd 13. Star Development Sdn Bhd 14. STC Borneo Sdn Bhd 15. Juara Cahya Development Sdn Bhd 16. Wai Leong Construction (Sarawak) Sdn Bhd 17. Digiharta Sdn Bhd 18. Kota Dedikasi Sdn Bhd 19. Rahmat 20. Majumas Sdn Bhd Maglead Power Sdn Bhd	Nil	1. Ezee Link Pte. Ltd. 2. Bizsolve Services Sdn. Bhd.	Connectcounty Holdings Berhad

CORPORATE GOVERNANCE REPORT

Present (cont'd)	21. Dynamic Mining Management Services Sdn Bhd 22. Mukah Mining Services Sdn Bhd 23. Sungai Plan Gas Distribution Sdn Bhd 24. Nadim Istimewa Sdn Bhd 25. Datai Bay Development Sdn Bhd 26. Borneo Archipelago Tourism Sdn Bhd 27. Ultimate Horizon Limited 28. Ultimate Horizon Pte. Ltd. 29. Sri Datai (Singapore) Pte Ltd			
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.				
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No

(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No

CORPORATE GOVERNANCE REPORT

(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No

CORPORATE GOVERNANCE REPORT

(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No

CORPORATE GOVERNANCE REPORT

ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?				

(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No
Disclosure applicable to the appointment of Director only				
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Yes. Mr Siaw Lu Howe is currently the Non-Executive Chairman and Director of the Company.	Yes. Mr Lee Tak Meng is currently the Executive Director and Chief Executive Officer of the Company.	Yes. Mr John Lee Yow Meng is currently the Executive Director and Chief Financial Officer of the Company.	Yes. Mr Ng Keok Chai is currently the Independent Director of the Company.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

The directors present their statement to the members together with the audited consolidated financial statements of Blumont Group Ltd. (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2019 and the statement of financial position of the Company as at 31 December 2019.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group for the year then ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

1 Directors

The directors of the Company in office at the date of this statement are as follows:

Siaw Lu Howe	Non-Executive Chairman
Lee Tak Meng	Executive Director and Chief Executive Officer (Appointed on 17 April 2019)
John Lee Yow Meng	Executive Director and Chief Financial Officer (Appointed on 25 April 2019)
Ng Keok Chai	Lead Independent Director (Appointed on 25 April 2019)
Tan Gim Kang, Arran	Independent Non-Executive Director
Aris Muhammad Rizal	Independent Non-Executive Director

2 Arrangements to Enable Directors to Acquire Shares or Debentures

Except as disclosed under "Share Options" in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

3 Directors' Interests in Shares or Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company as stated below:

	Holdings registered in the name of director			Holdings in which a director is deemed to have an interest		
	At 1.1.2019/ date of appointment	At 31.12.2019	At 21.1.2020	At 1.1.2019/ date of appointment	At 31.12.2019	At 21.1.2020
The Company						
Number of ordinary shares						
Tan Gim Kang, Arran	15,000,000	15,000,000	15,000,000	-	-	-
Aris Muhammad Rizal	10,000,000	10,000,000	10,000,000	-	-	-
John Lee Yow Meng	15,000,000	15,000,000	15,000,000	-	-	-
Siaw Lu Howe	-	-	-	22,131,184,204	22,131,184,204	22,131,184,204

Siaw Lu Howe, who by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in the whole of the issued share capital of the Company's wholly owned subsidiaries.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

4 Share Options

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")

At the Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Calvin Lim Huan Kim (Chairman, resigned on 24 April 2019), Ng Keok Chai (Chairman, appointed on 25 April 2019), Tan Gim Kang, Arran, and Aris Muhammad Rizal.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

4 Share Options (cont'd)

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013") (cont'd)

Under the Blumont ESOS 2013, options may be exercised after the 1st anniversary of the date of grant and before the 5th anniversary of such date of grant for non-executive directors and the 10th anniversary of such date of grant for group employees.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

(i) fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or

(ii) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial years ended 31 December 2019 and 2018.

Except as disclosed above,

- there were no share options granted by the Company or its subsidiaries during the financial year;
- there were no shares issued by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries during the financial year; and
- there were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Blumont Performance Share Plan (the "Blumont PSP")

At the Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont PSP, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Calvin Lim Huan Kim (Chairman, resigned on 24 April 2019), Ng Keok Chai (Chairman, appointed on 25 April 2019), Tan Gim Kang, Arran, and Aris Muhammad Rizal.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of ten years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

4 Share Options (cont'd)

Blumont Performance Share Plan (the "Blumont PSP") (cont'd)

A participants' award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No incentive share awards under the Blumont PSP have been granted during and as at the financial year ended 31 December 2019 and 2018.

5 Audit Committee

The members of the Audit Committee ("AC") at the date of this statement are as follows:

Ng Keok Chai	(Chairman) (Appointed on 25 April 2019)
Tan Gim Kang, Arran	
Aris Muhammad Rizal	

The AC has performed its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

(i) reviewed the audit plan of the Company's independent auditors and, if any, their report on any recommendations on internal accounting controls arising from the statutory audit;

(ii) reviewed the assistance given by the Company's management to the independent auditors;

(iii) reviewed the quarterly and annual statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2019 before their submission to the Board of Directors, as well as the independent auditors' report on the statement of financial position of the Company and the consolidated financial statements of the Group;

(iv) reviewed the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's performance;

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

5 Audit Committee (cont'd)

(v) reviewed the effectiveness of the Group's material internal control systems, including financial, operational, compliance and information technology controls and risk management;

(vi) met with the independent auditors, other committees, and/or the management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

(vii) reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

(viii) reviewed the scope and results of the external audit, cost effectiveness and independence and objectivity of the independent auditors;

(ix) reviewed the nature and extent of non-audit services provided by the independent auditors;

(x) recommended to the Board of Directors the independent auditors to be nominated, approved the compensation and terms of engagement of the auditors;

(xi) reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and

(xii) reviewed interested person transactions, if any, in accordance with the requirements of the SGX-ST's Listing Manual.

The AC, having reviewed all non-audit services provided by the independent auditors to the Group is satisfied that the nature and extent of such services would not affect the independence and objectivity of the independent auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the year. The AC has also met with the independent auditors, without the presence of the Company's management, at least once a year. The attendance of the meetings are disclosed in the Corporate Governance Report in the Company's Annual Report.

It is the opinion of the Board of Directors with the concurrence of the AC that the system of internal controls, which addresses the Group's financial, operational, compliance and information technology risks, maintained by the Group is in place and adequate throughout the financial year and up to the date of this report.

5 Audit Committee (cont'd)

The Company confirms that Rules 712 and 715 of the SGX-ST's Listing Manual have been complied with.

Further details regarding the AC are disclosed in the Corporate Governance Report in the Company's Annual Report.

The Company's current independent Auditors Moore Stephens LLP, has been the auditors of the Group since April 2007. The Directors are accordingly of the view that it would be timely to effect a change of independent Auditors with effect from the financial year ending 31 December 2020.

The AC has made its recommendations to the Board of Directors and the Board of Directors is satisfied with the proposed appointment of PKF-CAP LLP as the independent Auditors of the Company in place of the current Auditor, Moore Stephens LLP, at an Extraordinary General Meeting of the Company to be convened immediately after the conclusion of the forthcoming Annual General Meeting.

6 Independent Auditors

The Company's existing Auditors, Moore Stephens LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting. PKF-CAP LLP has expressed its willingness to accept appointment as independent Auditors of the Company, subject to approval of the shareholders of the Company at an Extraordinary General Meeting of the Company to be convened immediately after the conclusion of the forthcoming Annual General Meeting.

On behalf of the Board of Directors,

……………………………………...
LEE TAK MENG
Executive Director and Chief Executive Officer

……………………………………...
NG KEOK CHAI
Lead Independent Director

Singapore
2 April 2020

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD.
(Incorporated in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Blumont Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD.
(Incorporated in Singapore)

(cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our audit addressed the key audit matter**
Net realisable value of development property	
Risk identified We refer to Notes 3(o), 4(a)(iv) and 16 to the financial statements. The Group's development property amounted to S$4,576,173 as at 31 December 2019. The development property held for sale is stated at the lower of its cost and net realisable value. Management estimates the net realisable value based on an assessment which is inherently subject to significant judgment and estimates.	Our response Our procedures are designed to challenge the appropriateness of the valuation of the development property. These procedures included, amongst others: • discussed with management the basis of their estimated net realisable value and reviewing the stage of development of the development property; • reviewed the latest available valuation report on the development property and compared it to the carrying amount; • assessed the competency, capability and objectivity of the independent valuer and compared the valuer's underlying assumptions on estimated selling prices to market comparables; and • considered the adequacy of the Group's disclosure concerning the uncertainty of the carrying value of the development property. Our findings We are satisfied with the qualifications of the professional valuer and the valuation methodology adopted by the valuer was found to be appropriate and comparable to the methods used for similar properties. We have considered that the Group's disclosures for the development property to be appropriate.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD.
(Incorporated in Singapore)

(cont'd)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD.
(Incorporated in Singapore)

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BLUMONT GROUP LTD.
(Incorporated in Singapore)

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Bruce Johnson.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
2 April 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 S$	Group 2018 S$
Revenue	5	4,298,414	3,919,553
Other (losses)/gains - net	6	(20,267)	1,126,371
Expenses			
- Raw materials and consumables used	15	(75,309)	(90,528)
- Employee benefits	7	(1,679,368)	(1,828,873)
- Others	8	(1,463,423)	(2,245,971)
- Finance costs	9	(272,893)	(319,355)
Total expenses		(3,490,993)	(4,484,727)
Profit before income tax		787,154	561,197
Income tax	10	(585,111)	(485,902)
Profit for the year		202,043	75,295
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on defined benefit plans	22	(56,397)	33,967
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain/(loss)			
- Gain/(loss) on translating foreign operations		216,208	(2,069,066)
- Reclassified to profit or loss on striking-off of a subsidiary		-	881,367
Other comprehensive gain/(loss), net of tax		159,811	(1,153,732)
Total comprehensive income/(loss) for the year		361,854	(1,078,437)
Profit/(Loss) for the year attributable to:			
Owners of the Company		202,043	(141,190)
Non-controlling interests	18(f)	-	216,485
		202,043	75,295
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		361,854	(1,275,378)
Non-controlling interests		-	196,941
		361,854	(1,078,437)
Profit/(Loss) per share (S$ cents)	11		
- Basic		0.0007	(0.0005)
- Diluted		0.0007	(0.0005)

The accompanying notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019	Group 2018	Company 2019	Company 2018
		S$	S$	S$	S$
ASSETS					
Current assets					
Cash and bank balances	12	944,690	673,690	140,716	85,678
Other financial assets	13	120,259	120,259	120,259	120,259
Trade and other receivables	14	628,404	579,748	-	-
Other current assets	15	45,510	142,855	16,882	27,908
Development property	16	4,576,173	4,584,510	-	-
		6,315,036	6,101,062	277,857	233,845
Assets held for sale	17	1,185,120	1,187,280	-	-
		7,500,156	7,288,342	277,857	233,845
Non-current assets					
Investments in subsidiaries	18	-	-	104,456	104,454
Loans to subsidiaries	18	-	-	11,194,150	11,132,983
Property and equipment	19	4,873,424	4,721,269	150,863	39,704
Deferred tax assets	23	379,708	308,392	-	-
		5,253,132	5,029,661	11,449,469	11,277,141
Total Assets		12,753,288	12,318,003	11,727,326	11,510,986
LIABILITIES					
Current liabilities					
Trade and other payables	20	1,682,166	2,133,407	2,101,776	2,154,041
Borrowings	21	605,276	605,123	-	-
Loan from a subsidiary	18	-	-	4,590,000	3,390,000
Lease liabilities	29	48,868	-	48,868	-
Current income tax liabilities		168,743	148,587	-	-
		2,505,053	2,887,117	6,740,644	5,544,041
Non-current liabilities					
Lease liabilities	29	104,580	-	104,580	-
Defined benefit plan	22	1,252,968	1,011,913	-	-
Borrowings	21	5,182,108	5,067,914	4,832,335	4,532,335
		6,539,656	6,079,827	4,936,915	4,532,335
Total Liabilities		9,044,709	8,966,944	11,677,559	10,076,376
Net Assets		3,708,579	3,351,059	49,767	1,434,610
EQUITY					
Equity attributable to owners of the Company					
Share capital	24	127,338,850	127,338,850	127,338,850	127,338,850
Reserves	25	(3,802,058)	(4,018,266)	-	-
Accumulated losses		(119,828,213)	(119,969,525)	(127,289,083)	(125,904,240)
		3,708,579	3,351,059	49,767	1,434,610
Non-controlling interests	18(f), 26	-	-	-	-
Total Equity		3,708,579	3,351,059	49,767	1,434,610

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to owners of the Company						
	Share capital	Currency translation reserve	Other reserves	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total equity
	S$	S$	S$	S$	S$	S$	S$
Group							
Balance at 1 January 2019	127,338,850	(5,753,264)	1,734,998	(119,969,525)	3,351,059	-	3,351,059
Adoption of SFRS(I) 16	-	-	-	(4,334)	(4,334)	-	(4,334)
Adjusted balance at 1 January 2019	127,338,850	(5,753,264)	1,734,998	(119,973,859)	3,346,725	-	3,346,725
Profit for the year	-	-	-	202,043	202,043	-	202,043
Other comprehensive income/(loss), net of tax:							
Foreign currency translation income	-	216,208	-	-	216,208	-	216,208
Actuarial loss on defined benefit plan	-	-	-	(56,397)	(56,397)	-	(56,397)
Total comprehensive income for the year	-	216,208	-	145,646	361,854	-	361,854
Balance at 31 December 2019	127,338,850	(5,537,056)	1,734,998	(119,828,213)	3,708,579	-	3,708,579

