

CIRCULAR DATED 17 DECEMBER 2020

THIS CIRCULAR IS ISSUED BY BLUMONT GROUP LTD. (“COMPANY”). THIS CIRCULAR IS IMPORTANT AS IT CONTAINS THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS (AS DEFINED HEREIN) AND THE ADVICE OF THE INDEPENDENT FINANCIAL ADVISER. THIS CIRCULAR REQUIRES YOUR IMMEDIATE ATTENTION AND YOU SHOULD READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your Shares (as defined herein) held through CDP (as defined herein), you need not forward this Circular to the purchaser or the transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares which are not deposited with CDP, you should immediately forward this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has not been examined or approved by the SGX-ST, and the SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the statements made, reports contained or opinions expressed in this Circular.

BLUMONT
— 博诺有限公司 —

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

CIRCULAR TO SHAREHOLDERS

in relation to the

MANDATORY UNCONDITIONAL CASH OFFER

by

UOB KAY HIAN PRIVATE LIMITED
(Company Registration No. 197000447W)
(Incorporated in the Republic of Singapore)

for and on behalf of

MARK WEE LIANG YEE

to acquire all the issued and paid-up ordinary shares in the capital of the Company other than those already held by the Offeror

Independent Financial Adviser to the Independent Directors of the Company

ASIAN CORPORATE ADVISORS PTE. LTD.
(Company Registration No.: 200310232R)
(Incorporated in the Republic of Singapore)

SHAREHOLDERS SHOULD NOTE THAT THE OFFER DOCUMENT (AS DEFINED HEREIN) STATES THAT ACCEPTANCES SHOULD BE RECEIVED BY THE CLOSE OF THE OFFER AT 5.30 P.M. (SINGAPORE TIME) ON 31 DECEMBER 2020. THE OFFEROR (AS DEFINED HEREIN) DOES NOT INTEND TO EXTEND THE OFFER BEYOND 5.30 P.M. (SINGAPORE TIME) ON 31 DECEMBER 2020 OR TO REVISE THE TERMS OF THE OFFER.

THE OFFEROR HAS GIVEN NOTICE THAT THE OFFER WILL CLOSE AT 5.30 P.M. (SINGAPORE TIME) ON 31 DECEMBER 2020 AND WILL NOT BE OPEN FOR ACCEPTANCE BEYOND 5.30 P.M. (SINGAPORE TIME) ON 31 DECEMBER 2020 AND THE TERMS OF THE OFFER WILL NOT BE REVISED, SAVE THAT SUCH NOTICE SHALL NOT BE CAPABLE OF BEING ENFORCED IN A COMPETITIVE SITUATION.

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DEFINITIONS

In this Circular, the following definitions apply throughout except where the context otherwise requires:

“Acquisition”	:	Has the meaning ascribed to it in Section 1.1 of this Circular
“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“Business Days”	:	A day (other than Saturday, Sunday or a public holiday) on which commercial banks are open for business in Singapore
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 17 December 2020 issued by the Company to the Shareholders in relation to the Offer
“Closing Date”	:	5.30 p.m. (Singapore time) on 31 December 2020, being the last day for the lodgement of acceptances of the Offer
“Code”	:	The Singapore Code on Take-overs and Mergers
“Companies Act”	:	The Companies Act (Cap. 50) of Singapore
“Company”	:	Blumont Group Ltd.
“Company Securities”	:	(i) Shares; (ii) securities which carry voting rights in the Company; or (iii) convertible securities, warrants, options (including any options granted under any employee share scheme of the Company) or derivatives in respect of Shares or securities which carry voting rights in the Company
“Constitution”	:	The memorandum and articles of association of the Company, as amended from time to time up to the Latest Practicable Date
“CPF”	:	Central Provident Fund
“CPF Agent Banks”	:	Agent banks included under the CPFIS
“CPFIS”	:	Central Provident Fund Investment Scheme
“CPFIS Investors”	:	Investors who have purchased Shares using their CPF contributions pursuant to the CPFIS
“Directors”	:	The directors of the Company as at the Latest Practicable Date
“FAA”	:	Forms of Acceptance and Authorisation for Offer Shares which form part of the Offer Document and which are issued to Depositors whose Offer Shares are deposited with CDP
“FAT”	:	Forms of Acceptance and Transfer for Offer Shares, which form part of the Offer Document and which are issued to Shareholders whose Offer Shares are not deposited with CDP
“FY”	:	Financial year ended or ending 31 December
“FY2019 Results”	:	The audited consolidated financial statements of the Group for FY2019, as set out in the annual report of the Company published

DEFINITIONS

- on the SGXNET on 13 April 2020 and reproduced in Appendix III to this Circular
- “Group”** : The Company and its subsidiaries
- “HY2020”** : The half year ended 30 June 2020
- “HY2020 Results”** : The unaudited consolidated financial statements of the Group for HY2020, as set out in Appendix IV to this Circular
- “IFA” or “ACA”** : Asian Corporate Advisors Pte. Ltd., the independent financial adviser to the Independent Directors
- “IFA Letter”** : The letter dated 17 December 2020 from the IFA to the Independent Directors containing its advice in relation to the Offer, as set out in Appendix I to this Circular
- “Independent Directors”** : The Directors who are considered to be independent for the purposes of the Offer, namely, Mr. Siaw Lu Howe, Mr. John Lee Yow Meng, Mr. Alan Chin Yu, Mr. Ng Keok Chai, Mr. Tan Gim Kang, Arran, and Mr. Aris Muhammad Rizal
- “Indonesian Valuation Reports”** : Has the meaning ascribed to it in Section 16 of this Circular
- “Interested Person”** : As defined in the Note on Rule 24.6 of the Code and read with the Note on Rule 23.12 of the Code, an interested person, in relation to a company, is:
- (a) a director, chief executive officer, or Substantial Shareholder of the company;
 - (b) the immediate family of a director, the chief executive officer, or a Substantial Shareholder (being an individual) of the company;
 - (c) the trustees, acting in their capacity as such trustees, of any trust of which a director, the chief executive officer or a Substantial Shareholder (being an individual) and his immediate family is a beneficiary;
 - (d) any company in which a director, the chief executive officer or a Substantial Shareholder (being an individual) together and his immediate family together (directly or indirectly) have an interest of 30% or more;
 - (e) any company that is the subsidiary, holding company or fellow subsidiary of the Substantial Shareholder (being a company); or
 - (f) any company in which a Substantial Shareholder (being a company) and any of the companies listed in (e) above together (directly or indirectly) have an interest of 30% or more
- “Irrevocable Undertaking”** : The irrevocable undertaking from Ultimate Horizon to reject the Offer, as more particularly described in Section 6.1 of the Offer Document

DEFINITIONS

“Latest Practicable Date”	:	3 December 2020, being the latest practicable date prior to the dissemination of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST
“Malaysian Valuation Reports”	:	Has the meaning ascribed to it in Section 16 of this Circular
“Offer”	:	The mandatory unconditional cash offer made by UOBKH, for and on behalf of the Offeror, to acquire the Offer Shares on the terms and subject to the conditions set out in the Offer Document, the FAA and the FAT
“Offer Announcement”	:	The announcement relating to the Offer issued by UOBKH, for and on behalf of the Offeror, on the Offer Announcement Date
“Offer Announcement Date”	:	16 November 2020, being the date of the Offer Announcement
“Offer Document”	:	The offer document dated 3 December 2020, including the FAA and/or FAT accompanying the offer document and any other supplemental document(s) which may be issued for and on behalf of the Offeror from time to time
“Offer Price”	:	S\$0.0004 in cash for each Offer Share
“Offer Shares”	:	All of the Shares in issue (excluding any Shares held in treasury) other than those already held by the Offeror as at the date of the Offer
“Offeror”	:	Mark Wee Liang Yee
“Overseas Shareholders”	:	Shareholders and Depositors holding Shares through CDP, whose addresses are outside Singapore as shown in the Register or in the Depository Register (as the case may be)
“Register”	:	The register of holders of the Shares, as maintained by the Registrar
“Registrar”	:	B.A.C.S. Private Limited, in its capacity as the share registrar of the Company
“SFA”	:	The Securities and Futures Act (Cap. 289) of Singapore
“SGXNET”	:	The Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	Holders of the Offer Shares, including persons whose Offer Shares are deposited with CDP or who have purchased Offer Shares on the SGX-ST
“Shares”	:	Ordinary shares in the issued paid-up capital of the Company
“SRS”	:	Supplementary Retirement Scheme

DEFINITIONS

“SRS Agent Banks”	:	Agent banks included under SRS
“SRS Investors”	:	Investors who purchase Shares pursuant to SRS
“Substantial Shareholder”	:	A person who has an interest in not less than five per cent. (5%) of the total number of issued voting Shares
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of the Republic of Singapore
“Ultimate Horizon”	:	Ultimate Horizon Pte. Ltd.
“UOBKH”	:	UOB Kay Hian Private Limited, financial adviser to the Offeror in relation to the Offer
“%” or “per cent.”	:	Per centum or percentage

Unless otherwise defined, the terms “**acting in concert**”, “**associates**” and “**associated company**” shall have the meanings ascribed to them in the Code.

Announcements and notices. References to the making of an announcement or the giving of notice by the Company shall include the release of an announcement by the Company or its agents, for and on behalf of the Company, to the press or the delivery of or transmission by telephone, telex, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified to the SGX-ST simultaneously.

Appendices. Reference to any Appendix shall refer to the Appendices of this Circular, unless otherwise specified.

Capitalised terms in the extracts. Capitalised terms used in the extracts of the Offer Document, the IFA Letter, and the Constitution shall bear the same meanings as attributed to them in the Offer Document, the IFA Letter, and the Constitution respectively, unless otherwise specified.

Depositors, etc. The expressions “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings as ascribed to them respectively in Section 81SF of the SFA.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall include the other and neuter genders. References to persons shall, where applicable, include corporations.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in this Circular between the listed amounts and the total thereof are due to rounding. Accordingly, figures shown in totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Shareholders. References to “**you**”, “**your**” and “**yours**” in this Circular are, as the context so determines, to the Shareholders.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined in the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA, the Listing Manual or the Code or any statutory modification thereof, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporation. The terms “**subsidiary**” and “**related corporation**” shall have the meanings ascribed to them in Section 5 and Section 6 of the Companies Act.

DEFINITIONS

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Total number of Shares and Percentage as at the Latest Practicable Date. In this Circular, unless the context otherwise requires, (a) any reference to the total number of Shares is a reference to a total number of 27,570,762,183 Shares in issue as at the Latest Practicable Date, and (b) any reference to a percentage shareholding in the capital of the Company is calculated based on of 27,570,762,183 Shares in issue as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “**aim**”, “**seek**”, “**expect**”, “**anticipate**”, “**estimate**”, “**believe**”, “**intend**”, “**project**”, “**plan**”, “**potential**”, “**strategy**”, “**forecast**”, “**possible**”, “**probable**” and similar expressions or future or conditional verbs such as “**if**”, “**will**”, “**would**”, “**should**”, “**could**”, “**may**” or “**might**”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements and information. Neither the Company nor the IFA guarantees any future performance or event, or undertakes any obligation to update publicly or publicly announce any revisions to those forward-looking statements, subject to compliance with any applicable laws and regulations, the Code, the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

INDICATIVE TIMELINE

Date of dissemination of the Offer Document : 3 December 2020

Date of dissemination of this Circular : 17 December 2020

Closing Date : 5.30 p.m. (Singapore time) on 31 December 2020

Settlement of consideration for valid acceptances of the Offer : Within seven (7) Business Days after receipt of acceptances of the Offer which are complete and valid in all respects and which are received by 5.30 p.m. (Singapore time) on the Closing Date.

Please refer to Section 2 of Appendix 1 to the Offer Document for further information.

LETTER TO SHAREHOLDERS

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

Board of Directors:

MR. SIAW LU HOWE
(Non-Executive Chairman)

MR. JOHN LEE YOW MENG
(Executive Director and Chief Financial Officer)

MR. ALAN CHIN YU
(Executive Director)

MR. NG KEOK CHAI
(Lead Independent Director)

MR. TAN GIM KANG, ARRAN
(Independent Non-Executive Director)

MR. ARIS MUHAMMAD RIZAL
(Independent Non-Executive Director)

Registered Office:

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

17 December 2020

To: The Shareholders of Blumont Group Ltd.

Dear Sir/Madam

MANDATORY UNCONDITIONAL CASH OFFER BY UOBKH, FOR AND ON BEHALF OF THE OFFEROR, FOR THE OFFER SHARES

1. INTRODUCTION

1.1 Offer Announcement

On 16 November 2020, UOBKH issued the Offer Announcement for and on behalf of the Offeror, announcing, *inter alia*, that:

- (a) the Offeror has on 16 November 2020 acquired from Ultimate Horizon an aggregate of 14,000,000,000 Shares in the capital of the Company at S\$0.0004 per Share ("**Acquisition**"), representing approximately 50.8% of the total number of issued and paid-up Shares; and
- (b) as a result of the Acquisition, the Offeror is required to make the Offer in accordance with Section 139 of the SFA and Rule 14 of the Code.

The Offer Announcement is available on the SGXNET at www.sgx.com.

1.2 Offer Document

Shareholders should by now have received a copy of the Offer Document, setting out, *inter alia*, the terms and conditions of the Offer. The principal terms and conditions of the Offer are set out in Section 2 of the Offer Document.

LETTER TO SHAREHOLDERS

Shareholders are advised to read the terms and conditions of the Offer set out in the Offer Document carefully.

A copy of the Offer Document is available on the website of SGX-ST at www.sgx.com.

1.3 Independent Financial Adviser

The Company has appointed ACA as the independent financial adviser to advise the Independent Directors in respect of the Offer. The advice of the IFA is set out in the IFA Letter in Appendix I to this Circular.

1.4 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with relevant information pertaining to the Company and the Offer, and to set out the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors with regard to the Offer.

Shareholders should read the Offer Document, this Circular and the IFA Letter carefully and consider the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors in respect of the Offer before deciding on whether to accept or reject the Offer.

If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

2. THE OFFER

2.1 Terms of the Offer

The Offer is made by UOBKH, for and on behalf of the Offeror, on the principal terms set out in Section 2 of the Offer Document, extracts of which are set out below. Unless otherwise defined, all terms and expressions used in the extracts below shall have the same meanings as ascribed to them in the Offer Document.

2. TERMS OF THE OFFER

2.1 Offer Price. For and on behalf of the Offeror, UOBKH hereby makes the Offer, in accordance with Section 139 of the SFA and the Code, and subject to the terms and conditions of this Offer Document, for all the Offer Shares on the following basis:

S\$0.0004 in cash for each Offer Share ("Offer Price")

The Offer Price is final and the Offeror does not intend to revise the Offer Price.

2.2 Offer Shares. For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all of the Shares in issue (excluding any Shares held in treasury) other than those already held by the Offeror as at the date of the Offer ("Offer Shares").

2.3 No Encumbrances. The Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.

LETTER TO SHAREHOLDERS

- 2.4 **Adjustments for Distributions.** *Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution, the Record Date for which falls on or after the Offer Announcement Date. In the event of any such Distribution, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer (the "Offer Settlement Date") falls:*
- (a) *if the Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the unadjusted Offer Price of S\$0.0004 for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from the Company; and*
- (b) *if the Offer Settlement Date falls after the Record Date, the Offer Price payable for such Offer Shares tendered in acceptance shall be reduced by an amount which is equal to the Distribution in respect of such Offer Shares, as the Offeror will not receive such Distribution from the Company.*
- 2.5 **Offer Unconditional.** *Pursuant to the completion of the Acquisition, the Offeror holds more than 50% of the voting rights attributable to the Shares (excluding any Shares held in treasury). Accordingly, the Offer will not be subject to any conditions and will be unconditional in all respects.*
- 2.6 **Warranty.** *A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.*

2.2 Duration of the Offer

The duration of the Offer is set out in Section 3 of the Offer Document, extracts of which are set out below.

- 3. DURATION OF THE OFFER**
- The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.*
- The Offer will close at 5.30 p.m. on 31 December 2020, being the Closing Date. The Offeror does not intend to extend the Offer beyond 5.30 p.m. on 31 December 2020 and the Offer will not be open for acceptances beyond 5.30 p.m. on 31 December 2020. The Offeror does not intend to revise the terms of the Offer.***
- Accordingly, notice is hereby given that the Offer will not be extended, revised or be open for acceptance beyond 5.30 p.m. (Singapore time) on 31 December 2020, save that such notice shall not be capable of being enforced in a competitive situation.***

LETTER TO SHAREHOLDERS

2.3 Details of the Offer

The details of the Offer relating to (a) the settlement of the consideration for the Offer; (b) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and (c) the right of the withdrawal of acceptances of the Offer, are set out in Appendix 1 to the Offer Document, extracts of which are set out below.

APPENDIX 1

DETAILS OF THE OFFER

1. DURATION OF THE OFFER

- 1.1 **Closing Date.** *The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder. Accordingly, the Offer will close at 5.30 p.m. on 31 December 2020. The Offeror does not intend to extend the Offer beyond 5.30 p.m. on 31 December 2020 and the Offer will not be open for acceptances beyond 5.30 p.m. on 31 December 2020. The Offeror does not intend to revise the terms of the Offer.*

Accordingly, notice is hereby given that the Offer will not be extended, revised or be open for acceptance beyond 5.30 p.m. (Singapore time) on 31 December 2020, save that such notice shall not be capable of being enforced in a competitive situation.

- 1.2 **Revision.** *Pursuant to Rule 20.1 of the Code, the Offer, if revised, will remain open for acceptance for a period of at least 14 days from the date of despatch of the written notification of the revision to Shareholders. In any case, where the terms are revised, the benefit of the Offer (as so revised) will be made available to each of the Shareholders, including those who have previously accepted the Offer. The Offeror does not intend to revise the Offer Price or any other terms of the Offer.*

2. SETTLEMENT FOR THE OFFER

Mode of settlement. *Subject to the receipt by the Offeror from accepting Shareholders of valid acceptances and all relevant documents required by the Offeror which are complete and valid in all respects and in accordance with the requirements set out in this Offer Document and the FAA and/or FAT (as the case may be), and in the case of Depositors, the receipt by the Offeror of confirmations satisfactory to it that the number of Offer Shares tendered by the accepting Shareholders in acceptance of the Offer are standing to the credit of the "Free Balance" of their respective Securities Accounts at the relevant time, remittances for the appropriate amounts will be despatched, pursuant to Rule 30 of the Code, to accepting Shareholders (or, in the case of Shareholders holding share certificate(s) which are not deposited with CDP, their designated agents, as they may direct) by means of (in the case of Depositors who are subscribed to CDP's Direct Crediting Service ("DCS")) credit directly into the Depositor's designated bank account for Singapore Dollars via CDP's DCS or (in the case of Depositors who are not subscribed to CDP's DCS and/or Shareholders holding share certificate(s) which are not deposited with CDP) a S\$ crossed cheque drawn on a bank in Singapore and sent by ordinary post to their respective addresses as they appear in the records of CDP, or in the case of scrip holders, the address stated in the respective FATs or, if none is set out, to the respective addresses maintained in the Register (as the case may be), at the risk of the accepting Shareholders (or in such other manner as the accepting Shareholders may have agreed with CDP for the payment of any cash distributions in the case of Depositors) as soon as practicable and in any case within seven Business Days after receipt of acceptances of the Offer which are complete*

LETTER TO SHAREHOLDERS

and valid in all respects and which are received by 5.30 p.m. (Singapore time) on the Closing Date.

3. ANNOUNCEMENTS

3.1 **Timing and Contents.** Pursuant to Rule 28.1 of the Code, by 8.00 a.m. (Singapore) time on the dealing day (the "**Relevant Day**") immediately after the day on which the Offer is due to expire, or is revised (if applicable), the Offeror will announce and simultaneously inform the SGX-ST of the total number of Shares (as nearly as practicable):

- (a) for which valid acceptances of the Offer have been received;
- (b) held by the Offeror and any of his Concert Parties before the Offer Period; and
- (c) acquired or agreed to be acquired by the Offeror and any of his Concert Parties during the Offer Period,

and will specify the percentages of the total number of Shares represented by such numbers.

3.2 **Suspension.** Under Rule 28.2 of the Code, if the Offeror is unable, within the time limit, to comply with any of the requirements of paragraph 3.1 (Timing and Contents) of this Appendix 1, the SIC will consider requesting the SGX-ST to suspend dealings in the Shares until the relevant information is given.

3.3 **Valid Acceptances.** Subject to Section 17.4 (Valid Acceptances) of this Offer Document, in computing the number of Offer Shares represented by acceptances received by the Offeror, the Offeror will, at the time of making an announcement, take into account acceptances which are valid in all respects.

3.4 **Announcements.** In this Offer Document, references to the making of any announcement or the giving of notice by the Offeror include the release of an announcement by UOBKH, for and on behalf of the Offeror, to the press or the delivery of or transmission by telephone, telefax, facsimile, SGXNET or otherwise of an announcement to the SGX-ST. An announcement made otherwise than to the SGX-ST shall be notified simultaneously to the SGX-ST.

4. RIGHT OF WITHDRAWAL IN RELATION TO THE OFFER

4.1 **Acceptances Irrevocable.** Except as expressly provided in this Offer Document and the Code, acceptances of the Offer shall be irrevocable and may not be withdrawn.

4.2 **Right of Withdrawal of Shareholders.** If the Offeror fails to comply with any of the requirements of Rule 28.1 of the Code by 3.30 p.m. (Singapore time) on the Relevant Day, then immediately thereafter:

- (a) Shareholders holding Offer Shares which are deposited with CDP and accepting the Offer will be entitled to withdraw their acceptance by written notice to Mark Wee Liang Yee, c/o The Central Depository (Pte) Limited, Robinson Road Post Office, P.O. Box 1984, Singapore 903934; and
- (b) Shareholders holding Offer Shares which are not deposited with CDP and accepting the Offer will be entitled to withdraw their acceptance by written notice to Mark Wee Liang Yee, c/o B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544.

LETTER TO SHAREHOLDERS

A notice of withdrawal shall be effective only if signed by the accepting Shareholder or his agent duly appointed in writing and evidence of whose appointment is produced in a form satisfactory to the Offeror within the said notice and when actually received by the Offeror.

2.4 Procedures for Acceptance

The procedures for acceptance are set out in Appendix 2 to the Offer Document and in the accompanying FAA and/or FAT (as applicable).

2.5 Closing Date

Shareholders should note the Closing Date of **5.30 p.m. (Singapore time) on 31 December 2020**.

Shareholders should note that the Offeror has no intention of extending the Offer beyond 5.30 p.m. on 31 December 2020 and the Offer will not be open for acceptances beyond 5.30 p.m. on 31 December 2020. Accordingly, the Offeror has given notice that the Offer will not be extended, revised or be open for acceptance beyond 5.30 p.m. (Singapore time) on 31 December 2020, save that such notice shall not be capable of being enforced in a competitive situation.

3. INFORMATION ON THE OFFEROR

Section 7 of the Offer Document sets out certain information on the Offeror, extracts of which are set out below.

7. INFORMATION ON THE OFFEROR

7.1 The Offeror. *The Offeror has been managing companies involved in the development of commercial projects as well as numbers forecast operations in Sarawak since the early 1980s. He was appointed a Director of Matrix International Berhad (now known as Berjaya Assets Berhad) in 2001, a position he held until 2005. He is currently the Executive Chairman and major shareholder of WHT Capital Sdn Bhd, an investment management and holding company, and the Executive Deputy Chairman and Chief Executive Officer of Landmarks Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, and which is engaged in hospitality and wellness, and resort and destination development.*

7.2 The Offeror and Concert Parties. *As at the Latest Practicable Date, the Offeror holds 14,000,000,000 Shares, representing approximately 50.8% of the total number of issued Shares. As at the Latest Practicable Date, none of the Concert Parties hold any Shares.*

4. IRREVOCABLE UNDERTAKING

Section 6 of the Offer Document sets out certain information in relation to any irrevocable commitment from any party in relation to the Offer, extracts of which are set out below.

6. IRREVOCABLE UNDERTAKING

6.1 Irrevocable Undertaking. *As at the Announcement Date, the Offeror has received an irrevocable undertaking from Ultimate Horizon Pte. Ltd. (being the vendor to the Acquisition) to reject the Offer in respect of 8,131,184,204 Shares (comprising*

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approximately 29.5% of the entire issued Shares), such undertaking being valid until the close of the Offer ("**Irrevocable Undertaking**").

- 6.2 **No Other Undertakings.** Save for the Irrevocable Undertaking and based on the latest information available to the Offeror, as at the Latest Practicable Date, neither the Offeror nor any of the Concert Parties has received any undertakings from any other party to accept or reject the Offer.
- 6.3 **Available for Inspection.** Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, a copy of the Irrevocable Undertaking is available for inspection at the office of UOBKH at 8 Anthony Road, #01-01, Singapore 229957 during normal business hours from the Announcement Date until the date on which the Offer closes.

5. RATIONALE FOR THE OFFER

Section 9 of the Offer Document sets out certain information on the rationale for the Offer, extracts of which are set out below. Shareholders are advised to read the extract below carefully.

9. RATIONALE FOR THE OFFER

As a result of the Acquisition as described in Section 1.1 above, the Offeror owned, controlled or agreed to acquire not less than 30% of the total number of Shares as at the Offer Announcement Date. Accordingly, the Offer is being made by the Offeror in compliance with the requirements of the Code.

6. COMPULSORY ACQUISITION AND LISTING STATUS

Sections 10 and 11 of the Offer Document set out the intentions of the Offeror for the Company, including its intention relating to the listing status of the Company and its rights of compulsory acquisition in respect of the Company, the full text of which have been extracted from the Offer Document and set out below. Shareholders are advised to read the extract below carefully.

10. OFFEROR'S INTENTIONS FOR THE COMPANY

- 10.1 *The Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced, which may involve the disposal or cessation of underperforming businesses and assets, acquisition of new assets and the redeployment of certain employees of the Company and its subsidiaries, in the future. Additionally, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which he may regard to be in the interests of the Group.*

Save as disclosed above, the Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group's fixed assets, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

11. COMPULSORY ACQUISITION AND LISTING STATUS

- 11.1 **Compulsory Acquisition.** Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares as at the close of the Offer (other than those already held by the Offeror or his nominees as at the date of the Offer and excluding any Shares held in treasury),

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the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from shareholders of the Company who have not accepted the Offer at a price equal to the Offer Price.

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares as at the close of the Offer, the shareholders of the Company who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Such shareholders of the Company who wish to exercise such a right are advised to seek their own independent legal advice.

The Offeror intends to maintain the listing status of the Company, and presently has no intention of exercising his rights of compulsory acquisition under Section 215(1) of the Companies Act, should it be available to him.

- 11.2 ***Listing Status.*** Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and his concert parties to above 90% of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

*Separately, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of Shares in issue excluding treasury shares is at all times held by the public ("**Free Float Requirement**"). In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not met, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.*

It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. In the event that the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror will assess the options available at such time, including but not limited to carrying out a compliance placement exercise after the completion of the Offer.

7. FINANCIAL EVALUATION OF THE OFFER

Section 12 of the Offer Document sets out certain information on the financial evaluation of the Offer, extracts of which are set out below.

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12. FINANCIAL EVALUATION OF THE OFFER

The Offer Price represents the following **discounts** to certain historical market prices of the Shares traded on the SGX-ST as set out below:

	Description	Share Price (S\$)⁽¹⁾	(Discount) of Offer Price to Share Price (%)⁽²⁾
(a)	Last traded price of the Shares on the SGX-ST on 12 November 2020 (being the last market day on which the Shares were traded on the SGX-ST prior to the Offer Announcement Date (the “ Last Trading Day ”).	0.0020	(80.00)
(b)	Volume-weighted average price (“ VWAP ”) for the one-month period up to and including the Last Trading Day	0.0022	(81.82)
(c)	VWAP for the three-month period up to and including the Last Trading Day	0.0021	(80.95)
(d)	VWAP for the six-month period up to and including the Last Trading Day	0.0020	(80.00)
(e)	VWAP for the 12-month period up to and including the Last Trading Day	0.0020	(80.00)

Notes:

- (1) Based on data extracted from Bloomberg L.P.. Figures have been rounded to the nearest four (4) decimal places.
- (2) Percentage figures have been rounded to the nearest two (2) decimal places.

8. DISCLOSURES OF INTERESTS

Section 13, Appendix 4 and Paragraph 1 of Appendix 5 to the Offer Document set out certain information relating to disclosures of interests, extracts of which are set out below.

13. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

13.1 **Holdings and dealings in the Company Securities.** Save as disclosed in this Offer Document (in particular, but without limitation, in Appendix 4 to this Offer Document), and based on responses received pursuant to enquiries that the Offeror has made, as at the Latest Practicable Date, none of the Offeror and his Concert Parties:

- (a) owns, controls or has agreed to acquire any Company Securities; or
- (b) has dealt for value in any Company Securities during the Reference Period.

13.2 **Other arrangements in respect of Company Securities.** Save as disclosed in this Offer Document (in particular, but without limitation, in Appendix 4 to this Offer Document), and based on responses received pursuant to enquiries that the Offeror

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has made, as at the Latest Practicable Date, none of the Offeror and his Concert Parties has:

- (a) entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code with any person, including any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to any Company Securities which may be an inducement to deal or refrain from dealing;
- (b) received any irrevocable commitment (other than the Irrevocable Undertaking) to accept or reject the Offer in respect of any Company Securities;
- (c) granted any security interest relating to any Company Securities to another person, whether through a charge, pledge or otherwise;
- (d) borrowed any Company Securities from another person (excluding borrowed Company Securities which have been on-lent or sold); or
- (e) lent any Company Securities to another person.

...

APPENDIX 4

DISCLOSURE OF HOLDINGS AND DEALINGS

1. HOLDINGS OF COMPANY SECURITIES

As at the Latest Practicable Date, based on information available to the Offeror, the interests in Company Securities owned, controlled or agreed to be acquired by the Offeror and the Concert Parties are set out below:

Shares

Name	Direct Interests		Indirect Interests		Total Interests	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Offeror	14,000,000,000	50.8	-	-	14,000,000,000	50.8

2. DEALINGS IN COMPANY SECURITIES DURING THE REFERENCE PERIOD

As at the Latest Practicable Date, based on information available to the Offeror, the details of the dealings in Company Securities by the Offeror and the Concert Parties during the Reference Period as set out below:

Name	Date of Transaction	No. of Shares	No. of Shares	Transaction price per Share (S\$)
		Bought	Sold	
Offeror	16 November 2020	14,000,000,000	N/A	0.0004

...

APPENDIX 5

LETTER TO SHAREHOLDERS

ADDITIONAL GENERAL INFORMATION

1. DISCLOSURE OF INTERESTS

- 1.1 **No Indemnity Arrangements.** *To the best knowledge of the Director as at the Latest Practicable Date, save for the Irrevocable Undertaking as described in Section 6 (Irrevocable Undertaking) of this Offer Document, neither the Offeror nor any of his Concert Parties has entered into any arrangement with any person of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities.*
- 1.2 **No Agreement having any Connection with or Dependence upon the Offer.** *As at the Latest Practicable Date, save for the Irrevocable Undertaking as described in Section 6 (Irrevocable Undertaking) of this Offer Document, there is no agreement, arrangement or understanding between (a) the Offeror or any of his Concert Parties and (b) any of the present or recent directors of the Company or the present or recent Shareholders having any connection with or dependence upon the Offer.*
- 1.3 **Transfer of Offer Shares.** *As at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Offer Shares acquired pursuant to the Offer will or may be transferred to any other person. However, the Offeror reserves the right to transfer any of the Offer Shares to any of its related corporations or for the purpose of granting security in favour of financial institutions which have extended credit facilities to it.*
- 1.4 **No Payment or Benefit to Directors of the Company.** *As at the Latest Practicable Date, no payment or other benefit will be made or given to any director of the Company or of any corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer.*
- 1.5 **No Agreement Conditional upon Outcome of the Offer.** *As at the Latest Practicable Date, save for the Irrevocable Undertaking as described in Section 6 (Irrevocable Undertaking) of this Offer Document, there is no agreement, arrangement or understanding between (i) the Offeror and (ii) any of the directors of the Company or any other person in connection with or conditional upon the outcome of the Offer or otherwise connected with the Offer.*
- 1.6 **Transfer Restrictions.** *There is no restriction in the Constitution of the Company on the right to transfer any Offer Shares, which has the effect of requiring the holders of such Offer Shares before transferring them, to offer them for purchase by members of the Company or any other person.*
- 1.7 **Directors' Service Contracts.** *As at the Latest Practicable Date, there is no agreement, arrangement or understanding between the Offeror or any of his Concert Parties and any Director, whereby the emoluments received by the Directors will be affected as consequence of the Offer or any other associated relevant transaction.*
- 1.8 **No Material Change in Information.** *Save as disclosed in this Offer Document, as far as the Offeror is aware, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.*

LETTER TO SHAREHOLDERS

9. CONFIRMATION OF FINANCIAL RESOURCES

Section 14 of the Offer Document sets out certain information on the confirmation of financial resources, extracts of which are set out below.

