

BLUMONT GROUP LTD

(Company Registration No. 199302554G)

(Incorporated in the Republic of Singapore)

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

RESPONSE TO QUERIES RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The board of directors (the "Board" or "Directors") of the Company refers to the queries raised by the Singapore Exchange Securities Trading Limited ("SGX-ST" or "Exchange") on 4 May 2020 in relation to the Company's Annual Report for the financial year ended 31 December 2019 ("Annual Report") and wishes to provide the Company's responses to the queries raised as follows:

Question	Response
<p>1. Listing Rule 1207(10c) provides that the annual report must contain the audit committee's comment on whether the internal audit function is independent, effective and adequately resourced.</p> <p>The Company has disclosed in its Annual Report that the Company has no separate internal audit function, and internal audit is currently subsumed under the finance team. Please disclose who is the equivalent of the head of the internal audit function in the finance team, and provide information on whether he/she has the relevant experience and qualifications.</p> <p>Please also provide the audit committee's comment on whether the internal audit function is independent, effective and adequately resourced.</p>	<p>The equivalent of the head of the internal audit function in the finance team was Tai Kah Wee, who has been with the Company's finance team since 11 March 2011 and he holds Bachelor degree in accounting and finance from University of Greenwich. The report of the internal audit was submitted to the audit committee ("AC"), and the AC has reviewed and is satisfied that the internal audit function so performed for FY2019 was independent, effective and adequately resourced, taking into consideration the corporate structure and scope of the Group's operations.</p> <p>Notwithstanding the foregoing, as stated at page 21 of the Company's FY2019 Annual Report, the AC and the Board have since reviewed and considered the engagement of a suitable external professional firm as the internal auditor, to carry out the internal audit functions of the Company. The Company is in the process of appointing One e-Risk Services Pte. Ltd., an external professional firm, as Internal Auditor for the Company going forward from FY2020.</p>
<p>2. Listing Rule 210(5a) provides, <i>inter alia</i>, that a director who has no prior experience as a director of an issuer listed of the Exchange must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please clarify whether (a) any new directors with no prior experience as a director of an issuer listed on the Exchange, was appointed to the Board during the financial period under review; (b) the said director(s) have attended training as required; (c) the date of the training(s) attended; and (d) if no training have been attended, the reason why.</p>	<p>(a) The following Directors were appointed to the Board in FY2019, all with effect from 25 April 2019:</p> <p>(i.) Mr Lee Tak Meng;</p> <p>(ii.) Mr John Lee Yow Meng, and</p> <p>(iii.) Mr Ng Keok Chai.</p> <p>(b) The aforesaid Directors have attended the Listed Entity Director Programme conducted by Singapore Institute of Directors as described in (c) below:</p> <p>(c) Dates of training(s) attended:</p> <p>(i.) Mr Lee Tak Meng LED 1 to 4 on 9 October 2019 - 11 October 2019 LED 7 and 8 on 17 October 2019</p> <p>(ii.) Mr John Lee Yow Meng LED 1 to 4 on 9 October 2019 - 11 October 2019 LED 5 and 6 on 16 October 2019</p> <p>(iii.) Mr Ng Keok Chai LED 1 to 4 on 9 October 2019 - 11 October 2019 LED 5 and 7 on 16 October 2019 - 17 October 2019</p>

	<p>In addition, Mr Ng Keok Chai is currently an independent director of Connectcounty Holdings Berhad (a company listed on Bursa Malaysia Securities Berhad).</p>
<p>3. Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (“Code”), the provision from which it has varied, an explanation for the reason for variation, and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.</p> <p>a) We note that the Company had not complied with Provisions 2.2 and 2.4 of the Code as independent directors do not make up a majority of the Board where your Chairman is not independent and the Company did not disclose its board diversity policy and progress made towards implementing the board diversity policy, including objectives respectively, and there was no explanations provided for in your Annual Report on how it is consistent with the intent of Principle 2 of the Code.</p> <p>Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires that Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.</p>	<p>The Board comprises six (6) Directors, two (2) Directors being Executive Directors, one (1) being Non-Executive Director (Chairman) and three (3) Directors being Independent Non-Executive Directors. In relation to Provision 2.2 of the Code, the NC is of the view that the Independent Directors have been able to perform their duties effectively and the Board has been able to arrive at decisions in the best interests of the Company without disagreement, despite equality in the numbers of Independent and Non-Independent Directors and the Chairman being Non-Independent. Notwithstanding the foregoing, the Board is mindful of Provision 2.2 of the Code and intends to, in the interests of good corporate governance and the minority shareholders, endeavour to meet the criteria in Provision 2.2 of the Code within FY2020, such as by the appointment of an additional Independent Director.</p> <p>In relation to Provision 2.4 of the Code, the composition of the Board takes into consideration the nature and scope of the Group’s operations to ensure that there is diversity and the relevant skill sets required for effective decision making. The Directors have varied qualifications and expertise in finance, accounting, business management, industry knowledge and strategic planning. Further, Independent Director, Mr Ng Keok Chai is also experienced as a current independent director of Connectcounty Holdings Berhad (a company listed on Bursa Malaysia Securities Berhad). Taking into account the scope and nature of the Group’s operations as well as the diversified background and experience of the Directors, the nominating committee (“NC”) and the Board are satisfied that the composition of the Board is of an appropriate diversity to facilitate effective decision making in the best interests of the Company. 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 functions of examining and assessment of the Board are delegated to the NC and its responsibilities and assessment are further discussed in Annual Report.</p> <p>Additional information on the Directors including, <i>inter alia</i>, their working experience for the past 10 years have also been disclosed in the Annual Report.</p>

- b) We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure of the amount of remuneration, and there were no explanations provided for in your Annual Report on how it is consistent with the intent of Principle 8 of the Code.

Please clarify how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relations between remuneration, performance and value creation.

The Company has not disclosed exact details of the remuneration of each individual director as maintaining confidentiality on such matters is important in the overall interest of the business given the sensitive nature of the subject and competition in the industry for key talent.

The total remuneration paid to directors and key management employees for FY2019 are in the following ranges:

Remuneration Range		
	Director Fee S\$	Salary & Allowance S\$
Executive Directors		
Lee Boon Teck		60,000 - 70,000
Kek Wei Na		40,000 - 50,000
Lee Tak Meng		150,000 - 200,000
John Lee Yow Meng	Less than 10,000	50,000 - 60,000
Non-Executive Director		
Siaw Lu Howe	10,000 - 15,000	30,000 - 40,000
Independent Non-Executive Directors		
Calvin Lim Huan Kim		Less than 10,000
Ng Keok Chai		20,000 - 30,000
Tan Gim Kang, Arran		20,000 - 30,000
Aris Muhammad Rizal		20,000 - 30,000
Key Management Personnel		
Yusman SH		200,000 - 250,000

BY ORDER OF THE BOARD

John Lee Yow Meng
Executive Director and Chief Financial Officer
7 May 2020