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

	Attributable to owners of the Company							
	Share capital	Fair value reserve	Currency translation reserve	Other reserves	Accumulated losses	Attributable to owners of the Company	Non-controlling interests	Total equity
	S$	S$	S$	S$	S$	S$	S$	S$
Group								
Balance at 1 January 2018	127,338,850	199	(4,585,109)	(22,442)	(119,862,302)	2,869,196	2,850,206	5,719,402
Adjustment on initial application of SFRS(I) 9	-	(199)	-	-	-	(199)	-	(199)
Adjusted balance at 1 January 2018	127,338,850	-	(4,585,109)	(22,442)	(119,862,302)	2,868,997	2,850,206	5,719,203
(Loss)/Profit for the year	-	-	-	-	(141,190)	(141,190)	216,485	75,295
Other comprehensive (loss)/ income, net of tax:								
Foreign currency translation loss	-	-	(1,168,155)	-	-	(1,168,155)	(19,544)	(1,187,699)
Actuarial gain on defined benefit plan	-	-	-	-	33,967	33,967	-	33,967
Total comprehensive (loss)/ income for the year	-	-	(1,168,155)	-	(107,223)	(1,275,378)	196,941	(1,078,437)
Acquisition of additional interest in subsidiaries	-	-	-	1,757,440	-	1,757,440	(3,047,147)	(1,289,707)
Balance at 31 December 2018	127,338,850	-	(5,753,264)	1,734,998	(119,969,525)	3,351,059	-	3,351,059

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019	Group 2018
		S$	S$
Cash Flows from Operating Activities			
Profit before income tax		787,154	561,197
Adjustments for:			
Unrealised foreign exchange loss/(gain)		110,709	(47,080)
Write-off of property and equipment	6	596	4,483
Depreciation of property and equipment	8	673,807	591,118
Gain on striking-off a dormant subsidiary	6	-	(881,491)
Interest expense	9	272,893	319,355
Interest income	6	(5,877)	(3,167)
Gain on disposal of property and equipment	6	(6,901)	-
Fair value gain on financial assets, at fair value through profit or loss	6	-	(40,020)
Loss allowance on trade receivables	8	316	-
Write-back of loss allowance on other receivables	8	(7,901)	-
Write-off of payables		-	(3,435)
Operating cash flow before working capital changes		1,824,796	500,960
Changes in working capital:			
Receivables		73,803	79,721
Payables		(455,395)	211,441
Cash generated from operations		1,443,204	792,122
Income tax paid		(612,616)	(910,586)
Net cash generated from/(used in) operating activities		830,588	(118,464)
Cash Flows from Investing Activities			
Proceeds from disposal of property and equipment		10,600	-
Purchase of property and equipment		(504,563)	(503,875)
Interest received		5,877	3,167
Net cash used in investing activities		(488,086)	(500,708)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

	Note	Group 2019	2018
		S$	S$
Cash Flows from Financing Activities			
Repayment of lease liabilities	21(c)	(55,560)	-
Repayment of borrowings	21(c)	(216,954)	(739,172)
Proceeds from borrowings	21(c)	300,000	1,277,335
Interest paid		(119,627)	(146,146)
Net cash (used in)/generated from financing activities		(92,141)	392,017
Net increase/(decrease) in cash and cash equivalents		250,361	(227,155)
Cash and cash equivalents at the beginning of the year		673,690	929,704
Effect of changes in foreign exchange rates on cash and cash equivalents		20,639	(28,859)
Cash and cash equivalents at the end of the year	12	944,690	673,690

Non-cash transactions

As at financial year ended 31 December 2018, the non-cash transactions were as follows:

	Group 2018
	S$
Acquisition of additional interest in a subsidiary (Note 18(e)(i))	1,200,000
Acquisition of subsidiaries, net of cash acquired (Note 18(e)(ii))	1,055,000
Less: Amount paid on behalf by ultimate shareholder and offset against amount due to ultimate shareholder (Note 21(c))	(2,255,000)
	-

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General Information

Blumont Group Ltd. (the "Company") is a public limited company incorporated and domiciled in Singapore and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the Company's registered office and principal place of business is Apex @ Henderson, 201 Henderson Road, #03-26/27, Singapore 159545.

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries are disclosed in Notes 18.

The ultimate holding company is Ultimate Horizon Pte. Ltd., which is incorporated in Singapore. The ultimate controlling party is Siaw Lu Howe.

2 Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s")

(a) Application of new and revised SFRS(I)s and SFRS(I) INTs

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of these new or amended SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 *Leases*:

SFRS(I) 16 *Leases*

SFRS(I) 16 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives*; and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. SFRS(I) 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities. Right-of-use assets are tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets*. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

2 Application of Singapore Financial Reporting Standards (International) (“SFRS(I)s”) (cont’d)

(a) Application of new and revised SFRS(I)s and SFRS(I) INTs (cont’d)

SFRS(I) 16 *Leases* (cont’d)

On 1 January 2019, the Group has applied a modified retrospective approach that does not restate comparative information, but recognises the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings on 1 January 2019. Under the modified retrospective approach, the Group has elected to apply the following practical expedients under SFRS(I) 16:

a) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4, the Group is exempted from having to reassess whether pre-existing contracts contain a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to leases entered or modified before 1 January 2019.
b) The Group has, on a lease-by-lease basis:
   - applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
   - relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
   - excluded initial direct costs in the measurement of the right-of-use (“ROU”) asset at the date of initial application; and
   - used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
c) The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<u>Impact on lessee accounting</u>

For leases previously classified as operating leases, the Group chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at a carrying amount as if SFRS(I) 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019. The Group recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristics. The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening retained profits. Comparative information is not restated.

For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

2 Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

(a) Application of new and revised SFRS(I)s and SFRS(I) INTs (cont'd)

SFRS(I) 16 *Leases* (cont'd)

Financial impact of adoption of SFRS(I) 16

On 1 January 2019, the Group recognised right-of-use assets of S$193,153 and lease liabilities of S$197,487, recognising the difference of S$4,334 in retained earnings.

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 5.25%.

The differences between the operating lease commitments disclosed applying SFRS(I) 1-17 in the Group's financial statements as at 31 December 2018 and the lease liabilities recognised in the statement of financial position as at 1 January 2019 are presented below:

	S$
Operating lease commitment disclosed as at 31 December 2018	67,230
Less:	
Discounted using the incremental borrowing rate at 1 January 2019	(2,349)
Add:	
Extension options which are reasonably certain to be exercised	132,606
Lease liabilities recognised at 1 January 2019	197,487

(b) SFRS(I)s and SFRS(I) INTs issued but not yet effective

At the date of authorisation of these financial statements, the following standards that have been issued and are relevant to the Group and Company but not yet effective:

		Effective for annual periods beginning on or after
Amendments to SFRS(I) 3	Business Combinations: Definition of a Business	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	Definition of Material	1 January 2020

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

(b) SFRS(I)s and SFRS(I) INTs issued but not yet effective (cont'd)

Except for the amendments to SFRS(I) 3, the directors expect that the adoption of the other standard above will have no material impact on the financial statements in the period of initial application.

SFRS(I) 3 *Business Combinations: Definition of a Business*

The amendments confirm that a business must include inputs and a process. The amendments also clarify that the process must be substantive, and the inputs and process must significantly contribute to creating outputs. The revised definition of a business focuses on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs. A new optional test is available to assess whether a business has been acquired, when the value of the assets acquired is concentrated in a single asset or group of similar assets.

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period. Early application is permitted.

The Group does not expect any significant impact arising from applying these amendments.

3 Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") as issued by Accounting Standards Council. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgment or complexity, are disclosed in Note 4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty.

3 Significant Accounting Policies (cont'd)

(a) Basis of Preparation (cont'd)

The financial statements are presented in Singapore dollars ("S$"), which is the functional currency of the Company.

(b) Going Concern Assumption

As at 31 December 2019, the Company is in a net current liability position of S$6,462,787 (which includes a loan from a 100% owned subsidiary of S$4,590,000). This condition may cast significant doubt on the ability of the Company to continue as a going concern and to realise its assets and discharge its liabilities in the ordinary course of business. Nevertheless, the directors of the Company believe that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial year ended 31 December 2019 remains appropriate after taking into account the following factors:

- Subsequent to the year end, the Group received a cash inflow for the remaining RM3.0 million (equivalent to S$1.0 million) settlement for the asset held for sale (Note 17 and Note 32);
- The Group expects the sterilisation business segment to continue generating positive operating cash flows in the next 12 months from the date of approval of the financial statements; and
- The Group has no significant commitments as at 31 December 2019 that would require significant cash outflows.

The Company is able to obtain cash from its subsidiaries by way of dividends in order to meet its financial obligations in the next 12 months.

(c) Group Accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

3 Significant Accounting Policies (cont'd)

(c) Group Accounting (cont'd)

Subsidiaries (cont'd)

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previously held equity interest in the acquiree over the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the entity sold.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

3 **Significant Accounting Policies** (cont'd)

(c) Group Accounting (cont'd)

Subsidiaries (cont'd)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of interest in subsidiaries to non-controlling interests without loss of control are also recorded in equity.

When the Group loses control of a subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference as a gain or loss in profit or loss.

(d) Investments in Subsidiary Companies

Investments in subsidiary companies are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

(e) Revenue Recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised service to the customer, which is when the customer obtains control of the service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 **Significant Accounting Policies** (cont'd)

(e) Revenue Recognition (cont'd)

(i) Rendering of services

Revenue is recognised when the sterilisation process of customer products is completed. The amount of revenue recognised is based on the pre-negotiated price, which comprises the contractual price, net of any pre-negotiated upfront volume discounts and adjusted for expected returns. The Group recognizes the refunds due to expected returns from customers as refund liabilities. The corresponding amounts are adjusted against revenue in the period in which the returns occur. Payment of the transaction price is due within the credit terms given by the Group upon completion of sterilisation of customers' products.

(ii) Sale of development properties

Revenue from the sale of development properties is recognised when control over the property has been transferred to the buyer, either over time or at a point in time, depending on the contractual terms.

For development properties whereby the Group has an enforceable right to payment for performance completed to date, revenue from construction of development properties is recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the buyer obtains control of the asset, usually upon transfer of legal title.

(iii) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line method over the lease term as set out in specific rental agreements.

(iv) Property management fees

Property management fees are recognised when services are rendered under the terms of the contract.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

3 Significant Accounting Policies (cont'd)

(e) Revenue Recognition (cont'd)

(vi) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(f) Leases – accounting policies applicable from 1 January 2019

When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets (except for those which meets the definition of an investment property) in "Property and equipment" and lease liabilities in "Lease liabilities" in the statement of financial position. Right-of-use assets which meet the definition of an investment property are presented within "Investment properties" and accounted for in accordance with Note 3(m).

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 **Significant Accounting Policies** (cont'd)

(f) Leases – accounting policies applicable from 1 January 2019 (cont'd)

When the Group is the lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

3 Significant Accounting Policies (cont'd)

(g) Leases – accounting policies applicable prior to 1 January 2019

Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the leases.

When a lease is terminated before the lease period expires, any payment made (or received) by the Group as penalty is recognised as an expense (or income) when termination takes place.

Contingent rents are recognised as an expense in profit or loss when incurred.

(h) Foreign Currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

The financial statements are presented in Singapore Dollars ("S$"), which is the functional currency of the Company.

(ii) Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations.

Those currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

3 Significant Accounting Policies (cont'd)

(h) Foreign Currencies (cont'd)

(ii) Transactions and balances (cont'd)

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange difference on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivables from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

(iii) Translation of Group entities' financial statements

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rates at the statement of financial position date;

- Income and expenses are translated at average exchange rate (unless the average is not a reasonable approximation of the cumulative effect of the rate prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transaction); and

- All resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associate that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Significant Accounting Policies (cont'd)

(i) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(ii) Defined benefit plan

A subsidiary in the Group has an unfunded defined benefit plan covering substantially all of their eligible permanent employees in accordance with a subsidiary in the Group's Collective Labour Agreement and Labour Law No. 13/2003 of Indonesia. The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actual gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Significant Accounting Policies (cont'd)

(j) Employee Benefits (cont'd)

(ii) Defined benefit plan (cont'd)

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings/(accumulated losses) and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

- Net interest expense or income; and

- Remeasurement of the net defined benefit liability/(asset) in other comprehensive income.

The Group presents the first two components of defined benefit costs in profit or loss in "employee benefits". Curtailment gains and losses are accounted for as past service costs.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding increase in the share-based payment reserve over the vesting period.

The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date.

At the statement of financial position date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share-based payment reserve over the remaining vesting period.