14. CONFIRMATION OF FINANCIAL RESOURCES
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<p><i>UOBKH, as financial adviser to the Offeror in connection with the Offer, confirms that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer for the Offer Shares in cash on the basis of the Offer Price.</i></p>
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10. DIRECTORS' INTERESTS

10.1 Details of the Directors including, *inter alia*, the Directors' direct and deemed interests in the Company Securities as at the Latest Practicable Date, are set out in Section 5.1 of Appendix II to this Circular.

10.2 As disclosed under Section 1.1 of this Circular, the Offeror made the Offer following the acquisition of 14,000,000,000 Shares in the capital of the Company from Ultimate Horizon. Mr. Siaw Lu Howe, the Non-Executive Chairman of the Company, is the director and sole shareholder of Ultimate Horizon.

11. ADVICE AND RECOMMENDATION IN RELATION TO THE OFFER

11.1 General

Shareholders should read and carefully consider the recommendation of the Independent Directors as set out in Section 12.2 of this Circular and the advice of the IFA to the Independent Directors which is set out in Appendix I to this Circular, before deciding whether to accept or reject the Offer.

11.2 Key factors taken into consideration by the IFA

The key factors relied upon by the IFA in arriving at its advice to the Independent Directors in respect of the Offer are set out in paragraph 9 of the IFA Letter.

Shareholders should read and carefully consider the key factors relied upon by the IFA in arriving at its advice to the Independent Directors in conjunction with, and in the context of, the full text of the IFA Letter.

11.3 Advice of the IFA to the Independent Directors

The advice of the IFA to the Independent Directors in respect of the Offer is set out in Appendix I to this Circular. Taking into consideration the factors set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, and subject to the qualifications and assumptions set out in the IFA Letter, the IFA has given its advice to the Independent Directors as set out in paragraph 9 of the IFA Letter, an extract of which is reproduced below.

Shareholders should read the extract in conjunction with, and in the context of, the full text of the IFA Letter. Unless otherwise stated, all terms and expressions used in the extract below shall have the meanings given to them in the IFA Letter.

*"In summary, having regard to our analysis and the consideration in this Letter (including, inter alia, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Latest Practicable Date, and subject to our terms of reference, as well as the representation and confirmation from the Directors, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Offer is, on balance, **NOT FAIR and NOT REASONABLE.**"*

LETTER TO SHAREHOLDERS

For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term “fair and reasonable” comprises two distinct concepts:

- (i) Whether the Offer is “fair” relates to the value of the offer price which is based strictly on the evaluation of the Offer Price (i.e. by looking at the financial or fundamental analyses of the Offer Price as set out in this Letter and based on information known to us or which is publicly available).
- (ii) Whether the Offer is “reasonable”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Offer and the Company which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms of the Offer to be **NOT FAIR**, from a financial point of view after factoring, inter alia, the following:

- (i) Substantial discounts implied by the Offer Price from the historical market prices for the Shares considering, inter alia, that (a) the Offer Price is substantially lower than the lowest possible trading price and the minimum bid and ask price for shares listed on the SGX-ST of S\$0.001; (b) the Offer Price is substantially lower than the transacted market prices for the Shares during the 12-months period prior to the Offer Announcement Date; and for the period commencing from the Offer Announcement Date to the Latest Practicable Date; (c) the Offer Price represents significant discount of approximately 80.0% from the last transacted price for the Shares on the Offer Announcement Date; and (d) the Offer Price represents significant discounts of approximately 82.1%, 80.0%, 80.6% and 79.4% from the VWAP for the Shares for the 12-months, 6-months, 3-months and 1-month periods prior to the Offer Announcement Date respectively.

In addition, we note that for the 12 months period prior to Offer Announcement Date, and the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date (both dates inclusive), the Shares were traded above the Offer Price. The discounts (for last transacted prices prior to the Offer Announcement Date, VWAP for 3-month and 1-month period prior to Announcement Date) are generally worse off than any of the Selected Non-Privatisation MGO Transactions (save for Blumont MGO 2017).

- (ii) The Offer Price is at a premium of approximately 12.6% over the Group’s RNAV and/or RNTA per Share and the implied P/NAV of approximately 1.1 times is lower than the simple average and the median for the Selected Non-Privatisation MGO Transactions. In addition, the Directors represented and confirmed that, notwithstanding there are no concrete plans now to develop the land, in the event that there are plans to develop the land, (and after taking into account that, had development been completed and ready for occupation, and the estimated total cost including, inter alia, carrying charges of completing the development), the revaluation surplus (after deducting potential tax liabilities) arising from the Development Property and Appraised Assets, may likely have been higher and accordingly, the premium implied by the Offer Price from the Group’s RNAV and/or RNTA per Share would have been lower.
- (iii) Unfavourable comparison with the Selected Non-Privatisation MGO Transactions.
- (iv) This is notwithstanding that the Offer Price for the Offer is relatively more favourable than the 2017 Offer Price in terms of the: (a) significantly higher premiums above the NTA per Share; (b) premium of the Offer Price over RNTA per Share as compared to the discount from the relevant RNTA per Share for the Blumont MGO 2017; (c) comparable discounts from the last traded price before the relevant offer announcement; and (d) the absolute price for each offered Share.

LETTER TO SHAREHOLDERS

- (v) *No other third parties have approached the Company with an intention to make an offer for the Company; and apart from the Offer being made by the Offeror; no other third party has made a firm offer for the Company as at the Latest Practicable Date.*

We consider the financial terms of the Offer to be **NOT REASONABLE**, from a financial point of view after factoring, inter alia, the following:–

- (i) *As at the Announcement Date, the Offeror and his Concert Parties hold approximately 50.8% of the total number of issued Shares, and subsequent to the Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares. Accordingly, the Offeror and his Concert Parties have a statutory control of the Company, which places the Offeror in a position to significantly influence, inter alia, the management, operating and financial policies of the Company and is in a position, to pass ordinary resolutions for matters in which the Offeror and his Concert Parties do not have an interest, at general meetings of Shareholders. Furthermore, acceptance of the Offer by Shareholders will further reduce the free float, number of Shares available for trading and Shareholders. This may further exacerbate the illiquidity, volatility and the bid and ask spreads for the Shares and increase transactional or trading cost (other than commissions where applicable).*
- (ii) *Substantial discounts implied by the Offer Price from the historical market prices for the Shares.*
- (iii) *The Offer Price is below minimum price for which Shares are traded on the SGX-ST, being S\$0.001 for each Share. In addition, we note that for the 12 months period prior to Offer Announcement Date, and the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date (both dates inclusive), Shares were always traded above the Offer Price.*
- (iv) *Unfavourable comparison with the Selected Non-Privatisation MGO Transactions. The valuation of the Group as implied by the Offer Price appears to be less favourable as compared to any of the Selected Non-Privatisation MGO Transactions (save for Blumont MGO 2017) in terms of premium and/or discount over/from historical prices.*

ACA's Recommendation on the Offer

*Based on our assessment of the financial terms of the Offer as set out above, we advise the Independent Directors that they should recommend that Shareholders to **REJECT** the Offer. For Shareholders who wish to realise their Shares, they should consider selling their Shares in the open market as the transacted prices for the Shares during the 12-month period prior to the Announcement Date, and period commencing on the Announcement Date to the Latest Practicable Date were substantially higher than the Offer Price.*

Directors and Shareholders should note that the trading of the Shares are subject to, inter alia, the performance and prospects of the Group, prevailing market conditions, economic outlook and stock market conditions and sentiments. Accordingly, our advice on the Offer does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date since these are governed by factors beyond the ambit of our review and also, such advice, if given, would not fall within our terms of reference in connection with the Offer.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions

LETTER TO SHAREHOLDERS

of Shareholders:

1. *If the Shareholders are considering selling their Offer Shares in the open market, they should be aware that the current market prices and trading volumes for the Shares may have been supported by the Offer and may not be maintained at current levels when the Offer closes.*
2. *The Offeror has stated in the Offer Document that the Offer Price is final and it will not revise the Offer Price.*
3. *Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should be aware that the chances of such an alternative offer for Shares being made by a third party may be affected by the fact that as at the Announcement Date, the Offeror and his Concert Parties hold approximately 50.8% of the total number of issued Shares.*
4. *As set out in the Offer Document, the Offer is unconditional.*
5. *It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. In the event that the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror will assess the options available at such time, including but not limited to carrying out a compliance placement exercise after the completion of the Offer. Thus, the ability of the Company to meet the public float requirements and remain listed after close of the Offer, is possibly alleviated. Furthermore, given that approximately 29.49% of the issued Shares will not be tendered for acceptance pursuant to the Irrevocable Undertaking, the possibility of Shareholders relying on a compulsory acquisition accorded for their "protection" pursuant to Section 215(3) of the Act is reduced.*
6. *The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the audited financial statements for the Group for FY2019 and the unaudited financial statements for the Group for HY2020, there has been no material changes to the Group's assets and liabilities, financial position, condition, and performance.*
7. *Our scope does not require us, and save as disclosed we have not made any independent evaluation of the Group (including without limitation, market value or economic potential) or appraisal of the Group's assets and liabilities (including without limitation, financial assets, development property, asset(s) held for sale and property, plant and equipment) or contracts entered into or to be entered into by the Group (where applicable) and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities(if any) held or contracts entered into (where applicable) by the Group. The Directors have confirmed that for the internal accounting reference purpose, they have commissioned two Independent Valuers to determine the market value of the Group's development property and selected property and equipment of the Group as at the relevant valuation dates.*

As stated in the Circular, the valuation reports issued by the Independent Valuers are not prepared specifically for the purposes of and in connection with the Offer. Nevertheless, the Directors confirmed that each of the Independent Valuers has given consent for the references to and/or use of the market value of the Group's Development Property and the fair value of the Selected Property and Equipment of the Group by the Directors, who have the liberty to disclose such valuation to us in connection with their bases for their representations and estimates. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, financial assets, development property, and property and equipment) including, inter alia, the

LETTER TO SHAREHOLDERS

contracts or agreements that the Group has embarked upon or are about to embark upon (where applicable) and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Limitations

It is also to be noted that as trading of the Shares is subject to possible market fluctuations and accordingly, our advice on the Offer does not and cannot take into account the future trading activities or patterns or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review and also such advice, if given, would not fall within our terms of reference in connection with the Offer.

For our opinion and recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or plans of any individual Shareholder, or group of Shareholders. As different Shareholders or group of Shareholders would have different investment profiles and objectives, we would advise Independent Directors to recommend that any individual Shareholder or group of Shareholders who may require advice in the context of his specific investment portfolio, including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.”

12. RECOMMENDATION OF THE INDEPENDENT DIRECTORS

12.1 Independent Directors

As at the Latest Practicable Date, all of the Directors consider themselves to be independent for the purposes of making a recommendation on the Offer.

12.2 Independent Directors' Recommendation

The Independent Directors, having considered carefully the terms of the Offer and the advice given by the IFA in the IFA Letter, **concur** with the advice of the IFA in respect of the Offer, and accordingly, recommend that Shareholders should **REJECT** the Offer. For Shareholders who wish to realise their Shares, they should consider selling their Shares in the open market as the transacted prices for the Shares during the 12-month period prior to the Announcement Date, and period commencing on the Announcement Date to the Latest Practicable Date were substantially higher than the Offer Price.

Shareholders should note that the IFA's advice and the recommendation of the Independent Directors should not be relied upon as the sole basis for deciding whether to accept or reject the Offer. The IFA in giving its advice and the Independent Directors in making their recommendation have not had regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any individual Shareholder. Accordingly, the Independent Directors recommend that any individual Shareholder who may require specific advice in relation to his or her investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

SHAREHOLDERS SHOULD READ AND CONSIDER CAREFULLY THIS CIRCULAR, INCLUDING THE RECOMMENDATION OF THE INDEPENDENT DIRECTORS AND THE ADVICE OF THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THIS OFFER AS SET OUT IN APPENDIX I TO THIS CIRCULAR IN THEIR ENTIRETY BEFORE DECIDING WHETHER TO ACCEPT OR REJECT THE OFFER. SHAREHOLDERS ARE ALSO URGED TO READ THE OFFER DOCUMENT CAREFULLY.

Shareholders should also be aware and note that there is no assurance that the price of the Shares will remain at current levels after the close of the Offer and the current price performance of the Shares is not indicative of the future price performance levels of the Shares.

LETTER TO SHAREHOLDERS

13. OVERSEAS SHAREHOLDERS

Section 15 of the Offer Document sets out information in relation to Overseas Shareholders, extracts of which are set out below.

15. OVERSEAS SHAREHOLDERS

15.1 **Overseas Jurisdictions.** *This Offer Document, the Acceptance Forms and/or any related documents do not constitute an offer to sell or the solicitation of an offer to subscribe for or buy any security, nor is it a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of the securities referred to in this Offer Document in any jurisdiction in contravention of applicable law.*

The release, publication or distribution of this Offer Document in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Offer Document is released, published or distributed should inform themselves about and observe such restrictions.

*Copies of this Offer Document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any jurisdiction where the making of or the acceptance of the Offer will violate the laws of that jurisdiction ("**Restricted Jurisdiction**") and will not be capable of acceptance by any such use, instrumentality or facility within any Restricted Jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction.*

The Offer (unless otherwise determined by the Offeror or UOBKH, for and on behalf of the Offeror, and permitted by applicable law and regulation) will not be made, directly or indirectly, in or into, or by the use of mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities.

15.2 **Overseas Shareholders.** *The availability of the Offer to Overseas Shareholders and the ability of the Overseas Shareholders to accept the Offer may be affected by the laws of the relevant overseas jurisdictions in which they are located. Accordingly, Overseas Shareholders should inform themselves of, and observe, any applicable requirements in the relevant overseas jurisdictions, and exercise caution in relation to the Offer, as this Offer Document has not been reviewed by any regulatory authority in any overseas jurisdiction. **Where there are potential restrictions on sending this Offer Document or any part thereof to any overseas jurisdictions, the Offeror, UOBKH, CDP and the Registrar each reserves the right not to send this Offer Document or any part thereof to Shareholders in such overseas jurisdictions.***

For the avoidance of doubt, the Offer is open to all Shareholders holding Offer Shares, including those to whom this Offer Document, the relevant Acceptance Forms and/or any related documents have not been, or may not be, sent.

It is the responsibility of Overseas Shareholders who wish (a) to request for this Offer Document and/or the relevant Acceptance Forms; or (b) to accept the Offer, to satisfy themselves as to the full observance of the laws of the relevant overseas jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with other necessary formalities or legal requirements and the payment of any taxes, imposts, duties or other requisite payments due in such jurisdiction. Such Overseas Shareholders shall be liable for any such taxes, imposts, duties or other requisite payments payable and the Offeror,

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UOBKH, CDP, the Registrar and any person acting on their behalf shall be fully indemnified and held harmless by such Overseas Shareholders for any such taxes, imposts, duties or other requisite payments as the Offeror, UOBKH, CDP, the Registrar and/or any person acting on their behalf may be required to pay. In (i) requesting for this Offer Document and the Relevant Acceptance Forms; and/or (ii) accepting the Offer, each Overseas Shareholder represents and warrants to the Offeror and UOBKH that he is in full observance of the laws of the relevant jurisdiction in that connection and that he is in full compliance with all necessary formalities or legal requirements.

Any Overseas Shareholder who is in doubt about his position, including (without limitation) the ability to accept the Offer, should consult his professional adviser in the relevant jurisdiction.

- 15.3 ***Copies of the Offer Document and the relevant Acceptance Forms.*** *Subject to compliance with applicable laws, any affected Overseas Shareholder may, nonetheless, attend in person and obtain a copy of this Offer Document, the relevant Acceptance Forms and any related documents during normal business hours and up to the Closing Date, from the CDP (if he is a Depositor) by contacting CDP's Customer Service Hotline at +65 6535 7511 during their operating hours or emailing CDP at asksgx@sgx.com for instructions on how to obtain a copy of such documents or the office of the Registrar, B.A.C.S. Private Limited (if he is a scripholder) at 8 Robinson Road, #03-00 ASO Building, Singapore 048544.*

Alternatively, an Overseas Shareholder may, subject to compliance with applicable laws, write to the Offeror at (a) Mark Wee Liang Yee c/o The Central Depository (Pte) Limited at Robinson Road Post Office, P.O. Box 1984, Singapore 903934 (if he is a Depositor), or (b) Mark Wee Liang Yee c/o B.A.C.S. Private Limited at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 (if he is a scripholder), to request for the Offer Document, the relevant Acceptance Forms and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

Electronic copies of this Offer Document and the relevant Acceptance Forms are available on the website of the SGX-ST at <https://www.sgx.com>.

- 15.4 ***Notice.*** *The Offeror and UOBKH each reserves the right to notify any matter, including the fact that the Offer has been made, to any or all Shareholders (including Overseas Shareholders) by announcement to the SGX-ST and if necessary, paid advertisement in a daily newspaper published or circulated in Singapore, in which case, such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Shareholder (including Overseas Shareholders) to receive or see such announcement or advertisement.*

Due to potential restrictions on sending this Circular to overseas jurisdictions, this Circular has not been and will not be sent to any Overseas Shareholder who has not provided, and will not provide, the Company with an address within Singapore at which notices or documents may be served upon him. Any affected Overseas Shareholder may nonetheless (subject to compliance with applicable laws) attend in person and obtain copies of this Circular during normal business hours and up to 5.30 p.m. (Singapore time) on the Closing Date, from the office of the Company at 201 Henderson Road, #03-26/27, Apex @ Henderson Singapore 159545. Alternatively, an Overseas Shareholder may (subject to compliance with applicable laws) write to the Registrar at 8 Robinson Road, #03-00 ASO Building, Singapore 048544 to request for this Circular to be sent to an address in Singapore by ordinary post at his own risk, up to five (5) Market Days prior to the Closing Date.

In requesting for this Circular and any related documents, each of the Overseas Shareholders represents and warrants to the Company that each of them is in full observance of the laws of

LETTER TO SHAREHOLDERS

the relevant jurisdiction in that connection, and that each of them is in full compliance with all necessary formalities or legal requirements.

14. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

Section 16 of the Offer Document sets out information in relation to CPFIS Investors and SRS Investors, extracts of which are set out below.

16. INFORMATION PERTAINING TO CPFIS INVESTORS AND SRS INVESTORS

CPFIS Investors and SRS Investors will receive further information on how to accept the Offer from their respective CPF Agent Banks and SRS Agent Banks directly. CPFIS Investors and SRS Investors are advised to consult their respective CPF Agent Banks and SRS Agent Banks should they require further information, and if they are in any doubt as to the action they should take, CPFIS Investors and SRS Investors should seek independent professional advice.

CPFIS Investors and SRS Investors who wish to accept the Offer are to reply to their respective CPF Agent Banks and SRS Agent Banks accordingly by the deadline stated in the letter from their respective CPF Agent Banks and SRS Agent Banks. CPFIS Investors and SRS Investors who accept the Offer will receive the Offer Price this in respect of their Offer Shares, in their CPF investment accounts.

15. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than **5.30 p.m. (Singapore time) on the Closing Date**, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 to the Offer Document, the FAA and/or the FAT, as the case may be.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror:

- (a) by CDP (in respect of the FAA); or
- (b) by the Registrar (in respect of the FAT),

as the case may be, not later than **5.30 p.m. (Singapore time) on the Closing Date**.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT, as the case may be, which have been sent to them.

16. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter in Appendix I to this Circular, and all references thereto in the form and context in which they appear in this Circular.

Moore Stephens LLP, named as the independent auditor of the Company for FY2019, has given and has not withdrawn its written consent to the inclusion of its name and the independent auditor's report in relation to the audited financial statements of the Group for FY2019, as set out in Appendix III to this Circular.

Firdaus & Associates, the independent valuer of the Company commissioned to issue an updated desktop valuation report dated 30 November 2020 of the full valuation report dated 31 December 2019 (the updated and full valuation report, the "**Malaysian Valuation Reports**") on certain unexpired leasehold interest located in Malaysia, has given and has not withdrawn its written consent to the inclusion of its name and all references thereto, in the form and context

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in which they appear in the Offeree Circular, and the making available of the Malaysian Valuation Reports for inspection in accordance with Section 18 below.

Susan Widjojo & Rekan, the independent valuer of the Company commissioned to issue an updated desktop valuation report dated 8 December 2020 of the full valuation report dated 31 December 2019 (the updated and full valuation report, the “**Indonesian Valuation Reports**”) on certain property and equipment located in Indonesia, has given and has not withdrawn its written consent to the inclusion of its name and all references thereto, in the form and context in which they appear in the Offeree Circular, and the making available of the Indonesian Valuation Reports for inspection in accordance with Section 18 below.

CNPLaw LLP, named as the legal adviser to the Company as to Singapore law in relation to the Offer, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references thereto in the form and context in which they appear in this Circular.

17. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Circular) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Circular are fair and accurate and that no material information has been omitted in this Circular.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated therein with respect to the Group are fair and accurate.

In respect of the information from the Offer Announcement and the Offer Document, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly reproduced in this Circular.

Where information has been extracted from published or otherwise publicly available sources, the Directors have ensured that such information has been accurately and correctly extracted from these sources.

The Directors jointly and severally accept responsibility accordingly.

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company's Secretary, ZICO Corporate Services Pte Ltd, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, during normal business hours, from the date of this Circular up to and including the Closing Date:

- (a) the Constitution;
- (b) the annual reports of the Company for FY2017, FY2018 and FY2019;
- (c) the IFA Letter as set out in Appendix I to this Circular;
- (d) the audited consolidated financial statements of the Group for FY2019, as set out in Appendix III to this Circular;
- (e) the unaudited consolidated financial statements of the Group for HY2020, as set out in Appendix IV to this Circular;
- (f) the letters of consent referred to in Section 16 of this Circular; and
- (g) the Malaysian Valuation Reports and Indonesian Valuation Reports referred to in Section 16 of this Circular.

LETTER TO SHAREHOLDERS

19. ADDITIONAL INFORMATION

Your attention is drawn to the Appendices which form part of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
BLUMONT GROUP LTD.

Siaw Lu Howe
Non-Executive Chairman

**APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN
RESPECT OF THE OFFER**

**LETTER FROM ASIAN CORPORATE ADVISORS PTE. LTD. TO THE INDEPENDENT
DIRECTORS OF BLUMONT GROUP LTD.**

ASIAN CORPORATE ADVISORS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No: 200310232R)

160 Robinson Road #21-05
SBF Center
Singapore 068914

The Independent Directors (as hereinafter defined)
Blumont Group Ltd.
201 Henderson Road
#03-26/27
Apex @ Henderson
Singapore 159545

17 December 2020

MANDATORY UNCONDITIONAL CASH OFFER (THE “OFFER”) BY UOB KAY HIAN PRIVATE LIMITED (“UOBKH”) FOR AND ON BEHALF OF MARK WEE LIANG YEE (THE “OFFEROR”) TO ACQUIRE ALL THE ISSUED AND PAID-UP ORDINARY SHARES IN THE CAPITAL OF BLUMONT GROUP LTD. (“BLUMONT” OR THE “COMPANY”) OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND HIS CONCERT PARTIES

Unless otherwise defined or where the context otherwise requires, all terms used herein shall have the same meanings as defined in the circular dated 17 December 2020 (the “Circular”) issued by the Company.

1. INTRODUCTION

On 16 November 2020 (the “**Offer Announcement Date**”), UOBKH, for and on behalf of the Offeror, announced (the “**Offer Announcement**”) that the Offeror had on the same day acquired an aggregate of 14,000,000,000 issued and paid-up ordinary shares (“**Shares**”) in the capital of the Company for an aggregate consideration of S\$5,600,000 (or S\$0.0004 per Share) (the “**Acquisition**”).

As a consequence of the Acquisition, as at the Offer Announcement Date, the Offeror owned, controlled or agreed to acquire an aggregate of 14,000,000,000 Shares, representing approximately 50.8% of the total number of Shares.

As a consequence of the Acquisition and in accordance with Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”), the Offeror is required to make the Offer for all the Shares other than those already owned, controlled or agreed to be acquired by the Offeror (“**Offer Shares**”) at a price of S\$0.0004 (“**Offer Price**”) for each Offer Share, in cash.

As at the Offer Announcement Date, we note that the Offeror has received an irrevocable undertaking from Ultimate Horizon Pte. Ltd. (“**Ultimate Horizon**”), being the vendor to the Acquisition to reject the Offer in respect of 8,131,184,204 Shares (comprising approximately 29.5% of the entire issued and paid-up Share capital), such undertaking being valid until the close of the Offer (“**Irrevocable Undertaking**”).

On 3 December 2020, UOBKH, for and on behalf of the Offeror, announced that the offer document dated 3 December 2020 (“**Offer Document**”), setting out, *inter alia*, the terms and conditions of the Offer has been despatched to the shareholders of the Company (“**Shareholders**”).

Asian Corporate Advisors Pte. Ltd. (“**ACA**”), has been appointed as the independent financial adviser (“**IFA**”) to advise the directors of the Company (“**Directors**”), who are considered to be independent for the purpose of making a recommendation to Shareholders in relation to the Offer (the “**Independent Directors**”). We note from the Circular that the Directors who are considered independent for the purposes of making a

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

recommendation to Shareholders in respect of the Offer, are namely Mr. Siaw Lu Howe, Mr. John Lee Yow Meng, Mr. Alan Chin Yu, Mr. Ng Keok Chai, Mr. Tan Gim Kang, Arran, and Mr. Aris Muhammad Riza.

This letter (“**Letter**”) and any other document, which may be issued by ACA, in respect of the Offer for the purpose of revising, amending or supplementing or updating (as the case may be) and setting out, *inter alia*, our views and evaluation of the financial terms of the Offer and our recommendations thereon, will form part of the Circular providing, *inter alia*, details of the Offer and the recommendations of the Independent Directors with regard to the Offer. Unless otherwise defined or the context otherwise requires, all terms defined in the Offer shall have the same meaning ascribed herein.

2. TERMS OF REFERENCE

ACA has been appointed to advise the Independent Directors on the financial terms of the Offer and whether the Shareholders should accept or reject the Offer. We do not warrant the merits of the Offer other than to form a view, for the purposes of Rule 7.1 and 24.1 (b) of the Code, as to whether the financial terms of the Offer are fair and reasonable. We have confined our evaluation strictly and solely on the financial terms of the Offer and have not taken into account the commercial risks and/or merits (if any) of the Offer or their strategic merits or the future prospects of the Company or the Company and its subsidiaries (“**Group**”) including, *inter alia*, the contracts that the Group has embarked upon or are about to embark upon or the comparison with other deals involving the Shares or the timing or the time extended for the Offer. Such evaluation or comment remains the responsibility of the Directors and the management of the Company (“**Management**”) although we may draw up on their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in this Letter. We do not express any opinion on the relative merits of the Offer as compared to any other alternative transaction. We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Offer Shares or assets or businesses of the Group. In addition, we do not express any views or opinions on the legality of the Offer or all other matters pertaining to the Offer or documents for the Offer (the Circular and the Offer Document), *inter alia*, the mechanism or processes of acceptances, its eligibility or validity or other alternatives (if any) or the sufficiency of information or any undertakings provided or rights of compulsory acquisition under the Companies Act, Chapter 50 of Singapore (“**Act**” or “**Companies Act**”) or the requirement for a valuation or forecast or prospect statement or its contents pursuant to the Code. Our scope does not include determining the independence of the Independent Directors for the purpose of making recommendation in respect of the Offer.

The Directors are aware that ACA had acted as the independent financial adviser for the whitewash resolution in relation to the allotment and issuance of new Shares to Wintercrest Advisors LLC (“**Wintercrest**”) pursuant to the settlement agreement dated 7 April 2016 (“**Settlement Agreement**”) and the mandatory unconditional cash offer by Ultimate Horizon for the Company as announced on 24 August 2017 (“**Blumont MGO 2017**”), and where applicable as an independent financial adviser for certain of the transactions being recently completed non-privatisation mandatory takeover transactions of companies listed on the SGX-ST (defined later) which were used for comparisons with the Offer in this Letter, and we are the current continuing sponsor for Chaswood Resources Holdings Ltd. (“**Chaswood**”), wherein the Company holds an equity interest of approximately 5.3%, and are satisfied with regards to ACA’s independence.

In the course of our evaluation, we have held discussions with the Directors and Management regarding their assessment of the rationale for the Offer and have examined publicly available information collated by us, including the unaudited and audited financial statements as well as information, both written and verbal, provided to us by the Directors and Management and professional advisers of the Company, including its consultants or advisers, solicitors, auditors and valuers (where applicable). We have not independently verified such information but have made such reasonable enquiries and used our judgement as we deemed necessary on the reasonableness of such information and have found no reason to doubt the accuracy or reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or the manner it has been classified or presented.

We have relied upon the assurance of the Directors and Management that all statements of fact, belief, opinion and intention made by the Directors and the Management in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty, expressed and implied, is

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

Our evaluation is based solely on publicly available information and other information provided by the Company as well as the economic and market conditions prevailing as at 3 December 2020 (the “**Latest Practicable Date**”), and therefore does not reflect expected financial performance after the six (6) months financial period ended 30 June (“**HY**”) 2020 (“**HY2020**”) for the Group. Accordingly, we have not commented on or assessed the expected future performance or prospects of the Company or the Group or the Shares, irrespective of the outcome of the Offer. Our evaluation and opinion and recommendation do not and cannot take into account future or prospective performance and neither are we responsible for it or for any updates pursuant to any announcements subsequent to the issuance of this Letter or the timing of the Offer or the dates for issuance of the Circular. Accordingly, any estimates or analysis or evaluation of the merits of the Company or the Group or the Shares in this Letter are necessarily limited and we do not warrant or represent that it is complete or in entirety.

Our scope does not require us and we have not made any independent evaluation of the Group (including without limitation, market value or economic potential) or appraisal of the Group’s assets and liabilities (including without limitation, other financial assets, development property, and property, plant and equipment) or contracts entered into or to be entered into by the Group (where applicable) and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities (if any) held or contracts entered into (where applicable) by the Group. The Directors have confirmed that for the internal accounting reference purpose, they have commissioned two independent valuers named in the Circular (“**Independent Valuers**”) to determine: (a) the market value of the Group’s development property as at 16 November 2020; and (b) the market value or fair value of selected property and equipment of the Group as at 30 November 2020. We note from the Circular that the valuation reports issued by the Independent Valuers are not prepared specifically for the purpose of and in connection with the Offer. Nevertheless, the Directors have confirmed that each of the Independent Valuers has given consent for references to and/or use of the market value of the Group’s development property, or the fair value of the selected property and equipment of the Group, by the Directors who have the liberty to disclose such valuation to us in connection with their bases for their representations. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, other financial assets, development property, and property, plant and equipment) including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon (where applicable) and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

The Directors are of the opinion that the values of the assets and liabilities, as well as the financial performance or condition of the Group as reflected in the unaudited financial statements for, *inter alia*, HY2020 and the audited financial statements for the Group for the financial year ended 31 December (“**FY**” or “**FYE**”) 2019 (“**FY2019**”) are true and fair. The Directors have also confirmed that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for HY2020 for the Group and the audited financial statements for the Group for FY2019 to be false or misleading in any aspect. In addition, the Directors have confirmed that to the best of their knowledge and belief, such information is true, complete and accurate in all respects and that there is no other information or fact, *inter alia*, the valuation or appraisal of assets and liabilities including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon, the omission of which would render those statements or information to be untrue, inaccurate, incomplete or misleading.

The Directors further confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the Company’s announcements on the SGX-NET, the audited financial statements for the Group for FY2019 and the unaudited financial statements for the Group for HY2020, there has been no material changes to the Group’s assets and liabilities, financial position, condition and performance. We note from Appendix II of the Circular that save as disclosed in publicly available information on the Company and in the Circular, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2019, being the date to which the Company’s last published audited accounts were made up. However, as stated in the Appendix II of the Circular, the ongoing Covid-19 pandemic has had an effect on the global economy, and the Group’s operations may accordingly be affected. Furthermore, the Directors confirm

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

that save as disclosed in the Circular and save for the information relating to the Group and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

Our opinion in this Letter is based on economic, market, industry, monetary and other conditions (if applicable), and the information provided to us, as at the Latest Practicable Date. Accordingly, the bases or assumptions and likewise our views or opinion or recommendation may and do change in the light of these developments which, *inter alia*, includes general as well as company-specific or industry-specific conditions or sentiments or factors. Independent Directors should note that our evaluation is based solely on publicly available information and such other information provided by the Company or its Directors or Management as well as the economic and market conditions prevailing as at the Latest Practicable Date, and therefore does not reflect expected financial performance after HY2020 for the Group or developments (both macro and company-specific) and that these factors do and will necessarily affect the evaluation of the Offer and our recommendation or opinion or views.

