

BLUMONT GROUP LTD.

(Company Registration No. 199302554G)

(Incorporated in the Republic of Singapore)

("Company" and together with its subsidiaries, the "Group")

SGX QUERIES PERTAINING TO THE COMPANY'S HALF YEARLY RESULTS ("HYR") FOR FINANCIAL PERIOD ENDED 30 JUNE 2021 ("PE2021")

The Board of Directors ("**Board**") of Blumont Group Ltd. ("**Company**") wishes to announce the following in response to queries raised by the Singapore Exchange Securities Trading Limited with respect to the Company's HYR for PE2021.

SGX Query (a)

It was disclosed that the Group has impaired a receivable from third party of S\$121,701. The same amount was impaired for the financial year ended 31 Dec 2020. In this regard, please disclose the following:-

- (a) The underlying transactions of the receivable, including the total amount of this receivable;
- (b) The Company's plans to recover the receivable;
- (c) What were the actions taken to recover the receivable;
- (d) Whether this third party is a major customer and whether the Company continues to transact with this customer. If so, please disclose the commercial reasons in doing so.
- (e) How long were the debts outstanding and when were the sales reported;
- (f) Reasons for the impairment on the receivable, including reasons for the delays or non-payment, where applicable;
- (g) The Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the receivable;
- (h) The Board's assessment of the recoverability of the remaining Trade and other receivables;
- (i) A breakdown of the Group's Trade and other receivables by aging bracket;
- (j) The percentage of revenue earned in this financial year that was deemed uncollectible (i.e. trade receivables amount written off or provided for)

Company Response to SGX Query (a)

As at 30 June 2021, the Group has impairment of other receivables amounting to \$121,701. The impairment of S\$121,701 pertains to receivable from a third party (the "Non-trade Debtor") that was fully impaired since the financial year ended 31 December 2015, as the amount was disputed by the Non-trade Debtor, and the management deemed it irrecoverable.

- (a) In the year 2015, the Group had an arrangement with the Non-trade Debtor to take over the Group's rented premise together with the incomplete renovation works, which the Group decided to relinquish. Based on the arrangement, the Group had recharged the rental and renovation costs incurred amounting S\$121,701 to the Non-trade Debtor (the "Transaction").
- (b) The management deemed the amount irrecoverable and the amounts has been fully impaired in the financial year ended 31 December 2015. The management will assess the requirement to write-off the amount as at year-end ending 31 December 2021.
- (c) The management had followed up closely with the Non-trade Debtors and have not come to any settlement conclusion since the change of the Non-trade Debtor's management. The amount has been fully impaired in the financial year ended 31 December 2015. The management will assess the requirement to write-off the amount as at year ending 31 December 2021.
- (d) The Non-trade Debtor is not a customer. Apart from the Transaction, there are no other business dealings with the Non-trade Debtor.
- (e) The receivable was not generated from a sale transaction. As per Point (a) above, the amount pertains to recharge of rental and renovation cost in 2015.

- (f) The amount was disputed by the Non-trade Debtor's new management, as there was no legal binding agreement being signed. As such, the management had deemed it irrecoverable in the financial year ended 31 December 2015 and has since been fully impaired.
- (g) Following point (c) above, the Group and the Non-trade Debtor have not come to any payment arrangements. The Board has determined the full receivable amount to be irrecoverable as the verbal agreement was made with the Non-trade Debtor's previous management and the Group do not have legal grounds to enforce the agreement on the Non-trade Debtor's current management.
- (h) Other than the impairment for the abovementioned receivable, the Board is not aware of any other events that will affect the recoverability of the remaining trade and other receivables.
- (i) Breakdown of the Group's Trade and other receivables by aging bracket as follows:
- | | Current | < 60 days | > 60 days | Total |
|-------------------|----------|-----------|-----------|----------|
| | S\$ '000 | S\$ '000 | S\$ '000 | S\$ '000 |
| Trade Receivables | 152 | 125 | 16 | 293 |
| Other receivables | 109 | - | 121 | 230 |
- (j) As of 30 June 2021, there is no trade receivables that was deemed uncollectible for the current financial year.

SGX Query (b)

Please explain why interest income amounted to only S\$1,000 during the financial period ended 30 June 2021 when the Company has significant cash and bank balance amounting to S\$1,069,000.

Company Response to SGX Query (b)

As at 30 June 2021, more than 50% of the Group's bank balance are placed in current accounts do not generate interest. The interest income earned in PE2021 pertains to interest earned from the remaining bank balances, at 0.05% per annum.

SGX Query (c)

Please provide the reason(s) for the significant trade and other payables of S\$1,601,000 as at 30 June 2021 when the Group recorded a cash and cash equivalent of S\$1,069,000.

Company Response to SGX Query (c)

As disclosed in Note 16. (page 13) of the HYR:

The Group's other payables of S\$696,000 included professional fees and general legal advice fees amounting to S\$553,000 overdue more than one year. The Group has not received any demand for payment and the management is in the process of reviewing the terms of repayments for these payables. The Group's interest payable of S\$540,000 relates to loans from shareholders which are not due and payable as at PE2021.

As disclosed in Note 2. (page 6) of the HYR, it is noted that the cash and bank balance of the Group is approximately S\$1,069,000. The Board has assessed the ability of the Group to meet its short-term obligations as and when it falls due and is also of the opinion that the Group will be able to raise the necessary funds for its working capital purposes when required. The Group is making arrangements to dispose of a non-core asset to strengthen the Group's liquidity position. Please refer to our announcement on 15 September 2021.

SGX Query (d)

Please provide the nature of the major expenses under other expenses of S\$75,000.

Company Response to SGX Query (d)

The other expenses relate mainly to normal operating cost of the Group including land and vehicle tax, secretarial service fees and tax service fees of the Group.

BY ORDER OF THE BOARD

Siaw Lu Howe
Non-Executive Chairman

17 September 2021