The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

3 Significant Accounting Policies (cont'd)

(j) Employee Benefits (cont'd)

(iii) Share-based compensation (cont'd)

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share-based payment reserve is transferred to retained earnings/(accumulated losses) upon expiry of the share options. When the options are exercised, the share-based payment reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

(k) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 **Significant Accounting Policies** (cont'd)

(k) Income Tax (cont'd)

(ii) Deferred tax (cont'd)

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the statement of financial position date, to recover or settle the carrying amount of its tax assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3 Significant Accounting Policies (cont'd)

(k) Income Tax (cont'd)

(ii) Deferred tax (cont'd)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at the date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(iii) Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where the current and deferred tax arises from the initial accounting for a business combination, the tax effect is taken into account in the accounting for the business combination.

(l) Property and Equipment

(i) Measurement

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Construction-in-progress are carried at cost less any impairment losses. Depreciation of construction-in-progress, on the same basis as other assets, commences when the assets are ready for their intended use.

(ii) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and construction-in-progress) less their residual values (if any) over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Significant Accounting Policies (cont'd)

(l) Property and Equipment (cont'd)

(ii) Depreciation (cont'd)

Right-of-use assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year and adjusted as appropriate at the statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

The following useful lives are used in the calculation of depreciation:

	Useful lives
Freehold building	20 years
Leasehold property	4 years
Renovations	3 years
Furniture and fittings	5 years
Office, computer and other equipment	3, 5 and 8 years
Cobalt isotope	10 years
Motor vehicles	7 and 8 years

(iii) Subsequent expenditure

Subsequent expenditure related to property and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(iv) Disposal

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3 **Significant Accounting Policies** (cont'd)

(m) Investment Properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes and land that is held for long-term capital appreciation or for a current indeterminate use), are measured initially at its cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value, determined annually by independent professional valuers on the highest-and-best use basis. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings/ (accumulated losses).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Significant Accounting Policies (cont'd)

(n) Impairment of Non-financial Assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

At the statement of financial position date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), on an individual asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An assessment is made at each statement of financial position date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3 Significant Accounting Policies (cont'd)

(o) Development Properties

Development properties are those properties, which are held with the intention of development and sale in the ordinary course of business. These are stated at the lower of cost plus, where appropriate, a portion of attributable profit, and estimated net realisable value, net of progress billings. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, as part of the cost of the development property until the completion of development.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value, using the weighted average method. Inventories comprise materials and supplies to be consumed in the rendering of sterilisation services.

Net realisable value is the estimated selling price of sterilisation services less all estimated costs of completion and cost necessary to make the sale. Allowance for stock obsolescence is made for obsolete or slow moving inventories.

(q) Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell, except for specified assets in SFRS(I) 5 which continue to be measured in accordance with the Group's accounting policies, including deferred tax assets, assets arising from employee benefits, investment properties measured at fair value, financial assets within the scope of SFRS(I) 9 and contractual rights under insurance contracts.

The assets are not depreciated or amortised while they are classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Significant Accounting Policies (cont'd)

(q) Assets Held for Sale (cont'd)

Non-current assets that cease to be classified as held for sale is measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluation that would have been recognised had the asset not been classified as held for sale; and

- its recoverable amount at the date of the subsequent decision not to sell.

Any required adjustment to the carrying amount of the non-current assets that cease to be classified as held for sale is recognised in profit or loss in the period in which the decision not to sell is made.

(r) Financial Assets

(i) Classification and measurement

The Group classifies its financial assets in the following measurement categories:
• those to be measured subsequently at fair value through profit or loss (FVPL), and
• those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Initial Recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

3 Significant Accounting Policies (cont'd)

(r) Financial Assets (cont'd)

(i) Classification and measurement (cont'd)

Subsequent Measurement

(a) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities. Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. For debt instrument that is measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss. Impairment losses are deducted from the gross carrying amount of these assets and are presented as separate line item in the statement of profit or loss.

Interest income is recognised in profit or loss and is included in the "other (losses)/gains - net" line item.

FVPL

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income (FVOCI) are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other (losses)/gains in the period in which it arises. For a debt investment that is measured at FVPL that is not part of a designated hedging relationship, exchange differences are recognised in profit or loss. Interest income from these financial assets is included in "other (losses)/gains - net" using the effective interest rate method.

In addition, debt instruments that meet either the amortised cost criteria or the FVOCI criteria may be designated as at FVPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

3 Significant Accounting Policies (cont'd)

(r) Financial Assets (cont'd)

(i) Classification and measurement (cont'd)

Subsequent Measurement (cont'd)

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value of equity investments in OCI and there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Designation at FVOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

Changes in fair value of equity instruments at FVOCI are recognised in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

(ii) Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECLs") associated with the following financial instruments:
- financial assets measured at amortised costs; and
- financial assets measured at FVPL.

3 Significant Accounting Policies (cont'd)

(r) Financial Assets (cont'd)

(ii) Impairment (cont'd)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Simplified approach - Trade receivables

The Group applies the simplified approach to provide ECLs for all trade receivables as permitted by SFRS(I) 9. The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

General approach - Other financial instruments

The Group applies the general approach to provide for ECLs on all other financial instruments which requires the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Group's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 **Significant Accounting Policies** (cont'd)

(r) Financial Assets (cont'd)

(ii) Impairment (cont'd)

General approach - Other financial instruments (cont'd)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired.

Evidence that a financial asset is credit-impaired includes the observable data about the following events:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event (e.g. being more than 90 days past due);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession(s) that the lender(s) would not other consider (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

3 **Significant Accounting Policies** (cont'd)

(r) Financial Assets (cont'd)

(ii) Impairment (cont'd)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iii) Recognition and derecognition

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 **Significant Accounting Policies** (cont'd)

(r) Financial Assets (cont'd)

(iii) Recognition and derecognition (cont'd)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the fair value adjustment reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument, the difference between the carrying amount and sales proceeds is recognised in profit or loss if there was no election made to recognises fair value changes in other comprehensive income. If the Group has elected on initial recognition to measure the equity instrument at FVOCI, the cumulative gain or loss previously accumulated in the fair value adjustment reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3 Significant Accounting Policies (cont'd)

(t) Financial Liabilities

The Group shall recognise a financial liability on its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at fair value.

Financial liabilities are classified as "other financial liabilities".

Other financial liabilities

Other financial liabilities (including borrowings, trade and other payables and loan from a subsidiary), are initially measured at fair value, plus any direct attributable transaction costs and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integrated part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the reporting period.

<u>Derecognition of financial liabilities</u>

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(u) Related Parties

A related party is defined as follows:
A related party is a person or entity that is related to the entity that is preparing its financial statements ("reporting entity").

a. A person or a close member of that person's family is related to the Group and Company if that person:

   i. has control or joint control over the reporting entity;
   ii. has significant influence over the reporting entity; or
   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Significant Accounting Policies (cont'd)

(u) Related Parties (cont'd)

A related party is defined as follows: (cont'd)

b. An entity is related to the Group and the company if any of the following conditions applies:

i. the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
ii. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
iii. both entities are joint ventures of the same third party;
iv. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
v. the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
vi. the entity is controlled or jointly controlled by a person identified in (a);
vii. a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(v) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive personnel responsible for allocating resources and assessing performance of the operating segments.

(w) Cash and Cash Equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits with financial institutions which are subject to an insignificant risk of change in value.

3 Significant Accounting Policies (cont'd)

(x) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are charged to equity, net of any tax effects.

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3 above, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgments in applying accounting policies

In addition to Note 3(b), the application of judgments in the process of applying the Group's accounting policies that are expected to have a significant effect on the amounts recognised in the financial statements are as follows:

(i) Impairment of Investments in Subsidiaries

Investments in subsidiaries (including loans to subsidiaries which are in substance part of the net investments in subsidiaries) are tested for impairment whenever there is any objective evidence or indication that these investments may be impaired. In determining whether there is objective evidence of impairment, the Company considers factors such as the subsidiaries' financial performance, financial position and the overall economic environment in which the subsidiaries operate.

The carrying amounts of the Company's net investments in subsidiaries as at 31 December 2019 and the movements in the relevant allowances for impairment loss during the financial year are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

(a) Critical judgments in applying accounting policies (cont'd)

(ii) Loss allowance for trade receivables

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix which involves grouping receivables according to historical loss patterns (e.g. customer rating or product or by geographical location) and applying a historic provision rate which is based on days past due for groupings of various customer segments that have similar loss patterns. In devising such a provision matrix, the Group uses its historical credit loss experience with forward-looking information (adjusted as necessary to reflect current conditions and forecast economic conditions) to estimate the lifetime expected credit losses on the trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 14.

(iii) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances, deductibility of certain expenses and taxability of certain income in each relevant tax jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amount of the Group's current income tax liabilities as at 31 December 2019 is S$168,743 (2018: S$148,587). The Group's deferred taxes are disclosed in Note 23. For the financial year ended 31 December 2019, the Group has recognised income tax expense of S$585,111 (2018: S$485,902) (Note 10).

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

(a) Critical judgments in applying accounting policies (cont'd)

(iv) Net Realisable Value of Development Property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value. The development property, which is held by the Group with the intention of development and sale in the ordinary course of business, is stated at the lower of cost plus, where appropriate, a portion of attributable profit, less progress billings and estimated net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the properties.

As at 31 December 2019, the carrying amount of the Group's development property amounted to S$4,576,173 (2018: S$4,584,510), and no allowance for impairment loss is required for the development property as disclosed in Note 16.

(v) Valuation of Investment Property Held for Sale

The Group will classify a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when:

- the sale is highly probable and the asset is available for immediate sale in its present condition; and
- the management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

The Group measures an investment property classified as held for sale at fair value.

As at 31 December 2019, the Group's investment property held for sale amounted to S$1,185,120 (2018: S$1,187,280), carried at fair value as disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

(b) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty as at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

(i) Defined Benefit Plan

The present value of employee compensation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include the discount rate, rate of future salary increase and rate of resignation. Any changes in these assumptions will impact the carrying amount of employee compensation.

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds with extrapolated maturities corresponding to the expected duration of the defined benefit obligations. These corporate bonds generally have an AA rating with low risk of default. The interest rate is used to determine the present value of estimated future cash outflows expected to be required to settle employee compensation. Management does not expect any variable changes in the assumptions used to determine the present value of employee compensation on an actuarial basis will result in the amount determined to be materially different. A 1% increase or decrease in the discount rate used in calculating the employee compensation would have no significant impact on the amount recognised by the Group during the financial year.

The carrying amount of the Group's employee compensation as at 31 December 2019 is disclosed in Note 22.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 Revenue

	Group	
	2019	2018
	S$	S$
Revenue from sterilisation contracts (a)	4,211,505	3,892,269
Rental income (a), (Note 17(b))	86,909	-
Revenue from property management fees (a)	-	27,284
	4,298,414	3,919,553

(a) The Group derives revenue from the transfer of services at a point in time, when the Group satisfies a performance obligation and the customers obtain control of the services.

6 Other (Losses)/Gains - Net

	Group	
	2019	2018
	S$	S$
Profit arising from investment holding:		
Fair value gain on financial assets, at fair value through profit or loss - net	-	40,020
Currency exchange (loss)/gain – net	(50,569)	170,374
Interest income	5,877	3,167
Gain on disposal of property and equipment	6,901	-
Write-off of property and equipment	(596)	(4,483)
Gain on striking-off a dormant subsidiary	-	881,491
Write-off of other payables	-	3,435
Miscellaneous income	18,120	32,367
	(20,267)	1,126,371

7 Employee Benefits

	Group	
	2019	2018
	S$	S$
Short-term employee benefits	1,486,785	1,624,009
Post-employment benefits	31,482	45,900
Other long-term employee benefits (Note 22)	161,101	158,964
	1,679,368	1,828,873

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Other Expenses

	Group 2019	Group 2018
	S$	S$
Audit fees:		
- auditors of the Company	98,597	98,682
- other auditors	6,131	7,019
Non-audit fees:		
- auditors of the Company	12,000	12,000
Legal, professional and consultancy fees	71,314	589,386
Loss allowance on trade receivables (Note 14)	316	-
Write-back of loss allowance on other receivables (Note 14)	(7,901)	-
Depreciation of property and equipment (Note 19)	673,807	591,118
Rental expense - operating leases	-	127,562
Upkeep expenses	117,316	145,686
Directors' fees	92,000	97,866
Travelling expenses	56,580	19,706
Postage and telecommunication expenses	15,818	22,047
Printing and stationery expenses	36,264	41,106
Staff training and welfare expenses	57,709	42,180
Marketing and advertising	15,442	13,099
Provision for withholding tax expense	74,604	53,162
Others	143,426	385,352
	1,463,423	2,245,971

Legal, professional and consultancy fees were mainly incurred for the Group's proposed acquisition of Samadhi Retreats Pte Ltd during the financial year ended 31 December 2018.

9 Finance Costs

	Group 2019	Group 2018
	S$	S$
Interest expense		
- loans from banks	117,402	144,404
- loan from a shareholder	143,885	174,735
- lease liabilities	11,521	-
- others	85	216
	272,893	319,355

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 Income Tax

	Group 2019 S$	Group 2018 S$
Income tax expense comprised:		
Current income tax	626,072	523,344
Deferred tax (Note 23)	(47,059)	(39,747)
	579,013	483,597
Under provision in prior years:		
Current income tax	2,477	-
Deferred tax (Note 23)	3,621	2,305
	6,098	2,305
	585,111	485,902

The reconciliation of the income tax expense and the product of accounting loss multiplied by the Singapore statutory income tax rate is as follows:

	Group 2019 S$	Group 2018 S$
Profit before income tax	787,154	561,197
Tax at the statutory tax rate of 17% (2018: 17%)	133,816	95,403
Effect of different tax rates in other countries	154,751	144,113
Tax effect of non-taxable income	(66,072)	(196,564)
Tax effect of non-deductible expenses*	311,879	398,106
Deferred tax assets not recognised	44,639	42,539
Under provision of income tax in prior years	6,098	2,305
	585,111	485,902

* attributable mainly to non-deductible expenses of Indonesia, Malaysia and Singapore operations (2018: non-deductible expenses of Indonesia, Malaysia and Singapore operations) recognised by the Group.