The Directors have collectively and severally accepted full responsibility, as set out in the Circular, for the truth, accuracy and completeness of all information and representations as provided by the Directors and contained herein. The Directors have confirmed to ACA that to the best of their knowledge and belief, all material information available to them and the Management in connection with the Company, the Group, the Offer or the Offeror or such other parties has been disclosed to ACA in its entirety and included in the Circular, that such information is true, complete and accurate in all material respects and that there is no other information or fact including the financial performance or expected future performance or future growth prospects or restructuring plans (if applicable) of the Company or the Group, the omission of which would result in the facts stated and the opinions expressed by the Directors in the Circular or this Letter to be untrue, inaccurate or incomplete in any respect or misleading. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by ACA concerning the truth, accuracy, completeness or adequacy of such information or facts.

The scope of our appointment does not require us to express, and we do not express, a view on the future growth prospects of the Company or the Group including, *inter alia*, the contracts that the Group has embarked on or are about to embark upon. We are therefore not expressing any view herein as to the returns that the Shareholders may have owning the Shares upon completion or close of the Offer or on the future financial performance of the Company or the Group or the plans (if any) that the Offeror may have for the Company. In rendering our advice and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or particular circumstances of any individual Shareholder. As each Shareholder would have different investment profiles and objectives, horizons and risk profiles, we would advise Independent Directors to recommend that any Shareholder, who may require advice in the context of his specific investment objective(s), investment portfolio(s), including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Letter on the Offer or the Company or the Group or the Shares which we used or may have used may differ from the relative emphasis accorded by any individual Shareholder or Independent Director, and as such Independent Directors are advised to highlight to Shareholders as well as note for themselves that any reliance on our opinion or view or assessment, is subject to the contents of this Letter in its entirety. In addition, ACA will not be responsible or required to provide an updated assessment or opinion or views of the Offer or its recommendation, following the date of the issue of this Letter.

Accordingly, our Letter or opinion or views or recommendation should not be used or relied by anyone for any other purposes and should only be used by the Independent Directors, subject to our terms of reference and the contents of this Letter as one of the basis for their opinions or views or recommendation. In addition, any references to our Letter as one of the basis for their opinions, views or recommendation, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of this Letter in its entirety, *inter alia*, the matters, conditions, assumptions, limitations, factors, and bases as well as the terms of reference for this Letter.

APPENDIX I – LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE OFFER

3. TERMS OF THE OFFER

The principal terms and conditions of the Offer, as extracted from Sections 2 to 5 of the Offer Document, are set out in italics below. We recommend that Shareholders read the terms and conditions contained therein carefully.

“2. TERMS OF THE OFFER

2.1 **Offer Price.** For and on behalf of the Offeror, UOBKH hereby makes the Offer, in accordance with Section 139 of the SFA and the Code, and subject to the terms and conditions of this Offer Document, for all the Offer Shares on the following basis:

S\$0.0004 in cash for each Offer Share ("Offer Price")

The Offer Price is final and the Offeror does not intend to revise the Offer Price.

2.2 **Offer Shares.** For the avoidance of doubt, the Offer will be extended, on the same terms and conditions, to all of the Shares in issue (excluding any Shares held in treasury) other than those already held by the Offeror as at the date of the Offer ("**Offer Shares**").

2.3 **No Encumbrances.** The Offer Shares are to be acquired (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date, and thereafter attaching thereto, including but not limited to the right to receive and retain all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.

2.4 **Adjustments for Distributions.** Without prejudice to the generality of the foregoing, the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any Distribution, the Record Date for which falls on or after the Offer Announcement Date. In the event of any such Distribution, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer (the "**Offer Settlement Date**") falls:

(a) if the Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the unadjusted Offer Price of S\$0.0004 for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from the Company; and

(b) if the Offer Settlement Date falls after the Record Date, the Offer Price payable for such Offer Shares tendered in acceptance shall be reduced by an amount which is equal to the Distribution in respect of such Offer Shares, as the Offeror will not receive such Distribution from the Company.

2.5 **Offer Unconditional.** Pursuant to the completion of the Acquisition, the Offeror holds more than 50% of the voting rights attributable to the Shares (excluding any Shares held in treasury). Accordingly, the Offer will not be subject to any conditions and will be unconditional in all respects.

2.6 **Warranty.** A Shareholder who tenders his Offer Shares in acceptance of the Offer will be deemed to unconditionally and irrevocably represent, warrant and undertake to the Offeror that he sells such Offer Shares as or on behalf of the beneficial owner(s) thereof, (a) fully paid, (b) free from all Encumbrances, and (c) together with all rights, benefits, entitlements and advantages attached thereto as at the Offer Announcement Date and thereafter attaching thereto, including the right to all Distributions (if any), the Record Date for which falls on or after the Offer Announcement Date.

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3. DURATION OF THE OFFER

The Offer is open for acceptance by Shareholders for at least 28 days from the Despatch Date, unless the Offer is withdrawn with the consent of the SIC and every person released from any obligation incurred thereunder.

The Offer will close at 5.30 p.m. on 31 December 2020, being the Closing Date. The Offeror does not intend to extend the Offer beyond 5.30 p.m. on 31 December 2020 and the Offer will not be open for acceptances beyond 5.30 p.m. on 31 December 2020. The Offeror does not intend to revise the terms of the Offer.

Accordingly, notice is hereby given that the Offer will not be extended, revised or be open for acceptance beyond 5.30 p.m. (Singapore time) on 31 December 2020, save that such notice shall not be capable of being enforced in a competitive situation.

4. DETAILS OF THE OFFER

Appendix 1 to this Offer Document sets out further details on:

- (a) the settlement of the consideration for the Offer;*
- (b) the requirements relating to the announcement(s) of the level of acceptances of the Offer; and*
- (c) the right of withdrawal of acceptances of the Offer.*

5. PROCEDURES FOR ACCEPTANCE

Appendix 2 to this Offer Document sets out the procedures for acceptance of the Offer.”

4. INFORMATION ON THE OFFEROR

Information on the Offeror is set out in Section 7 of the Offer Document, selected extracts of which are reproduced and set out in italics below. All terms and expressions used in the extract below shall have the same meanings as those defined in the Offer Document, unless otherwise stated.

“7. INFORMATION ON THE OFFEROR

7.1 The Offeror. *The Offeror has been managing companies involved in the development of commercial projects as well as numbers forecast operations in Sarawak since the early 1980s. He was appointed a Director of Matrix International Berhad (now known as Berjaya Assets Berhad) in 2001, a position he held until 2005. He is currently the Executive Chairman and major shareholder of WHT Capital Sdn Bhd, an investment management and holding company, and the Executive Deputy Chairman and Chief Executive Officer of Landmarks Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, and which is engaged in hospitality and wellness, and resort and destination development.*

7.2 The Offeror and Concert Parties. *As at the Latest Practicable Date, the Offeror holds 14,000,000,000 Shares, representing approximately 50.8% of the total number of issued Shares. As at the Latest Practicable Date, none of the Concert Parties hold any Shares.”*

5. INFORMATION ON THE COMPANY

Information and additional general information on the Company are set out in Section 8 and Appendix 3 of the Offer Document, as well as Appendices II to IV of the Circular.

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6. THE RATIONALE FOR THE OFFER, INTENTION OF THE OFFEROR AND THE LISTING STATUS

The rationale for the Offer, the Offeror's intentions for the Company and the listing status and compulsory acquisition are stated in Sections 9 to 11 of the Offer Document respectively and had been reproduced in italics below. All terms and expressions used in the extract below shall have the same meaning as those defined in the Offer Document, unless otherwise stated.

“9. THE RATIONALE FOR THE OFFER

As a result of the Acquisition as described in Section 1.1 above, the Offeror owned, controlled or agreed to acquire not less than 30% of the total number of Shares as at the Offer Announcement Date. Accordingly, the Offer is being made by the Offeror in compliance with the requirements of the Code.

10. OFFEROR'S INTENTIONS FOR THE COMPANY

10.1. *The Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced, which may involve the disposal or cessation of under-performing businesses and assets, acquisition of new assets and the redeployment of certain employees of the Company and its subsidiaries, in the future. Additionally, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which he may regard to be in the interests of the Group.*

Save as disclosed above, the Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group's fixed assets, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

11. COMPULSORY ACQUISITION AND LISTING STATUS

11.1. **Compulsory Acquisition.** *Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares as at the close of the Offer (other than those already held by the Offeror or his nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from shareholders of the Company who have not accepted the Offer at a price equal to the Offer Price.*

In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations or their respective nominees, comprise 90% or more of the total number of issued Shares as at the close of the Offer, the shareholders of the Company who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Such shareholders of the Company who wish to exercise such a right are advised to seek their own independent legal advice.

The Offeror intends to maintain the listing status of the Company, and presently has no intention of exercising his rights of compulsory acquisition under Section 215(1) of the Companies Act, should it be available to him.

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11.2. **Listing Status.** Pursuant to Rule 1105 of the Listing Manual, upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and his concert parties to above 90% of the total number of issued Shares (excluding Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until such time it is satisfied that at least 10% of the total number of issued Shares (excluding Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of issued Shares (excluding Shares held in treasury), thus causing the percentage of the total number of issued Shares (excluding Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Separately, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of Shares in issue excluding treasury shares is at all times held by the public ("**Free Float Requirement**"). In addition, under Rule 724(1) of the Listing Manual, if the Free Float Requirement is not met, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. In the event that the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror will assess the options available at such time, including but not limited to carrying out a compliance placement exercise after the completion of the Offer."

7. FINANCIAL ASSESSMENT OF THE OFFER

In assessing the terms of the Offer from a financial point of view, we have taken into account the following pertinent factors as well as others in this Letter, which we consider will have a significant bearing on our assessment:

- (i) historical financial performance and position of the Group;
- (ii) the Group's net asset value ("**NAV**") and net tangible assets ("**NTA**");
- (iii) relative valuation analysis;
- (iv) market quotation and trading activities for the Shares;
- (v) comparisons with recently completed non-privatisation mandatory takeover transactions of companies listed on the SGX-ST; and
- (vi) such other relevant considerations which have significant bearing on our assessment.

These factors are discussed in detailed in the ensuing sections.

As at the Latest Practicable Date, the Company only has one (1) class of shares, being ordinary Shares, with equal ranking rights to dividend, voting at general meetings and return of capital. We note from Appendix II of the Circular, that the issued and paid-up share capital of the Company is S\$127,338,850 comprising 27,570,762,183 Shares (excluding treasury Shares), and the Company does not have any treasury Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for and options or derivatives in respect of, the Shares or securities being offered for or which carry voting rights affecting the Shares.

In our assessment of the Offer, we have applied certain valuation ratios for the purposes of evaluating the fairness and reasonableness of the Offer Price. A brief description of such valuation ratios are as follows:–

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- (i) **EV/EBITDA** **“EV”** or **“Enterprise Value”** is defined as the sum of a company’s market capitalisation, preferred equity, minority interests, short term and long term debts less its cash and cash equivalents. **“EBITDA”** stands for earnings before interest, tax, depreciation and amortisation but after share of associates’ and joint ventures’ income but excluding exceptional items.
- The **“EV/EBITDA”** multiple is an earnings-based valuation methodology that does not take into account the capital structure of a company as well as its interest, taxation, depreciation and amortisation charges. Therefore, it serves as an illustrative indicator of the current market valuation of the business of a company relative to its pre-tax operating cash flow and performance.
- (ii) **Price-to-Earnings (“PER”)** The PER is a widely used earnings-based valuation methodology that illustrates the ratio of the current market price of a company’s shares relative to its net earnings per share. Unlike the EV/EBITDA multiple, the PER is based on the net earnings attributable to shareholders after interest, taxation, depreciation and amortisation expenses. As such, the PER is affected by the capital structure of a company, tax position as well as its depreciation and goodwill policies.
- (iii) **Price-to-NTA (“P/NTA”)** The P/NTA ratio is the ratio of the relevant prices of the shares to the net tangible asset value of the relevant companies. It is an asset-based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible asset backing as measured in terms of its NTA value.
- The NTA of a company provides an estimate of its value assuming a hypothetical sale of all its tangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders. The NTA-based approach is widely used for valuing the shares of property-based companies as their tangible asset backings are perceived as providing support for the value of their shares.
- (iv) **Price-to-NAV (“P/NAV”)** The P/NAV ratio is the ratio of the relevant prices of the shares to the net asset value of the relevant companies. It is an asset based valuation methodology that illustrates the ratio of the current market valuation of a company relative to its tangible and intangible asset backing as measured in terms of its NAV value.
- The NAV of a company provides an estimate of its value assuming a hypothetical sale of all its tangible and intangible assets, the proceeds of which are first used to repay the liabilities and obligations of that company with the balance available for distribution to its shareholders.

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7.1 Historical financial performance and position of the Group

The following are extracts from the audited consolidated financial statements of the Group for financial year ended 31 December 2017 (“FY2017”), 31 December 2018 (“FY2018”), FY2019 and the unaudited consolidated financial statements for HY ended 30 June 2019 (“HY2019”) and HY2020:

Summary of income statements

Figures in S\$'000 ⁽¹⁾	Unaudited HY2020	Unaudited HY2019	Audited FY2019	Audited FY2018	Audited FY2017
Revenue	2,115	1,715	4,298	3,920	3,698
Other gains/(losses) - net	33	(16)	(20)	1,126	(711)
Total expenses	(1,821)	(1,708)	(3,491)	(4,485)	(5,126)
Profit/(Loss) before tax	327	(9)	787	561	(2,139)
Profit/(Loss) after tax	54	9	202	75	(2,589)
Profit/(Loss) after tax attributable to owners of the Company	54	9	202	(141)	(2,801)

Summary of statements of financial position

Figures in S\$'000 ⁽¹⁾	Unaudited HY2020	Audited FY2019	Audited FY2018	Audited FY2017
Non-current assets	5,040	5,253	5,030	4,570
Current assets	7,232	7,500	7,288	8,373
Non-current liabilities	6,488	6,540	6,080	1,748
Current liabilities	2,012	2,505	2,887	5,476
Total borrowings ⁽²⁾	5,525	5,941	5,673	2,880
Shareholders' equity	3,772	3,709	3,351	2,869
Net current assets	5,220	4,995	4,401	2,897

Summary of statements of cash flows

Figures in S\$'000 ⁽¹⁾	Unaudited HY2020	Unaudited HY2019	Audited FY2019	Audited FY2018	Audited FY2017
Net cash generated from/(used in) operating activities	355	(239)	831	(118)	(2,102)
Net cash generated from/(used in) investing activities	913	(198)	(488)	(501)	(173)
Net cash (used in)/generated from financing activities	(452)	155	(92)	392	2,729
Cash and cash equivalents at end of year/period	1,755	393	945	674	930

Note:

(1) Figures and computation presented in this section are subject to rounding.

(2) Total borrowings comprise, inter alia, loans from banks, loans from a Shareholder and lease liabilities.

We note the following:-

(i) Financial performance for FY2019, FY2018 and FY2017

The Group's revenue for FY2017 to FY2019 were on increasing trend and were derived from two principal segments, namely sterilisation (whose activities include the provision of contract sterilisation and polymerisation services to food packaging, medical devices, cosmetics raw materials, and consumers products) and property (whose activities include development of properties for sale and long-term holding of properties for rental and related income). The Group's revenue increased from approximately S\$3.7 million in FY2017 to approximately S\$3.9 million and S\$4.3 million in FY2018 and FY2019 respectively.

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For FY2017 to FY2019, the Group's sterilisation activities was the largest contributor to the Group's revenue contributing approximately 97.0% (or approximately S\$3.6 million) in FY2017, approximately 99.3% (or approximately S\$3.9 million) in FY2018 and approximately 98.0% (or approximately S\$4.2 million) in FY2019. The second largest contributor to the Group's revenue was the Group's property business (rental income and/or property management fees), which contributed approximately 3.0% (or approximately S\$0.1 million) in FY2017, approximately 0.7% (or approximately S\$27 thousand) in FY2018 and approximately 2.0% (or approximately S\$87 thousand) in FY2019.

The Group reported net other losses of approximately S\$20 thousands in FY2019, which comprised currency exchange loss of approximately S\$51 thousands and was partially offset by miscellaneous income of S\$18 thousand.

The Group reported a net other gain of approximately S\$1.1 million in FY2018 and a net other loss of approximately S\$0.7 million in FY2017. Net other gains of approximately \$1.1 million for FY2018 was made up of a gain on dissolution of a dormant subsidiary of approximately S\$0.9 million, currency exchange gain of approximately S\$0.2 million, and miscellaneous income of approximately S\$32 thousand. Whereas, the net other loss of approximately S\$0.7 million in FY2017 was mainly due to loss on striking-off of a dormant subsidiary.

The Group's total expenses have declined from approximately S\$5.1 million in FY2017 to approximately US\$4.5 million and S\$3.5 million in FY2018 and FY2019 respectively. The decline was mainly attributable to lower employee benefits (declined from approximately S\$2.4 million in FY2017 to approximately S\$1.7 million in FY2019) and lower other expenses (declined from approximately S\$2.6 million in FY2017 to approximately S\$1.5 million in FY2019).

The Group recorded a loss after tax attributable to the owners of the Company of approximately S\$2.8 million and S\$0.1 million for FY2017 and FY2018 respectively but recorded a profit after tax attributable to the owners of the Company of approximately S\$0.2 million for FY2019.

(ii) Financial performance for HY2020 vs. HY2019

The Group's revenue increased from approximately S\$1.7 million in HY2019 to approximately S\$2.1 million in HY2020. The Group's revenue for HY2020 was attributed solely from the sterilisation business segment. The Group reported net other gain of approximately S\$33 thousands in HY2020 as compared to net other loss of approximately S\$16 thousands in HY2019. The net other gain of approximately S\$33 thousands in HY2020 was mainly attributed to approximately S\$20 thousands Singapore government subsidy received for Job Support Scheme and approximately S\$11 thousands validation test income generated by sterilization business. Whereas the net other losses of approximately S\$16 thousands in HY2019 was mainly attributed to currency exchange loss of approximately S\$26 thousands and was partially offset by miscellaneous income of approximately S\$9 thousands and interest income of approximately S\$1 thousands.

The Group's total expenses increased from approximately S\$1.7 million in HY2019 to approximately S\$1.8 million in HY2020. The increase in the Group's total expenses in HY2020 was attributable to an increase of approximately S\$0.1 million in other expenses (due to higher provision of withholding tax and directors fees) and an increase of approximately S\$7 thousands in raw materials and consumables used, which was partially offset by a reduction of approximately S\$21 thousands in finance cost in view of lower bank loans during HY2020.

The Group recorded profit after tax attributable to the owners of the Company of approximately S\$54 thousands in HY2020, which is an improvement over the profit after tax attributable to the owners of the Company of approximately S\$9 thousands in HY2019.

(iii) Assets and liabilities

As at 30 June 2020, the Group's total assets of approximately S\$12.3 million comprised non-current assets of approximately S\$5.0 million and current assets of approximately S\$7.3 million. The Group's non-current assets as at 30 June 2020 mainly comprised property and equipment of approximately S\$4.6 million (being renovations, furniture and fittings, office, computer and other equipment, freehold

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land and freehold building, cobalt isotope, motor vehicle and construction in-progress) and deferred tax assets of approximately S\$0.4 million.

The Group's current assets as at 30 June 2020 mainly comprised development property (being leasehold land in Selangor, Malaysia) of approximately S\$4.5 million, cash and bank balances of approximately S\$1.8 million, trade and other receivables of approximately S\$0.7 million, other financial assets of approximately S\$0.1 million, and other current assets and grant receivable of approximately S\$90 thousand.

The Group's total liabilities as at 30 June 2020 amounted to approximately S\$8.5 million and comprised non-current liabilities of approximately S\$6.5 million and current liabilities of approximately S\$2.0 million. The Group's non-current liabilities as at 30 June 2020 comprised defined benefit plan of approximately S\$1.3 million, and non-current portion of borrowings (including lease liabilities) of approximately S\$5.2 million. The Group's current liabilities as at 30 June 2020 comprised trade and other payables of approximately S\$1.5 million, current portion of borrowings (including lease liabilities) of approximately S\$0.4 million, current income tax liabilities of approximately S\$0.1 million, and deferred income of approximately S\$15 thousand.

(iv) Net current assets

The Group recorded positive net current assets during the period reviewed, and the net current assets position has improved from approximately S\$2.9 million as at 31 December 2017 to approximately S\$4.4 million, S\$5.0 million and S\$5.2 million as at 31 December 2018, 31 December 2019 and 30 June 2020 respectively.

The significant improvement in net current assets position in FY2018 was mainly due to a decline of approximately S\$1.2 million in trade and other payables (mainly due to repayment of withholding taxes of approximately S\$0.5 million to IRAS and reclassification of debt owing to third party to equity due to a novation of said debt to a subsidiary of the Group, amounting to approximately S\$1.0 million) and a reduction of approximately S\$1.5 million in current portion of borrowings.

The improvement in the Group's net current assets position in FY2019 was due to an increase of approximately S\$0.2 million in current assets (arising mainly from higher cash and bank balances in view of the net cash flow generated operating activities which was partially offset by the net cash flow used in investing and financing activities) and a decline of approximately S\$0.4 million in current liabilities (arising mainly from lower other payables related to professional fees and general legal advice).

The improvement in the Group's net current assets position in HY2020 was mainly due to a decline of approximately S\$0.5 million in current liabilities (arising mainly from lower trade and other payables in view of the reversal of the deposit paid for the asset held for sale, as well as lower current portion of borrowings and current income tax liabilities), which was partially offset by a decline of approximately S\$0.3 million in current assets (arising from, *inter alia*, completion of the sale of asset held for sale).

(v) Gearing

The Group's total borrowings comprises loans from banks, loans from a Shareholder and lease liabilities and have increased from approximately S\$2.9 million as at 31 December 2017 to approximately S\$5.7 million and S\$5.9 million as at 31 December 2018 and 31 December 2019 respectively. Subsequently, the Group's total borrowings declined to approximately S\$5.5 million as at 30 June 2020 and consisted of loans from banks of approximately S\$0.6 million (secured by freehold land and a building of PT Rel-ion Sterilization Services), loans from a Shareholder of approximately S\$4.8 million (unsecured, interest-bearing, and will mature on 31 December 2021) and lease liabilities of approximately S\$0.1 million.

We note that the loan from Ultimate Horizon has increased substantially from approximately S\$1.0 million as at 31 December 2017 to approximately S\$4.8 million as at 30 June 2020.

The Directors confirmed that there have been no instances of breach of financial covenants in relation to the Group's borrowings during the period reviewed, being FY2017 to HY2020.

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It is noted that the shareholders' equity of the Group has increased from approximately S\$2.9 million as at 31 December 2017 to approximately S\$3.4 million, S\$3.7 million and S\$3.8 million as at 31 December 2018, 31 December 2019 and 30 June 2020 respectively. The increase was mainly due to the profits booked during FY2019 and HY2020 as well as movement in reserves.

The Group's gearing ratio stood at approximately 1.0 time, 1.7 times, 1.6 times, and 1.5 times as at 31 December 2017, 31 December 2018, 31 December 2019, and 30 June 2020 respectively.

(vi) Negative operating cash flow and reliance on financing activities

We note from the Group's consolidated statements of cash flow that the Group's operating activities have been generally consuming cash in FY2017, FY2018 and HY2019 save for FY 2019 and HY2020 whereby the Group generated positive net cash flow of approximately S\$0.8 million and S\$0.4 million from its operating activities respectively.

Further, we note that during FY2017 and FY2018, the Group had been relying heavily on cash flow generated from its financing activities to sustain its operations and investment activities. Subsequently, the Group's operating activities generated positive net cash flow in FY2019 and HY2020 and also generated positive net cash flow from investing activities in HY2020 (mainly due to proceeds from disposal of assets held for sale).

(vii) The Directors further confirmed that, to the best of their knowledge, as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the audited financial statements for the Group for FY2019 and the unaudited financial statements for the Group for HY2020, as well as the announcements released on the SGX-NET, there has been no material changes to the Group's assets and liabilities, financial position, condition and performance.

(viii) Outlook

In the Group's results announcement for HY2020 (section 13), the Company stated the following commentary on the significant trends and competitive conditions of the industry in which the Group operates and factors or events that may affect the Group in the next reporting period and the next 12 months:-

"The performance of the sterilization segment of the Group has been consistent. Barring any unforeseen circumstances, we do not expect any substantial variation in its performance. Below are updates on the Group's operations:

(a) Proposed acquisition of Samadhi Retreats Pte Ltd

On 16 July 2018, the Company entered into a conditional sale and purchase agreement with Asaro Federico and Baffyn International Corp in respect of the proposed acquisition of all the 100 ordinary shares representing the entire issued and paid-up capital of Samadhi Retreats Pte Ltd (the "Sale Shares") for an aggregate consideration of S\$43.8 million (the "Proposed Acquisition").

On 16 October 2018, it was announced that the supplemental sale and purchase agreement was to amend, modify and supplement, inter alia, the principal terms of the sales and purchase agreement (SPA). The proposed acquisition shall be revised to the sum of S\$35 million. Samadhi Retreats (Private) Limited and Cheeva Na Tara Company Limited will not be included in the Samadhi Group acquisitions as they have yet to commence any businesses or operations.

The Proposed Acquisition constitutes a major transaction under Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited, and may change the profile of the Company as it represents a diversification of the scope of the existing business of the Group (the "Proposed Diversification"). Accordingly, the Proposed Acquisition is subject to the approval of the shareholders of the Company ("Shareholders").

The Company will convene an extraordinary general meeting ("EGM") to seek the approval of Shareholders for the Proposed Acquisition. The circular containing inter alia, further information on the

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Proposed Acquisition and the Proposed Diversification and enclosing the notice of EGM therewith, will be despatched by the Company to Shareholders in due course.

On 4 April 2019, the Company announced that the Conditions Precedent have not been fulfilled or waived by the extended long-stop date of 31 March 2019. The Company is currently in the midst of negotiations with the Vendors on the Proposed Acquisition but have yet to agree on any further extension of time for Completion.

The Company will make such further announcements at the appropriate juncture, as and when there are material developments in relation to the Proposed Acquisition.

(b) Updates on Legal Proceeding in relation to Raintree Rock Sdn Bhd (“Raintree”)

On 26 April 2016, the Company announced via SGXNET that Raintree, a wholly owned subsidiary of Blumont Group Ltd., had been notified that it had on 22 April 2016, been served with a writ of summons and statement of claim filed in the High Court of Malaya in Kuala Lumpur to take steps to effect rectification of the strata title to the property, an order for specific performance by Raintree, subject to the Court varying certain terms of the Agreement dated 15 September 2015 for the sale of a property in Kuala Lumpur, 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 High Court had directed the parties to explore the possibility of reaching an amicable settlement. The next case management has been scheduled on 19 August 2019 for the parties to update the Court on the status of settlement.

On 4 October 2019, the Company announced that the legal proceedings in respect of Raintree has ceased as all parties have reach a mutual agreement and received a Consent Judgement from the High Court in Malaysia. Under the Consent Judgement, Raintree will complete the sale of the property to the Plaintiffs at the agreed original selling price, and the Plaintiffs and OneSentral Park Sdn Bhd will pay all outstanding rental to Raintree as well as future rental until payment for the sale of property is completed.

On 3 April 2020, the Company announced that Raintree has completed the sale of property on 24 February 2020 and received payment of the purchase price of RM3 million on 17 March 2020.

The Company has been informed by its solicitors in Malaysia that they have also received a cheque for the further sum of RM15,632.29 from the purchasers’ solicitors on 12 March 2020, being the purchasers’ rental and apportionment of the outgoings in relation to the property pursuant to the Consent Judgment, which is still pending clearance due to the effects of the Movement Control Order currently in force in Malaysia. The cheque was subsequently received by Raintree on 19 May 2020.”

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7.2 The Group's NAV and NTA Analysis

The NAV based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities of the company and minorities' interests. The NAV based approach is meaningful as it shows the extent to which the value of each share is backed by both tangible and intangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NAV based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (including but not limited to any intangible assets, land use rights, goodwill, trademarks and brand names) in an orderly manner or over a reasonable period of time and at the aggregate value of the assets used in the computation of the NAV, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group with the balance to be distributed to its shareholders. However, the NAV approach does not take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. In addition, it does not illustrate the values at which assets may actually be realised or disposed of.

The NTA based approach of valuing a company or group is based on the aggregate value of all the assets of the company in their existing condition, after deducting the sum of all liabilities, minority interest and intangible assets of the company. The NTA based approach is meaningful as it shows the extent to which the value of each share is backed by tangible assets and would be relevant in the event that the company or group decides to realise or convert the use of all or most of its assets. The NTA based approach in valuing a company may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets (other than intangible assets) in an orderly manner over a reasonable period of time at the aggregate value of the assets used in the computation of the NTA, the proceeds of which are used to settle the liabilities, minority interest and obligation of the company or group, with the balance to be distributed to its shareholders. However, the NTA based approach does not take into account or consideration the presence of any intangible assets including but not limited to (where applicable) goodwill, trademarks and brand names nor does it take into account the hypothetical sale of assets in a non-orderly manner or over a short period of time. It does not illustrate the values of which assets may actually be realised or disposed of.

NAV and NTA of the Group

In assessing the Offer Price of S\$0.0004 for each Offer Share, in relation to the NAV and NTA per Share of the Group as at 30 June 2020, we have reviewed the unaudited consolidated statement of financial position of the Group as at 30 June 2020 to determine whether there are any assets that are of an intangible nature and as such would not appear in a valuation based on the NTA approach, but would be included in the NAV approach. Save as disclosed in the unaudited balance sheet of the Group as at 30 June 2020 as well as the Circular, the Directors have confirmed, that as at the Latest Practicable Date, to the best of their knowledge and based on disclosures made available to them, there are no other intangible assets or tangible assets which ought to be disclosed in such unaudited statement of financial position as at 30 June 2020 in accordance with Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible or tangible assets would have had a material impact on the overall financial position of the Group as at Latest Practicable Date.

The Directors have also confirmed that as at the Latest Practicable Date, there were no material contingent liabilities, bad or doubtful debts or unrecorded earnings or expenses or assets or liabilities which could have a material impact on the NAV or NTA of the Group as at 30 June 2020, save as disclosed in the unaudited financial statements of the Group as at 30 June 2020 and the Circular. In addition, the Directors are of the opinion that save as disclosed in the Circular, the values of the assets (other than those for which valuation has been conducted, where applicable), and liabilities as well as financial performance or condition of the Group as disclosed and reflected in the unaudited financial statements of the Group as at 30 June 2020 are true and fair. Lastly, the Directors confirmed that, to the best of their knowledge or belief, such information is true, complete and accurate in all respects and that there is no other information or fact, the omission of which would render those statements or information, including our references, as well as analysis of such information to be untrue, inaccurate or incomplete or misleading in any respect.

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Unaudited Consolidated Statement of Financial Position for the Group as at 30 June 2020⁽¹⁾	S\$'000
<u>Non-Current Assets</u>	
Property and equipment (“ Property and Equipment ”)	4,638
Deferred tax assets	402
	5,040
<u>Current Assets</u>	
Cash and bank balances	1,755
Other financial assets	120
Trade and other receivables	742
Other current assets	81
Grant receivable	9
Development property (“ Development Property ”)	4,525
	7,232
<u>Non-Current Liabilities</u>	
Defined benefit plan	1,334
Borrowings	5,074
Lease liabilities	80
	6,488
<u>Current Liabilities</u>	
Trade and other payables	1,515
Borrowings	322
Deferred income	15
Lease liabilities	49
Current income tax liabilities	111
	2,012
NAV including non-controlling interests as at 30 June 2020	3,772
Non-controlling interest	-
NAV attributable to owners of the Company as at 30 June 2020	3,772
Less: Intangible asset	-
NTA attributable to owners of the Company as at 30 June 2020	3,772
NAV and/or NTA per Share as at 30 June 2020 (S\$)⁽²⁾	0.00014
Offer Price (S\$)	0.0004
Premium of Offer Price over the Group's NAV and/or NTA per Share as at 30 June 2020	192.4%

Notes:

(1) The figures above are based on the Group's unaudited financial statements for HY2020. Figures and computations above are subject to rounding.