The income tax rate used for the reconciliation above is the corporate income tax rate of 17% payable by the Company and other Singapore companies of the Group on taxable profits under tax laws in that jurisdiction. Taxation for the Group's operations in other jurisdictions are either not material or have no taxable profits. The applicable corporate tax rates in Indonesia and Malaysia are 25% (2018: 25%) and 24% (2018: 24%) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11 Profit/(Loss) per Share

(a) Basic profit/(loss) per share

Basic profit/(loss) per share is calculated on the net profit attributable to owners of the Company of S$202,043 (2018: Loss attributable to owners of the Company of S$141,190) divided by the weighted average number of ordinary shares of 27,570,762,183 (2018: 27,570,762,183) in issue during the financial year.

(b) Diluted profit/(loss) per share

Diluted profit/(loss) per share is calculated on the net profit attributable to owners of the Company of S$202,043 (2018: Loss attributable to owners of the Company of S$141,190) divided by the weighted average number of ordinary shares of 27,570,762,183 (2018: 27,570,762,183) in issue during the financial year after adjustment for the effects of all dilutive potential ordinary shares.

Diluted profit/(loss) per share is the same as the basic profit/(loss) per share as there were no dilutive potential ordinary shares outstanding as at 31 December 2019 and 2018.

12 Cash and Bank Balances

	Group		Company	
	2019	2018	2019	2018
	S$	S$	S$	S$
Cash at bank and on hand	944,690	673,690	140,716	85,678

13 Other Financial Assets

	Group		Company	
	2019	2018	2019	2018
	S$	S$	S$	S$
Equity investments measured at fair value through profit or loss				
Listed equity securities (a)	120,259	120,259	120,259	120,259

(a) These equity investments measured at fair value through profit or loss ("FVPL") were designated at FVPL at inception by management.

14 Trade and Other Receivables

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$	**S$**	**S$**	**S$**
Trade receivables				
- third parties (a)	259,016	256,262	-	-
Less: Loss allowance	(317)	-	-	-
Trade receivables - net	258,699	256,262	-	-
Other receivables				
- third parties (b)	491,406	453,102	121,701	121,701
Less: Loss allowance (b)	(121,701)	(129,616)	(121,701)	(121,701)
Other receivables - net	369,705	323,486	-	-
Total trade and other receivables	628,404	579,748	-	-

(a) Trade receivables from third parties are non-interest bearing and repayable within the normal trade credit terms of 30 to 60 days (2018: 30 to 60 days).

(b) As at 31 December 2019, the Group and the Company's other receivables - third parties include a receivable from a third party with a carrying amount of S$121,701 and S$121,701 respectively (2018: S$129,616 and S$121,701 respectively). The Group and the Company has impaired S$121,701 and S$121,701 respectively (2018: S$129,616 and S$121,701 respectively) based on management's assessment of the recoverable amount of the said receivable as at the financial year end.

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 are set out in the provision matrix as presented below:

		Trade receivables past due (days)		
	Current	**< 60 days**	**> 60 days**	**Total**
	S$	**S$**	**S$**	**S$**
Group				
2019				
Expected credit loss rate	0.05%	0.10%	0.30%	
Trade receivables – gross carrying amount at default	157,962	100,733	321	259,016
Loss allowance – lifetime ECL	-*	-*	-*	-*
Loss allowance – credit-impaired	-	-	(317)	(317)
Total loss allowance	-	-	(317)	(317)
				258,699

* Loss allowance for trade receivables measured at an amount equal to lifetime ECL is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 Trade and Other Receivables (cont'd)

The Group's credit risk exposure in relation to trade receivables under SFRS(I) 9 are set out in the provision matrix as presented below: (cont'd)

		Trade receivables past due (days)		
	Current	< 60 days	> 60 days	Total
	S$	S$	S$	S$
Group				
2018				
Expected credit loss rate	0.05%	0.10%	0.30%	
Trade receivables – gross carrying amount at default	139,939	104,825	11,498	256,262
Loss allowance – lifetime ECL	-*	-*	-*	-*
				256,262

* Loss allowance for trade receivables measured at an amount equal to lifetime ECL is immaterial.

Loss allowance on trade receivables has been measured at an amount equal to expected credit losses as disclosed in the accounting policy Note 3(r)(ii). Loss allowance for other receivables has been measured at an amount equal to 12-month expected credit losses as disclosed in the accounting policy Note 3(r)(ii). The Group has regarded all receivables over 90 days past due as defaulted and credit-impaired because historical experience has indicated that these receivables are generally not recoverable. Exact percentage will depend on the impairment test. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The movements in credit loss allowance for impairment of trade and other receivables during the year are as follows:

	Group	
	2019	2018
	S$	S$
Trade receivables		
At 1 January	-	-
Loss allowance recognised in profit or loss during the year (Note 8)	316	-
Currency translation differences	1	-
At 31 December	317	-
Other receivables		
At 1 January	129,616	129,611
Write-back of loss allowance recognised in profit or loss during the year (Note 8)	(7,901)	-
Currency translation differences	(14)	5
At 31 December	121,701	129,616

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 Trade and Other Receivables (cont'd)

The movements in credit loss allowance for impairment of trade and other receivables during the year are as follows: (cont'd)

	Company	
	2019	2018
	S$	S$
Other receivables		
At 1 January and 31 December	121,701	121,701

15 Other Current Assets

	Group		Company	
	2019	2018	2019	2018
	S$	S$	S$	S$
Inventories	1,100	1,364	-	-
Deposits	11,460	62,649	8,610	20,212
Prepayments	32,950	78,842	8,272	7,696
Total other assets	45,510	142,855	16,882	27,908

The cost of inventories recognised as an expense and included in "Raw materials and consumables used" amounted to S$75,309 (2018: S$90,528) during the financial year.

16 Development Property

	Group	
	2019	2018
	S$	S$
Balance at the beginning of the year	4,584,510	4,581,730
Currency exchange difference	(8,337)	2,780
Balance at the end of the year - property for development representing leasehold land, at cost	4,576,173	4,584,510

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 Development Property (cont'd)

Details of the Group's development property are as follows:

Description and Location	Usage	Tenure, (unexpired terms) and Land Area (square metre)	Stage of Completion and (Expected Year of Completion)	Effective Interest in Property	Net Book Value	
					2019	2018
				%	S$	S$
Leasehold land Malaysia Title No. PN 12245, Lot No. 1719, Section 13, Town of Shah Alam, District of Petaling, Selangor.	Commercial	Leasehold, (82 years) 7,863 sq. metre	-	100	4,576,173	4,584,510

Management has the intention to undertake development plans for the leasehold land and has classified the land as development property accordingly as at 31 December 2019. Management has obtained an independent valuation of the development property which has a valuation of RM28.0 million (S$9.3 million) as at 31 December 2019. The valuation was based on the Direct Market Comparison Method and was classified under Level 2 (2018: Level 3) of the fair value hierarchy, as defined in Note 27(d).

17 Assets Held for Sale

	Group	
	2019	2018
	S$	S$
<u>Investment properties</u>		
Balance at the beginning of the year	1,187,280	1,186,560
Currency translation differences	(2,160)	720
Balance at end of the year	1,185,120	1,187,280

17 Assets Held for Sale (cont'd)

(a) On 15 September 2015, the Group entered into a sale and purchase agreement for the disposal of the unit number B-37-01 (the "Property") at Suasana Sentral Condominium for a total cash consideration of RM3.6 million (S$1.2 million). A deposit of RM0.6 million (S$0.2 million) was received in the financial year ended 31 December 2015. Accordingly, this investment property was reclassified to assets held for sale as at 31 December 2015.

In the financial year ended 31 December 2016, a legal suit was filed against the Group in respect of the sale of the Property. During the financial year ended 31 December 2019, the legal proceedings have concluded. The details are disclosed in Note 32.

(b) Investment properties classified under assets held for sale are leased to non-related parties under operating leases.

	Group	
	2019	**2018**
	S$	**S$**
The following amounts are recognised in profit or loss:		
Rental income from investment properties (Note 5)	86,909	-
Direct operating expenses (including repairs and maintenance) arising from rental generating properties	11,946	12,257

(c) The fair value of the Group's investment properties as at the statement of financial position date approximates the carrying amount, as assessed by the management. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

During the financial year, management has determined the fair values of the investment properties held to be S$1,185,120 (2018: S$1,187,280) and no fair value gain or loss was recognised in profit or loss for the financial year ended 31 December 2019 and 2018. The fair value of investment properties was classified under Level 2 (2018: Level 3) of the fair value hierarchy, as defined in Note 27(d).

During the financial year ended 31 December 2019, the Group transferred the investment properties from Level 3 to Level 2 of the fair value hierarchy. The reason for the transfer from Level 3 to Level 2 is that the litigation matter in relation to the sale of the investment properties had concluded during the financial year ended 31 December 2019, with the sale being upheld (Note 32). Prior to the transfer, the fair value of the investment properties was determined using the market comparable approach with reference to the price per square foot. The price per square foot was dependent on the difference in the nature, location or condition of the specific property. The valuation process was performed by the Accountant, and reviewed by Finance Manager and Chief Financial Officer.

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17 Assets Held for Sale (cont'd)

(c) For the purposes of measuring deferred taxes for investment properties that are measured using a fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. Management has reviewed the Group's investment property portfolio and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, management has determined that the 'sale' presumption is not rebutted. As a result, the Group did not recognise any deferred taxes on changes in fair value of the investment properties, as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary

	Company	
	2019	2018
	S$	S$
Investments in subsidiaries (a)	104,456	104,456
Less: Allowance for impairment loss	-	(2)
	104,456	104,454
Loans to subsidiaries (b)	14,034,665	14,015,960
Less: Allowance for impairment loss	(2,840,515)	(2,882,977)
	11,194,150	11,132,983
Loan from a subsidiary	4,590,000	3,390,000

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

(a) Investments in subsidiaries

Movements in investments in subsidiaries and allowance for impairment loss during the financial year are as follows:

	Company	
	2019	**2018**
	S$	**S$**
Unquoted equity shares, at cost		
Balance at the beginning of the year	104,456	5,390,706
Written off during the year (i)	-	(5,286,250)
Balance at the end of the year	104,456	104,456
Allowance for impairment loss		
Balance at the beginning of the year	2	5,286,252
Write-back of impairment during the year	(2)	-
Allowance written off during the year (i)	-	(5,286,250)
Balance at the end of the year	-	2
Carrying amount of investments in subsidiaries	104,456	104,454

(i) As at 31 December 2018, the Company wrote off the allowance for impairment loss of S$5,286,250 in relation to its investment in subsidiaries that have been struck off from the Register of Companies.

(b) Loans to subsidiaries

As at 31 December 2019, the loans to subsidiaries consist of interest-free loan receivables of S$14,034,665 (2018: S$14,015,960).

The loans receivables are interest-free, unsecured and settlement is neither planned nor likely to occur in the foreseeable future. As the amounts are, in substance, a part of the Company's net investments in the equity of the subsidiaries, they are stated at cost less impairment losses.

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18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

(b) Loans to subsidiaries (cont'd)

Movements in the allowance for impairment loss of loans to subsidiaries during the financial year are as follows:

	Company	
	2019	2018
	S$	S$
Balance at the beginning of the year	2,882,977	3,682,282
Write-back of impairment during the year (i)	(42,462)	(799,305)
Balance at the end of the year	2,840,515	2,882,977

(i) As at 31 December 2019, the Company had written back an allowance for impairment loss of S$42,462 (2018: S$799,305) of its loans to subsidiaries to profit or loss based on management's judgment of the recoverable amount of the loans to the relevant subsidiaries as at the financial year end.

(c) Loan from a subsidiary

The loan from a subsidiary bears interest at between 9% and 10% (2018: 9% and 10%) per annum and is repayable on demand or when the cashflow permits (repayment term) and the interest will continue to accrue until repayment of the respective principal is made.

(d) Details of the Group's subsidiaries are as follows:

Name of companies Country of business/incorporation	Principal activities	Effective equity held by the Group 2019 %	 2018 %
Held by the Company			
Adroit Innovations Investment Pte Ltd [(a)] Singapore	Investment holding	100	100
G1 Investments Pte. Ltd.[(f)] Singapore	Investment holding	-	-
Tria Holdings Pte. Ltd. [(a)] Singapore	Investment holding	100	100
Asphere Holdings Pte. Ltd. [(a)] Singapore	Investment holding	100	100

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

(d) Details of the Group's subsidiaries are as follows: (cont'd)

Name of companies **Country of business/incorporation**	**Principal activities**	**Effective equity held by the Group** **2019** **%**	 **2018** **%**
Held by the Company (cont'd)			
Raintree Rock Sdn. Bhd. [b] Malaysia	Investment holding	100	100
Powerlite Ventures Limited [g] British Virgin Islands	Investment holding	-	-
Held by Adroit Innovations Investment Pte Ltd			
PT Rel-ion Sterilization Services [c] Indonesia	Sterilisation and polymerisation services	77.71	77.71
Held by Tria Holdings Pte. Ltd.			
Trackplus Sdn. Bhd. [b] Malaysia	Property development	65	65
Solid Base Limited [e] Seychelles	Investment holding	100	100
Held by Solid Base Limited.			
Trackplus Sdn. Bhd. [b] Malaysia	Property development	35	35
Held by Asphere Holdings Pte. Ltd.			
Gemisuria Corporation Sdn. Bhd. [d] Malaysia	Property development	100	100
PT Rel-ion Sterilization Services [c] Indonesia	Sterilisation and polymerisation services	22.29	22.29

[a] Audited by Moore Stephens LLP, Singapore.
[b] Audited by Moore Stephens Associates PLT, Malaysia, a member firm of Moore Global Network Limited of which Moore Stephens LLP is also a member.
[c] Audited by Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan, Indonesia.
[d] Audited by KBCF Tan, Malaysia.
[e] No audit requirement in the country of incorporation.
[f] G1 Investments Pte. Ltd. was struck off the Register of Companies on 4 September 2018 pursuant to Section 344A of the Act.
[g] Powerlite Ventures Limited was dissolved from the Register of Corporate Affairs of the British Virgin Islands on 26 March 2018 pursuant to the BVI Business Companies Act, 2004.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

(e) Acquisition of additional interest in a subsidiary

(i) During the previous financial year ended 31 December 2018, the Group transacted with the non-controlling interest shareholder of PT Rel-ion Sterilization Services ("PTRI") that in return for a cash consideration of S$1,200,000;

- the non-controlling interest shareholder waived an existing payable by the Group amounting to S$965,293; and
- the non-controlling interest shareholder transferred the remaining 22.29% equity interest in PTRI to the Group.

Following the additional acquisition, the Group has increased its equity interest in PTRI from 77.71% to 100%. The Group recorded the difference between the cash payment of S$1,200,000 and the liability settled of S$965,293 as the consideration paid for this acquisition.

The following summarises the effect of the change in the ownership interest in PTRI on the equity attributable to owners of the Company:

	Group 2018 S$
Consideration paid to non-controlling interest	234,707
Carrying amount of non-controlling interests acquired (Note 26)	(1,613,652)
Change in interest in subsidiary recognised in equity under other reserves (Note 25(b)(iii))	(1,378,945)

18 Investments in Subsidiaries/Loans to Subsidiaries/Loan from a Subsidiary (cont'd)

(e) Acquisition of additional interest in a subsidiary (cont'd)

(ii) On 19 September 2018, the Group acquired 100% equity interest in Solid Base Limited ("SBL") which owns 35% interest in Trackplus Sdn. Bhd. ("Trackplus") for a cash consideration of S$1,055,000. Following the acquisition, the Group has increased its equity interest in Trackplus from 65% to 100%.

The following summarises the effect of the change in the ownership interest in Trackplus on the equity attributable to owners of the Company:

	Group 2018 S$
Consideration paid to non-controlling interest	1,055,000
Carrying amount of non-controlling interests acquired (Note 26)	(1,433,495)
Change in interest in subsidiary recognised in equity under other reserves (Note 25(b)(iii))	(378,495)

(f) Details of material non-controlling interests of the Group

Name of companies (Country of business/ incorporation)	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2019 %	2018 %	2019 S$	2018 S$	2019 S$	2018 S$
PT Rel-ion Sterilization Services (Indonesia)	-	-	-	228,025	-	-
Trackplus Sdn. Bhd. (Malaysia)	-	-	-	(11,540)	-	-
			-	216,485	-	-

During the financial year ended 31 December 2019 and 2018, the Group did not pay dividends to a non-controlling shareholder of a subsidiary.

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19 Property and Equipment

	Freehold land	Freehold building	Leasehold property	Renovations	Furniture and fittings	Office, computer and other equipment	Cobalt isotope	Motor vehicles	Construction in-progress	Total
	S$	S$	S$	S$	S$	S$	S$	S$	S$	S$
Group										
2019										
Cost										
At 1 January	805,135	1,413,206	-	67,563	3,700	1,535,056	3,699,903	561,227	36,955	8,122,745
Adoption of SFRS(I) 16 (Note 2(a))	-	-	225,527	-	-	18,433	-	-	-	243,960
	805,135	1,413,206	225,527	67,563	3,700	1,553,489	3,699,903	561,227	36,955	8,366,705
Additions	-	-	-	-	-	137,660	-	88,699	278,204	504,563
Transfer	-	307,159	-	-	-	-	-	-	(307,159)	-
Disposals	-	-	-	-	-	-	-	(26,924)	-	(26,924)
Write-off	-	-	-	-	-	(1,085)	-	-	-	(1,085)
Currency translation differences	22,875	50,619	-	-	-	42,955	105,117	16,261	(8,000)	229,827
At 31 December	828,010	1,770,984	225,527	67,563	3,700	1,733,019	3,805,020	639,263	-	9,073,086
Accumulated depreciation										
At 1 January	-	423,285	-	32,845	3,700	967,161	1,657,234	317,251	-	3,401,476
Adoption of SFRS(I) 16 (Note 2(a))	-	-	40,669	-	-	10,138	-	-	-	50,807
	-	423,285	40,669	32,845	3,700	977,299	1,657,234	317,251	-	3,452,283
Depreciation during the year (Note 8)	-	74,022	44,366	30,600	-	143,351	319,610	61,858	-	673,807
Disposals	-	-	-	-	-	-	-	(23,225)	-	(23,225)
Write-off	-	-	-	-	-	(489)	-	-	-	(489)
Currency translation differences	-	12,404	-	-	-	26,958	48,714	9,210	-	97,286
At 31 December	-	509,711	85,035	63,445	3,700	1,147,119	2,025,558	365,094	-	4,199,662
Net carrying amount										
At 31 December	828,010	1,261,273	140,492	4,118	-	585,900	1,779,462	274,169	-	4,873,424

19 Property and Equipment (cont'd)

	Freehold land	Freehold building	Renovations	Furniture and fittings	Office, computer and other equipment	Cobalt isotope	Motor vehicles	Construction in-progress	Total
	S$	S$	S$	S$	S$	S$	S$	S$	S$
Group									
2018									
Cost									
At 1 January	844,995	1,033,384	75,068	9,257	1,557,376	3,109,557	651,815	310,730	7,592,182
Additions	-	141,711	67,563	-	55,623	953,762	-	28,411	1,247,070
Transfer	-	301,688	-	-	-	-	-	(301,688)	-
Disposals/Write-off	-	-	(75,068)	(5,565)	(6,651)	(213,810)	(63,680)	-	(364,774)
Currency translation differences	(39,860)	(63,577)	-	8	(71,292)	(149,606)	(26,908)	(498)	(351,733)
At 31 December	805,135	1,413,206	67,563	3,700	1,535,056	3,699,903	561,227	36,955	8,122,745
Accumulated depreciation									
At 1 January	-	385,176	71,461	7,090	881,966	1,643,265	330,241	-	3,319,199
Depreciation during the year (Note 8)	-	56,501	36,452	250	129,602	305,657	62,656	-	591,118
Disposals/Write-off	-	-	(75,068)	(3,649)	(4,105)	(213,810)	(63,660)	-	(360,292)
Currency translation differences	-	(18,392)	-	9	(40,302)	(77,878)	(11,986)	-	(148,549)
At 31 December	-	423,285	32,845	3,700	967,161	1,657,234	317,251	-	3,401,476
Net carrying amount									
At 31 December	805,135	989,921	34,718	-	567,895	2,042,669	243,976	36,955	4,721,269

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19 Property and Equipment (cont'd)

	Renovations	Leasehold property	Furniture and fittings	Office, computer and other equipment	Total
	S$	S$	S$	S$	S$
Company					
2019					
Cost					
At 1 January	67,563	-	3,700	47,871	119,134
Adoption of SFRS(I) 16 (Note 2(a))	-	225,527	-	18,433	243,960
	67,563	225,527	3,700	66,304	363,094
Disposal/Write-off	-	-	-	(1,085)	(1,085)
At 31 December	67,563	225,527	3,700	65,219	362,009
Accumulated depreciation					
At 1 January	32,845	-	3,700	42,885	79,430
Adoption of SFRS(I) 16 (Note 2(a))	-	40,669	-	10,138	50,807
	32,845	40,669	3,700	53,023	130,237
Depreciation during the year	30,600	44,366	-	6,432	81,398
Disposal/Write-off	-	-	-	(489)	(489)
At 31 December	63,445	85,035	3,700	58,966	211,146
Net carrying amount					
At 31 December	4,118	140,492	-	6,253	150,863
2018					
Cost					
At 1 January	75,069	-	8,700	50,371	134,140
Additions	67,563	-	-	-	67,563
Disposal/Write-off	(75,069)	-	(5,000)	(2,500)	(82,569)
At 31 December	67,563	-	3,700	47,871	119,134
Accumulated depreciation					
At 1 January	71,462	-	6,533	37,689	115,684
Depreciation during the year	36,452	-	250	6,696	43,398
Disposal/Write-off	(75,069)	-	(3,083)	(1,500)	(79,652)
At 31 December	32,845	-	3,700	42,885	79,430
Net carrying amount					
At 31 December	34,718	-	-	4,986	39,704

(a) As at 31 December 2019, the Group's loans from a bank are secured by the Group's freehold land and freehold building, which have a carrying amount of S$2,089,283 (2018: S$1,795,056) (Note 21).

(b) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 29.

20 Trade and Other Payables

	Group 2019 S$	Group 2018 S$	Company 2019 S$	Company 2018 S$
Current				
Other payables (a)	765,559	1,152,311	765,559	1,134,471
Amounts due to directors (b)	5,225	78,600	5,225	78,600
Deposit payable	362,120	368,717	-	-
Interest payable	319,606	175,721	1,131,329	614,423
Accrued operating expenses	229,656	358,058	199,663	326,547
Total trade and other payables	1,682,166	2,133,407	2,101,776	2,154,041

(a) The Group's other payables include professional fees and general legal advice of S$757,926 (2018: S$1,076,409).

(b) The amounts due to directors are unsecured, interest-free and repayable on demand in cash.

21 Borrowings

	Group 2019 S$	Group 2018 S$	Company 2019 S$	Company 2018 S$
Current				
Loans from banks (a)	605,276	605,123	-	-
Non-current				
Loans from banks (a)	349,773	535,579	-	-
Loan from a shareholder (b)	4,832,335	4,532,335	4,832,335	4,532,335
	5,182,108	5,067,914	4,832,335	4,532,335
Total borrowings	5,787,384	5,673,037	4,832,335	4,532,335

(a) Loans from banks are secured over the Group's freehold land and freehold building (Note 19). The loans from banks bear an interest between 10% and 11% (2018: between 10% and 11.5%) per annum.

(b) Loan from a shareholder bears interest of 3% (2018: 3%) per annum. The loan will mature on 31 December 2021.

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21 Borrowings (cont'd)

(c) The reconciliation of movements of the Group's liabilities to the Group's cash flows arising from financing activities is presented below:

	At 1 January	Adoption of SFRS(I) 16	Cash flows Proceeds	Cash flows Repayments	Non-cash changes	At 31 December
	S$	S$	S$	S$	S$	S$
2019						
Loans from banks	1,140,702	-	-	(216,954)	31,301	955,049
Loan from a shareholder	4,532,335	-	300,000	-	-	4,832,335
Lease liabilities (Note 29)	-	197,487	-	(55,560)	11,521	153,448
	5,673,037	197,487	300,000	(272,514)	42,822	5,940,832
2018						
Loans from banks	1,879,874	-	-	(739,172)	-	1,140,702
Loan from a shareholder	1,000,000	-	1,277,335	-	2,255,000	4,532,335
	2,879,874	-	1,277,335	(739,172)	2,255,000	5,673,037

22 Defined Benefit Plan

	Group 2019	Group 2018
	S$	S$
Present value of unfunded obligations	1,252,968	1,011,913

Movements in the present value of the defined benefit obligations during the financial year are as follows:

	Group 2019	Group 2018
	S$	S$
Defined benefit obligations at the beginning of the year	1,011,913	1,002,567
Benefits paid by the plan	(25,196)	(56,588)
Current service costs	73,439	74,468
Excess of benefit paid	7,541	19,881
Interest on obligations	79,781	62,871
Actuarial loss/(gain) recognised in other comprehensive income	56,397	(33,967)
Currency translation differences	49,093	(57,319)
Defined benefit obligations at the end of the year	1,252,968	1,011,913

22 Defined Benefit Plan (cont'd)

The amounts recognised in profit or loss during the financial year are as follows:

	Group	
	2019	**2018**
	S$	**S$**
Current service costs	73,439	74,468
Interest on obligations	79,781	62,871
Amortisation of past services cost - non vested	340	1,744
Excess of benefit paid	7,541	19,881
Total, included in "Employee Benefits" (Note 7)	161,101	158,964

Principal actuarial assumptions at the end of the financial year are as follows:

	Group 2019 and 2018
Valuation method	Projected Unit Credit based on Actuarial Cost Method
Mortality rate	TMI 2011 (2018: TMI 2011)
Discount rate	8.2% (2018: 8.2%)
Future salary increase	10%
Disability rate	1% from TMI 2011 (2018: 1% from TMI 2011)
Resignation rate	3% per annum up to age 25 years old, decrease linearly to 1% per annum at age 45 years old and thereafter
Normal retirement age	55 years old
Retirement rate	100% at normal retirement age

The Group has no significant exposure from changes in the principal actuarial assumptions disclosed above. Thus, no sensitivity analysis is presented.