(2) Figures are computed based on the Company's issued Share capital of 27,570,762,183 Shares as at the Latest Practicable Date.

For illustrative purposes only, the Offer Price represents a significant premium of approximately 192.4% over the Group's NAV and/or NTA per Share as at 30 June 2020.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or properties of the Group can be disposed of at the estimated values indicated above and that after payment

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of, *inter alia*, all liabilities and obligations, the values or amounts as indicated is realisable or distributable to Shareholders.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time and is only relevant, *inter alia*, in the event that the Group decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Group as a going concern nor can it capture or illustrate any value for the Group's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realised or disposed.

Revalued NAV and NTA of the Group

In our evaluation of the Offer Price, we have also considered whether there are any assets which should be valued at an amount that is materially different from that which are recorded in the unaudited balance sheet of the Group as at 30 June 2020.

The Directors have represented and confirmed that for the internal accounting reference purposes, they had commissioned two Independent Valuers named in the Circular, being the Development Property independent valuer ("**Development Property Independent Valuer**") to determine the market value of the Group's Development Property, and the Property and Equipment independent valuer ("**Property and Equipment Independent Valuer**") to determine the market value and/or the fair value of selected Property and Equipment of the Group as at the relevant valuation dates. We note from the Circular that the valuation reports issued by the Independent Valuers are not prepared specifically for the purposes of and in connection with the Offer. Nevertheless, the Directors have confirmed that each of the Independent Valuers has given consent for references to and/or use of the market value of the Group's Development Property, or the fair value of the selected Property and Equipment of the Group, to the Directors who then have the liberty to disclose such valuation to us in connection with their bases for their representation.

We recommend that the Directors advise Shareholders to note and review carefully the contents of the valuation reports (which are made available for inspection) in its entirety including the assumptions made and the basis for assumptions

The Directors have represented and confirmed that for the purposes of the Company's Annual Report for FY2019, they had commissioned the two Independent Valuers to determine the market value and/or the fair value of the certain designated assets of the Group comprising mainly development property, and selected property and equipment ("**Selected Property and Equipment**") under its wholly owned subsidiary, PT Relion Sterilization Services (collectively, the "**Appraised Assets**") as at 31 December 2019 and updated (where applicable) as at 16 November 2020 ("**Development Property Valuation Date**") for the Development Property and as at 30 November 2020 ("**Selected Property and Equipment Valuation Date**") for the Selected Property and Equipment.

Based on, *inter alia*, confirmations from the Independent Valuers, the Directors are of the view that the Appraised Assets of the Group or the estimated valuations as at the Latest Practicable Date would not be materially different from that of the their respective valuation dates, and are fairly stated.

In addition, the Directors have represented and confirmed that: (i) the Independent Valuers have no present or contemplated interest in the Appraised Assets which are the subject of the relevant valuation reports and are acting independent of all parties; (ii) the directors and substantial shareholders of Independent Valuers are not related to the Company and its subsidiaries, the Offeror and his concert parties and, where applicable, their respective directors or substantial shareholders, and the Company and its Directors and substantial Shareholders; and (iii) the Independent Valuers have no other dealings in relation to the Shares, and Appraised Assets other than the valuation of the Appraised Assets undertaken for the Company.

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Information on the Appraised Assets

The Management has represented that the Appraised Assets with an aggregate net book value of approximately S\$8.8 million as at 30 June 2020 (as compared to total assets for the Group of approximately S\$12.3 million or approximately 71.4% of the total assets of the Group as at 30 June 2020), comprises:

- (a) Development Property being leasehold land located at Lot No.1719, Section 13, Town of Shah Alam, District of Petaling, Selangor Darul Ehsan, Malaysia with a net book value of approximately S\$4.5 million as at 30 June 2020 (or approximately 36.9% of the total assets of the Group as at 30 June 2020). It is noted that on 4 December 2015, the Group entered into a joint venture arrangement (“**JVA**”) with a third party (the “**Developer**”) to undertake a mixed development on a piece of leasehold land held by the Group (“**JV Land**”). The Developer has agreed to pay the Group either 20% of the gross sales value from the project or the sum of RM25.0 million (equivalent to S\$8.2 million) guaranteed minimum consideration, whichever is higher (the “**JV Consideration**”). The payment shall be paid by the Developer on or before the project completion date. The JVA also provides that the Developer shall pay the Group an initial sum of RM0.5 million (S\$0.2 million) which shall constitute part of the JV Consideration.

As at 4 September 2017, the JVA had lapsed and ceased effectively.

The Directors and the Management represented and confirmed that despite the intention to undertake development plans for the leasehold land and the fact that it has been classified as Development Property in the Group’s financial statements, as at the Latest Practicable Date, the said leasehold land is vacant and the developer order which was previously obtained in October 2017 has since lapsed. As at the Latest Practicable Date, the Directors confirmed that there is no concrete development plan for the Development Property and that the value of the Development Property as illustrated below are representative of current status of the land.

- (b) Selected Property and Equipment under PT Rel-ion Sterilization Services (comprising, *inter alia*, freehold land, freehold building, site improvement, cobalt isotope, machinery and equipment and motor vehicles) with a net book value of approximately S\$4.2 million as at 30 June 2020 (or approximately 34.5% of the total assets of the Group as at 30 June 2020).

The aggregate net book value of the Appraised Assets accounted for approximately 71.4% of the Group’s total assets as at 30 June 2020. The Management represented and confirmed that the remaining Property and Equipment (with a net book value of approximately S\$0.4 million as at 30 June 2020), for which no valuation has been commissioned, consist of, *inter alia*, leasehold property, renovations, and furniture and fittings. The Directors further confirmed that, to their best knowledge and belief, as at the Latest Practicable Date, on an aggregate basis, there are no material differences between the estimated market value of the remaining Property and Equipment highlighted above for which no valuation was obtained and their respective book values. The Directors confirmed that they are aware of and satisfied with the selection of the Appraised Assets for the valuation exercise.

The Directors have represented and highlighted the following in connection with the market values of the Appraised Assets:-

Development Property

The Directors’ bases for their assumptions for the estimated market value of the Development Property as at Development Property Valuation Date are premised, *inter alia*, on the Development Property Independent Valuer basis of valuation for the Development Property, being the market value as ascribed by the Development Property Independent Valuer as at the Development Property Valuation Date. This is the amount a property would bring if offered for sale in the open market at the date of valuation under circumstances that meet the requirements of the market value definition. To estimate market value, the Development Property Independent Valuer must first estimate the highest and best use, or most probable use. That use may be for the continuation of a property’s existing use or some other alternative. We note that the determinations are made from market evidence.

Market value is therefore defined by the Malaysian Valuation Standards Sixth Edition 2019 (Standard 4.3.1) as follows:-

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“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion.”

The methods of valuation are the means to arrive at an opinion of value after having ascertained all relevant facts pertaining to the Development Property. For these we note that the Directors have relied on the Development Property Independent Valuer adoption of the market/comparison approach for the development property.

In the context of the Development Property, the market/comparison approach entails comparing the subject property with market evidences of identical or comparable properties for which price information is available, such as a comparison with market transactions in the same, or closely similar, type of property within an appropriate time horizon. The market approach should be applied and afforded significant weight under the following circumstances:-

- (i) The subject asset/property has recently been sold in a transaction appropriate for consideration under the basis of value;
- (ii) The subject asset/property or substantially similar assets are actively publicly traded; and/or
- (iii) There are frequent and/or recent observable transactions of similar assets/properties.

Selected Property and Equipment under PT Rel-ion Sterilization Services

For the Selected Property and Equipment, the Directors estimates for market value as at 30 November 2020 (“**Estimated Fair Value Date**”) is premised on, *inter alia*, the fair value (“**Fair Value**”) as ascribed by the Property and Equipment Independent Valuer as at Selected Property and Equipment Valuation Date.

The basis for valuation relied on by the Directors and used by the Property and Equipment Independent Valuer is Fair Value. Fair Value is defined as an estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (Indonesian Valuation Standard 102 point 3.17)

The valuation approach that the Property and Equipment Independent Valuer has used in the valuation is cost approach, with, *inter alia*, the following reason:

- Market data of similar land is still available.
- The new reproduction cost and depreciation of buildings and site improvement can be analyzed/calculated
- The new reproduction cost and depreciation of similar machinery and equipment can be analyzed/calculated
- For vehicle, the Property and Equipment Independent Valuer used the Market Approach, for the reason that similar and comparable market data are still available.

Computation of the Revalued NAV and/or NTA

We have not made any independent evaluation or appraisal of the Group’s assets and with respect to such valuation, we are not experts in the evaluation or appraisal of the Appraised Assets and have relied on the opinion of and confirmation from the Directors that, to their best knowledge and belief, as at the Latest Practicable Date, on aggregate basis, there are no material differences between the estimated market value of the remaining property and equipment highlighted above for which no valuation was obtained and their respective book value.

We understand that the Directors having reviewed the valuation reports issued by the Independent Valuers (*inter alia*, the assumptions, methodology used and information relied upon by the Independent Valuers) as

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a whole and for which they have relied on to provide the estimates in this Section, are of the opinion that the assumptions and methodology used by the Independent Valuers are reasonable.

The Directors and Management have represented and confirmed the following:-

- (i) The aggregate market value of the Group's Development Property as ascribed by Development Property Independent Valuer as at the Development Property Valuation Date is approximately RM28.0 million (or equivalent to approximately S\$9.2 million based on the exchange rate of S\$1:RM3.05 as at the Latest Practicable Date). Based on, *inter alia*, confirmations from the Development Property Independent Valuer, that the valuation for the Development Property as at the Latest Practicable Date would not be materially different from its valuation date, the Directors are of the view that the values for the Development Property of approximately S\$9.2 million as stated in this Letter and where applicable in the Circular are fairly stated.
- (ii) In connection with the Development Property, despite the earlier intentions to undertake development plans for the leasehold land and the fact that it has been classified as Development Property in the Group's financial statements, as at the Latest Practicable Date, the said leasehold land is vacant and the developer order which was previously obtained in October 2017 has since lapsed. As at the Latest Practicable Date, the Directors confirmed that there is no concrete development plan for the Development Property. In addition, the Directors represented and confirmed that, notwithstanding there are no concrete plans now to develop the land, in the event that there are plans to develop the land, (and after taking into account that, had development been completed and ready for occupation, and the estimated total cost including, *inter alia*, carrying charges of completing the development), the revaluation surplus (after deducting potential tax liabilities) arising from the Development Property and Appraised Assets, may likely have been higher and accordingly, the premium implied by the Offer Price from the Group's RNAV and/or RNTA per Share would have been lower.
- (iii) Development Property Independent Valuer was not commissioned to ascertain the value after development of the said Development Property had been completed and ready for occupation and the estimated total cost including carrying charges of completing the development. The Directors are satisfied that given, *inter alia*, the status of development, lapse of JVA and requirements for financing, the ascribed market value of the development land and the bases for such valuation is reasonable.
- (iv) The estimated fair value or Estimated Fair Value of the Group's Selected Property and Equipment as at the Selected Property and Equipment Valuation Date, (based on the Fair Value as ascribed by Property and Equipment Independent Valuer as at the 30 November 2020 and after making such adjustments in accordance to accepted accounting policies and assumptions on depreciation) is approximately IDR79.6 billion (or equivalent to approximately S\$7.5 million based on the exchange rate of S\$1:IDR10,571 as at the Latest Practicable Date).

Based on the information provided by the Management, we note that the aggregate net book value of the Appraised Assets is approximately S\$8.8 million as at 30 June 2020 and the aggregate market values of the Development Property and the Estimated Fair Value for the Selected Property and Equipment is approximately S\$16.7 million as at the Latest Practicable Date.

In addition, we note that the Group holds investments in Singapore listed equities which are booked under other financial assets (the "**Other Financial Assets**") amounting to approximately S\$120 thousands in aggregate as at 30 June 2020. The Directors and the Management represented and confirmed that the estimated market value of the Other Financial Assets is approximately S\$120 thousands as at the Latest Practicable Date.

For illustrative purposes only, the revaluation surplus for the Appraised Assets have been calculated and presented in the table below assuming the hypothetical sale of Appraised Assets at such values as represented by the Directors above. The Directors represented and confirmed that to the best of their knowledge and based on the information made available to them by the Management, based on the valuation reports, the potential tax liability that may be incurred by the Company on the hypothetical disposal of the Appraised Assets is approximately S\$1.9 million and that as at the Latest Practicable Date the Company has no intention to sell or redeploy the Appraised Assets.

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Revalued NAV (“RNAV”) and/or Revalued NTA (“RNTA”)	S\$’000
Market value for Development Property	9,192
Estimated Fair Value for Selected Property and Equipment	7,530
Net book value of Development Property (as at 30 June 2020)	4,525
Net book value of Selected Property and Equipment (as at 30 June 2020)	4,238
Aggregate Market Value and/or Fair Value of the Appraised Assets	16,723
Less: Net book value of the Appraised Assets (as at 30 June 2020)	(8,763)
Revaluation surplus from the Appraised Assets	7,960
NAV of the Group as at 30 June 2020	3,772
Add: Revaluation surplus from the Appraised Assets	7,960
Less: Potential tax liability ⁽¹⁾	(1,942)
RNAV and/or RNTA⁽³⁾	9,790
RNAV and /or RNTA per Share (S\$)⁽²⁾	0.000355
Offer Price (S\$)	0.0004
Premium of Offer Price over the RNAV and/or RNTA per Share	12.6%

Notes:

- (1) *The figure for potential tax liability has been provided and confirmed by the Directors and Management.*
- (2) *The figures are computed based on the Company’s issued Share capital of 27,570,762,183 Shares as at the Latest Practicable Date.*
- (3) *The RNAV and/or RNTA are the Directors’ estimates based on assumptions as stipulated in this letter.*

Based on the table above, after taking into account the market value and/or the fair value of the Appraised Assets and the potential tax liability, the Group’s RNAV and/or RNTA amounted to approximately S\$9.8 million (or approximately S\$0.000355 per Share). Hence, the Offer Price of S\$0.0004 for each Offer Share represents a premium of approximately 12.6% over both the Group’s RNAV and/or RNTA per Share.

The Directors have represented and confirmed that in the event that the revaluation surplus in connection with the Development Property had been computed based on the value after the development had been completed and the said development ready for occupation, and after taking into account the estimated total cost including carrying charges of completing the development, the revaluation surplus from Appraised Assets would have been higher. Accordingly, the premium as implied by the Offer Price over the Group’s RNAV and/or RNTA per Share would have been significantly lower. In addition, the Directors have also represented that the net book values for the Development Property as at 30 June 2020 will be similar and not materially different as at the Latest Practicable Date.

We wish to highlight that although the RNAV and/or RNTA shown above include revaluation surplus on the Appraised Assets, Independent Shareholders should note that the Group has not realised the surplus on the Appraised Assets as at the Latest Practicable Date, and that there is no assurance that the revaluation surplus eventually recorded by the Group on the Appraised Assets as described above (in the event, *inter alia*, they are disposed) will be the same as that indicated above.

The above computations and analysis are meant as an illustration and it does not necessary mean or imply that the net realisable value of the Group is as stated above. It also does not imply that the assets or properties of the Group can be disposed of at the estimated value indicated above, and that after payment of all liabilities and obligations, the values or amounts as indicated for the respective types of NTA (where applicable) and is realisable or distributable to the shareholders of the Group.

It should be noted that the NTA basis of valuation provides an estimate of the value of a hypothetical sale of all its tangible assets over a reasonable period of time, and is only relevant in the event that the Company decides to change the nature of its business or to release or convert the uses of all its assets. The NTA basis of valuation, however, does not necessarily reflect the value of the Company as a going concern nor can it

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capture or illustrate any value for the Company's goodwill or branding. In addition, it does not illustrate the values at which the assets may actually be realised or disposed.

7.3 Relative valuation analysis

In evaluating the Offer Price, we have had discussions with the Directors and Management and searched for publicly listed companies that may be broadly comparable to the Group in terms of the core business. We would like to highlight that as represented and confirmed by the Directors and Management, there is no listed sterilisation business (which contributes the bulk of, *inter alia*, the Group's revenues), and which may be directly comparable to the core businesses of the Group or directly comparable to the Group in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, customers and suppliers, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria. We wish to highlight that even if there may be a comparable company, it may be difficult to place reliance on the comparison of valuation statistics for the such selected comparable companies as the businesses of such selected comparable companies, its capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of their shares and the demand/supply conditions for these shares and that of the Group may differ. As such, the Company has not been able to provide possible benchmarks or peer analysis for comparative valuation.

As such, our analysis in this Letter is necessarily limited.

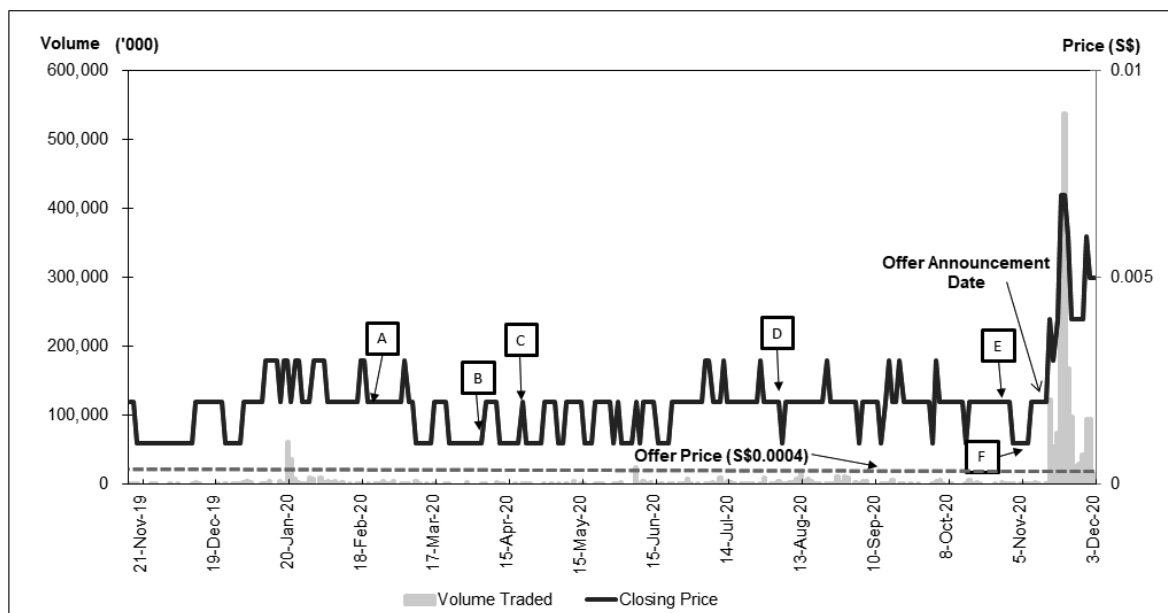
Notwithstanding, we note that:

- (i) The valuation of the Group (as implied by the Offer Price) in terms of last twelve months ended 30 June 2020 ("LTM") EV/EBITDA is approximately 7.2 times.
- (ii) The valuation of the Group (as implied by the Offer Price) in terms of LTM PER is approximately 44.6 times.
- (iii) The valuation of the Group (as implied by the Offer Price and NAV or NTA per Share) in terms of both P/NAV and P/NTA ratios, as at 30 June 2020 is approximately 2.9 times.
- (iv) The valuation of the Group (as implied by the Offer Price and RNAV or RNTA per Share) in terms of both P/NAV and P/NTA ratios, as at the Latest Practicable Date is approximately 1.1 times.

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7.4 Market quotation and trading activities for the Shares

The historical price and volume charts for the Shares (based on the closing prices together with the number of Shares traded on a daily basis) for the period commencing from 18 November 2019 (being the Market Day 12 months prior to the Offer Announcement Date) and ending on the Latest Practicable is set out below:–



Source: Bloomberg

Notes:

- A. 26 February 2020 – Announcement of financial results for FY2019.
- B. 3 April 2020 – Announcement on, *inter alia*, completion of the sale of property by Raintree Rock Sdn. Bhd., receipt of payment of consideration for the said sale and cheque for rental and apportionment of outgoings in relation to the property.
- C. 21 April 2020 – Announcement on change of auditors.
- D. 6 August 2020 – Announcement on financial results for HY2020.
- E. 2 November 2020 – Announcement on cessation of Lee Tak Meng as Executive Director and Chief Executive Officer.
- F. 6 November 2020 – Announcement on appointment of Alan Chin Yu as Executive Director.

Shareholders should note that as the Offer Price is lower than the lowest possible trading price and the minimum bid and ask price for shares listed on the SGX-ST of S\$0.001, the Offer Price is at substantial discounts from historical prices for Shares traded.

For the period commencing from 18 November 2019 and ending on the Offer Announcement Date (both dates inclusive), we note that the Shares were traded on 164 Market Days out of a total 251 Market Days (or approximately 65.3%) and the prices for the Shares during the said period were always higher than the Offer Price. For the Offer Announcement Date, the closing prices for the Shares was at S\$0.002 for each Share. Shareholders should note that as the minimum bid and ask price (a “tick”) is S\$0.001 each on the SGX-ST quotation system, a one tick movement upwards (and downwards) from S\$0.002 for each Share may imply an increase or decrease of 50% (and 50%) respectively for the Shares.

For the period commencing on the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date, the Shares were traded on 13 Market Days out of a total 13 Market Days and the prices for the Shares were underpinned by the announcement of the Offer and increased by approximately 150.0% from S\$0.002 as at 16 November 2020, to close at S\$0.005 as at the Latest Practicable Date. Likewise, the prices for the Shares during the period commencing on the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date were always higher than the Offer Price.

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As a general market comparison and observation, the FTSE Straits Times Index (“**FTSE STI**”) declined by approximately 15.7% for the period commencing from 18 November 2019 and ending on 16 November 2020, being the Offer Announcement Date. The FTSE STI then increased by approximately 2.7% from the Market Day immediately after the Offer Announcement Date to the Latest Practicable Date. We observed that the Shares appear to have outperformed against the FTSE STI for the period commencing from 18 November 2019 and ending on 16 November 2020 (being the Offer Announcement Date) and for the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date. The outperformance of the Shares vis-à-vis the FTSE STI should be assessed in conjunction with the fact that the lowest possible trading price for shares listed on the SGX-ST is S\$0.001 and the minimum bid and ask price is S\$0.001 each on the SGX-ST quotation system, and such, one tick movement may imply a significant increase or decrease (as may be applicable) in percentage terms for the Shares.

The above chart and the analysis below is presented for illustrative purposes only, and they are by no means representative of the future trading performance or prices for the Shares.

The volume-weighted closing price (“**VWAP**”), the highest and lowest transacted prices and the average daily trading volume for the Shares, for the period commencing from 18 November 2019 to the Latest Practicable Date are set out below:-

	VWAP per Share⁽¹⁾ (S\$)	Discount of the Offer Price from VWAP per Share (%)	Lowest transacted price (S\$)	Highest transacted price (S\$)	Average daily trading volume⁽²⁾ (Shares)	Average daily trading volume as % of free-float⁽³⁾ (%)
For the period 12 months prior to the Offer Announcement Date						
Last 12 months	0.0022	(82.1)	0.001	0.004	2,645,252	0.049
Last 6 months	0.0020	(80.0)	0.001	0.003	2,410,381	0.045
Last 3 months	0.0021	(80.6)	0.001	0.003	2,197,611	0.041
Last 1 month	0.0019	(79.4)	0.001	0.003	752,587	0.014
Last transacted price on 16 November 2020 (being the Offer Announcement Date) ⁽⁴⁾	0.0020	(80.0)	0.002	0.003	110,200	0.002
For the period commencing on the Market day immediately after the Offer Announcement Date to the Latest Practicable Date						
Till the Latest Practicable Date	0.0053	(92.5)	0.002	0.008	127,548,108	2.367
Last transacted price on 3 December 2020 (being the Latest Practicable Date) ⁽⁵⁾	0.0050	(92.0)	0.004	0.005	13,507,200	0.251

Source: Bloomberg

Notes:

- (1) The VWAP had been weighted based on the last transacted prices of the Shares and traded volumes for the relevant trading days for each of the periods.
- (2) The average daily trading volume of the Shares is calculated based on the total number of Shares traded during the period divided by the number of Market Days during that period.
- (3) Free float refers to the approximately 5,389,577,979 Shares or approximately 19.6% of the issued Shares held by public Shareholders (“**Public Shareholders**”), other than the substantial Shareholders (including the Offeror and his Concert Parties, as well as the Undertaking Shareholder) and the Directors as at the Latest Practicable Date and as enumerated in the Circular.
- (4) This represents the last transacted price instead of VWAP for the Shares on 16 November 2020, being the Offer Announcement Date. The Offer was announced on 16 November 2020 after market closed.
- (5) This represents the last transacted price instead of VWAP and trading volume for the Shares on 3 December 2020, being the Latest Practicable Date.

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Based on a general observation of the chart above and after taking into account the summary of the transacted prices for the Shares, we note that the Offer Price represents:

- (i) a discount of approximately 80.0% from the last transacted price of S\$0.0020 per Share on the SGX-ST on 16 November 2020, being the Offer Announcement Date;
- (ii) a discount of approximately 82.1%, 80.0%, 80.6% and 79.4% from the VWAP for the Shares for the 12 months, 6 months, 3 months and 1 month periods prior to the Offer Announcement Date respectively;
- (iii) a discount of approximately 92.5% from the VWAP for the Shares for the period commencing on the Market Day immediately after the Offer Announcement Date and ending on the Latest Practicable Date; and
- (iv) a discount of approximately 92.0% from the last transacted price for the Shares of S\$0.005 on the SGX-ST on 3 December 2020, being the Latest Practicable Date.

For illustrative purposes only, based on the number of Shares traded on a daily basis during the period commencing from 18 November 2019 and ending on the Latest Practicable Date, we note that:-

- (i) from 18 November 2019 to 16 November 2020, being the Offer Announcement Date (both dates inclusive), Shares were traded on 164 Trading Days (approximately 65.3%) out of the total 251 Market Days during the period, with the total number of Shares traded being approximately 433.8 million Shares and an average daily trading volume (based on a total of 251 Market Days) of approximately 2.6 million Shares, which represents approximately 0.01% of the issued Shares (other than treasury Shares) as at the Latest Practicable Date or approximately 0.05% of the issued Shares (other than treasury Shares) held by Shareholders other than the substantial Shareholders (including the Offeror and his Concert Parties, as well as the Undertaking Shareholder) and the Directors as at the Latest Practicable Date. In addition, we note that for the 12 months period prior to Offer Announcement Date, Shares were traded above the Offer Price; and
- (ii) for the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date (both dates inclusive), Shares were traded on 13 Trading Days out of the total 13 Market Days during the period, with the total number of Shares traded being approximately 1.7 billion Shares and an average daily trading volume of approximately 127.5 million Shares, which represents approximately 0.46% of the issued Share capital (other than treasury Shares) as at the Latest Practicable Date or approximately 2.37% of the issued Share capital (other than treasury Shares) held by Shareholders other than the substantial Shareholders (including the Offeror and his Concert Parties, as well as the Undertaking Shareholder) and the Directors as at the Latest Practicable Date. In addition, we note that for the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date (both dates inclusive), Shares were traded above the Offer Price.

We note that trading for the Shares is erratic and that the daily average number of Shares traded during the 12 months period prior to the Offer Announcement Date is relatively low as compared to the number of issued Shares held by Shareholders other than the Substantial Shareholders (including the Offeror and his Concert Parties, as well as the Undertaking Shareholder) and the Directors as at the Latest Practicable Date. However, the trading activities for the Shares appear to be relatively active in the context of number of Market Days wherein Shares were traded, as Shares were traded on 164 Trading Days out of the total 251 Market Days during the 1 year period prior to the Offer Announcement Date. It is generally accepted that the more actively traded the shares, the greater the reliance on market prices as a determination of the fair value of the shares between willing buyer and willing seller. Whilst historically transacted prices for the Shares may not be a meaningful indicator of its fundamental value in view of the lack of liquidity for the Shares (in terms of number of Shares traded on daily basis and the frequency of trading), they nonetheless represent the prices for transactions between willing buyer and willing seller.

We also note that the number of Shares that were traded on a daily basis for the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date is significantly higher than the number of Shares that were traded on a daily basis during the 12 months period prior to the Offer Announcement Date. For the said period, the Shares were traded on every Market Day and the

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average number of Shares traded on daily basis represents approximately 2.37% of the number of issued Shares held by Shareholders other than the substantial Shareholders (including the Offeror and his Concert Parties, as well as the Undertaking Shareholder) and the Directors as at the Latest Practicable Date. The substantial increase in prices for the Shares and the higher average daily trading volume for the Shares subsequent to the Offer Announcement Date as compared to the 12 months period prior to the Offer Announcement Date may have been underpinned by the Offer. As such, there is no assurance that the observed increase in the average number of Shares traded on a daily basis or the trading activities for the Shares will be maintained or that the transacted prices for the Shares will be the same and at the levels prevailing during the period commencing on the Market Day immediately after the Offer Announcement Date and ending on the Latest Practicable Date in the event that the Offer closes.

Independent Directors should note that despite the low liquidity of the Shares (in terms of number of Shares traded on daily basis) during the periods observed prior to the Offer, the Offer may not represent a realistic exit opportunity for the Shareholders to realise their entire investment for cash and that the Offer Price is at a significant discount to market prices of Shares for periods both prior to and after the Offer Announcement Date. It is noted that the Offer Price is lower than the minimum trading price for shares listed on the SGX-ST of S\$0.001.

In addition, we note from the annual report of the Company for 2019 that the Shares are relatively “tightly held” as the top twenty Shareholders of the Company held approximately 90.2% of the issued Share capital as at 31 March 2020. The low liquidity of the Shares (in terms of number of Shares traded on daily basis) during the periods observed prior to the Offer may be attributable to the shareholding spreads.

However, it should be noted that in the absence of the Offer, such an exit for all Shareholders other than the Offeror and his Concert Parties may not be readily available due to the low trading liquidity for the Shares

Independent Directors should also note that the past trading performance for the Shares may not be relied upon as an indication or promise of its future trading performance.

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7.5 Comparison with recently completed non-privatisation mandatory takeover transactions of companies listed on the SGX-ST

For the purpose of providing an illustrative guide as to whether the financial terms of the Offer are fair and reasonable, we have compared the financial terms of the Offer with selected recently completed mandatory unconditional general offers for companies listed on SGX-ST, which were announced since January 2017 to the Latest Practicable Date and wherein offerors had indicated their intention to preserve the listing status of the target companies and these companies continued to be listed after the close of their respective offers (“**Selected Non-Privatisation MGO Transactions**”).

In making the comparison herein, we wish to highlight that the companies selected and covered herein (the “**Selected Takeover Companies**”) are not directly comparable to the Company and may differ largely from the Company in terms of, *inter alia*, size and scale of operations, type and/or composition of business activities and specialisation, asset base, geographical spread, track record, customers and suppliers, financial performance, capital structure, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria.

We wish to highlight that other than the criteria mentioned above, the premium or discount that an offeror pays in any particular take-over varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target’s business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company’s shares, the presence of competing bids for the target company, the financial performance and position, going concern status (where applicable) of the target company and the existing and desired level of control in the target company.

The data used in the table and the companies listed below have been compiled from publicly available information and serves as a guide as to comparative valuations in connection with takeovers of companies listed on the SGX-ST without regard to their specific industry characteristics or other considerations. Each of the offers in the list of Selected Non-Privatisation MGO Transactions must be reviewed on its own commercial and financial merits. The lists of Selected Takeover Companies involved in the Selected Non-Privatisation MGO Transactions are by no means exhaustive and as such any comparison made only serves as an illustration.