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23 Deferred Taxes

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position as follows:

	Group	
	2019	**2018**
	S$	**S$**
To be settled after one year		
- Deferred tax assets	(379,708)	(308,392)
Net balance at the end of the year	(379,708)	(308,392)

The movements in the deferred tax assets and liabilities (on an aggregated basis) during the financial year are as follows:

	Group	
	2019	**2018**
	S$	**S$**
Balance at the beginning of the year	(308,392)	(296,355)
Tax credited to:		
- profit or loss (Note 10)	(43,438)	(37,442)
- other comprehensive income	(18,799)	11,322
	(62,237)	(26,120)
Currency translation differences	(9,079)	14,083
Balance at the end of the year	(379,708)	(308,392)

Deferred tax assets are recognised for employee benefit provision and capital allowances carried forward to the extent that realisation of related tax benefits through future taxable profits is probable.

23 Deferred Taxes (cont'd)

The Group and the Company had the following unrecognised tax losses and capital allowances which can be carried forward and used to offset against future taxable income subject to meeting certain statutory tax requirements by those group entities in their respective countries of incorporation:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$	**S$**	**S$**	**S$**
Capital allowances	74,527	74,663	-	-
Tax losses	32,821,876	32,808,067	31,557,393	31,557,393
	32,896,403	32,882,730	31,557,393	31,557,393

The tax losses have no expiry date. The Group's and the Company's deferred tax benefits of approximately S$5,605,779 and S$5,364,757 respectively (2018: S$5,603,317 and S$5,364,757 respectively) arising from these unutilised tax losses and unabsorbed capital allowances have not been recognised in the financial statements as the Group and the Company have assessed that it is not probable that taxable profits will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised.

24 Share Capital

	Group and Company			
	2019		**2018**	
	Number of ordinary shares	**S$**	**Number of ordinary shares**	**S$**
Ordinary shares issued and fully paid				
Balance at the beginning and end of the year	27,570,762,183	127,338,850	27,570,762,183	127,338,850

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24 Share Capital (cont'd)

(a) Share options

Blumont Employee Share Option Scheme 2013 (the "Blumont ESOS 2013")

At an Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont ESOS 2013, for granting of non-transferable options to employees (including executive directors) and non-executive directors of the Company.

The Blumont ESOS 2013 is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Calvin Lim Huan Kim (Chairman, resigned on 24 April 2019), Ng Keok Chai (Chairman, appointed on 25 April 2019), Tan Gim Kang, Arran, and Aris Muhammad Rizal.

The Blumont ESOS 2013 shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

Under the Blumont ESOS 2013, options may be exercised after the 1st anniversary of the date of grant and before the 5th anniversary of such date of grant for non-executive directors and the 10th anniversary of such date of grant for group employees.

The subscription price for each ordinary share in respect of which an option is exercisable shall be determined by the Compensation Committee as follows:

(i) fixed at the market price equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the three (3) consecutive trading days immediately preceding the date of grant of that option; or

(ii) set at a discount to a market price, provided that the maximum discount shall not exceed twenty per cent (20%) of the market price.

No share options under the Blumont ESOS 2013 have been granted during and as at the financial year ended 31 December 2019 and 2018.

Blumont Performance Share Plan (the "Blumont PSP")

At the Extraordinary General Meeting held on 22 April 2013, the members of the Company approved the Blumont PSP, for granting of incentive share awards to employees (including executive directors) and non-executive directors of the Company.

24 Share Capital (cont'd)

(a) Share options (cont'd)

Blumont Performance Share Plan (the "Blumont PSP") (cont'd)

The Blumont PSP is administered by the Compensation Committee which is overseen by the Remuneration Committee whose members are Calvin Lim Huan Kim (Chairman, resigned on 24 April 2019), Ng Keok Chai (Chairman, appointed on 25 April 2019), Tan Gim Kang, Arran, and Aris Muhammad Rizal.

The Blumont PSP shall continue to be in force at the discretion of the Compensation Committee for a period of 10 years from 22 April 2013. However, the period may be extended or terminated with the approval of shareholders at a general meeting of the Company and any relevant approvals which may then be required.

A participants' award under the Blumont PSP will be determined at the sole discretion of the Compensation Committee. In considering an award to be granted to a participant, the Compensation Committee may take into account, *inter alia*, the participant's performance and/or contribution to the Company.

Awards granted under the Blumont PSP will typically vest only after the satisfactory completion of performance-related award conditions and/or other conditions such as vesting period(s) applicable for the release of the award. No minimum vesting periods are prescribed under the Blumont PSP, and the length of the vesting period(s) in respect of each award will be determined on a case-by-case basis.

No incentive share awards under the Blumont PSP have been granted during and as at the financial year ended 31 December 2019 and 2018.

(b) Capital management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, reserves, accumulated losses and net debts, which includes borrowings net of cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

24 Share Capital (cont'd)

(b) Capital management (cont'd)

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

Consistently, the Group monitors capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt over adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less income tax and deferred tax liabilities and cash and bank balances. Adjusted capital comprises all components of equity attributable to owners of the Company (i.e. share capital, reserves and accumulated losses).

There were no changes in the Group's approach to capital management during the current and previous financial years.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's net debt-to-adjusted capital ratio as at the statement of financial position date is as follows:

	Group		Company	
	2019	2018	2019	2018
	S$	S$	S$	S$
Net debt	7,931,276	8,144,667	11,536,843	9,990,698
Total equity	3,708,579	3,351,059	49,767	1,434,610
Adjusted capital	11,639,855	11,495,726	11,586,610	11,425,308
Net debt-to-adjusted capital ratio	68.1%	70.8%	99.6%	87.4%

25 Reserves

	Group 2019	Group 2018	Company 2019	Company 2018
	S$	S$	S$	S$
(a) Composition:				
Fair value reserve	-	-	-	-
Currency translation reserve	(5,537,056)	(5,753,264)	-	-
Other reserves	1,734,998	1,734,998	-	-
	(3,802,058)	(4,018,266)	-	-

(b) Movements during the financial year are as follows:

	Group and Company 2018
	S$
(i) Fair value reserve	
Balance at the beginning of the year	199
Adjustment on initial application of SFRS(I) 9	(199)
Adjusted balance at the beginning and end of the year	-

	Group 2019	Group 2018	Company 2019	Company 2018
	S$	S$	S$	S$
(ii) Currency translation reserve				
Balance at the beginning of the year	(5,753,264)	(4,585,109)	-	-
Foreign exchange translation gain/(loss)	216,208	(1,168,155)	-	-
Balance at the end of the year	(5,537,056)	(5,753,264)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25 Reserves (cont'd)

		Group		Company	
		2019	2018	2019	2018
		S$	S$	S$	S$
(iii)	Other reserves				
	Balance at the beginning of the year	1,734,998	(22,442)	-	-
	Acquisition of additional interest in subsidiaries*	-	1,757,440	-	-
	Balance at the end of the year	1,734,998	1,734,998	-	-

* Consists of acquisition of additional interest in PTRI (Note 18(e)(i)) and Trackplus (Note 18(e)(ii)) of S$1,378,945 and S$378,495 respectively.

26 Non-Controlling Interests

	Group
	2018
	S$
Balance at the beginning of the year	2,850,206
Share of comprehensive income for the year	196,941
Acquisition of additional interest in subsidiaries*	(3,047,147)
Balance at the end of the year	-

* Consists of acquisition of additional interest in PTRI and Trackplus of S$1,613,652 (Note 18(e)(i)) and S$1,433,495 (Note 18(e)(ii)) respectively.

27 Financial Risk Management

The Group's and the Company's activities is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk arising in the normal course of the Group's and the Company's business. The Group's and the Company's overall risk management strategy seeks to minimise potential adverse effects from the unpredictability of financial markets on the Group's and the Company's financial performance.

The Company's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and the Company. Risk management is carried out by the Group's executive management.

27 Financial Risk Management (cont'd)

(a) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rate, interest rate and equity prices will affect the Group's and the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk

The Group and the Company operates internationally and is subject to various currency exposures, primarily with respect to the Indonesian Rupiah ("IDR"), Malaysian Ringgit ("RM"), United States Dollar ("USD"), Australian Dollar ("AUD") and Thailand Baht ("THB"). Currency risk arises from recognised assets and liabilities and net investments in foreign operations.

The Group and the Company has certain investments in foreign operations, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's and the Company's foreign operations in Malaysia and Indonesia are kept at a minimal level. The Group and the Company does not presently hedge this foreign exchange exposure.

Generally, recognised assets and liabilities are denominated in currencies that match the cash flows generated by the underlying operations of the Group and the Company, primarily in Singapore Dollar, IDR, RM, USD, AUD and THB. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied in these circumstances. The Group and the Company monitors exposure of foreign currency risk on an ongoing basis by reviewing the liquid assets and liabilities held in currencies other than the Singapore Dollar to ensure that the net exposure are within acceptable parameters.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) Currency risk (cont'd)

The Group's and the Company's currency exposure based on the information provided to key management as at the statement of financial position date is as follows:

	Singapore Dollar	Indonesian Rupiah	Malaysian Ringgit	Australian Dollar	United States Dollar	Total
	S$	S$	S$	S$	S$	S$
2019						
Group						
Trade and other receivables	-	627,941	463	-	-	628,404
Cash and cash equivalents	148,634	740,671	53,376	-	2,009	944,690
Other financial assets	120,060	-	-	199	-	120,259
Trade and other payables	(1,280,412)	(13,037)	(370,675)	(4,570)	(13,472)	(1,682,166)
Borrowings	(4,832,335)	(955,049)	-	-	-	(5,787,384)
Lease liabilities	(153,448)	-	-	-	-	(153,448)
Net financial (liabilities)/assets	(5,997,501)	400,526	(316,836)	(4,371)	(11,463)	(5,929,645)
Less: Net financial liabilities/ (assets) denominated in the respective entities' functional currency	6,005,414	(400,526)	316,836	-	-	5,921,724
Currency exposure	7,913	-	-	(4,371)	(11,463)	(7,921)
Company						
Cash and cash equivalents	140,716	-	-	-	-	140,716
Loans to subsidiaries	11,194,150	-	-	-	-	11,194,150
Other financial assets	120,060	-	-	199	-	120,259
Loan from a subsidiary	(4,590,000)	-	-	-	-	(4,590,000)
Borrowings	(4,832,335)	-	-	-	-	(4,832,335)
Trade and other payables	(2,083,734)	-	-	(4,570)	(13,472)	(2,101,776)
Lease liabilities	(153,448)	-	-	-	-	(153,448)
Net financial liabilities	(204,591)	-	-	(4,371)	(13,472)	(222,434)
Less: Net financial liabilities denominated in the Company's functional currency	204,591	-	-	-	-	204,591
Currency exposure	-	-	-	(4,371)	(13,472)	(17,843)

27 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) Currency risk (cont'd)

	Singapore Dollar	Indonesian Rupiah	Malaysian Ringgit	Thailand Baht	Australian Dollar	United States Dollar	Total
	S$	**S$**	**S$**	**S$**	**S$**	**S$**	**S$**
2018							
Group							
Trade and other receivables	-	578,092	1,656	-	-	-	579,748
Cash and cash equivalents	93,714	572,846	5,006	-	-	2,124	673,690
Other financial assets	120,060	-	-	-	199	-	120,259
Trade and other payables	(1,699,402)	(16,749)	(382,729)	(12,118)	(4,667)	(17,742)	(2,133,407)
Borrowings	(4,532,335)	(1,140,702)	-	-	-	-	(5,673,037)
Net financial liabilities	(6,017,963)	(6,513)	(376,067)	(12,118)	(4,468)	(15,618)	(6,432,747)
Less: Net financial liabilities denominated in the respective entities' functional currency	6,025,995	6,513	376,067	-	-	-	6,408,575
Currency exposure	8,032	-	-	(12,118)	(4,468)	(15,618)	(24,172)
Company							
Cash and cash equivalents	85,678	-	-	-	-	-	85,678
Loans to subsidiaries	11,132,983	-	-	-	-	-	11,132,983
Other financial assets	120,060	-	-	-	199	-	120,259
Loan from a subsidiary	(3,390,000)	-	-	-	-	-	(3,390,000)
Borrowings	(4,532,335)	-	-	-	-	-	(4,532,335)
Trade and other payables	(2,119,514)	-	-	(12,118)	(4,667)	(17,742)	(2,154,041)
Net financial assets/ (liabilities)	1,296,872	-	-	(12,118)	(4,468)	(17,742)	1,262,544
Less: Net financial (assets)/liabilities denominated in the Company's functional currency	(1,296,872)	-	-	-	-	-	(1,296,872)
Currency exposure	-	-	-	(12,118)	(4,468)	(17,742)	(34,328)

27 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) Currency risk (cont'd)

A 1% strengthening of the Singapore Dollar against the following foreign currencies at the statement of financial position date would (decrease)/increase loss before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant. The analysis was performed on the same basis for 2019, as indicated below:

	Group		**Company**	
	Profit before tax	**Equity**	**Loss before tax**	**Equity**
	S$	**S$**	**S$**	**S$**
2019				
United States Dollar	115	115	(135)	(135)
Australian Dollar	44	44	(44)	(44)
2018				
United States Dollar	156	156	(177)	(177)
Australian Dollar	45	45	(45)	(45)
Thailand Baht	121	121	(121)	(121)

A 1% weakening of the Singapore Dollar against the above foreign currencies would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables, in particular interest and tax rates, remain constant.