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Selected Non-Privatisation MGO Transactions

Selected Takeover Companies	Date of announcement	% shareholding of the offeror and concert parties at the start of transaction ⁽¹⁾	Premium/ (discount) of offer price over/ from last transacted price prior to announcement (%)	Premium/ (discount) of offer price over/ from VWAP for 1 month period prior to announcement (%)	Premium/ (discount) of offer price over/ from VWAP for 3 month period prior to announcement (%)	P/NAV ⁽²⁾ (times)
International Highway Corporation	16-Feb-17	59.1	1.9	14.2	20.6	0.9 ⁽³⁾
China Kangda Food Company Limited	2-May-17	69.2	44.6	38.8	n.a. ⁽⁴⁾	0.8 ⁽⁵⁾
CMC Infocomm Limited	7-May-17	74.4	18.8	34.6	30.5	1.7 ⁽⁶⁾
Cityneon Holdings Limited ⁽⁷⁾	12-May-17	52.5	(5.4)	0.6	3.9	3.2 ⁽⁸⁾
Blumont Group Limited	24-Aug-17	69.6	(81.8)	(87.9)	(86.0)	0.6 ⁽⁹⁾
Mary Chia Holdings Limited	24-Aug-17	61.0	68.2	93.0	96.1	2.8 ⁽¹⁰⁾
TMC Education Corporation Ltd.	14-Dec-17	51.0	68.8	50.0	29.8	1.5 ⁽¹¹⁾
CH Offshore Ltd.	26-Jul-18	52.7	0.0	(11.0)	(11.6)	0.5 ⁽¹²⁾
Chew's Group Limited	8-Oct-18	68.1	26.2	30.9	33.4	1.2 ⁽¹³⁾
Ying Li International Real Estate Limited	3-Apr-19	58.9	0.7	5.7	10.5	0.3 ⁽¹⁴⁾
DLF Holdings Limited ("DLF")	20-Sep-19	57.2	(56.2)	(54.4)	(54.4)	18.6 ⁽¹⁵⁾
Axington Inc.	1-Jun-20	66.9	43.4	40.1	41.3	1.3 ⁽¹⁶⁾
MAXIMUM		74.4	68.8	93.0	96.1	18.6
MINIMUM		51.0	(81.8)	(87.9)	(86.0)	0.3
MEDIAN		60.0	10.4	22.6	20.6	1.4
SIMPLE AVERAGE		61.7	10.8	12.9	10.4	3.0
Group	16-Nov-20	50.8	(80.0)	(79.4)	(80.6)	1.1⁽¹⁷⁾

Source: SGX-ST announcements, offer documents and circulars to shareholders in relation to the respective transactions

Notes:

- (1) Where applicable, it includes the number of shares that undertaking shareholder(s) have undertaken to accept the offer as at the date of the offer document.
- (2) P/NAV ratios are based on the offer price and NAV per share for the respective companies.
- (3) Based on revalued NAV per share of S\$0.1163 as at 30 September 2016.
- (4) No data available from the offer document and the circular.
- (5) Based on the audited NAV per share as at 31 December 2016.
- (6) Based on the unaudited NAV per share as at 30 November 2016.
- (7) Based on the pre-conditional offer announcement dated 12 May 2017.

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- (8) *Based on the audited NAV per share as at 31 December 2016.*
- (9) *Based on the RNAV per share as at 30 June 2017.*
- (10) *Based on the RNAV per share as at 31 March 2017.*
- (11) *Based on the adjusted NAV per share as at 30 June 2017.*
- (12) *Based on the RNAV per share as at 30 June 2018.*
- (13) *Based on the adjusted NAV per share of S\$0.172 as at 31 March 2018.*
- (14) *Based on the RNAV per share as at 31 December 2018.*
- (15) *Based on the RNAV per share as at 30 June 2019.*
- (16) *Based on the adjusted NAV per share as at 31 December 2019.*
- (17) *Based on the Group's RNAV as at the Latest Practicable Date.*

For illustrative purposes only, we noted the following from the above table:

- (i) As announced on 16 November 2020, the Offer was triggered as the Offeror acquired a total of 14,000,000,000 Shares from Ultimate Horizon pursuant to the Acquisition. The Offeror holds approximately 50.8% equity interest in the Company as at the Offer Announcement Date and this is below the median and simple average of the shareholding interest for each of the offeror and concert parties at the start of the relevant Selected Non-Privatisation MGO Transactions. Subsequent, to the Offer Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares.

The discount of approximately 80.0%, 79.4% and 80.6% as implied by the Offer Price from the last transacted price for the Shares on the Offer Announcement Date, the VWAP for the Shares for 1-month period prior to the Offer Announcement Date, and the VWAP for the Shares for 3-month period prior to the Offer Announcement Date respectively are within the range, better than the minimum but less favourable as compared to the median and the simple average for the Selected Non-Privatisation MGO Transactions, which are both at premiums. In fact, save for Blumont MGO 2017, the discounts implied by the Offer Price from the historical prices are less favourable as compared to any of the Selected Non-Privatisation MGO Transactions.

We note that only the offer price for the Blumont MGO 2017 was priced at a relatively greater discount from the last transacted price for the Shares prior to the relevant offer announcement, the VWAP for the Shares for 1-month period prior to the relevant offer announcement date, and the VWAP for the Share for 3-month period prior to the relevant offer announcement date as compared to the Offer.

Further, we note that for the takeover transactions under the Selected Non-Privatisation MGO Transactions, only the transactions involving Blumont MGO in 2017 and DLF involves offers wherein the offer price to its historical prices (being the last transacted prices for the shares prior to the relevant offer announcement or the VWAP for the shares for the 1 or 3 months period prior to the relevant offer announcement date) at the various time periods are consistently at a discount, with Blumont MGO 2017's offer price being at a greater discount than the Offer Price. We note that as the prices for the Shares price had increased substantially after the Offer Announcement Date, the discounts of the Offer Price from prices of the Shares for the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date (both dates inclusive) would have increased accordingly.

Independent Directors should note that for the Blumont MGO 2017 and DLF transactions listed above, the financial position or performance of the relevant company and its subsidiaries at the relevant time may differ from the Group. We note that, *inter alia*, during Blumont MGO 2017, the Group's financial position then was weak with a disclaimer of opinion issued from the independent auditors of Blumont (prior to the announcement of the takeover) relating to, *inter alia*, the appropriateness of going concern assumption. In addition, Independent Directors

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should note that we were the independent financial adviser for both the Blumont MGO 2017 and DLF transactions listed above.

- (ii) The valuation of the Group in terms of P/NAV as implied by the Offer Price and the Group's RNAV per Share of approximately 1.1 times is within the range, below both the median and simple average of the Selected Non-Privatisation MGO Transactions. In addition, in terms of P/NAV multiple, the valuation of the Group as implied by the Offer Price and the Group's NAV as at 30 June 2020 of approximately 2.9 times appears to be slightly lower than the simple average but more favourable as compared to the median for the Selected Non-Privatisation MGO Transactions.

In summary, the valuation of the Group as implied by the Offer Price appears to be less favourable than any of the Selected Non-Privatisation MGO Transactions (save for Blumont MGO 2017) in terms of premium and/or discount over/from historical prices. In addition, in terms of P/NAV multiple as implied by the Offer Price and the Group's RNAV per Share, the valuation of the Group as implied by the Offer Price appears to be less favourable as compared to the median and the simple average for the Selected Non-Privatisation MGO Transactions. In addition, in terms of P/NAV multiple, the valuation of the Group as implied by the Offer Price and the Group's NAV as at 30 June 2020 of approximately 2.9 times appears to be slightly lower than the simple average but more favourable as compared to the median for the Selected Non-Privatisation MGO Transactions. In addition, we note that the Offer Price is below minimum price for which shares are traded on the SGX-ST, being S\$0.001 for each Share. Accordingly, subject to, *inter alia*, the liquidity of the Shares as analysed in this Letter, Shareholders may sell their Shares in the market at prices higher than the Offer Price.

Whilst, the valuation of the Group as implied by the Offer Price in terms of comparison with the historical prices for the Shares for the Selected Non-Privatisation MGO Transactions, is within the range in terms of premiums or discounts over/from historical prices for the Selected Non-Privatisation MGO Transactions, it does not appear to be favourable in terms of historical premiums or discounts (as mentioned above, the Offer price is consistently at a discount to historical prices). When viewed in the context of the relatively lower percentage of interest held by the Offeror as compared to the interests of the various offerors under the Selected Non-Privatisation MGO Transactions and the discount of the Offer Price from the historical prices per Share, it does not appear favourable or reasonable. In terms of P/NAV multiple, the Group's valuation as implied by the Offer Price appears to be less favourable as compared to the median and the simple average for the Selected Non-Privatisation MGO Transactions.

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8. OTHER RELEVANT CONSIDERATIONS

8.1 Existing shareholding structure of the Company

The shareholding structure of the Company as at the Latest Practicable Date is outlined below:

	Direct Interests	Deemed Interests	Total interests	% of the issued Share Capital as at the Latest Practicable Date ⁽¹⁾
Offeror⁽²⁾				
Mark Wee Liang Yee	14,000,000,000	-	14,000,000,000	50.78%
Directors other than the Offeror				
Tan Gim Kang, Arran	15,000,000	-	15,000,000	0.05%
Aris Muhammad Rizal	10,000,000	-	10,000,000	0.04%
John Lee Yow Meng	15,000,000	-	15,000,000	0.05%
Alan Chin Yu	10,000,000	-	10,000,000	0.04%
Siaw Lu Howe ⁽³⁾	-	8,131,184,204	8,131,184,204	29.49%
Substantial Shareholders (other than the Offeror)				
Ultimate Horizon	8,131,184,204	-	8,131,184,204	29.49%
Public Shareholders			5,389,577,979	19.55%
Total			27,570,762,183	100.00%

Notes:

- (1) Based on 27,570,762,183 issued Shares (excluding treasury Shares) as at the Latest Practicable Date. As at the Latest Practicable Date, there are no treasury Shares.
- (2) Subsequent to the Offer Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares. In addition, both the Offer Document and the Circular did not mention of any party acting in concert with the Offeror who holds Shares.
- (3) Mr Siaw Lu Howe is deemed interested in the Shares of the Company held through Ultimate Horizon.

As at the Offer Announcement Date, the Offeror held 14,000,000,000 Shares or approximately 50.8% of the total issued Shares. Accordingly, the Offeror already has statutory control over the Company, which places the Offeror in a position to have significant influence, *inter alia*, the management, operating and financial policies of the Company and ability to pass all ordinary resolution on matters in which the Offeror does not have an interest, at general meetings of Shareholders.

Furthermore, acceptance of the Offer by Shareholders will further reduce the free float, number of Shares available for trading and Shareholders. This may further exacerbate the illiquidity, volatility and the bid and ask spreads for the Shares and increase transactional or trading cost (other than commissions where applicable). Subsequent to the Offer Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares.

We note from the Offer Document that the Offeror has received an Irrevocable Undertaking from Ultimate Horizon (being the vendor for the Acquisition) to reject the Offer in respect of 8,131,184,204 Shares (comprising approximately 29.5% of the entire issued Shares), such Irrevocable Undertaking being valid until the close of the Offer. Save for the Irrevocable Undertaking, none of the Offeror and parties acting in concert with the Offeror, has received any irrevocable commitment from any party to accept or reject the Offer as at 26 November 2020, being the latest practicable date for the Offer Document.

We note from Section 5.5. of Appendix II of the Circular that:-

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- (a) Mr. Siaw Lu Howe who has a deemed interest in 8,131,184,204 Shares (comprising approximately 29.5% of the entire issued Shares) through his wholly-owned company, Ultimate Horizon. Pursuant to the Irrevocable Undertaking, Ultimate Horizon will not be accepting the Offer in respect of the Shares that it holds.
- (b) Mr. John Lee Yow Meng has informed the Company that he does not intend to tender the 15,000,000 Shares held by him in acceptance of the Offer.
- (c) Mr. Alan Chin Yu has informed the Company that he does not intend to tender the 10,000,000 Shares held by him in acceptance of the Offer.
- (d) Mr. Tan Gim Kang, Arran has informed the Company that he does not intend to tender the 15,000,000 Shares held by him in acceptance of the Offer.
- (e) Mr. Aris Muhammad Rizal has informed the Company that he does not intend to tender the 10,000,000 Shares held by him in acceptance of the Offer.
- (f) Mr. Ng Keok Chai does not have any direct or deemed interest in the Shares.

8.2 Dividend track record

For the purposes of assessing the Offer, we have considered the dividend track record of the Company against those from selected alternative investments.

The Management confirmed and represented that the Company had not declared any dividends for the last ten (10) financial years (being FY2010 to FY2019). Based on our discussions with the Directors, we understand that the Company does not have a fixed dividend policy and for FY2019 and HY2020 did not recommend any dividend in view of the accumulated losses of the Company, and as the Board deemed it more appropriate to retain the cash for the Group's working capital purposes, after taking into account various factors including, *inter alia*, the level of available cash, the projected levels of capital expenditure and other investment plans.

As at the Latest Practicable Date, local commercial banks in Singapore offered gross interest rates of approximately 0.10% per annum (on average basis) to depositors who deposit an amount of up to S\$100,000 for a period of 12 months. For illustrative purposes only, a Shareholder who accepts the Offer for 100 million Offer Shares at the Offer Price of S\$0.0004 and who decide to reinvest the proceeds in a 12-month period Singapore Dollar fixed deposit with a local commercial bank in Singapore should expect to receive gross interest income of approximately S\$40.00 per annum as at the Latest Practicable Date.

In addition, for illustrative purposes only, the STI ETF's dividend yield for the financial year ended 30 June 2020 was approximately 4.03% (based on the ordinary cash dividends declared for the financial year ended 30 June 2020 and the closing market price as at the Latest Practicable Date. As the Company did not pay any dividend in respect of its most recent financial year, hence as compared to the STI ETF, the dividend yield for Company is less favourable.

On the basis that no dividends have been declared with respect to the last ten (10) financial years, the Shareholders should therefore expect an improvement or increase in their investment income by accepting the Offer and depositing the proceeds from the Offer in a 12-month Singapore Dollar fixed deposit account with a local commercial bank in Singapore or using the proceeds from the Offer to invest in the STI ETF. This analysis is on the assumption that, *inter alia*, the STI ETF maintains their respective net dividend per unit at the same level as that in their last financial year.

We wish to highlight that the above dividend analysis serves only as an illustrative guide and is not an indication of the future dividend policy for the Company or the STI ETF or the future deposit interest rate for the local commercial banks. Furthermore, an investment in the STI ETF also presents different risk-return profiles as compared to an investment in the Shares. Moreover, there is no assurance that the Company or the STI ETF will continue to pay or not to pay any dividends in the

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future and/or maintain the level of dividends paid pursuant to past periods or the local commercial banks will maintain the level of the deposit interest rate paid in the past periods.

8.3 Comparison with Blumont MGO 2017

On 24 August 2017, Ultimate Horizon announced that it had purchased a total 22,011,537,185 Shares, representing approximately 69.6% of the then prevailing issued and paid-up Share capital of the Company, at S\$0.00018172 per Share in cash. Following the acquisition, Ultimate Horizon, together with its concerted parties, owns 22,011,537,185 Shares (representing approximately 69.6% of the issued and paid-up Share capital of the Company).

As a consequence of the said acquisition and in accordance with Rule 14 of the Code, Ultimate Horizon, made a mandatory general offer (being the Blumont MGO 2017) for all the remaining Shares, then in issue and not owned or controlled or agreed to be acquired by Ultimate Horizon and parties acting in concert with it. The offer price pursuant to the Blumont MGO 2017 was S\$0.000182 for each Share (“**2017 Offer Price**”).

Ultimate Horizon received, pursuant to the Blumont MGO 2017, valid acceptances in respect of 119,647,019 offer Shares, representing approximately 0.4% of the then prevailing total number of issued Shares. As at the close of the Blumont MGO 2017, Ultimate Horizon and its concert parties owned, controlled or agreed to acquire (including by way of valid acceptances) an aggregate of 22,131,184,204 Shares, representing approximately 69.9% of the total number of issued Shares then prevailing. Subsequently, Ultimate Horizon’s shareholding increased to approximately 80.3% following the court order on 26 January 2018 which declared the allotment and issuance of 4,075,000,000 award Shares (which have not been traded on-market) as void. Thus the issued Share capital of the Company declined from 31,645,762,183 as at 25 January 2018 to 27,570,762,183 as at 26 January 2018.

Please refer to the table below for a comparison of the Blumont MGO 2017 and the Offer:

	Blumont MGO 2017	Offer
Offeror’s shareholding at the start of the offer	69.6%	50.8%
Offer Price (S\$)	0.000182	0.0004
Last traded price before offer announcement (S\$)	0.001 ⁽¹⁾	0.002 ⁽²⁾
Discount of Offer Price to last traded price before offer announcement	(81.8)%	(80.0)%
NTA (S\$)	0.00015 ⁽³⁾	0.00014 ⁽⁴⁾
Premium of Offer Price over NTA	25.2% ⁽³⁾	192.4% ⁽⁴⁾
RNTA (S\$)	0.00032 ⁽⁵⁾	0.000355 ⁽⁶⁾
Premium/(Discount) of Offer Price over/from RNTA	(42.8)% ⁽⁵⁾	12.6% ⁽⁶⁾

Notes:

- (1) Last traded price for the Shares as at 23 August 2017, being the last trading day prior to the announcement of the Blumont MGO 2017. The Company requested for a trading halt on 23 August 2017 after market closed.
- (2) Last traded price for the Shares as at 16 November 2020, being the Offer Announcement Date.
- (3) NTA is based on the Group’s unaudited financial statements as at 30 June 2017.
- (4) NTA is based on the Group’s unaudited financial statements as at 30 June 2020.
- (5) As stated in the Company’s circular dated 28 September 2017.
- (6) RNTA includes the revaluation surplus from the Appraised Assets less potential tax liability as at Latest Practicable Date.

For illustrative purposes only, we note the following:-

- (i) Shareholders should note the shareholding of Ultimate Horizon was approximately 69.6% at the start of the Blumont MGO 2017, which is higher than the shareholding of the Offeror of

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- approximately 50.8% as at the start of the Offer. Both offers were unconditional and there was no intention to privatise or delist the Company.
- (ii) In absolute amount, the 2017 Offer Price for the Blumont MGO 2017 of S\$0.000182 is substantially lower than the Offer Price of S\$0.0004.
 - (iii) On relative terms, the 2017 Offer Price is at a discount of approximately 81.8% to the last traded price on 23 August 2017, and this is comparable to the discount of approximately 80.0% of the Offer Price to the last traded price on 16 November 2020 respectively.
 - (iv) The 2017 Offer Price represents a premium of approximately 25.2% over the Group's NTA per Share as at 30 June 2017, and this is less favourable as compared to the premium of the Offer Price of approximately 192.4% over the Group's NTA per Share as at 30 June 2020.
 - (v) The 2017 Offer Price represents a discount of approximately 42.8% from the Group's RNTA per Share as at 30 June 2017 and this is less favourable as compared to the premium of the Offer Price of approximately 12.6% over the Group's RNTA per Share as at the Latest Practicable Date.
 - (vi) We note that prior to the Blumont MGO 2017, the Group's financial performance and position was generally weaker than its current financial performance and position. The Group was loss making during FY2014 to HY2017 (save for FY2016 whereby the Group was profitable, *inter alia*, due mainly to the gain on disposal of financial assets which are available-for-sale and investment in associate which are non-recurring and non-trade) and the independent auditors of the Group had issued a disclaimer of opinion for FY2016 pertaining to, *inter alia*, appropriateness of the going concern assumption.

In summary, the Offer Price for the Offer is relatively more favourable than the 2017 Offer Price in terms of the: (a) significantly higher premiums above the NTA per Share; (b) premium of the Offer Price over the RNTA per Share as compared to the discount from the relevant RNTA per Share for the Blumont MGO 2017; (c) comparable discounts from the last traded price before the relevant offer announcement; and (d) the absolute price for each offered Share.

The above comparison is limited and has to be assessed in the context of the fact that the economic or company specific or general market conditions for Shares or the prices for which Shares were traded at the time then prevailing for the Blumont MGO 2017, may have been different from the Offer now and the Group's historical financial performance and position may also differ. In addition, Shareholders should note that for both the Offer and the Blumont MGO 2017, the offer prices are lower than the lowest possible trading price and the minimum bid and ask price for shares listed on the SGX-ST of S\$0.001, and that the Offer Price, is at substantial discounts from historical prices for Shares traded. Hence, the comparison between the Offer with the Blumont MGO 2017 above is necessarily limited and meant only for illustrative purposes.

8.4 The Offer is unconditional

We note from the Offer Document that the Offer will not be subject to any conditions and will be unconditional in all respects.

8.5 No revision of the Offer Price

We note from Section 2.1 of the Offer Document that the Offer Price is final and the Offeror does not intend to revise the Offer Price. It is also noted from Section 2.4 of the Offer Document that the Offer Price has been determined on the basis that the Offer Shares will be acquired with the right to receive any dividends, rights and other distributions declared, paid or made by the Company in respect of Shares ("**Distribution**"), the record date ("**Record Date**") for which falls on or after the Offer Announcement Date. In the event of any such Distribution, the Offer Price payable to a Shareholder who validly accepts or has validly accepted the Offer shall be reduced by an amount which is equal to the amount of such Distribution as follows, depending on when the settlement date in respect of the Offer Shares tendered in acceptance of the Offer (the "**Offer Settlement Date**") falls:

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- (a) if the Offer Settlement Date falls on or before the Record Date, the Offeror will pay the relevant accepting Shareholders the unadjusted Offer Price of S\$0.0004 for each Offer Share, as the Offeror will receive the Distribution in respect of such Offer Shares from the Company; and
- (b) if the Offer Settlement Date falls after the Record Date, the Offer Price payable for such Offer Shares tendered in acceptance shall be reduced by an amount which is equal to the Distribution in respect of such Offer Shares, as the Offeror will not receive such Distribution from the Company.

8.6 Rationale for the Offer and the Offeror's intentions for the Company

We note from Section 9 of the Offer Document that as a result of the Acquisition, the Offeror is required to make the Offer in compliance with the requirements of the Code.

As set out in Section 10 of the Offer Document, the Offeror intends to undertake a review of the business of the Group following the close of the Offer with a view to identifying areas in which the strategic direction and operations of the Group can be enhanced, which may involve the disposal or cessation of under-performing businesses and assets, acquisition of new assets and the redeployment of certain employees of the Company and its subsidiaries, in the future. Additionally, the Offeror retains the flexibility at any time to consider any options in relation to the Group which may present themselves and which the Offeror may regard to be in the interests of the Group.

Save as disclosed in the Offer Document, the Offeror has no current intention to (a) make material changes to the existing business of the Group, (b) re-deploy the Group's fixed assets, or (c) discontinue the employment of the employees of the Group, other than in the ordinary course of business. The Offeror however retains the flexibility at any time to consider options or opportunities which may present themselves.

It is also noted from Section 7 of the Offer Document that the Offeror has been managing companies involved in the development of commercial projects as well as numbers forecast operations in Sarawak since the early 1980s.

The Directors confirmed that after having engaged the Offeror, save as disclosed in the Offer Document and the Circular, they are not aware of the Offeror's future plans and directions for the Group that are not disclosed or announced.

8.7 Alternative takeover offer

The Directors confirmed that (a) no other third parties have approached the Company with an intention to make an offer for the Company; and (b) apart from the Offer being made by the Offeror, no other third party has made a firm offer for the Company as at the Latest Practicable Date.

As at the Offer Announcement Date, the Offeror and parties acting in concert with him holds approximately 50.8% of the total number of issued Shares and subsequent to the Offer Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares. Under such circumstances, any competing offer for Shares is unlikely to be forthcoming without the support of the Offeror in view of its majority control as represented by the percentage of the total number of Shares that the Offeror and its Concert Parties hold as at the Latest Practicable Date. Thus, the possibility of an alternative offer from parties other than the Offeror will be significantly reduced.

8.8 Control of the Company

As at the Latest Practicable Date, the Offeror has statutory control of the Company, which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and ability to pass all ordinary resolutions on matters in which the Offeror do not have an interest, at general meetings of Shareholders.

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8.9 Material Litigation and Material Contracts

Material Litigation

As disclosed in Section 9 of Appendix II of the Circular, as at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports, or any publicly available information on the Group, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

Material Contracts with Interested Persons

As disclosed in Section 8 of Appendix II of the Circular, as at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports, or any publicly available information on the Group, neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

8.10 Listing Status and Compulsory Acquisition

We note from Section 11 of the Offer Document that pursuant to Rule 1105 of the Listing Manual (as defined in the Circular), upon an announcement by the Offeror that acceptances have been received pursuant to the Offer that bring the holdings owned by the Offeror and its Concert Parties to above 90% of the total number of Shares (excluding any Shares held in treasury), the SGX-ST may suspend the trading of the Shares on the SGX-ST until it is satisfied that at least 10% of the total number of Shares (excluding any Shares held in treasury) are held by at least 500 Shareholders who are members of the public. Rule 1303(1) of the Listing Manual provides that if the Offeror succeeds in garnering acceptances exceeding 90% of the total number of Shares (excluding any Shares held in treasury), thus causing the percentage of the total number of Shares (excluding any Shares held in treasury) held in public hands to fall below 10%, the SGX-ST will suspend trading of the Shares only at the close of the Offer.

Separately, Rule 723 of the Listing Manual requires the Company to ensure that at least 10% of the total number of Shares in issue excluding treasury shares is at all times held by the public ("**Free Float Requirement**"). In addition, under Rule 724(1) of the Listing Manual, if the percentage of the total number of Shares (excluding any Shares held in treasury) held in public hands falls below 10%, the Company must, as soon as practicable, announce that fact and the SGX-ST may suspend the trading of all the Shares. Rule 724(2) of the Listing Manual states that the SGX-ST may allow the Company a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of Shares (excluding any Shares held in treasury) in public hands to at least 10%, failing which the Company may be delisted from the SGX-ST.

It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. In the event that the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror will assess the options available at such time, including but not limited to carrying out a compliance placement exercise after the completion of the Offer.

Pursuant to Section 215(1) of the Companies Act, in the event that the Offeror acquires not less than 90% of the total number of issued Shares as at the close of the Offer (other than those already held by the Offeror, its related corporations or their respective nominees as at the date of the Offer and excluding any Shares held in treasury), the Offeror would be entitled to exercise the right to compulsorily acquire all the Shares from Shareholders who have not accepted the Offer at a price equal to the Offer Price. In addition, pursuant to Section 215(3) of the Companies Act, if the Offeror acquires such number of Shares which, together with the Shares held by it, its related corporations or

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their respective nominees, comprise 90% or more of the total number of issued Shares as at the close of the Offer, the Shareholders who have not accepted the Offer have a right to require the Offeror to acquire their Shares at the Offer Price. Such Shareholders who wish to exercise such a right are advised to seek their own independent legal advice.

The Offeror intends to maintain the listing status of the Company, and presently has no intention of exercising his rights of compulsory acquisition under Section 215(1) of the Companies Act, should it be available to him.

8.11 Failed Transaction in 2018

On 16 July 2018, the Company entered into a conditional sale and purchase agreement (“SPA”) with Asaro Federico and Baffyn International Corp in respect of the proposed acquisition of the entire issued and paid-up capital of Samadhi Retreats Pte Ltd for an aggregate consideration of S\$43.8 million (the “Proposed Acquisition”).

On 16 October 2018, it was announced that the supplemental sale and purchase agreement was to amend, modify and supplement, *inter alia*, the principal terms of the SPA. The consideration for Proposed Acquisition shall be, *inter alia*, revised to the sum of approximately S\$35.0 million of which S\$7.0 million shall be payable in cash and S\$28.0 million shall be payable via issuance and allotment of 9,201,445,941 new Shares at S\$0.003043.

We understand from the Directors that the Proposed Acquisition constitutes a major transaction under Chapter 10 of the Listing Manual, and may change the profile of the Company as it represents a diversification of the scope of the existing business of the Group.

On 4 April 2019, the Company announced that the conditions precedent for the Proposed Acquisition have not been fulfilled or waived by the extended long-stop date of 31 March 2019. It was further then stated that the Company is currently in the midst of negotiations with the Vendors on the Proposed Acquisition but have yet to agree on any further extension of time for Completion.

The Company stated that it will make such further announcements at the appropriate juncture, as and when there are material developments (including but not limited to the result of the negotiations) in relation to the Proposed Acquisition.

The Directors confirmed that as at the Latest Practicable Date, the Company is in the midst of negotiations with the vendors on the Proposed Acquisition but have yet to agree on any further extension of time for Completion.

Notwithstanding that conditions precedent for the Proposed Acquisition have not been fulfilled or waived by the extended long-stop date of 31 March 2019, we note that the issue price for the new Shares for the Proposed Acquisition, was lower than the Offer Price.

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9. OPINION

In arriving at our opinion in respect of the Offer, we have taken into account, *inter alia*, the following factors which we consider to have a significant bearing on our assessment as summarised below and as elaborated elsewhere in this Letter. Our views, recommendation and opinion are necessarily limited and subject to these matters.

This is purely a summary of the factors that have been highlighted in this Letter and Shareholders should be advised to read the following in conjunction with, and in the context of, the full text of this Letter:-

- (a) The rationale for the Offer, intentions of the Offeror, compulsory acquisition and listing status as set out in Sections 9 to 11 of the Offer Document.
- (b) Historical financial performance and position of the Group. For the period under review being FY2017 to HY2020, the Group has recorded losses after tax attributable to owners of the Company for FY2017 and FY2018, save for FY2019, and HY2020, whereby the Group recorded profits after tax attributable to owners of the Company of approximately S\$202 thousands and S\$54 thousands respectively. The Group's net current assets position has improved significantly during the period under review from approximately S\$2.9 million as at 31 December 2017 to approximately S\$5.2 million as at 30 June 2020. Likewise, the shareholder's equity of the Group improved significantly from approximately S\$2.9 million as at 31 December 2017 to approximately S\$3.8 million as at 30 June 2020 (mainly due to the profits booked during FY2019 and HY2020 as well as movement in reserves). Lastly, the Group's net cash flow from operating activities improved for the period under review from a negative of approximately S\$2.1 million in FY2017 to a positive of approximately S\$0.8 million for FY2019 and approximately S\$0.4 million for HY2020.
- (c) The Offer Price (as set out in Section 7 of this Letter) after taking into account, *inter alia*, the following factors:-
 - (i) The Offer Price represents a premium of approximately 192.4% over the Group's NAV and/or NTA per Share as at 30 June 2020, and a premium of approximately 12.6% over the Group's RNAV and/or RNTA per Share.
 - (ii) The valuation of the Group (as implied by the Offer Price) in terms of LTM EV/EBITDA and LTM PER are approximately 7.2 times and 44.6 times respectively.
 - (iii) The Offer Price is substantially lower than the lowest possible trading price and the minimum bid and ask price for shares listed on the SGX-ST of S\$0.001. The prices for the Shares were always higher than the Offer Price during the 12-month period prior to the Offer Announcement Date, and the period commencing from the Offer Announcement Date to the Latest Practicable Date.
 - (iv) The Offer Price represents substantial discount of approximately 80.0% from the last transacted price of S\$0.0020 per Share on the SGX-ST on 16 November 2020, being the Offer Announcement Date.
 - (v) The Offer Price represents substantial discounts of approximately 82.1%, 80.0%, 80.6% and 79.4% from the VWAP for the Shares for the 12-months, 6-months, 3-months and 1-month periods prior to the Offer Announcement Date respectively. In addition, we note that for the 12 months period prior to Offer Announcement Date, the Shares were always traded above the Offer Price.
 - (vi) The Offer Price represents a substantial discount of approximately 92.5% from the VWAP for the Shares for the period commencing on the Market Day immediately after the Offer Announcement Date and ending on the Latest Practicable Date. In addition, we note that for the period commencing on the Market Day immediately after the Offer

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Announcement Date till the Latest Practicable Date (both dates inclusive), the Shares were always traded above the Offer Price.

- (vii) The Offer Price represents a substantial discount of approximately 92.0% from the last transacted price for the Shares as at the Latest Practicable Date.
 - (viii) Unfavourable comparison with the Selected Non-Privatisation MGO Transactions. The valuation of the Group as implied by the Offer Price appears to be less favourable as compared to any of the Selected Non-Privatisation MGO Transactions (save for Blumont MGO 2017) in terms of premium and/or discount over/from the historical prices. In addition, in terms of P/NAV multiple as implied by the Offer Price and the Group's RNAV per Share, the valuation of the Group as implied by the Offer Price appears to be less favourable as compared to the median and the simple average for the Selected Non-Privatisation MGO Transactions. In terms of P/NAV multiple, the valuation of the Group as implied by the Offer Price and the Group's NAV as at 30 June 2020 of approximately 2.9 times appears to be slightly lower than the simple average but more favourable as compared to the median for the Selected Non-Privatisation MGO Transactions. In addition, we note that the Offer Price is lower than the lowest possible trading price and the minimum bid and ask price for shares listed on the SGX-ST of S\$0.001.
 - (ix) Relatively more favourable comparison with the Blumont MGO 2017. The Offer Price for the Offer is relatively more favourable than the 2017 Offer Price in terms of the: (a) significantly higher premiums above the NTA per Share; (b) premium of the Offer Price over the RNTA per Share as compared to the discount from the relevant RNTA per Share for the Blumont MGO 2017; (c) comparable discounts from the last traded price before the relevant offer announcement; and (d) the absolute price for each offered Share.
- (d) As at the Announcement Date, the Offeror and his Concert Parties hold approximately 50.8% of the total issued Shares; and subsequent to the Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares. Under such circumstances, competing offer for the Shares (if any) is unlikely to be forthcoming without the support of the Offeror in view of its majority control as represented by the percentage of the total number of Shares that the Offeror and its Concert Parties hold as at the Latest Practicable Date. Thus, the possibility of an alternative offer from parties other than the Offeror will be significantly reduced.
 - (e) The Company had not declared any dividends for the last ten (10) financial years, being FY2010 to FY2019.
 - (f) The Offer is unconditional and the Offeror has stated in the Offer Document that it will not revise the Offer Price.
 - (g) The Directors have confirmed that: (i) no other third parties have approached the Company with an intention to make an offer for the Company; and (ii) apart from the Offer being made by the Offeror; no other third party has made a firm offer for the Company as at the Latest Practicable Date.
 - (h) As stated in Section 11 of the Offer Document, the Offeror's current intention is to maintain the listing status of the Company. In the event that the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror will assess the options available at such time, including but not limited to carrying out a compliance placement exercise after the completion of the Offer. Thus, the ability of the Company to meet the public float requirements and remain listed after close of the Offer, is possibly alleviated. Furthermore, given that approximately 29.49% of the issued Shares will not be tendered for acceptance pursuant to the Irrevocable Undertaking, the possibility of Shareholders relying on a compulsory acquisition accorded for their "protection" pursuant to Section 215(3) of the Act is reduced.
 - (i) Other considerations as set out in Section 8 or elsewhere in this Letter.

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In summary, having regard to our analysis and the consideration in this Letter (including, *inter alia*, its limitation and constraints) and after having considered carefully the information available to us and based on market, economic and other relevant considerations prevailing as at the Latest Practicable Date, and subject to our terms of reference, as well as the representation and confirmation from the Directors, we are of the opinion that, in the absence of an alternative offer, the financial terms of the Offer is, on balance, **NOT FAIR** and **NOT REASONABLE**.

For the purposes of evaluation of the Offer from a financial point of view, we have adopted the approach that the term “fair and reasonable” comprises two distinct concepts:

- (i) Whether the Offer is “fair” relates to the value of the offer price which is based strictly on the evaluation of the Offer Price (i.e. by looking at the financial or fundamental analyses of the Offer Price as set out in this Letter and based on information known to us or which is publicly available).
- (ii) Whether the Offer is “reasonable”, after taking into consideration the actual and potential financial impact of other circumstances surrounding the Offer and the Company which we consider relevant (being both quantitative and qualitative factors available and made known to us).

We consider the financial terms of the Offer to be **NOT FAIR**, from a financial point of view after factoring, *inter alia*, the following:–

- (i) Substantial discounts implied by the Offer Price from the historical market prices for the Shares considering, *inter alia*, that (a) the Offer Price is substantially lower than the lowest possible trading price and the minimum bid and ask price for shares listed on the SGX-ST of S\$0.001; (b) the Offer Price is substantially lower than the transacted market prices for the Shares during the 12-months period prior to the Offer Announcement Date; and for the period commencing from the Offer Announcement Date to the Latest Practicable Date; (c) the Offer Price represents significant discount of approximately 80.0% from the last transacted price for the Shares on the Offer Announcement Date; and (d) the Offer Price represents significant discounts of approximately 82.1%, 80.0%, 80.6% and 79.4% from the VWAP for the Shares for the 12-months, 6-months, 3-months and 1-month periods prior to the Offer Announcement Date respectively.

In addition, we note that for the 12 months period prior to Offer Announcement Date, and the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date (both dates inclusive), the Shares were traded above the Offer Price. The discounts (for last transacted prices prior to the Offer Announcement Date, VWAP for 3-month and 1-month period prior to Announcement Date) are generally worse off than any of the Selected Non-Privatisation MGO Transactions (save for Blumont MGO 2017).

- (ii) The Offer Price is at a premium of approximately 12.6% over the Group’s RNAV and/or RNTA per Share and the implied P/NAV of approximately 1.1 times is lower than the simple average and the median for the Selected Non-Privatisation MGO Transactions. In addition, the Directors represented and confirmed that, notwithstanding there are no concrete plans now to develop the land, in the event that there are plans to develop the land, (and after taking into account that, had development been completed and ready for occupation, and the estimated total cost including, *inter alia*, carrying charges of completing the development), the revaluation surplus (after deducting potential tax liabilities) arising from the Development Property and Appraised Assets, may likely have been higher and accordingly, the premium implied by the Offer Price from the Group’s RNAV and/or RNTA per Share would have been lower.
- (iii) Unfavourable comparison with the Selected Non-Privatisation MGO Transactions.
- (iv) This is notwithstanding that the Offer Price for the Offer is relatively more favourable than the 2017 Offer Price in terms of the: (a) significantly higher premiums above the NTA per Share; (b) premium of the Offer Price over RNTA per Share as compared to the discount from the relevant RNTA per Share for the Blumont MGO 2017; (c) comparable discounts from the last traded

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price before the relevant offer announcement; and (d) the absolute price for each offered Share.

- (v) No other third parties have approached the Company with an intention to make an offer for the Company; and apart from the Offer being made by the Offeror; no other third party has made a firm offer for the Company as at the Latest Practicable Date.

We consider the financial terms of the Offer to be **NOT REASONABLE**, from a financial point of view after factoring, *inter alia*, the following:–

- (i) As at the Announcement Date, the Offeror and his Concert Parties hold approximately 50.8% of the total number of issued Shares, and subsequent to the Announcement Date to the Latest Practicable Date, the Offeror did not make any further announcement in connection with changes in its shareholding in the Company or further purchases of Shares. Accordingly, the Offeror and his Concert Parties have a statutory control of the Company, which places the Offeror in a position to significantly influence, *inter alia*, the management, operating and financial policies of the Company and is in a position, to pass ordinary resolutions for matters in which the Offeror and his Concert Parties do not have an interest, at general meetings of Shareholders. Furthermore, acceptance of the Offer by Shareholders will further reduce the free float, number of Shares available for trading and Shareholders. This may further exacerbate the illiquidity, volatility and the bid and ask spreads for the Shares and increase transactional or trading cost (other than commissions where applicable).
- (ii) Substantial discounts implied by the Offer Price from the historical market prices for the Shares.
- (iii) The Offer Price is below minimum price for which Shares are traded on the SGX-ST, being S\$0.001 for each Share. In addition, we note that for the 12 months period prior to Offer Announcement Date, and the period commencing on the Market Day immediately after the Offer Announcement Date till the Latest Practicable Date (both dates inclusive), Shares were always traded above the Offer Price.
- (iv) Unfavourable comparison with the Selected Non-Privatisation MGO Transactions. The valuation of the Group as implied by the Offer Price appears to be less favourable as compared to any of the Selected Non-Privatisation MGO Transactions (save for Blumont MGO 2017) in terms of premium and/or discount over/from historical prices.

ACA's Recommendation on the Offer

Based on our assessment of the financial terms of the Offer as set out above, we advise the Independent Directors that they should recommend that Shareholders to **REJECT** the Offer. For Shareholders who wish to realise their Shares, they should consider selling their Shares in the open market as the transacted prices for the Shares during the 12-month period prior to the Announcement Date, and period commencing on the Announcement Date to the Latest Practicable Date were substantially higher than the Offer Price.

Directors and Shareholders should note that the trading of the Shares are subject to, *inter alia*, the performance and prospects of the Group, prevailing market conditions, economic outlook and stock market conditions and sentiments. Accordingly, our advice on the Offer does not and cannot take into account future trading activities or patterns or price levels that may be established for the Shares after the Latest Practicable Date since these are governed by factors beyond the ambit of our review and also, such advice, if given, would not fall within our terms of reference in connection with the Offer.

Matters to highlight

We would also wish to highlight the following matters which may affect the decisions or actions of Shareholders:–

1. If the Shareholders are considering selling their Offer Shares in the open market, they should

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- be aware that the current market prices and trading volumes for the Shares may have been supported by the Offer and may not be maintained at current levels when the Offer closes.
2. The Offeror has stated in the Offer Document that the Offer Price is final and it will not revise the Offer Price.
 3. Whilst the possibility of a higher offer from a third party cannot be ruled out, as at the Latest Practicable Date, we are not aware of any publicly available evidence of an alternative offer for the Shares. Shareholders should be aware that the chances of such an alternative offer for Shares being made by a third party may be affected by the fact that as at the Announcement Date, the Offeror and his Concert Parties hold approximately 50.8% of the total number of issued Shares.
 4. As set out in the Offer Document, the Offer is unconditional.
 5. It is the current intention of the Offeror to maintain the listing status of the Company on the SGX-ST following completion of the Offer. In the event that the percentage of Shares (excluding any Shares held in treasury) held in public hands falls below 10% and the SGX-ST suspends trading of the Shares, the Offeror will assess the options available at such time, including but not limited to carrying out a compliance placement exercise after the completion of the Offer. Thus, the ability of the Company to meet the public float requirements and remain listed after close of the Offer, is possibly alleviated. Furthermore, given that approximately 29.49% of the issued Shares will not be tendered for acceptance pursuant to the Irrevocable Undertaking, the possibility of Shareholders relying on a compulsory acquisition accorded for their "protection" pursuant to Section 215(3) of the Act is reduced.
 6. The Directors confirmed that as at the Latest Practicable Date and save for matters disclosed in the Circular, this Letter, the audited financial statements for the Group for FY2019 and the unaudited financial statements for the Group for HY2020, there has been no material changes to the Group's assets and liabilities, financial position, condition, and performance.
 7. Our scope does not require us, and save as disclosed we have not made any independent evaluation of the Group (including without limitation, market value or economic potential) or appraisal of the Group's assets and liabilities (including without limitation, financial assets, development property, asset(s) held for sale and property, plant and equipment) or contracts entered into or to be entered into by the Group (where applicable) and we have not been furnished with any such evaluation and appraisal in respect of assets and liabilities(if any) held or contracts entered into (where applicable) by the Group. The Directors have confirmed that for the internal accounting reference purpose, they have commissioned two Independent Valuers to determine the market value of the Group's development property and selected property and equipment of the Group as at the relevant valuation dates.

As stated in the Circular, the valuation reports issued by the Independent Valuers are not prepared specifically for the purposes of and in connection with the Offer. Nevertheless, the Directors confirmed that each of the Independent Valuers has given consent for the references to and/or use of the market value of the Group's Development Property and the fair value of the Selected Property and Equipment of the Group by the Directors, who have the liberty to disclose such valuation to us in connection with their bases for their representations and estimates. With respect to such valuation, we are not experts in the evaluation or appraisal of assets and liabilities (including without limitation, financial assets, development property, and property and equipment) including, *inter alia*, the contracts or agreements that the Group has embarked upon or are about to embark upon (where applicable) and have relied on the opinion of the Directors and the financial statements (audited and unaudited), where applicable for the assessment.

Limitations

It is also to be noted that as trading of the Shares is subject to possible market fluctuations and accordingly, our advice on the Offer does not and cannot take into account the future trading activities

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or patterns or price levels that may be established for the Shares since these are governed by factors beyond the ambit of our review and also such advice, if given, would not fall within our terms of reference in connection with the Offer.

For our opinion and recommendation, we have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints or plans of any individual Shareholder, or group of Shareholders. As different Shareholders or group of Shareholders would have different investment profiles and objectives, we would advise Independent Directors to recommend that any individual Shareholder or group of Shareholders who may require advice in the context of his specific investment portfolio, including his investment in the Company, should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who **wish to accept the Offer** must do so not later than **5.30 p.m. (Singapore time) on the closing date being 31 December 2020 (“Closing Date”**, abiding by the procedures for the acceptance of the Offer as set out in Appendix 2 to the Offer Document, the FAA and/or the FAT, as the case may be.

Acceptances should be completed and returned as soon as possible and, in any event, so as to be received, on behalf of the Offeror:

- (a) by CDP (in respect of the FAA); or
- (b) by the Registrar (in respect of the FAT),

as the case may be, not later than **5.30 p.m. (Singapore time) on the Closing Date**.

Shareholders who **do not wish to accept the Offer** need not take any further action in respect of the Offer Document, the FAA and/or the FAT (as the case may be) which have been sent to them.

This Letter is addressed to the Independent Directors in connection with and for the sole purpose of their evaluation of the financial terms of the Offer. Whilst a copy of this Letter may be included in the Circular, neither the Company nor the Directors nor the Shareholders, may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of ACA in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters and the scope of our appointment stated herein and does not apply by implication to any other matter. Save as disclosed, nothing herein shall confer or be deemed or is intended to confer any right of benefit to any third party and the Contracts (Rights of Third Parties) Act Chapter 53B and any re-enactment thereof shall not apply.

The recommendations made by the Independent Directors to the Independent Shareholders in relation to the Offer and the issue of the Circular (as well as any information therein) shall remain the sole responsibility of the Independent Directors and the Directors respectively.

Yours faithfully,

For and on behalf of

ASIAN CORPORATE ADVISORS PTE. LTD.

H.K. LIAU
MANAGING DIRECTOR

FOO QUEE YIN
MANAGING DIRECTOR

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation	
Mr. Siaw Lu Howe	No. 1188, Lorong Stutong 13E, Tabuan Jaya Baru 1, 93350 Kuching, Sarawak, Malaysia	Non-Executive Chairman	
Mr. John Lee Yow Meng	17 Jalan SS4/21, 47301 Petaling Jaya, Selangor, Malaysia	Executive Director and Chief Financial Officer	
Mr. Alan Chin Yu	26 Beckley Circle, Leeming WA 6149, Australia	Executive Director	
Mr. Ng Keok Chai	No. 31, Jalan Kemuning Damai 32/147B, Kemuning Utama, Seksyen 32, 40460 Shah Alam, Selangor, Malaysia	Lead Director	Independent
Mr. Tan Gim Kang, Arran	657 Yishun Avenue 4, #12-373, Nee Soon Central View, Singapore (760657)	Independent Executive Director	Non-
Mr. Aris Muhammad Rizal	Komp. Griya Melati Mas Blok. R-1 007/008 Jatimulya, Cilodong, Kota Depok, Indonesia	Independent Executive Director	Non-

2. REGISTERED OFFICE

The registered office of the Company is 201 Henderson Road, #03-26/27, Apex @ Henderson, Singapore 159545.

3. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of investment holding. The principal activities of its subsidiaries include investment holding, sterilisation and polymerisation services, and property development.

4. SHARE CAPITAL

4.1 Issued Share Capital

The Company has one (1) class of shares, being ordinary shares. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$127,338,850 comprising 27,570,762,183 Shares. As at the Latest Practicable Date, the Company has no treasury shares. The issued Shares are listed and quoted on the Main Board of the SGX-ST.

4.2 Capital, Dividends and Voting

The rights of Shareholders in respect of capital, dividends and voting are contained in the Constitution. The provisions in the Constitution relating to the rights of Shareholders in respect of capital, dividends and voting are set out in Appendix V to this Circular.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

4.3 New Issues

As at the Latest Practicable Date, no new Shares have been issued by the Company since 31 December 2019, being the end of the last financial year.

4.4 Convertible Securities

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, securities being offered for or which carry voting rights affecting the Shares.

5. DISCLOSURE OF INTERESTS AND DEALINGS

5.1 Interests of the Directors in Company Securities

Saved as disclosed below, none of the Directors has any direct or deemed interests in any Company Securities as at the Latest Practicable Date:

Name of Director	Direct interest		Deemed interest		Total interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Siaw Lu Howe ⁽²⁾	-	-	8,131,184,204	29.49	8,131,184,204	29.49
Mr. John Lee Yow Meng	15,000,000	0.05	-	-	-	-
Mr. Alan Chin Yu	10,000,000	0.04	-	-	-	-
Mr. Ng Keok Chai	-	-	-	-	-	-
Mr. Tan Gim Kang, Arran	15,000,000	0.05	-	-	-	-
Mr. Aris Muhammad Rizal	10,000,000	0.04	-	-	-	-

Notes:

- (1) Based on 27,570,762,183 issued Shares as at the Latest Practicable Date. For the purposes of the table above, all percentage figures are rounded to the nearest two (2) decimal places.
- (2) Mr. Siaw Lu Howe is deemed to have an interest in 8,131,184,204 Shares held through Ultimate Horizon as Ultimate Horizon is wholly owned by Mr. Siaw Lu Howe.

5.2 Dealings in Company Securities by the Directors

Save as disclosed in Sections 1.1 and 10 of this Circular in relation to the Acquisition, none of the Directors has dealt for value in the Company Securities during the period commencing six (6) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date.

5.3 Company Securities owned or controlled by the IFA

As at the Latest Practicable Date, none of the IFA, its related corporations nor funds whose investments are managed by it and/ or its related corporations on a discretionary basis owns or controls any Company Securities.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

5.4 Dealing in Company Securities by the IFA

During the period commencing six (6) months prior to the Offer Announcement Date, and ending on the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by it and/ or its related corporations on a discretionary basis has dealt for value in the Company Securities.

5.5 Intentions of the Directors in respect of their Offer Shares

- (a) Mr. Siaw Lu Howe has a deemed interest in 8,131,184,204 Shares (comprising approximately 29.5% of the entire issued Shares) through his wholly-owned company, Ultimate Horizon. Pursuant to the Irrevocable Undertaking, Ultimate Horizon will not be accepting the Offer in respect of the Shares that it holds.
- (b) Mr. John Lee Yow Meng has informed the Company that he does not intend to tender the 15,000,000 Shares held by him in acceptance of the Offer.
- (c) Mr. Alan Chin Yu has informed the Company that he does not intend to tender the 10,000,000 Shares held by him in acceptance of the Offer.
- (d) Mr. Tan Gim Kang, Arran has informed the Company that he does not intend to tender the 15,000,000 Shares held by him in acceptance of the Offer.
- (e) Mr. Aris Muhammad Rizal has informed the Company that he does not intend to tender the 10,000,000 Shares held by him in acceptance of the Offer.
- (f) Mr. Ng Keok Chai does not have any direct or deemed interest in the Shares.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date:

- (a) there are no service contracts between any of the Directors or proposed directors and the Company or its subsidiaries which have more than 12 months to run and which are not terminable by the employing company within the next 12 months without paying any compensation; and
- (b) there are no such service contracts between any of the Directors or proposed directors and the Company or its subsidiaries entered into or amended during the period commencing six (6) months prior to the Offer Announcement Date and ending on the Latest Practicable Date.

7. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) it is not proposed that any payment or other benefit be made or given to any Director or to any director of any other corporation which is by virtue of Section 6 of the Companies Act deemed to be related to the Company, as compensation for loss of office or otherwise in connection with the Offer;
- (b) save for the Irrevocable Undertaking, there is no agreement or arrangement made between any Director and any other person in connection with or conditional upon the outcome of the Offer; and
- (c) save in connection with the Acquisition, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

8. MATERIAL CONTRACTS WITH INTERESTED PERSONS

As at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports, or any publicly available information on the Group, neither the Company nor any of its subsidiaries has entered into material contracts (other than those entered into in the ordinary course of business) with persons who are Interested Persons during the period commencing three (3) years before the Offer Announcement Date and ending on the Latest Practicable Date.

9. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed in this Circular, on the SGXNET, in the Company's annual reports, or any publicly available information on the Group, none of the Company or its subsidiaries is engaged in any material litigation, either as plaintiff or defendant, which might materially and adversely affect the financial position of the Company or the Group, taken as a whole, and the Directors are not aware of any litigation, claims or proceedings pending or threatened against the Company or any of its subsidiaries or any facts likely to give rise to any litigation, claims or proceedings which might materially and adversely affect the financial position of the Company or the Group, taken as a whole.

10. SUMMARY OF FINANCIAL INFORMATION

10.1 Consolidated Statements of Comprehensive Income

A summary of the audited consolidated statements of comprehensive income of the Group for FY2017, FY2018 and FY2019, and the unaudited consolidated statement of comprehensive income for the Group for FY2020 is set out below.

	1H2020 Unaudited	2019 Audited	2018 Audited	2017 Audited
Revenue	2,114,971	4,298,414	3,919,553	3,697,557
Other gains/(losses) - net	33,111	(20,267)	1,126,371	(711,187)
Expenses				
Raw materials and consumables used	(39,350)	(75,309)	(90,528)	(99,031)
Employee benefits	(878,948)	(1,679,368)	(1,828,873)	(2,383,117)
Others	(790,845)	(1,463,423)	(2,245,971)	(2,572,287)
Impairment loss on financial assets	-	-	-	(4,015)
Finance costs	(111,422)	(272,893)	(319,355)	(67,252)
Total expenses	(1,820,565)	(3,490,993)	(4,484,727)	(5,125,702)
Profit/(Loss) before income tax	327,517	787,154	561,197	(2,139,332)
Income tax	(273,477)	(585,111)	(485,902)	(449,519)
Profit/(Loss) for the year	54,040	202,043	75,295	(2,588,851)
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Actual gain/(loss) on defined benefit plans	-	(56,397)	33,967	(128,447)
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation profit/(loss)				
- on translating foreign operations	-	216,208	(2,069,066)	(352,628)

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

- reclassified to profit or loss on striking-off of a subsidiary	9,587	-	881,367	907,069
Net change in fair value of financial assets, available-for-sale	-	-	-	199
Other comprehensive income for the period, net of tax	9,587	159,811	(1,153,732)	426,193
Total Comprehensive income for the year	63,627	361,854	(1,078,437)	(2,162,658)
Profit for the period attributable to:				
Owners of the Company	54,040	202,043	(141,190)	(2,801,408)
Non-controlling interests	-	-	216,485	212,557
	54,040	202,043	75,295	(2,588,851)
Total comprehensive income for the year attributable to:				
Owners of the Company	63,627	361,854	(1,275,378)	(2,273,059)
Non-controlling interests	-	-	196,941	110,401
	63,627	361,854	(1,078,437)	(2,162,658)
Profit/(Loss) per shares (S\$ cents)				
- Basic	0.0002	0.0007	(0.0005)	(0.0102)
- Diluted	0.0002	0.0007	(0.0005)	(0.0102)

The above summary of the audited consolidated statements of comprehensive income of the Group for FY2017, FY2018 and FY2019 should be read together with the annual reports of the Company and the audited consolidated financial statements of the Group for the relevant years and the related notes thereto, and the above summary for HY2020 should be read in conjunction with the HY2020 Results and the accompanying notes as set out in the financial statements. Copies of the audited consolidated financial statements of the Group for the relevant financial periods and the HY2020 Results are available for inspection as mentioned under Section 17 of this Circular.

The FY2019 Results and the HY2020 Results are set out in Appendices III and IV respectively to this Circular.

10.2 Consolidated Statements of Financial Position

A summary of the audited consolidated statements of financial position of the Group as at 31 December 2017, 31 December 2018 and 31 December 2019, and the HY2020 Results is set out below.

	1H2020	2019	2018	2017
	Unaudited	Audited	Audited	Audited
ASSETS				
Current assets				
Cash and bank balance	1,755,336	944,690	673,690	929,704
Other financial assets	120,259	120,259	120,259	80,040
Trade and other receivables	741,552	628,404	579,748	602,832
Other current assets	80,696	45,510	142,855	992,064
Development property	4,524,736	4,576,173	4,584,510	4,581,730
Grant receivable	9,375	-	-	-
Asset held for sale	-	1,185,120	1,187,280	1,186,560
	7,231,954	7,500,156	7,288,342	8,372,930

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

Non-current assets				
Other financial assets	-	-	-	625
Property and equipment	4,638,436	4,873,424	4,721,269	4,272,983
Deferred tax assets	402,132	379,708	308,392	296,355
	<u>5,040,568</u>	<u>5,253,132</u>	<u>5,029,661</u>	<u>4,569,963</u>
Total Assets	<u>12,272,522</u>	<u>12,753,288</u>	<u>12,318,003</u>	<u>12,942,893</u>
LIABILITIES				
Current liabilities				
Trade and other payables	1,515,407	1,682,166	2,133,407	3,298,362
Borrowings	321,811	605,276	605,123	2,134,936
Deferred income	14,883	-	-	-
Lease liabilities	49,151	48,868	-	-
Current income tax liabilities	110,428	168,743	148,587	42,688
	<u>2,011,680</u>	<u>2,505,053</u>	<u>2,887,117</u>	<u>5,475,986</u>
Non-current liabilities				
Lease liabilities	80,203	104,580	-	-
Defined benefit plan	1,334,353	1,252,968	1,011,913	1,002,567
Borrowings	5,074,078	5,182,108	5,067,914	744,938
	<u>6,488,634</u>	<u>6,539,656</u>	<u>6,079,827</u>	<u>1,747,505</u>
Total Liabilities	<u>8,500,314</u>	<u>9,044,709</u>	<u>8,966,944</u>	<u>7,223,491</u>
Net Assets	<u>3,772,208</u>	<u>3,708,579</u>	<u>3,351,059</u>	<u>5,719,402</u>
EQUITY				
Equity attributable to owners of the Company				
Share capital	127,338,850	127,338,850	127,338,850	127,338,850
Reserves	(3,792,470)	(3,802,058)	(4,018,266)	(4,607,352)
Accumulated losses	(119,774,172)	(119,828,213)	(119,969,525)	(119,862,302)
	<u>3,772,208</u>	<u>3,708,579</u>	<u>3,351,059</u>	<u>2,869,196</u>
Non-controlling interests	-	-	-	2,850,206
Total Equity	<u>3,772,208</u>	<u>3,708,579</u>	<u>3,351,059</u>	<u>5,719,402</u>

The above summary of the audited consolidated statements of financial position of the Group as at 31 December 2017, 31 December 2018 and 31 December 2019 should be read together with the annual reports of the Company and the audited consolidated financial statements of the Group for the relevant years and the related notes thereto, and the above summary of the unaudited consolidated statement of financial position as at 30 June 2020 should be read together with the HY2020 Results and the accompanying notes as set out in the financial statements. Copies of the audited consolidated financial statements of the Group for the relevant financial periods and the HY2020 Results are available for inspection as mentioned under Section 17 of this Circular.

The FY2019 Results and the HY2020 Results are set out in Appendices III and IV to this Circular.

10.3 Significant Accounting Policies

APPENDIX II – ADDITIONAL INFORMATION ON THE COMPANY

A summary of the significant accounting policies of the Group is set out in Note 3 to the audited consolidated financial statements of the Group for FY2019, which are reproduced in Appendix III to this Circular.

Save as disclosed in this Circular and in publicly available information on the Group, there are no significant accounting policies or any matters from the notes of the financial statements of the Group which are of any major relevance for the interpretation of the financial statements of the Group.

10.4 Changes in Accounting Policies

As set out in the audited financial statements of the Group for FY2019, on 1 January 2019, the Group has adopted the applicable new or amended Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) that are mandatory for the accounting periods beginning on or after 1 January 2019.

Save as disclosed in this Circular and in publicly available information on the Group, as at the Latest Practicable Date, there is no change in the accounting policy of the Group which will cause the figures disclosed in this Circular not to be comparable to a material extent.

10.5 Material Changes in Financial Position

Save as disclosed in publicly available information on the Company and in this Circular, as at the Latest Practicable Date, there have been no known material changes in the financial position of the Company since 31 December 2019, being the date to which the Company’s last published audited accounts were made up. However, the ongoing Covid-19 pandemic has had an effect on the global economy, and the Group’s operations may accordingly be affected.

10.6 Material Changes in Information

Save as disclosed in this Circular and save for the information relating to the Group and the Offer that is publicly available, there has been no material change in any information previously published by or on behalf of the Company during the period commencing from the Offer Announcement Date and ending on the Latest Practicable Date.

11. COST AND EXPENSES

All expenses and costs incurred by the Company in relation to the Offer will be borne by the Company.

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

The audited consolidated financial statements of the Group for FY2019 which are set out below have been reproduced from the Company's annual report for FY2019, and were not specifically prepared for inclusion in this Circular.

All capitalised terms used in the notes to the audited consolidated financial statements of the Group for FY2019 set out below shall have the same meanings given to them in the annual report of the Company for FY2019.

A copy of the annual report of the Company for FY2019 is available for inspection at the office of the Company's Secretary, ZICO Corporate Services Pte Ltd, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, during normal business hours from the date of this Circular and for the period during which the Offer remains open for acceptance.

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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	At	At	At	At	At
	1.1.2019/ date of appointment	31.12.2019	21.1.2020	1.1.2019/ date of appointment	31.12.2019	21.1.2020
The Company						
<i>Number of ordinary shares</i>						
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.

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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;

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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.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2019

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

BLUMONT GROUP LTD. • 2019 ANNUAL REPORT

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	
<p><u>Risk identified</u></p> <p>We refer to Notes 3(o), 4(a)(iv) and 16 to the financial statements.</p> <p>The Group's development property amounted to S\$4,576,173 as at 31 December 2019.</p> <p>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.</p>	<p><u>Our response</u></p> <p>Our procedures are designed to challenge the appropriateness of the valuation of the development property. These procedures included, amongst others:</p> <ul style="list-style-type: none"> 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. <p><u>Our findings</u></p> <p>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.</p>

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(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.

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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

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

BLUMONT GROUP LTD. • 2019 ANNUAL REPORT

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 S\$	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)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Actuarial (loss)/gain on defined benefit plans	22	(56,397)	33,967
<i>Items that may be reclassified subsequently to profit or loss:</i>			
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

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

BLUMONT GROUP LTD. • 2019 ANNUAL REPORT

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group		Company	
		2019 S\$	2018 S\$	2019 S\$	2018 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	-	-
		<u>6,315,036</u>	<u>6,101,062</u>	<u>277,857</u>	<u>233,845</u>
Assets held for sale	17	1,185,120	1,187,280	-	-
		<u>7,500,156</u>	<u>7,288,342</u>	<u>277,857</u>	<u>233,845</u>
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	-	-
		<u>5,253,132</u>	<u>5,029,661</u>	<u>11,449,469</u>	<u>11,277,141</u>
Total Assets		<u>12,753,288</u>	<u>12,318,003</u>	<u>11,727,326</u>	<u>11,510,986</u>
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	-	-
		<u>2,505,053</u>	<u>2,887,117</u>	<u>6,740,644</u>	<u>5,544,041</u>
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
		<u>6,539,656</u>	<u>6,079,827</u>	<u>4,936,915</u>	<u>4,532,335</u>
Total Liabilities		<u>9,044,709</u>	<u>8,966,944</u>	<u>11,677,559</u>	<u>10,076,376</u>
Net Assets		<u>3,708,579</u>	<u>3,351,059</u>	<u>49,767</u>	<u>1,434,610</u>
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)
		<u>3,708,579</u>	<u>3,351,059</u>	<u>49,767</u>	<u>1,434,610</u>
Non-controlling interests	18(f), 26	-	-	-	-
Total Equity		<u>3,708,579</u>	<u>3,351,059</u>	<u>49,767</u>	<u>1,434,610</u>

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 →					Total equity
	Share capital	Currency translation reserve	Other reserves	Accumulated losses	Attributable to owners of the Company	
	S\$	S\$	S\$	S\$	S\$	S\$
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

Group
Balance at 1 January 2019
 Adoption of SFRS(I) 16
Adjusted balance at 1 January 2019
 Profit for the year
 Other comprehensive income/(loss), net of tax:
 Foreign currency translation income
 Actuarial loss on defined benefit plan
Total comprehensive income for the year
Balance at 31 December 2019

The accompanying notes form an integral part of the financial statements

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	← Attributable to owners of the Company →						Total equity
	Share capital	Fair value reserve	Currency translation reserve	Other reserves	Accumulated losses	Attributable to owners of the Company	
	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
Adjustment on initial application of SFRS(I) 9	-	(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
(Loss)/Profit for the year	-	-	-	-	(141,190)	(141,190)	216,485
Other comprehensive (loss)/income, net of tax:							
Foreign currency translation loss	-	-	(1,168,155)	-	-	(1,168,155)	(19,544)
Actuarial gain on defined benefit plan	-	-	-	-	33,967	33,967	-
Total comprehensive (loss)/income for the year	-	-	(1,168,155)	-	(107,223)	(1,275,378)	196,941
Acquisition of additional interest in subsidiaries	-	-	-	1,757,440	-	1,757,440	(3,047,147)
Balance at 31 December 2018	127,338,850	-	(5,753,264)	1,734,998	(119,969,525)	3,351,059	-
Balance at 31 December 2019	127,338,850	-	(5,753,264)	1,734,998	(119,969,525)	3,351,059	-

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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 S\$	2018 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

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

(cont'd)

		Group	
	Note	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.

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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)

(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.

Impact on lessee accounting

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.

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)

(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	<u>197,487</u>

(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

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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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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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 it 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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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.

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)

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Significant Accounting Policies (cont'd)

(i) 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:

	<u>Useful lives</u>
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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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).

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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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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)

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.

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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 otherwise 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.

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)

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.