(ii) Price risk

The Group and the Company is exposed to equity securities price risk from its investments held, which are classified on the statement of financial position as financial assets, at fair value through profit or loss. However, the exposure is not significant to the Group and the Company.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

27 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(iii) Cash flow and fair value interest rate risk (cont'd)

The Group's and the Company's exposure to interest rates arises from fixed interest-bearing financial assets and financial liabilities with prevailing interest rates. Fixed interest-bearing financial assets primarily relates to cash and bank balances while interest-bearing financial liabilities at prevailing rates mainly relates to financing facilities. The interest rates and repayment terms are disclosed in the respective notes to the financial statements.

For the Group's borrowings at variable rates, if the interest rates increase/decrease by 1% with all other variables including the tax rate being constant, the profit after income tax will decrease/increase by approximately S$8,000 as a result of higher/lower interest expense on these borrowings.

(b) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company, and arises principally from the Group's and the Company's receivables from customers and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. For trade and other receivables, the Group and the Company has a credit policy in place and monitors credit evaluation and exposure to credit risk on an ongoing basis. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Group level.

(i) Trade and other receivables

As disclosed in Note 3(r)(ii), the Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and numbers of days past due.

The Group and the Company does not require any collateral in respect of trade and other receivables.

The maximum exposure to credit risk for trade and other receivables as at the statement of financial position date by geographic region is as follows:

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Financial Risk Management (cont'd)

(b) Credit Risk (cont'd)

(i) Trade and other receivables (cont'd)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$	**S$**	**S$**	**S$**
Malaysia	463	1,656	-	-
Indonesia	627,941	578,092	-	-
	628,404	579,748	-	-

The trade and other receivables of the Group comprised 6 debtors (2018: 8 debtors) that individually represent 24% (2018: 23%) of trade and other receivables. There is no concentration of customer risk at the Company level.

(ii) Other financial assets

The Group and the Company limits its exposure to credit risk on other financial assets by investing only in liquid marketable securities and with counterparties that have good credit ratings. Management does not expect any counterparty to fail to meet its obligations.

(iii) Cash and bank balances

The Group and the Company held cash and bank balances of S$944,690 and S$140,716 respectively as at 31 December 2019 (2018: S$673,690 and S$85,678 respectively), which represents their maximum credit exposure on these assets. The cash at bank are held with banks with good credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt investments. The amount of the allowance on cash and cash equivalents was immaterial.

27 **Financial Risk Management** (cont'd)

(c) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's and the Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's and the Company's reputation.

The Group and the Company monitors its liquidity risk by maintaining sufficient cash and marketable securities and the ability to close out market positions at a short notice. Where necessary, fund raising exercise will be considered through right issues and private placements. Further discussion on the Group's liquidity risk is disclosed in Note 3(b).

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the statement of financial position date based on contractual undiscounted payments.

	Carrying amounts	Contractual amounts	< 1 year	1 - 5 years	> 5 years
	S$	S$	S$	S$	S$
Group					
2019					
Trade and other payables	1,682,166	1,682,166	1,682,166	-	-
Borrowings	5,787,384	6,204,217	845,255	5,358,962	-
Lease liabilities	153,448	166,460	55,760	110,700	-
	7,622,998	8,052,843	2,583,181	5,469,662	-
2018					
Trade and other payables	2,133,407	2,133,407	2,133,407	-	-
Borrowings	5,673,037	6,138,097	853,126	5,284,971	-
	7,806,444	8,271,504	2,986,533	5,284,971	-

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27 Financial Risk Management (cont'd)

(c) Liquidity Risk (cont'd)

	Carrying amounts S$	Contractual amounts S$	< 1 year S$	1 - 5 years S$	> 5 years S$
Company					
2019					
Trade and other payables	2,101,776	2,101,776	2,101,776	-	-
Borrowings	4,832,335	5,122,275	144,970	4,977,305	-
Loan from a subsidiary	4,590,000	4,590,000	4,590,000	-	-
Lease liabilities	153,448	166,460	55,760	110,700	-
	11,677,559	11,980,511	6,892,506	5,088,005	-
2018					
Trade and other payables	2,154,041	2,154,041	2,154,041	-	-
Borrowings	4,532,335	4,804,275	135,970	4,668,305	-
Loan from a subsidiary	3,390,000	3,390,000	3,390,000	-	-
	10,076,376	10,348,316	5,680,011	4,668,305	-

(d) Fair Value of the Group's and the Company's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The Group and the Company categories fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

27 Financial Risk Management (cont'd)

(d) Fair Value of the Group's and the Company's Financial Assets and Liabilities that are Measured at Fair Value on a Recurring Basis (cont'd)

The following table presents the Group's and the Company's financial assets and financial liabilities measured at fair value as at the statement of financial position date by level of the fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
	S$	S$	S$	S$
Group				
2019				
Financial assets at fair value through profit or loss				
- Listed equity securities	120,259	-	-	120,259
2018				
Financial assets at fair value through profit or loss				
- Listed equity securities	120,259	-	-	120,259
Company				
2019				
Financial assets at fair value through profit or loss				
- Listed equity securities	120,259	-	-	120,259
2018				
Financial assets at fair value through profit or loss				
- Listed equity securities	120,259	-	-	120,259

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices as at the statement of financial position date. The quoted market price used for financial assets held by the Group and the Company is the current bid price. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the valuation team assess and review the evidence obtained from the third parties to support the conclusion that such valuation meet the requirements of SFRS(I), including the level in fair value hierarchy the resulting fair value estimate should be classified. These financial instruments are included in Level 1.

As at the date of these financial statements, based on the prevailing quoted market prices, the Group's listed security classified under financial assets, at fair value through profit or loss had no fair value gain or loss (2018: Nil).

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27 Financial Risk Management (cont'd)

(e) Fair Value of the Group's and the Company's Financial Assets and Liabilities that are not Measured at Fair Value on a Recurring Basis (but Fair Value Disclosure is Required)

(i) Non-derivative financial liabilities

The carrying amounts of borrowings approximate its fair value as they bear interest at rates which approximate the current incremental borrowing rate for similar type of lending and borrowing arrangements.

Fair Value of Non-current Borrowings

	Group		Company	
	2019	**2018**	**2019**	**2018**
	S$	**S$**	**S$**	**S$**
Loans from banks	275,616	435,126	-	-

The above fair values of loans from banks were determined from cash flow analyses, discounted at market borrowing rates of an equivalent instrument as at the date of the statement of financial position which management expects to be available to the Group and the Company as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
Loans from banks	10.00%	5.33%	-	-

The fair value of the loan from a shareholder and lease liabilities of S$4,832,335 (2018: S$4,532,335) and S$104,580 (2018: Nil) respectively are not considered to be materially different from its carrying amount.

(ii) Other financial assets and liabilities

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, cash and bank balances, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Financial Risk Management (cont'd)

(f) Valuation Policies and Procedures

The Group and the Company has established a control framework with respect to the measurement of fair values. This framework includes the finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The finance team regularly reviews significantly unobservable inputs and valuation adjustments. If third party confirmation, such as broker quotes or pricing services, is used to measure fair value, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

28 Related Party Transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint venture of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

28 Related Party Transactions (cont'd)

There are no other related party transactions other than as disclosed in Notes 20 and 21 to these financial statements and below during the current and previous financial years.

(a) Key management compensation

The remuneration of directors of the Company and directors of the Group's subsidiaries, who are the key management personnel of the Group, is as follows:

	Group	
	2019	**2018**
	S$	**S$**
Directors' fees	104,876	80,000
Short-term employee benefits	579,245	669,017
Post-employment benefits	13,020	24,899
	697,141	773,916
Comprised:		
Directors of the Company	450,974	524,480
Directors of the Group's subsidiaries	246,167	249,436
	697,141	773,916

No share options were granted to the directors of the Company during the financial years ended 31 December 2019 and 2018.

29 Lease Liabilities

	Group and Company 2019
	S$
Current	
Buildings	44,838
Office equipment	4,030
	48,868
Non-current	
Buildings	103,539
Office equipment	1,041
	104,580
Total lease liabilities	153,448

29 Lease Liabilities (cont'd)

The Group as lessee

(a) Nature of the Group's leasing activities

The Group has entered into leases of its offices and office equipment. The Group is prohibited from selling, pledging or sub-leasing the underlying leased assets, and is required to maintain the assets in good condition.

	Lease liabilities recognised (discounted)
	S$
Buildings	148,377
Office equipment	5,071
	153,448

(b) Carrying amount of right-of-use assets classified within Property and Equipment

	31 December 2019	**1 January 2019**
	S$	**S$**
Buildings	140,492	184,858
Office equipment	4,608	8,295
	145,100	193,153

There were no additions to right-of-use assets during the financial year.

(c) Amounts recognised in profit or loss

	2019
	S$
Depreciation charged for the year:	
- Buildings	44,366
- Office equipment	3,687
Interest on lease liabilities	11,521

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29 Lease Liabilities (cont'd)

The Group as lessee (cont'd)

(d) Other disclosures

	2019
	S$
Total cash outflow for leases	55,560

30 Commitments

The Company has given an undertaking to provide continuing financial support to certain subsidiaries of the Group for the next twelve months from the date of authorisation of their financial statements.

31 Operating Segments

Management has determined three reportable segments, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Group's reportable segments are as follows:

- Investment holding - investment in transferable securities including but not limited to marketable shares, warrants and debentures etc.
- Sterilisation - providing contract sterilisation and polymerisation services to food packaging, medical devices, cosmetic raw materials and consumers products.
- Property - development of properties for sale, long-term holding of properties for rental and related income.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment (loss)/profit before income tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 Operating Segments (cont'd)

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

Information about reportable segments

	Investment holding	Sterilisation	Property	Total
	S$	S$	S$	S$
Group				
2019				
External revenues	-	4,211,505	86,909	4,298,414
Segment results	(890,629)	2,606,281	12,325	1,727,977
Interest income	1	5,876	-	5,877
Finance costs	(153,265)	(119,543)	(85)	(272,893)
Depreciation	(81,398)	(592,409)	-	(673,807)
Reportable segment (loss)/profit before income tax	(1,125,291)	1,900,205	12,240	787,154
Other material items				
Capital expenditure				
- property and equipment	-	504,563	-	504,563
Segment assets	428,727	6,129,231	5,815,622	12,373,580
Unallocated assets - deferred tax assets				379,708
Consolidated total assets				12,753,288
Segment liabilities	6,284,237	2,221,054	370,675	8,875,966
Unallocated liabilities - current income tax liabilities				168,743
Consolidated total liabilities				9,044,709

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 Operating Segments (cont'd)

Information about reportable segments (cont'd)

	Investment holding S$	Sterilisation S$	Property S$	Total S$
Group				
2018				
External revenues	-	3,892,269	27,284	3,919,553
Segment results	(1,184,469)	2,747,464	(94,492)	1,468,503
Interest income	-	3,167	-	3,167
Finance costs	(190,301)	(128,839)	(215)	(319,355)
Depreciation	(43,398)	(547,720)	-	(591,118)
Reportable segment (loss)/profit before income tax	(1,418,168)	2,074,072	(94,707)	561,197
Other material non-cash items				
- fair value gain on financial assets, at fair value through profit or loss	40,020	-	-	40,020
Other material items				
Capital expenditure				
- property and equipment	67,563	1,179,507	-	1,247,070
Segment assets	523,969	5,917,452	5,568,190	12,009,611
Unallocated assets - deferred tax assets				308,392
Consolidated total assets				12,318,003
Segment liabilities	6,266,263	2,169,365	382,729	8,818,357
Unallocated liabilities - current income tax liabilities				148,587
Consolidated total liabilities				8,966,944

31 Operating Segments (cont'd)

Geographical segments

The Group's three business segments operate in three main geographical areas - Singapore (country of domicile), Malaysia and Indonesia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets or the underlying investments held.

Geographical information

	External revenues	Non-current assets *
	S$	S$
Group		
2019		
Singapore	-	150,863
Malaysia	86,909	-
Indonesia	4,211,505	4,722,561
	4,298,414	4,873,424
2018		
Singapore	-	39,704
Malaysia	27,284	-
Indonesia	3,892,269	4,681,565
	3,919,553	4,721,269

* Non-current assets exclude deferred tax assets.

Information about major customers

Included in revenue arising from sterilisation services of approximately S$4.21 million (2018: S$3.89 million) are revenues of approximately S$2.02 million (2018: S$1.70 million) which arose from sales to the Group's eight (2018: seven) largest customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 Litigation

Suasana Sentral Condominium

On 26 April 2016, the Group was notified that it had on 22 April 2016, been served with a writ of summons (the "Writ of Summons") and a statement of claim filed in the High Court of Malaya in Kuala Lumpur (the "Legal Proceedings"). The Writ of Summons was filed on behalf of Suresh Kumar ("SK"-First Plaintiff), Vigneswari Ganesan ("VG"-Second Plaintiff) and Libertare Sdn Bhd (Third Plaintiff), collectively known as the "Plaintiffs" against the Group, Onesentral Park Sdn Bhd and Pendaftar Hakmilik Tanah Wilayah Persekutuan Kuala Lumpur (the Land Title Registrar of the Federal Territory of Kuala Lumpur) as the defendants. The Legal Proceedings was triggered due to the strata title registered in the name of and held by one of the Group's subsidiaries, Raintree Rock Sdn. Bhd. ("Raintree Rock"), for the property at Unit B-37-01 Suasana Sentral Condominium (the "Property") was a wrong strata title. On the grounds that the Group could not and was not in a position to register and perfect the transfer of the Property in favour of the purchasers (first and second Plaintiffs), the Group terminated the Sale and Purchase Agreement ("SPA") previously entered into to sell the Property and offered to refund all deposits paid thus far. The first and second Plaintiffs refused to accept the termination and instead filed the Legal Proceedings against the Group.

In the legal proceeding, the Plaintiffs are seeking, *inter alia*, a declaration that the Group and the other defendants take steps to effect rectification of the strata title of the property, an order for specific performance by the Group of the SPA, subject to the Court varying certain terms of the SPA, including the purchase price, or, in lieu of specific performance, a refund of deposits paid by the Plaintiffs, together with liquidated damages of RM600,000 and damages for misrepresentation.

The first and second Plaintiffs, through their Company who is the third Plaintiff, are the tenant of the Property and continue to remain in occupation of the Property despite the termination of the SPA and has been holding over the Property without any payment of rental since January 2016. Hence, the Group has filed a counterclaim against the Plaintiffs for the delivery of vacant possession of the Property and for all unpaid rentals and double rental. The Group has also filed a claim in the counterclaim against the Developer of the Property, i.e. Onesentral Park Sdn Bhd pleading, *inter alia*, negligence by the Developer in the issuance and allocation of the wrong strata title to the wrong unit resulting in damages to the Group. As such, the Group seeks against the Developer for, *inter alia*, an order for rectification of the strata title, an indemnity for all loss and damages as may be suffered by the Group. The Developer is defending the Group's claims.

The Group successfully rectified the strata title during the previous financial year ended 31 December 2018. During the current financial year ended 31 December 2019, the Legal Proceedings in respect of Raintree Rock have concluded as a Consent Judgement from the High Court in Malaysia has been received.

32 Litigation (cont'd)

Suasana Sentral Condominium (cont'd)

Based on the Consent Judgement, Raintree Rock will complete the sale of the property to the Plaintiffs at the agreed original selling price of RM3.6 million and the Plaintiffs will pay all outstanding rental to Raintree Rock as well as future rental until the payment for the sale of property is completed.

Subsequent to the financial year ended 31 December 2019, the Group received the full settlement of the remaining RM3.0 million.

33 Other Matters

On 2 April 2014, the Company announced that G1 Investments Pte. Ltd., which was previously a wholly owned subsidiary of the Company, has received a notice dated 2 April 2014 from the Commercial Affairs Department of the Singapore Police Force (the "CAD") requiring the subsidiary's assistance with the CAD's investigations into an offence under the Securities and Futures Act, Chapter 289 (the "SFA").

Further to the announcements on 2 April 2014, the Company announced that the Company and G1 Investments Pte. Ltd. have each received notice dated 29 April 2014 from CAD requiring their respective assistances with the CAD's investigations into an offence under the SFA.

There have been no further development or requests from CAD since then up to the date of these financial statements. G1 Investments Pte. Ltd. was struck off the Register of Companies on 4 September 2018.

34 Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Blumont Group Ltd. on 2 April 2020.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2020

Issued share capital	:	S$
Class of shares	:	Ordinary shares
Number of shares	:	27,570,762,183
Number of treasury shares	:	Nil
Number of subsidiary holdings shares	:	Nil
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Percentage of Shareholders %	No. of Shares Held	Percentage of Shares Held %
1 - 99	65	1.02	735	0.00
100 - 1,000	415	6.52	389,834	0.00
1,001 - 10,000	1,115	17.53	7,290,539	0.03
10,001 - 1,000,000	4,274	67.19	807,105,105	2.93
1,000,001 and above	492	7.74	26,755,975,970	97.04
Total	**6,361**	**100.00**	**27,570,762,183**	**100.00**

SUBSTANTIAL SHAREHOLDER

As shown in the Register of Substantial Shareholders

	Direct Interest		Deemed Interest	
Name of Shareholder	**No. of shares**	**%**	**No. of shares**	**%**
Ultimate Horizon Pte. Ltd.	22,131,184,204	80.27	-	-
Siaw Lu Howe(1)	-	-	22,131,184,204	80.27

(1) Mr Siaw Lu Howe is deemed interested in the shares of the Company held through Ultimate Horizon Pte. Ltd.

PUBLIC FLOAT

Based on information available to the Company as at 31 March 2020, approximately 19.58% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2020

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	Percentage %
1	RAFFLES NOMINEES (PTE) LIMITED	22,188,826,003	80.48
2	OCBC SECURITIES PRIVATE LTD	322,596,698	1.17
3	GOH SEH KIAT	301,628,208	1.09
4	PHILLIP SECURITIES PTE LTD	260,207,944	0.94
5	HO BENG SIANG	244,500,000	0.89
6	UOB KAY HIAN PTE LTD	220,077,750	0.80
7	CITIBANK NOMINEES SINGAPORE PTE LTD	216,995,851	0.79
8	HSBC (SINGAPORE) NOMINEES PTE LTD	176,135,000	0.64
9	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	174,978,899	0.63
10	DBS NOMINEES PTE LTD	104,774,416	0.38
11	LIM AND TAN SECURITIES PTE LTD	101,350,743	0.37
12	NG KIM HUATT	100,000,000	0.36
13	MAYBANK KIM ENG SECURITIES PTE.LTD	87,447,413	0.32
14	ABN AMRO CLEARING BANK N.V.	87,012,100	0.32
15	RHB SECURITIES SINGAPORE PTE LTD	78,729,070	0.29
16	TJIONG BOEN NGIAP @BUSHAR TOMI OR OEY MI LING @ MERY WIDJAYA	54,000,000	0.19
17	UNITED OVERSEAS BANK NOMINEES PTE LTD	44,760,250	0.16
18	LIM CHENG HIAP OR LIM CHEE SENG	40,000,000	0.14
19	FONG CHEE KHUEN	35,000,000	0.13
20	KOH YEW CHOO	32,338,000	0.12
	Total:	**24,871,358,345**	**90.21**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Coleman Room, 4th Storey, Four Points by Sheraton Singapore, Riverview, 382 Havelock Road, Singapore 169629 on Wednesday, 24 June 2020 at 2.00 p.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESSES:

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' Statement and Independent Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$100,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears. **Resolution 2**

3. To re-elect Mr Siaw Lu Howe, a Director retiring pursuant to Article 110 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **Resolution 3**
[See Explanatory Note (i)]

4. To re-elect Mr Lee Tak Meng, a Director retiring pursuant to Article 120 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **Resolution 4**
[See Explanatory Note (ii)]

5. To re-elect Mr John Lee Yow Meng, a Director retiring pursuant to Article 120 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **Resolution 5**
[See Explanatory Note (iii)]

6. To re-elect Mr Ng Keok Chai, a Director retiring pursuant to Article 120 of the Company's Constitution and who, being eligible, offers himself for re-election as a Director of the Company. **Resolution 6**
[See Explanatory Note (iv)]

AS SPECIAL BUSINESSES:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

7. **Authority to allot and issue shares** **Resolution 7**

That pursuant to Section 161 of the Companies Act, Chapter 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given for the Directors of the Company (the "**Directors**") at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares, at any time and upon such terms and conditions and for such purposes as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards provided the options or awards granted in compliance with Part VIII of Chapter 8 of the listing rules of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with sub-paragraph (2)(a) or sub-paragraph (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Singapore Companies Act, Chapter 50 and the Constitution for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (vi)]

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan** **Resolution 8**

   That authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the Blumont Employee Share Option Scheme 2013 (the "**Blumont ESOS 2013**") and/or to grant awards in accordance with the Blumont Performance Share Plan (the "**Blumont PSP**") and allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Blumont ESOS 2013 and/or the vesting of awards under the Blumont PSP, provided always that the aggregate number of additional shares to be allotted and issued pursuant to the Blumont ESOS 2013 and the Blumont PSP shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.
   [See Explanatory Note (vii)]

9. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By Order of the Board

Siaw Lu Howe
Non-Executive Chairman

14 April 2020
Singapore

Explanatory Notes:

(i) Mr Siaw Lu Howe will, upon re-election as a Director of the Company, remain as the Non-Executive Chairman of the Company. Detailed information on Mr Siaw Lu Howe can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2019. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Siaw Lu Howe and the other Directors or the Company or its shareholders.

(ii) Mr Lee Tak Meng will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company. Detailed information on Mr Lee Tak Meng can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2019. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Lee Tak Meng and the other Directors or the Company or its shareholders.

(iii) Mr John Lee Yow Meng will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Financial Officer of the Company. Detailed information on Mr John Lee Yow Meng can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2019. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr John Lee Yow Meng and the other Directors or the Company or its shareholders.

(iv) Mr Ng Keok Chai will, upon re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee. Mr Ng Keok Chai is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited. Detailed information on Mr Ng Keok Chai can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Annual Report 2019. Apart from the above disclosure, there are no relationships (including immediate family relationships) between Mr Ng Keok Chai and the other Directors or the Company or its shareholders.

(v) Ordinary Resolution 7 proposed in item no. 7 is to empower the Directors, from the date of the passing of Ordinary Resolution 7 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares) for issues other than on a pro rata basis to shareholders.

(vi) Ordinary Resolution 8 proposed in item no. 8 above, if passed, will empower the Directors to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time pursuant to the exercise of the options under the Blumont ESOS 2013 and vesting of the share awards under Blumont PSP.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote on his behalf at the annual general meeting. A proxy need not be a member of the Company.

2. Where a member of the Company appoints more than one proxy, the proportion of his/her Shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

3. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50, who is either:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and

   (c) Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased on behalf of CPF investors.

   You are entitled to appoint one or more proxies to attend and vote at the meeting. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy of the forthcoming annual general meeting.

4. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

5. A body corporate which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the annual general meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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BLUMONT GROUP LTD.

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

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than 2 proxies to attend, speak and vote at the Annual General Meeting.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
3. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We ____(Name)________________________________(NRIC/Passport No.)

of ____(Address)

being *a member/members of **BLUMONT GROUP LTD.** (the "**Company**"), hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC / Passport Number	Proportion of Shareholdings (%)	
			No. of Shares	%

or failing *him/them, the Chairman of the Annual General Meeting ("AGM") as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the AGM to be held at Coleman Room, 4th Storey, Four Points by Sheraton Singapore, Riverview, 382 Havelock Road, Singapore 169629 on Wednesday, 24 June 2020 at 2.00 p.m. and at any adjournment thereof.

*I/We direct *my/our proxy/proxies to vote for or against or abstain from voting, the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specified direction as to voting is given, the *proxy/proxies may vote or abstain from voting at *his/their discretion, as *he/they may on any other matter arising at the AGM.

No.	Ordinary Resolutions	Number of Votes For(1)	Number of Votes Against(1)	Number of Votes Abstain(1)
1.	Adoption of the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' Statement and Independent Auditors' Report thereon.			
2.	Approval of payment of Directors' fees of S$100,000 for the financial year ending 31 December 2020, to be paid quarterly in arrears.			
3.	Re-election of Mr Siaw Lu Howe as a Director of the Company.			
4.	Re-election of Mr Lee Tak Meng as a Director of the Company.			
5.	Re-election of Mr John Lee Yow Meng as a Director of the Company.			
6.	Re-election of Mr Ng Keok Chai as a Director of the Company.			
7.	Authority to allot and issue shares.			
8.	Authority to issue shares under the Blumont Employee Share Option Scheme 2013 and the Blumont Performance Share Plan.			

* Delete accordingly.

(1) If you wish to exercise all your votes "For" or "Against", please indicate with a "X" within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this __________ day of ______________________ 2020

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated 14 April 2020.

NOTES:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register as well as registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. A member who is not a relevant intermediary is entitled to appoint not more than 2 proxies to attend, speak and vote on his behalf at the annual general meeting.
3. Where a member of the Company appoints more than one proxy, the proportion of his/her Shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.
4. For any member who acts as an intermediary pursuant to Section 181(6) of the Companies Act, Chapter 50, who is either:
   (a) a banking corporation licensed under the Banking Act (Chapter 19) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
   (b) a capital markets services licence holder which provides custodial services for securities and holds shares in that capacity; and
   (c) Central Provident Fund ("CPF") Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased on behalf of CPF investors.

   You are entitled to appoint one or more proxies to attend and vote at the meeting. The proxy need not be a member of the Company. Please note that if any of your shareholdings are not specified in the list provided by the intermediary to the Company, the Company may have the sole discretion to disallow the said participation of the said proxy at the forthcoming annual general meeting.
5. The instrument appointing a proxy or proxies must be lodged at the office of the Company's Share Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 not less than 48 hours before the time appointed for the annual general meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
7. A body corporate which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the annual general meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the annual general meeting, as certified by The Central Depository (Pte) Limited to the Company.

AFFIX
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The Share Registrar
BLUMONT GROUP LTD.
c/o B.A.C.S Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

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BLUMONT
博诺有限公司

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