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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 recognise 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

Derecognition of financial liabilities

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.

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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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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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).

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)

(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.

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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.

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

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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
	<u>4,298,414</u>	<u>3,919,553</u>

(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
	<u>(20,267)</u>	<u>1,126,371</u>

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
	<u>1,679,368</u>	<u>1,828,873</u>

APPENDIX III – AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR FY2019

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Other Expenses

	Group	
	2019	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	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

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10 Income Tax

	Group	
	2019	2018
	S\$	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	2018
	S\$	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.

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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\$
<i>Equity investments measured at fair value through profit or loss</i>				
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.

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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)			Total S\$
	Current S\$	< 60 days S\$	> 60 days S\$	
Group				
<u>2019</u>				
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.

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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)			Total S\$
	Current S\$	< 60 days S\$	> 60 days S\$	
Group				
<u>2018</u>				
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	-*	-*	-*	-*
				<u>256,262</u>

* 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 S\$	2018 S\$
<i>Trade receivables</i>		
At 1 January	-	-
Loss allowance recognised in profit or loss during the year (Note 8)	316	-
Currency translation differences	1	-
At 31 December	<u>317</u>	-
<i>Other receivables</i>		
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	<u>121,701</u>	<u>129,616</u>

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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\$
<i>Other receivables</i>		
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

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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

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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)
	<u>104,456</u>	<u>104,454</u>
Loans to subsidiaries (b)	14,034,665	14,015,960
Less: Allowance for impairment loss	(2,840,515)	(2,882,977)
	<u>11,194,150</u>	<u>11,132,983</u>
Loan from a subsidiary	<u>4,590,000</u>	<u>3,390,000</u>

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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 S\$	2018 S\$
<i>Unquoted equity shares, at cost</i>		
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
<i>Allowance for impairment loss</i>		
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
		%	%
<u>Held by the Company</u>			
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

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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 %
<u>Held by the Company (cont'd)</u>			
Raintree Rock Sdn. Bhd. ^(b) Malaysia	Investment holding	100	100
Powerlite Ventures Limited ^(g) British Virgin Islands	Investment holding	-	-
<u>Held by Adroit Innovations Investment Pte Ltd</u>			
PT Rel-ion Sterilization Services ^(c) Indonesia	Sterilisation and polymerisation services	77.71	77.71
<u>Held by Tria Holdings Pte. Ltd.</u>			
Trackplus Sdn. Bhd. ^(b) Malaysia	Property development	65	65
Solid Base Limited ^(e) Seychelles	Investment holding	100	100
<u>Held by Solid Base Limited.</u>			
Trackplus Sdn. Bhd. ^(b) Malaysia	Property development	35	35
<u>Held by Asphere Holdings Pte. Ltd.</u>			
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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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)	<u>(1,613,652)</u>
Change in interest in subsidiary recognised in equity under other reserves (Note 25(b)(iii))	<u><u>(1,378,945)</u></u>

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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)	<u>(1,433,495)</u>
Change in interest in subsidiary recognised in equity under other reserves (Note 25(b)(iii))	<u>(378,495)</u>

(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	2018	2019	2018
	%	%	S\$	S\$	S\$	S\$
PT Rel-ion Sterilization Services (Indonesia)	-	-	-	228,025	-	-
Trackplus Sdn. Bhd. (Malaysia)	-	-	-	(11,540)	-	-
			-	<u>216,485</u>	-	-

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

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

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19 Property and Equipment (cont'd)

Group 2018 Cost	Freehold	Freehold	Renovations	Furniture	Office,	Cobalt	Motor	Construction	Total
	land	building	S\$	and fittings	computer and other equipment	isotope	vehicles	in-progress	S\$
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
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
<u>Accumulated depreciation</u>									
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
<u>Net carrying amount</u>									
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 S\$	Leasehold property S\$	Furniture and fittings S\$	Office, computer and other equipment S\$	Total S\$
Company					
2019					
<u>Cost</u>					
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
<u>Accumulated depreciation</u>					
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
<u>Net carrying amount</u>					
At 31 December	4,118	140,492	-	6,253	150,863
2018					
<u>Cost</u>					
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
<u>Accumulated depreciation</u>					
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
<u>Net carrying amount</u>					
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.

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20 Trade and Other Payables

	Group		Company	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
<u>Current</u>				
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		Company	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
<u>Current</u>				
Loans from banks (a)	605,276	605,123	-	-
<u>Non-current</u>				
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	Adoption of	Cash flows		Non-cash	At 31
	1 January	SFRS(I) 16	Proceeds	Repayments	changes	December
	S\$	S\$	S\$	S\$	S\$	S\$
<u>2019</u>						
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
	<u>5,673,037</u>	<u>197,487</u>	<u>300,000</u>	<u>(272,514)</u>	<u>42,822</u>	<u>5,940,832</u>
<u>2018</u>						
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
	<u>2,879,874</u>	<u>-</u>	<u>1,277,335</u>	<u>(739,172)</u>	<u>2,255,000</u>	<u>5,673,037</u>

22 Defined Benefit Plan

	Group	
	2019	2018
	S\$	S\$
Present value of unfunded obligations	<u>1,252,968</u>	<u>1,011,913</u>

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

	Group	
	2019	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	<u>1,252,968</u>	<u>1,011,913</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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	<u>(379,708)</u>	<u>(308,392)</u>

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	<u>(379,708)</u>	<u>(308,392)</u>

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.

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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
	<u>32,896,403</u>	<u>32,882,730</u>	<u>31,557,393</u>	<u>31,557,393</u>

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\$
<i>Ordinary shares issued and fully paid</i>				
Balance at the beginning and end of the year	<u>27,570,762,183</u>	<u>127,338,850</u>	<u>27,570,762,183</u>	<u>127,338,850</u>

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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.

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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.

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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%

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25 Reserves

	Group		Company	
	2019	2018	2019	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	-	-
	<u>(3,802,058)</u>	<u>(4,018,266)</u>	-	-
(b) Movements during the financial year are as follows:				
				Group and Company 2018
				S\$
(i) <u>Fair value reserve</u>				
Balance at the beginning of the year				199
Adjustment on initial application of SFRS(I) 9				<u>(199)</u>
Adjusted balance at the beginning and end of the year				<u>-</u>
(ii) <u>Currency translation reserve</u>				
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	<u>(5,537,056)</u>	<u>(5,753,264)</u>	-	-

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25 Reserves (cont'd)

	Group		Company	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
(iii) <u>Other reserves</u>				
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.

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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.

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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 S\$	Indonesian Rupiah S\$	Malaysian Ringgit S\$	Australian Dollar S\$	United States Dollar S\$	Total 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)

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27 Financial Risk Management (cont'd)

(a) Market Risk (cont'd)

(i) Currency risk (cont'd)

	Singapore Dollar S\$	Indonesian Rupiah S\$	Malaysian Ringgit S\$	Thailand Baht S\$	Australian Dollar S\$	United States Dollar S\$	Total 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)

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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 S\$	Equity S\$	Loss before tax S\$	Equity S\$
<u>2019</u>				
United States Dollar	115	115	(135)	(135)
Australian Dollar	44	44	(44)	(44)
<u>2018</u>				
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.

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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	-	-
	<u>628,404</u>	<u>579,748</u>	<u>-</u>	<u>-</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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					
<u>2019</u>					
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	-
	<u>7,622,998</u>	<u>8,052,843</u>	<u>2,583,181</u>	<u>5,469,662</u>	<u>-</u>
<u>2018</u>					
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	-
	<u>7,806,444</u>	<u>8,271,504</u>	<u>2,986,533</u>	<u>5,284,971</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Financial Risk Management (cont'd)

(c) Liquidity Risk (cont'd)

	Carrying amounts	Contractual amounts	< 1 year	1 - 5 years	> 5 years
	S\$	S\$	S\$	S\$	S\$
Company					
<u>2019</u>					
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	-
<u>2018</u>					
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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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				
<u>2019</u>				
Financial assets at fair value through profit or loss				
- Listed equity securities	120,259	-	-	120,259
<u>2018</u>				
Financial assets at fair value through profit or loss				
- Listed equity securities	120,259	-	-	120,259
Company				
<u>2019</u>				
Financial assets at fair value through profit or loss				
- Listed equity securities	120,259	-	-	120,259
<u>2018</u>				
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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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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
 <i>Comprised:</i>		
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\$
<u>Current</u>	
Buildings	44,838
Office equipment	4,030
	48,868
 <u>Non-current</u>	
Buildings	103,539
Office equipment	1,041
	104,580
 Total lease liabilities	 153,448

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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
	<u>153,448</u>

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

	31 December 2019 S\$	1 January 2019 S\$
Buildings	140,492	184,858
Office equipment	4,608	8,295
	<u>145,100</u>	<u>193,153</u>

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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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29 Lease Liabilities (cont'd)

The Group as lessee (cont'd)

(d) Other disclosures

	<u>2019</u> <u>S\$</u>
Total cash outflow for leases	<u>55,560</u>

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				
<u>2019</u>				
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

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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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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		
<u>2019</u>		
Singapore	-	150,863
Malaysia	86,909	-
Indonesia	4,211,505	4,722,561
	<u>4,298,414</u>	<u>4,873,424</u>
<u>2018</u>		
Singapore	-	39,704
Malaysia	27,284	-
Indonesia	3,892,269	4,681,565
	<u>3,919,553</u>	<u>4,721,269</u>

* 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.

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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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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.

APPENDIX IV – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR HY2020

The HY2019 Results set out below have been extracted from the announcement by the Company on 6 August 2020 and were not specifically prepared for inclusion in this Circular. The figures have not been audited.

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BLUMONT

博诺有限公司

BLUMONT GROUP LTD.

(Company Registration No. 199302554G)

(Incorporated in the Republic of Singapore)

HALF YEAR ENDED 30 JUNE 2020 FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT

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APPENDIX IV – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR HY2020

Unaudited Results for The Half Year Ended 30 June 2020

The Board of Directors of Blumont Group Ltd wishes to announce the following unaudited results of the Group for the half year ended 30 June 2020.

1. Consolidated Income Statement

	GROUP		%
	S\$'000		
	1H2020	1H2019	Increase/ (Decrease)
Revenue	2,115	1,715	23
Other gains/(losses) – net	33	(16)	306
Expenses			
Raw materials and consumables used	(39)	(32)	(22)
Employee benefits	(879)	(849)	(4)
Others	(791)	(694)	(14)
Finance costs	(112)	(133)	16
Total expenses	(1,821)	(1,708)	
Profit/(Loss) before income tax	327	(9)	
Income tax	(273)	18	(1617)
PROFIT FOR THE PERIOD	54	9	

2. Consolidated Statement of Comprehensive Income

	GROUP		%
	S\$'000		
	1H2020	1H2019	Increase/ (Decrease)
Profit for the period	54	9	
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation profit			
- on translating foreign operations	9	64	(86)
Other comprehensive income for the period, net of tax	9	64	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	63	73	
Profit for the period attributable to:			
Owners of the Company	54	9	500
Total comprehensive income for the period attributable to:			
Owners of the Company	63	73	(14)
Profit per share attributable to owners of the Company (expressed in cents)			
- Basic	0.00020	0.00003	567
- Diluted	0.00020	0.00003	567

APPENDIX IV – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR HY2020

3. Notes to the consolidated statement of profit or loss and other comprehensive income

3a. Profit/(Loss) before income tax is after (charging)/crediting:

	GROUP		%
	S\$'000		
	1H2020	1H2019	Increase/ (Decrease)
<u>Other gains/(losses) – net comprise of:</u>			
Interest income	3	1	200
Net currency exchange gain/(loss)	(3)	(26)	88
Miscellaneous income	33	9	267
<u>Other expenses comprise of:</u>			
Depreciation of property and equipment	(331)	(306)	(8)
Professional and consultancy fees	(28)	31	(190)
<u>Finance costs comprise of:</u>			
Interest expense	(111)	(133)	17
- Bank loans	(35)	(62)	44
- Shareholder's loans	(72)	(71)	(1)
- Lease liabilities	(4)	-	NM
- Others	*(-)	*(-)	NM

NM: Not Meaningful
*: < S\$1,000

3b. Income tax attributable to results is made up of:

	GROUP		%
	S\$'000		
	1H2020	1H2019	Increase/ (Decrease)
Income tax comprises:			
Current income tax	(293)	-	NM
Deferred tax	20	20	NM
	(273)	20	
Under-provision in prior period	-	(2)	NM
	(273)	18	

NM: Not Meaningful

4. Statement of Financial Position

	GROUP			COMPANY		
	As at 30/06/2020	As at 31/12/2019	%	As at 30/06/2020	As at 31/12/2019	%
	S\$'000	S\$'000	Increase/ (Decrease)	S\$'000	S\$'000	Increase/ (Decrease)
ASSETS						
Current assets						
Cash and bank balances	1,755	945	86	490	141	248
Other financial assets	120	120	NM	120	120	NM
Trade and other receivables	742	628	18	-	-	NM
Other current assets	81	46	76	34	17	100
Grant receivable	9	-	NM	9	-	NM
Development property	4,525	4,576	**	-	-	NM
	7,232	6,315		653	278	
Assets held for sale	-	1,185	NM	-	-	
	7,232	7,500		653	278	
Non-current assets						
Investments in subsidiaries	-	-	NM	104	104	NM
Loans to subsidiaries	-	-	NM	10,913	11,194	(3)
Property and equipment	4,638	4,873	(5)	121	151	(20)
Deferred tax assets	402	380	6	-	-	NM
	5,040	5,253		11,138	11,449	
Total assets	12,272	12,753		11,791	11,727	

APPENDIX IV – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR HY2020

4. Statement of Financial Position (Cont'd)

LIABILITIES						
Current liabilities						
Trade and other payables	1,515	1,682	(10)	2,359	2,101	12
Borrowings	322	605	(47)	-	-	NM
Loan from a subsidiary	-	-	NM	5,190	4,590	13
Deferred income	15	-	NM	15	-	NM
Lease liabilities	49	49	NM	49	49	NM
Current income tax liabilities	111	168	(34)	-	-	NM
	<u>2,012</u>	<u>2,504</u>		<u>7,613</u>	<u>6,740</u>	
Net current assets/(liabilities)	5,220	4,996		(6,960)	(6,462)	
Non-current liabilities						
Defined benefit plan	1,334	1,253	6	-	-	NM
Borrowings	5,074	5,182	(2)	4,832	4,832	NM
Lease liabilities	80	105	(24)	80	105	(24)
	<u>6,488</u>	<u>6,540</u>		<u>4,912</u>	<u>4,937</u>	
Total liabilities	8,500	9,044		12,525	11,677	
Net assets/(liabilities)	3,772	3,709		(734)	50	
EQUITY						
Equity attributable to owners of the Company						
Share capital	127,339	127,339	NM	127,339	127,339	NM
Reserves	(3,793)	(3,802)	**	-	-	NM
Accumulated losses	(119,774)	(119,828)	**	(128,073)	(127,289)	1
Total equity	3,772	3,709		(734)	50	

NM: Not Meaningful

**<1%

4a. Aggregate amount of Group's borrowings and debt securities.

Amount repayable not later than one year				Amount repayable after one year			
As at 30/06/2020		As at 31/12/2019		As at 30/06/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured	Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
322	-	605	-	242	4,832	350	4,832

Details of any collateral

Pertaining to the secured borrowings as at 30 June 2020, the Group has loans from banks secured by the freehold land and building of PT Rel-ion Sterilization Services granted in favour of the lender.

Lease liabilities include current lease liabilities of S\$0.05 million and non-current lease liabilities of \$0.08 million. The right-of-use assets is S\$0.12 million.

5. Consolidated Statement of Cash Flows

	GROUP S\$'000	
	1H2020	1H2019
Cash Flows from Operating Activities		
Profit/(Loss) before income tax	327	(9)
Adjustments for:		
Unrealised foreign exchange loss	40	43
Depreciation of property and equipment	331	306
Interest expense	111	133
Interest income	(3)	(1)
Operating cash flows before working capital changes	<u>806</u>	<u>472</u>
Changes in operating assets and liabilities		
Receivables	40	(270)
Payables	(140)	(288)
Cash generated from/(used in) operations	<u>706</u>	<u>(86)</u>
Income tax and withholding tax paid	(351)	(153)
Net cash generated from/(used in) operating activities	<u>355</u>	<u>(239)</u>

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5. Consolidated Statement of Cash Flows (Cont'd)

	GROUP S\$'000	
	1H2020	1H2019
Cash Flows from Investing Activities		
Purchase of property and equipment	(76)	(199)
Interest received	3	1
Proceeds from disposal of asset held-for-sale	986	-
Proceeds from disposal of property and equipment	-	*
Net cash generated from/(used in) investing activities	913	(198)
Cash Flows from Financing Activities		
Repayment of borrowings	(388)	(83)
Repayments for lease liabilities	(25)	-
Interest paid	(39)	(62)
Proceeds from borrowings	-	300
Net cash (used in)/generated from financing activities	(452)	155
Net increase/(decrease) in cash and cash equivalents	816	(282)
Cash and cash equivalents at the beginning of the period	945	674
Effect of changes in foreign exchange rates on cash and cash equivalents	(6)	1
Cash and cash equivalents at the end of the period	1,755	393

*: < S\$1,000

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 2020 S\$'000	Cash flows		Non-cash changes S\$'000	At 30 June 2020 S\$'000
		Proceeds S\$'000	Repayments S\$'000		
Loans from banks	955	-	(388)	(3)	564
Loans from a shareholder	4,832	-	-	-	4,832
Lease liabilities	154	-	(25)	-	129
	5,941	-	(413)	(3)	5,525
Classified as:					
Current borrowings	605				322
Non-current borrowings	5,182				5,074
	5,787				5,396

6. Statement of Changes in Equity

6a. Statement of Changes in Equity for the Group

	Attributable to owners of the Company				Total S\$'000
	Share capital S\$'000	Currency translation reserve S\$'000	Other reserve S\$'000	Accumulated losses S\$'000	
1H2020					
Balance at 1 January 2020	127,339	(5,537)	1,735	(119,828)	3,709
Profit for the period	-	-	-	54	54
Other comprehensive income, net of tax:					
Foreign currency translation gain	-	9	-	-	9
Total comprehensive income for the period	-	9	-	54	63
Balance at 30 June 2020	127,339	(5,528)	1,735	(119,774)	3,772
1H2019					
Balance at 1 January 2019	127,339	(5,753)	1,735	(119,970)	3,351
Profit for the period	-	-	-	9	9
Other comprehensive income, net of tax:					
Foreign currency translation gain	-	64	-	-	64
Total comprehensive income for the period	-	64	-	9	73
Balance at 30 June 2019	127,339	(5,689)	1,735	(119,961)	3,424

APPENDIX IV – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR HY2020

6. Statement of Changes in Equity (Cont'd)

6b. Statement of Changes in Equity for the Company

	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000
1H2020			
Balance at 1 January 2020	127,339	(127,289)	50
Loss for the period	-	(784)	(784)
Total comprehensive loss for the period	-	(784)	(784)
Balance at 30 June 2020	127,339	(128,073)	(734)
1H2019			
Balance at 1 January 2019	127,339	(125,904)	1,435
Loss for the period	-	(712)	(712)
Total comprehensive loss for the period	-	(712)	(712)
Balance at 30 June 2019	127,339	(126,616)	723

6c. Changes in the Company's share capital

Issued and paid up Share Capital

	As at 30 June 2020		As at 31 December 2019	
	Number of ordinary shares	S\$	Number of ordinary shares	S\$
Ordinary shares issued and fully paid	27,570,762,183	127,338,850	27,570,762,183	127,338,850

As at 30 June 2020, the Company did not hold any treasury shares (30 June 2019: Nil).

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

No share options under the Blumont ESOS 2013 have been granted for the six months ended 30 June 2020 (30 June 2019: Nil).

Performance Share Plan ("Blumont PSP")

No incentive share awards under the Blumont PSP have been granted for the six months ended 30 June 2020. (30 June 2019: Nil)

7. Audit Statement

7a. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

7b. Where the figures have been audited or reviewed, the independent auditor's report (including any qualifications or emphasis of a matter).

Not applicable.

8. Changes in Accounting Policies

8a. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements, except for those as disclosed under paragraph 8b.

8b. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s") that are effective for annual periods beginning on or after 1 January 2020 and are relevant to its operations.

APPENDIX IV – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR HY2020

- 8b. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change (Cont'd).

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

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

SFRS(I) 3 Business Combinations: Definition of Business

These amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual report 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 implementation of this standard has not had a significant impact on the financial statement of the Group.

9. Profit Per Ordinary Share

	GROUP	
Profit per share for profit attributable to the owners of the Company	1H2020	1H2019
(i) On the weighted average number of ordinary shares in-issue (in cents)	0.00020	0.00003
- Weighted average number of shares	27,570,762,183	27,570,762,183
(ii) On a fully diluted basis (in cents)	0.00020	0.00003
- Adjusted weighted average number of shares	27,570,762,183	27,570,762,183

10. Net Asset/(Liability) Value Per Ordinary Share

	GROUP		COMPANY	
	As at 30/06/2020	As at 31/12/2019	As at 30/06/2020	As at 31/12/2019
Net asset/(liability) value per ordinary share based on issued share capital at the end of the financial year (owners of the Company) (in cents)	0.014	0.013	(0.003)	0.0002

11. Review of Group's Performance

Commentary on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Profit or Loss

Revenue

Revenue increased by S\$0.40 million to S\$2.12 million for 1H2020 (1H2019: S\$1.72 million), mainly due to higher income from Sterilization contacts.

Other gains/(losses) – net

Other gains were S\$33,000 for 1H2020, mainly from \$20,000 Singapore government subsidy received for Job Support Scheme in 1H2020 and \$11,000 validation test income generated by sterilization business.

Other losses were S\$16,000 for 1H2019, mainly due to currency exchange loss of S\$26,000, partly offset by miscellaneous income of S\$9,000 and interest income of S\$1,000 in 1H2019.

Expenses

Raw materials and consumables used increased by approximately S\$7,000 to S\$39,000 in 1H2020 (1H2019: S\$32,000). The increase of raw materials and consumables used were in line with the increase in sterilization segment revenue.

Other expenses increased by S\$0.10 million to S\$0.79 million in 1H2020 (1H2019: S\$0.69 million), mainly due to higher provision of withholding tax and director fees in 1H2020 and professional fees rebate given in 1H2019.

APPENDIX IV – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR HY2020

11. Review of Group's Performance (Cont'd)

Finance costs decreased by S\$0.02 million to S\$0.11 million in 1H2020 (1H2019: S\$0.13 million), mainly due to lower bank loan during the period.

Income Tax

In 1H2020, the group generates \$336,000 profit before tax. Provision for corporate tax is applied across the group including the sterilization business to reflect the after tax financial performance. The tax provision for sterilization business was not applied to 1H2019 when the group made \$9,000 loss before tax.

Income tax expenses of S\$0.27 million in 1H2020 is mainly due to current income tax provision of S\$0.29 million and deferred tax income of S\$0.02 million derived from actuarial gain from employee benefit plan.

Income tax credit of S\$18,000 in 1H2019 pertains to deferred tax income of S\$20,000 derived from actuarial gain from employee benefit plan and under-provision of income tax of S\$2,000.

Other Comprehensive Income

Foreign currency translation gain on translating foreign operations of S\$9,000 for 1H2020 (1H2019: S\$64,000) relates to the translation of the results and the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency in accordance with FRS 21 *The Effects of Changes in Foreign Exchange Rate*. The decrease in foreign currency translation gain is due to the depreciated Singapore dollars against Indonesian Rupiah over the periods.

Commentary on the Statement of Financial Position

Cash and bank balances increased by S\$0.81 million or 86% from S\$0.95 million as at 31 December 2019 to S\$1.76 million as at 30 June 2020, mainly due to proceed from disposal of asset held for sale.

Trade and other receivables increased by S\$0.11 million or 18% from S\$0.63 million as at 31 December 2019 to S\$0.74 million as at 30 June 2020. The increase of trade receivables is in line with the increase in sterilization revenue.

Other current assets increased by S\$35,000 or 76% from S\$46,000 as at 31 December 2019 to S\$81,000 as at 30 June 2020, mainly due to increase in prepayments of S\$28,000 and deposit of S\$7,000.

Trade and other payables decreased by S\$0.16 million or 10% from S\$1.68 million as at 31 December 2019 to S\$1.52 million as at 30 June 2020, mainly due to reversal of deposit paid for the asset held for sale.

Borrowings, including current and non-current, decreased by S\$0.39 million from S\$5.79 million as at 31 December 2019 to S\$5.40 million as at 30 June 2020, mainly due to repayment of bank loan.

Lease liabilities, including current and non-current, decreased by S\$0.02 million from S\$0.15 million as at 31 December 2019 to S\$0.13 million as at 30 June 2020, mainly due to repayment of lease liabilities.

Current income tax liabilities decreased by S\$0.06 million from S\$0.17 million as at 31 December 2019 to S\$0.11 million as at 30 June 2020, mainly due to repayment of income tax.

12. Variance from Previous Forecast / Prospect Statement

Not applicable as there is no forecast or prospect statement previously disclosed to shareholders.

13. Outlook and Prospects

The performance of the sterilization segment of the Group has been consistent. Barring any unforeseen circumstances, we do not expect any substantial variation in its performance.

Below are updates on the Group's operations:

(a) Proposed acquisition of Samadhi Retreats Pte Ltd

On 16 July 2018, the Company entered into a conditional sale and purchase agreement with Asaro Federico and Baffyn International Corp in respect of the proposed acquisition of all the 100 ordinary shares representing the entire issued and paid-up capital of Samadhi Retreats Pte Ltd (the "Sale Shares") for an aggregate consideration of S\$43.8 million (the "Proposed Acquisition").

APPENDIX IV – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR HY2020

13. Outlook and Prospects (Cont'd)

(a) Proposed acquisition of Samadhi Retreats Pte Ltd (Cont'd)

On 16 October 2018, it was announced that the supplemental sale and purchase agreement was to amend, modify and supplement, *inter alia*, the principal terms of the sales and purchase agreement (SPA). The proposed acquisition shall be revised to the sum of S\$35 million. Samadhi Retreats (Private) Limited and Cheeva Na Tara Company Limited will not be included in the Samadhi Group acquisitions as they have yet to commence any businesses or operations.

The Proposed Acquisition constitutes a major transaction under Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited, and may change the profile of the Company as it represents a diversification of the scope of the existing business of the Group (the "Proposed Diversification"). Accordingly, the Proposed Acquisition is subject to the approval of the shareholders of the Company ("Shareholders").

The Company will convene an extraordinary general meeting ("EGM") to seek the approval of Shareholders for the Proposed Acquisition. The circular containing *inter alia*, further information on the Proposed Acquisition and the Proposed Diversification and enclosing the notice of EGM therewith, will be despatched by the Company to Shareholders in due course.

On 4 April 2019, the Company announced that the Conditions Precedent have not been fulfilled or waived by the extended long-stop date of 31 March 2019. The Company is currently in the midst of negotiations with the Vendors on the Proposed Acquisition but have yet to agree on any further extension of time for Completion.

The Company will make such further announcements at the appropriate juncture, as and when there are material developments in relation to the Proposed Acquisition.

(b) Updates on Legal Proceeding in relation to Raintree Rock Sdn Bhd ("Raintree")

On 26 April 2016, the Company announced via SGXNET that Raintree, a wholly owned subsidiary of Blumont Group Ltd., had been notified that it had on 22 April 2016, been served with a writ of summons and statement of claim filed in the High Court of Malaya in Kuala Lumpur to take steps to effect rectification of the strata title to the property, an order for specific performance by Raintree, subject to the Court varying certain terms of the Agreement dated 15 September 2015 for the sale of a property in Kuala Lumpur, 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 High Court had directed the parties to explore the possibility of reaching an amicable settlement. The next case management has been scheduled on 19 August 2019 for the parties to update the Court on the status of settlement.

On 4 October 2019, the Company announced that the legal proceedings in respect of Raintree has ceased as all parties have reach a mutual agreement and received a Consent Judgement from the High Court in Malaysia. Under the Consent Judgement, Raintree will complete the sale of the property to the Plaintiffs at the agreed original selling price, and the Plaintiffs and OneSentral Park Sdn Bhd will pay all outstanding rental to Raintree as well as future rental until payment for the sale of property is completed.

On 3 April 2020, the Company announced that Raintree has completed the sale of property on 24 February 2020 and received payment of the purchase price of RM3 million on 17 March 2020.

The Company has been informed by its solicitors in Malaysia that they have also received a cheque for the further sum of RM15,632.29 from the purchasers' solicitors on 12 March 2020, being the purchasers' rental and apportionment of the outgoings in relation to the property pursuant to the Consent Judgment, which is still pending clearance due to the effects of the Movement Control Order currently in force in Malaysia. The cheque was subsequently received by Raintree on 19 May 2020.

14. Dividend

(a) Current Financial Period Reported On.

Any dividend declared for the current financial period reported on?
No.

(b) Corresponding Period of the Immediately Preceding Financial Year.

Any dividend declared for the corresponding period of the immediately preceding financial year?
No.

(c) Date payable

Not applicable.

APPENDIX IV – UNAUDITED FINANCIAL STATEMENTS OF THE GROUP FOR HY2020

14. Dividend (Cont'd)

(d) Books closure date

Not applicable.

(e) If no dividend has been declared/recommended, a statement to that effect.

The Board of Directors does not recommend any payment of dividends for the six months ended 30 June 2020.

15. General Mandate from Shareholders for Interested Party Transactions

No general mandate for Interested Party Transactions has been obtained from the shareholders.

16. Confirmation pursuant to Rule 705(5) of the listing manual.

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the six months ended 30 June 2020 to be false or misleading.

On behalf of the Board of Directors

Lee Tak Meng
Chief Executive Officer
and Executive Director

Ng Keok Chai
Lead Independent Director

17. Confirmation Pursuant to Rule 720(1) of the listing manual.

The Company hereby confirms that it has procured undertakings from all its directors and executive officer under Rule 720(1) of the listing manual.

**BY ORDER OF THE BOARD
Blumont Group Ltd.**

John Lee Yow Meng
Chief Financial Officer and Executive Director
6 August 2020

APPENDIX V – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

The rights of Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Constitution are set out below.

All capitalised terms used in the following extracts shall have the same meanings ascribed to them in the Constitution, a copy of which is available for inspection at the office of the Company’s Secretary, ZICO Corporate Services Pte Ltd, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544, during normal business hours from the date of this Circular and for the period during which the Offer remains open for acceptance.

1. Rights in respect of capital

SHARE CAPITAL

5. Subject to the Act and these Articles relating to new shares and to any special rights attached to any share for the time being issued, all shares shall be under the absolute control of the Members in General Meeting but subject thereto, the Directors may allot, grant options over or otherwise dispose of the same to such persons on such terms and conditions, for such consideration, at a premium or otherwise and at such times as the Directors may determine. Provided that:
- Shares under control of General Meeting.
- (a) no shares may be issued at a discount except in accordance with the Act;
 - (b) the rights attaching to shares of a class other than ordinary shares shall be expressed in the resolution creating the same; and
 - (c) no shares may be issued to transfer a controlling interest without prior approval of the Members in General Meeting.
6. The Company in General Meeting may authorise Directors to exercise any power of the Company to issue shares, such authority being confined to a particular exercise of that power or generally. Any such authority may be unconditional or subject to conditions and shall continue in force until the conclusion of the Annual General Meeting commencing next after the date on which the approval was given or the expiration of the period within which the next Annual General Meeting after that date is required by law to be held (whichever is earlier) but may be previously revoked or varied by the Company in General Meeting.
- Authority to Directors to issue shares.
7. Any share in the Company may be issued with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, either at a premium or otherwise, as the Company may from time to time by Ordinary Resolution determine, and subject to the provisions of the Act (and these Articles) the Company may issue preference shares which are, or at the option of the Company are, liable to be redeemed on such terms and in such manner as the Company before the issue thereof may by Ordinary Resolution determine. The total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares for the time being.
- Company may issue shares with preferred, deferred or other special rights.
8. In the event of the Company at any time issuing preference capital, the Company shall have power to issue further preference capital ranking equally with or in priority to the preference shares already issued and the rights conferred upon the holders of preference shares shall not unless otherwise expressly provided by the conditions of issue of such shares be deemed to be altered by the creation or issue of such further preference capital ranking equally with or in priority thereto.
- Issue of further preference shares.
9. Subject to the provisions of the Act all or any of the special rights or privileges for the time being attached to any preference shares for the time being issued may from time to time (whether or not the Company is being wound up) be modified, affected, altered or abrogated and preference capital other than redeemable preference shares may be repaid if authorised by Special Resolution passed by Members in respect of such
- Alteration of rights of preference shareholders.

APPENDIX V – RELEVANT EXTRACTS FROM THE COMPANY’S CONSTITUTION

preference shares at a special meeting called for the purpose. To any such special meeting all the provisions of these Articles as to General Meetings of the Company shall *mutatis mutandis* apply but so that the necessary quorum shall be two persons at least being or representing by proxy Members in respect of not less than one-third of the preference shares issued and that every such Member shall be entitled on a poll to one vote for every preference share held by him, and that any such Member present either in person or by proxy may demand a poll.

Provided that where the necessary majority for such a Special Resolution is not obtained at the meeting, consent in writing if obtained from the Members in respect of three-fourths of the preference shares concerned within two months of the meeting shall be as valid and effectual as a Special Resolution carried at the meeting.

10. Preference shareholders shall have the same rights as ordinary shareholders as regards the receiving of notices, reports and balance sheets and the attending of General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital of the Company or winding up or sanctioning a sale of the undertaking of the Company or where the proposal to be submitted to the meeting directly affects their rights and privileges or where the dividend on the preference shares is more than six months in arrears.

Rights of preference shareholders.

11. If by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the persons who for the time being, and from time to time, shall be Members in respect of the shares, or their legal personal representatives.

Instalments of shares.

12. The Company may pay a commission to any person in consideration of his subscribing, or agreeing to subscribe, whether absolutely or conditionally, or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the capital of the Company or options therefor. Any such commission may be paid in whole or in part in cash or fully or partly paid shares of the Company at par or options therefor as may be arranged, and the Company may, in addition to, or in lieu of, such commission, in consideration of any person so subscribing or agreeing to subscribe, whether absolutely or conditionally, or of his procuring or agreeing to procure subscriptions, whether absolute or conditional, for any shares in the Company or options therefor, confer on any such person an option call within a specified time for a specified number or amount of shares in the Company at a specified price not being less than the par value or on such other terms and conditions as the Directors may deem fit. The payment or agreement to pay a commission or the conferring of an option shall be in the discretion of the Directors on behalf of the Company. The requirements of the provisions of the Act shall be observed, so far as applicable.

Commission for subscribing.

13. (1) The Company and the CDP shall not be bound to register more than three persons as the joint holders of any share except in the case of executors or administrators of the estate of a deceased Member.

Joint holders and Depositors.

(2) Subject to Article 13(1), any two or more persons may be registered as joint holders of any share or named in the Depository Register as joint Depositors. In the case of the death of any one or more of the joint registered holders or joint Depositors of any share, the survivors shall be the only persons recognised by the Company as having any title to or interest in such share but the Company may require such evidence of death as it may deem fit.

(3) Any one of the joint holders of any share or joint Depositors may give effectual receipts for any dividends, bonuses or other moneys payable to such joint holders or joint Depositors. The first named on the Register or the Depository Register shall, however, as regards voting, proxy, service of notices and delivery of certificates and dividend warrants, be deemed to be the sole owner of such share and any notice given

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to such person shall be deemed notice to all the joint holders or joint Depositors, as the case may be.

(4) The joint holders of any share or the joint Depositors in respect of any share shall be liable jointly and severally in respect of all payments and liabilities in respect of such share.

14. Save as herein otherwise provided the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and a Depositor as the absolute owner of the number of shares which are entered against his name in the Depository Register and accordingly shall not be bound (except as ordered by a court of competent jurisdiction or as by law required) to recognise even when having notice of any equitable or other claim to or interest in any such share on the part of any person.

Member absolute owner.

15. No person shall exercise any rights or privileges as a Member until his name shall have been entered in the Register or the Depository Register and he shall have paid all calls and other moneys for the time being due and payable on any share in respect of which he is a Member alone or jointly with any other person.

Exercise of rights of Members.

16. The Company shall not give any financial assistance for the purpose of or in connection with the acquisition or proposed acquisition of any shares in the Company or its holding company (if any) unless the same is permitted by law.

Company not to give financial assistance for acquisition of shares.

17. Subject to and in accordance with the provisions of the Act, the listing rules of the Exchange, and other written law, the Company may purchase or otherwise acquire shares, options, stocks, debentures, debenture stocks, bonds, obligations, securities, and all other equity, derivative, debt and financial instruments issued by it on such terms as the Company may think fit and to the extent permitted and in the manner prescribed by law

Company may acquire its own shares.

SHARE CERTIFICATE

18. Every certificate for shares shall be under the Seal or the Share Seal as provided in Article 135.

Share certificates.

19. Every registered holder shall be entitled to receive, and the Company shall allot and despatch to CDP for the account of every Depositor who are Members, within ten Market Days (or such other period as may be approved by the Exchange) of the closing date for the subscription of securities or within such period as the conditions of issue shall provide or, where applicable, within fifteen Market Days (or such other period as may be approved by the Exchange) after the day of lodgement of a registered transfer (as defined in Article 41) (other than such transfer as the Company is for any reason entitled to refuse to register and does not register), one certificate in respect of each class of shares held by him or registered in the name of CDP, as the case may be, for all his shares or shares registered in the name of CDP, as the case may be, of that class or several certificates in such denominations as the Company shall, in its absolute discretion, consider reasonable for his shares or shares registered in the name of CDP, as the case may be, of that class, in the case of the registered holder, upon payment of two dollars per certificate (or such lesser sum as the Directors shall from time to time determine) and in the case of a Depositor, the Directors shall waive all payments for every certificate after the first Provided that (i) the Company shall not be bound to issue more than one certificate in respect of a share held jointly by several persons (including Depositors) and delivery thereof to one of several joint holders or, in the case of shares registered in the name of CDP, to CDP, shall be sufficient delivery to all such holders (including Depositors) and (ii) where a registered holder or CDP has transferred part of his shares or shares registered in the name of CDP, as the case may be, comprised in a share certificate the Company shall without charge and within fifteen Market Days (or such other period as may be approved by the Exchange) after the lodgement of the registered transfer despatch to the

Registered holder's right to certificate.

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registered holder or CDP as the case may be a certificate in respect of the shares not transferred.

20. Every certificate of shares shall specify in words and figures the distinctive number of shares in respect of which it is issued, and the amount paid up thereon. Certificates shall specify number of shares.

21. Subject to the provisions of the Act, if any such certificate shall be defaced, worn out, destroyed, stolen or lost, it may be replaced on such evidence being produced and on such indemnity or undertaking (if required) being given by the Member, registered holder, CDP, transferee, person entitled thereto or the purchasing member company of the Exchange or on behalf of its client as the Directors shall require and (in the case of defacement or wearing out) on delivery up of the old certificate and (in any case) on payment of such sum not exceeding one dollar per replacement certificate as the Directors may from time to time require. In the case of theft, destruction or loss the person entitled to such replacement certificate shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such theft, destruction or loss and to such indemnity or undertaking. Issue of replacing certificates.

22. The certificates of shares, or options in respect of shares, registered in the names of two or more persons may, without prejudice to the provisions of Article 19, be delivered to the person first named on the Register or, in the case of shares or option registered in the name of CDP, to CDP. Delivery of share certificates.

LIEN ON SHARES

23. The Company shall have a first and paramount lien on every share (not being a fully-paid share) and all dividends or interests from time to time declared in respect thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares standing registered in the name of a single person or joint persons or in respect of which a Depositor is or joint Depositors are named in the Depository Register and all dividends or interests from time to time declared in respect thereof for all moneys presently payable by such person, or in the case of a joint holder or Depositor, either such person or his estate to the Company. The Company's lien shall be restricted to unpaid calls and instalments, costs, charges and expenses referred to in Article 29 and interest (if any) on the specific shares in respect of which such amounts are due and unpaid and to such amounts as the Company may be called upon by law to pay in respect of the shares of the Member or deceased Member. Company's lien on shares.

24. For the purpose of enforcing such lien the Directors may sell all or any of the shares subject thereto in such manner as they think fit, but no sale shall be made until such time as the moneys in respect of which such lien exists or some part thereof are presently payable, and until a notice in writing stating the amount due and demanding payment, and giving notice of intention to sell in default, shall have been served in such a manner as the Directors shall think fit on such Member or the person (if any) entitled by transmission to the shares, and default in payment shall have been made by him or them for seven days after such notice. Right to enforce lien by sale.

25. The net proceeds of any such sale shall be applied in or towards satisfaction of the amount due and the residue (if any) shall be paid to the Member or his executors, administrators or assignees or as such Member shall direct. Application of proceeds of sale.

26. To give effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser and the Directors may enter the purchaser's name in the Register as holder of the shares or may request the CDP to enter the purchaser's name in the Depository Register as the Depositor thereof, and the purchaser shall not be bound to see to the regularity or validity of, or be affected by any irregularity or invalidity in the proceedings or be bound to see to the application of the purchase How sale to be effected.

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money, and after his name has been entered in the Register or the Depository Register the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only.

CALLS ON SHARES

27. The Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares or on any class of their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each Member shall (subject to his having been given at least fourteen days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be made payable by instalments. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. Powers of Directors to make calls.
28. The joint holders of a share or the joint Depositors in respect of a share shall be jointly and severally liable to pay all calls or instalments and interest or costs, charges and expenses referred to in Article 29 (if any) in respect thereof. Joint and several liability of joint holders and Depositors.
29. If before or on the day appointed for payment thereof a call or instalment thereof payable in respect of a share is not paid, the person from whom the amount of the call or instalment is due shall pay interest on such amount at such rate as the Directors shall decide from time to time from the day appointed for payment thereof to the time of actual payment, and shall also pay all costs, charges and expenses which the Company may have incurred or become liable for in order to recover payment of or in consequence of non-payment of such call or instalment, but the Directors may waive payment of such interest, costs, charges and expenses wholly or in part. Interest on unpaid calls.
30. Any sum which by the terms of allotment of a share is made payable upon issue or at any fixed date whether on account of the nominal value of the share or by way of premium and any instalment of a call shall for all purposes of these Articles be deemed to be a call duly made and payable on the date fixed for payment, and in case of non-payment the provisions of these Articles as to payment of interest, costs, charges and expenses, forfeiture and the like, and all the other relevant provisions of the Act or of these Articles shall apply as if such sum were a call duly made and notified as hereby provided. Sums payable under terms of allotment to be deemed calls.
31. The Directors may from time to time make arrangements on the issue of shares for a difference between the Members in respect of such shares in the amount of calls to be paid and in the time of payment of such calls. Difference in calls between various Members.
32. The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any or in respect of shares, and upon all or any part of the moneys so advanced may (until the same would, but for the advance, become payable) pay interest at such rate not exceeding (unless the Company in General Meeting shall otherwise direct) eight per cent. per annum as may be agreed upon between the Directors and the Member paying the sum in advance. Capital paid on shares in advance of calls whilst carrying interest shall not confer a right to participate in profits. Payment of call in advance.

FORFEITURE OF SHARES

33. If any Member fails to pay the whole or any part of any call or instalment or interest, costs, charges or expenses referred to in Article 29, on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the call or instalment or interest, costs, charges or expenses remain unpaid serve a notice on such Member requiring him to pay the same, together with any interest (including interest upon interest) and expenses that may have been incurred by the Company by reason of such non-payment. Notice to be given of intended forfeiture.

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34. The notice shall name a further day (not being less than fourteen days from the date of service of the notice) and a place on and at which such call or instalment or interest, costs, charges or expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is payable shall be liable to be forfeited. Form of notice.
35. If the Member shall fail to comply with the requirements of any notice as aforesaid, any share in respect of which the notice has been given, may at any time thereafter, before payment of all such calls or instalments or interest, costs, charges and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. If notice not complied with shares may be forfeited.
36. Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-allot, or otherwise dispose of the same upon such terms and in such manner as they think fit. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may effect a transfer of the share in favour of the person to whom the share is sold or disposed and his name shall thereupon be entered in either the Register or the Depository Register, as may be appropriate, in respect of the share and shall not be bound to see the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share. Forfeited shares property of Company.
37. When any share shall have been so forfeited notice of the resolution shall be given to the Member in respect of such share prior to the forfeiture and an entry of the forfeiture with the date thereof shall forthwith be made in the Register and the Company shall request CDP to make a corresponding entry in the Depository Register. The provisions of this Article are directory only and no forfeiture shall be in any manner invalidated by any omission to give such notice or to make such entry as aforesaid. Notice of forfeiture to be given to Members.
38. The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit. Power to annul forfeiture.
39. Any Member whose or in respect of whom shares shall have been forfeited shall cease to be a Member in respect of the forfeited shares but shall, notwithstanding, be liable to pay, and shall forthwith pay to the Company all calls or instalments or interest, costs, charges and expenses owing upon or in respect of such shares at the time of forfeiture, as if the shares had not been forfeited and to satisfy all (if any) the claims and demands which the Company might have enforced in respect of the shares at the time of forfeiture without any deduction or allowance for the value of the shares at the time of forfeiture together with any interest thereon from the time of forfeiture until payment, at the rate of eight per cent per annum and the Directors may enforce the payment of such moneys or any part thereof if they think fit, but shall not be under any obligation so to do. Any residue after the satisfaction of the unpaid calls, accrued interest, costs, charges and expenses shall be paid to the Member, his executor, administrator or assignee or as he directs. Liability on forfeited share.
40. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company and that shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares. Declaration by Director conclusive of fact of forfeiture.

TRANSFER OF SHARES

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41. Subject to the restrictions of these Articles and any restrictions imposed by law or the Exchange or the CDP, any Member may transfer all or any of his shares, but every transfer by any Member must either be by means of :-
- Member may transfer shares.
- (a) an instrument in the form approved by the Exchange, which must be left at the Office or such other place or places as the Directors may appoint from time to time for registration, duly stamped and accompanied by the certificates of the shares to be transferred, and such other evidence (if any) as the Directors may require to prove the title of the intending transferor or his right to transfer the shares ("a registered transfer"); or
- (b) book-entry in the Depository Register in accordance with the Act.
42. The instrument of transfer of a share which is the subject of a registered transfer shall be signed by or on behalf of both the transferor and the transferee and be witnessed and the transferor shall be deemed to remain the holder of the share concerned until the name of the transferee is entered in the Register in respect thereof. CDP may transfer any share in respect of which its name is entered in the Register by means of a registered transfer. CDP shall not be required as transferee to sign any form of transfer for the transfer of shares to it. The Directors may dispense with the execution of the instrument of transfer by the transferee and the requirement that the instrument of transfer be witnessed in any case in which they think fit in their discretion so to do. Shares of different classes shall not be comprised in the same instrument of transfer. This Article 42 shall not apply to any transfer of shares by way of book-entry in compliance with the Act.
- Instrument of transfer to be executed.
43. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind but nothing herein contained shall be construed as imposing on the Company any liability in respect of the registration of such transfer if the Company has no actual knowledge of the same.
- Restriction on transfer.
- Nothing in this Article shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.
44. In the case of registered transfers, all instruments of transfers submitted which shall be registered shall be retained by the Company, but any instrument of transfer which the Directors may refuse to register shall (except in any case of fraud) be returned to the party presenting the same.
- Instrument of transfer to be retained.
45. In the case of a registered transfer, a fee not exceeding two dollars for each transfer as the Directors may from time to time determine shall be charged for the registration of a transfer except that CDP shall not be liable to pay any fee in respect of the registration of a transfer.
- Transfer fee.
46. In the case of a registered transfer, the Directors may decline to register any transfer of shares on which the Company has a lien.
- Power of directors to refuse to register transfer.
47. In the case of a registered transfer, if the Directors refuse to register any transfer of any shares they shall serve on the transferor and transferee, within ten Market Days of the day on which the transfer was lodged with the Company, a notice in writing informing each of them of such refusal and the reasons therefor.
- Notice of refusal to register to be sent by Company.
48. The Company shall provide a book to be called "Register of Transfers", which shall be kept under the control of the Directors, and in which shall be entered the particulars of every transfer or transmission of shares (other than a transfer or transmission of shares by means of book-entry in the Depository Register).
- Register of Transfers.
49. The Register of Transfers may be closed at such times and for such period as the Directors may from time to time determine, provided always that it shall not be closed
- Closure of Register of Transfers.

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for more than thirty days in any calendar year, and during such periods the Directors may suspend the registration of transfers. Ten Market Days’ notice (or such shorter notice as the Exchange may agree) of such closure shall be advised to any stock exchange upon which the Company is listed, stating the period and purpose or purposes for which the closure is being made.

50. Subject as hereinbefore provided, the Company shall be entitled to destroy:- Destruction of records.

- (a) at any time after the expiration of six years from the date of registration thereof or on which an entry in respect thereof shall have been made (as the case may be), all instruments of transfer of shares, options, warrants, loan stocks or debentures or other forms of security of the Company which shall have been so registered or entered and all letters of request, renounced allotment letters, renounceable share certificates, forms of acceptance and transfer and applications for allotment and all records on microfilm or on any other system of data recording and storage;
- (b) at any time after the expiration of one year from the date of cancellation thereof, all registered certificates for shares or debentures or representing any other form of security of the Company (being certificates for shares, debentures or other securities in the name of a transferor and in respect whereof the Company has registered a transfer) and all mandates and other written directions as to the payment of dividends or interest (being mandates or directions which have been cancelled); and
- (c) at any time after the expiration of one year from the date of the recording thereof, all notifications of change of name or address;

and it shall conclusively be presumed in favour of the Company that:-

- (i) every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
- (ii) every certificate for shares or debentures or representing any other form of security so destroyed was a valid certificate duly and properly cancelled; and
- (iii) every other document hereinbefore mentioned so destroyed was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company.

Provided that:-

- (1) the provisions aforesaid shall apply only to the destruction of documents in good faith and without notice of any claim (regardless of the parties thereto) to which the document might be relevant;
- (2) nothing herein contained shall be construed as imposing on the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of Proviso (1) above are not fulfilled;
- (3) references herein to the destruction of any documents include references to the disposal thereof in any manner; and
- (4) any document referred to in this Article 50(b) and (c) may be destroyed at a date earlier than that authorised by this Article Provided That a copy of such document shall have been made in any form whether in electronic or digital form which shall not be destroyed before the expiration of the period applicable to the destruction of the original of such document and in respect of which the

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Directors shall take adequate precautions for guarding against falsification and for facilitating its production.

TRANSMISSION OF SHARES

51. In the case of the death of a Member, the survivor where the deceased was a joint registered holder or a joint Depositor, and the legal personal representative of the deceased where he was a sole or only surviving registered holder or joint Depositor, save as otherwise provided herein or required or provided by law, shall be the only person recognised by the Company as having any title to or interest in respect of his shares, but nothing herein contained shall release the estate of a deceased holder or Depositor from any liability in respect of any share in respect of which he was a Member solely or jointly.

Transmission of shares.

52. Any person becoming entitled to a share in consequence of the death or bankruptcy of a registered holder of a share shall upon producing such evidence of his title as the Directors may require, have the right either to be registered himself as the holder of the share or to make such transfer thereof as the deceased or bankrupt holder could have made, but the Directors shall in either case have the same right to refuse or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt holder before the death or bankruptcy.

Title on death or bankruptcy.

If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him and stating that he so elects. For the purposes of these Articles relating to the registration of transfers of shares, such notice shall be deemed to be a transfer and the Directors shall have the same power of refusing to give effect thereto by registration as if the event upon which the transmission took place had not occurred and the notice were a transfer executed by the person from whom the title by transmission is derived.

In the case of any person becoming entitled to the interest of a Depositor in respect of a share in consequence of the death of the Depositor, Section 130K(1) of the Act shall apply.

54. The Company shall be entitled to charge a fee not exceeding ten dollars or such other sum as may be determined from time to time on the registration in the Register of every probate, letter of administration, death or marriage certificate, power of attorney, notice in lieu of distringas or other instruments.

Fee on registration of probate, etc.

CONVERSION OF SHARES INTO STOCK

55. The Company in General Meeting may convert any paid-up shares into stock and may from time to time reconvert such stock into paid-up shares of any denomination.

Conversion of shares to stock.

56. When any shares have been converted into stock the several holders of and Depositors in respect of such stock may transfer their respective interests therein or any part of such interests in such manner as the Company in General Meeting shall direct, but in default of any direction then in the same manner and subject to the same regulations as and subject to which the shares from which the stock arose might previously to conversion have been transferred or as near thereto as circumstances will admit. The Directors may if they think fit from time to time fix the minimum amount of stock transferable Provided That such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Stockholders entitled to transfer interest.

57. The several holders of and Depositors in respect of stock shall be entitled to participate in then dividends and profits of the Company according to the amount of their respective interests in such stock and such interests shall, in proportion to the amount thereof, confer on the holders thereof respectively the same rights, privileges and advantages for the purposes of voting at meetings of the Company and for other purposes as if they held or were Depositors in respect of the shares from which the stock

Stockholders entitled to profits

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arose, but so that none of such rights, privileges or advantages (except the participation in the dividends, profits and assets of the Company) shall be conferred by any such part of consolidated stock as would not, if existing in shares, have conferred such rights, privileges or advantages.

58. All such provisions of these Articles as are applicable to paid up shares shall apply to stock and in all such provisions the words "shares" and "shareholder" shall include "stock" and "stockholder".

Definitions.

INCREASE OF CAPITAL

59. The Company in General Meeting may from time to time by Ordinary Resolution, whether all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up or not, increase its capital by the creation and issue of new shares, such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company by the resolution authorising such increase shall direct.

Power to increase capital.

60. The new shares shall be issued upon such terms and conditions (including such consideration) and with such rights and privileges annexed thereto as the General Meeting resolving upon the creation thereof shall direct and, in particular such new shares may be issued with a preferential, qualified or postponed right to dividends, and in the distribution of assets of the Company, and with a special or without any right of voting.

On what conditions new shares may be issued.

61. Unless otherwise determined and subject to such other terms and conditions as may be determined by the Members in General Meeting, or unless permitted under the listing rules of the Exchange as may be in force from time to time, all new shares shall, before issue, be offered to such Members as at the date of the offer are entitled to receive notices from the Company of General Meetings, in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may subject to these Articles dispose of those shares in such manner as they think most beneficial to the Company Provided Always that the Directors shall have the absolute discretion to determine whether or not such offer shall be made to any Member in any country or jurisdiction outside the Republic of Singapore. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to the shares of the persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered in the manner hereinbefore provided or which are not offered to Members outside the Republic of Singapore.

Shareholders' rights of pre-emption.

62. Subject to any directions that may be given in accordance with the powers contained in the Memorandum of Association or these Articles, any capital raised by creation of new shares shall be considered as part of the original capital and as consisting of ordinary shares and shall be subject to the same provisions with reference to the payment of calls, transfer, transmission, forfeiture, lien and otherwise as if it had been part of the original capital.

New capital considered part of original capital.

ALTERATIONS OF CAPITAL

63. The Company may –

Alteration of capital.

(1) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between

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the shares of Members to be consolidated determine which particular shares are to be consolidated into each consolidated share and in the case of any shares of Members being consolidated with shares of another Member may make such arrangements as may be thought fit for the sale of the consolidated share or any fractions thereof and for such purpose may appoint some person to transfer the consolidated share to the purchaser and arrange either for the distribution among the persons entitled thereto of the net proceeds of such sale after deduction of the expenses of sale or for the payment of such net proceeds to the Company Provided that when the necessary unissued shares are available the Directors may in each case where the number of shares in respect of which any holder or Depositor is a Member is not an exact multiple of the number of shares to be consolidated into a single share issue to each such holder or Depositor credited as fully paid up by way of capitalisation the minimum number of shares required to round up his shareholding to such a multiple (such issue being deemed to have been effected immediately prior to consolidation) and the amount required to pay up such shares shall be appropriated at the Directors' discretion from any of the sums standing to the credit of any of the Company's Reserve Accounts (including Share Premium Account and Capital Redemption Reserve) or to the credit of profit and loss account and capitalised by applying the same in paying up such shares;

- (2) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; or
- (3) by subdivision of its existing shares or any of them divide its capital or any part thereof into shares of smaller amount than is fixed by its Memorandum of Association and so that as between the holders or Depositors of the resulting shares one or more of such shares may by the resolution by which the subdivision is effected be given any preference or advantage as regards dividend, capital, voting or otherwise over the others or any other of such shares;
- (4) reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with and subject to any matter or consent required by law.

MODIFICATION OF CLASS RIGHTS

64. Subject to the provisions of the Act, all or any of the special rights or privileges attached to any class of shares in the capital of the Company for the time being may, at any time, as well before as during liquidation, be modified, affected, altered or abrogated, either with the consent in writing of the Members in respect of not less than three-fourths of the issued shares of the class, or with the sanction of a Special Resolution passed at a separate General Meeting of the Members in respect of shares of the class, and all the provisions contained in these Articles relating to General Meeting shall mutatis mutandis apply to every such meeting, but so that the quorum thereof shall be not less than two persons personally present and being or representing by proxy of one-third of the issued shares of the class, and that any Member in respect of shares of the class, present in person or by proxy, shall on a poll be entitled to one vote for each share of the class in respect of which he is a Member, and if at any adjourned meeting of such Members such quorum as aforesaid is not present, any two Members in respect of shares of the class who are personally present shall be a quorum. The Directors shall comply with the provisions of Section 186 of the Act as to forwarding a copy of any such consent or resolution to the Registrar of Companies.

Modification of class rights.

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2. Rights in respect of dividends

TRANSMISSION OF SHARES

53. A person becoming entitled to a share or an interest in respect of a share in consequence of the death or bankruptcy of any Member shall have the right to receive and give a discharge for any dividends or other moneys payable in respect of the share, but he shall have no right to receive notice of or to attend or vote at meetings of the Company, or (save as aforesaid) to any of the rights or privileges of a Member in respect of the share, unless and until he shall be registered as the holder or named in the Depository Register as the Depositor in respect thereof Provided always that the Directors may at any time give notice requiring any such person to elect either to be registered or named in the Depository Register himself or to transfer the share, and if the notice is not complied with in accordance with these Articles within ninety days the Directors may thereafter withhold payment of all dividends or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Persons entitled to dividends on transmission.

DIVIDENDS

138. The profits of the Company, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles as to the reserve fund shall be divisible among the Members in proportion to the amount of capital paid up on their shares respectively.

Appropriation of profits.

139. The Company in General Meeting may declare a dividend to the Members according to their rights and interests in the profits and may fix the time for payment. No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend.

Declaration of Dividend.

140. No dividend shall be payable except out of the profits of the Company or pursuant to Section 69 of the Act. No dividend shall carry interest.

Dividend payable out of profits.

141. The declaration of the Directors as to the net profits of the Company shall be conclusive.

Declaration conclusive.

142. The Directors may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies provided that no such dividends shall be declared more than once in six months.

Interim dividend.

143. The Directors may retain any dividends on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

Debts may be deducted.

144. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer or the entry of the transfer in the Depository Register, as the case may be.

Effect of transfer.

145. Any General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of wholly or partly paid-up shares, debentures, or debenture stock of the Company, or wholly or partly paid-up shares, debentures, or debentures stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets, or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed, in order to adjust the rights of all parties, and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as may seem expedient to the

Dividend in specie.

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Directors. Where requisite, a proper contract shall be filed in accordance with Section 63 of the Act, and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend, and such appointment shall be effective.

146. The Company may retain the dividends payable upon shares or any part thereof in respect of which any person is, under Article 52, entitled to become entered in the Register or the Depository Register, as the case may be, as a Member, or which any person under that Article is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. Power to retain dividends.
147. In case several persons are jointly Members in respect of any shares, any one of such persons may give effectual receipts for dividends and payment on account of dividends in respect of such shares. Any joint Member may give receipt.
148. Notice of declaration of any dividend, whether interim or otherwise, may be given by advertisement. Notice of dividend.
149. Unless otherwise directed, any dividend may be paid by cheque, warrant or Post Office Order, sent through the post to the address of the Member entitled appearing in the Register or the Depository Register, as the case may be, or in the case of a joint Member to that one whose name shall stand first on the Register or the Depository Register, as the case may be, in respect of the joint shareholding, and every cheque, warrant or Post Office Order so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be responsible for the loss of any cheque, dividend warrant, or Post Office Order, which shall be sent by post duly addressed to the Member for whom it is intended. The payment by the Company to CDP of any dividend payable or distribution due to a Depositor shall, to the extent of the payment or distribution made, discharge the Company from any liability in respect of that payment or distribution. Payment by post.
150. All dividends unclaimed for one year after having been declared, may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Unclaimed dividends.
151. So long as shares in the capital of the Company are listed for quotation on the Exchange, the Directors shall have power generally to take such steps (not inconsistent with these Articles) as they may deem necessary, advisable or appropriate to achieve or facilitate the trading of the Company's shares, debentures or other securities through the Central Depository System established under the Act. Central Depository System.

BONUS ISSUES AND CAPITALISATION OF PROFITS AND RESERVES

152. (1) Subject to the approval of the Company in General Meeting (whether such approval is pursuant to an authorisation to the Directors to exercise the power of the Company to issue shares generally pursuant to Article 6 or otherwise), the Directors may resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of (i) any of the Company's reserve funds or (ii) the profit and loss account or otherwise available for distribution; and accordingly that in either case such sum be set free for distribution amongst the Members entitled to receive distributions by way of dividends and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares of such Members respectively or paying up in full new shares or debentures of the Company to be allotted and distributed credited as fully paid up to and amongst such Members or their nominees in the proportion aforesaid or partly in the one way and partly in the other.
- (2) Whenever such resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the amounts resolved to be capitalised thereby and all allotments and issues of fully or partly paid

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shares or debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision for the satisfaction of the right of any Member under such resolution to a fractional part of a share by payment in cash or otherwise as they think fit and also to authorise any person to enter on behalf of the Members entitled thereto or their nominees into an agreement with the Company providing for the allotment to them respectively credited as fully or partly paid-up of any further shares to which they may be entitled upon such capitalisation or, as the case may be, for the payment by the Company on their behalf, by the application thereto of their respective proportions of the amounts to be capitalised, of the amounts or any part of the amounts remaining unpaid on these existing shares or debentures. Any agreement made under such authority shall be effective and binding on all such Members and their nominees.

- (3) In addition and without prejudice to the powers provided for by Articles 152(1) and 152(2), the Directors shall have power to issue shares for which no consideration is payable and/or to capitalise any undivided profits or other moneys of the Company not required for the payment or provision of any dividend on any shares entitled to cumulative or non-cumulative preferential dividends (including profits or other moneys carried and standing to any reserve or reserves) and to apply such profits or other moneys in paying up in full new shares, in each case on terms that such shares shall, upon issue, be held by or for the benefit of participants of any share incentive or option scheme or plan implemented by the Company and approved by shareholders in General Meeting and on such terms as the Directors shall think fit.

RESERVE FUND

153. The Directors may, before declaring any dividend or bonus in respect of any class of shares out of or in respect of the earnings or profits of the Company for any yearly or other period, cause to be reserved or retained and set aside out of such sum as they may determine to form a Reserve Fund to meet contingencies or depreciation in the value of the property of the Company, or for equalising dividends or for special dividends or for distribution of bonuses or for repairing, improving and maintaining any of the property of the Company, or for such other purposes as the Directors shall, in their absolute discretion, think conducive to the interests of the Company.

Formation and object of Reserve Fund.

WINDING UP

172. If the Company shall be wound up, and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares in respect which they are Members respectively. If in a winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the Members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares in respect which they are Members respectively. This Article is to be without prejudice to the rights of the holders or Depositors of shares issued upon special terms and conditions.

Distribution of assets in winding up.

173. If the Company shall be wound up, the liquidators of the Company may, with the sanction of a Special Resolution, divide among the Members in specie any part of the assets of the Company and any such division may be otherwise than in accordance with the existing rights of the Members, but so that if any division is resolved or otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were a Special Resolution passed pursuant to Section 306 of the Act. A Special Resolution sanctioning a transfer or sale to another

Distribution of assets in specie.

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company duly passed pursuant to the said Section may in like manner authorise the distribution of any share or other consideration receivable by the liquidators amongst the Members otherwise than in accordance with their existing rights. Any such determination shall be binding upon all the Members subject to the right of dissent and consequential rights conferred by the said Section.

174. On the voluntary liquidation of the Company, no commission or fee shall be paid to a liquidator unless it shall have been approved or ratified by the Members. The amount of such payment shall be notified to all Members at least seven days prior to the meeting at which it is to be considered.

Commission or free to liquidators.

3. Rights in respect of voting

GENERAL MEETINGS

69. In addition to any other meetings, a General Meeting shall be held once at least in every calendar year, at such time and place as may be determined by the Directors, but so that no more than fifteen months shall be allowed to elapse between any two such General Meetings.

General Meetings.

70. The abovementioned General Meetings shall be called Annual General Meetings. All other General Meetings shall be called Extraordinary General Meetings.

Annual General Meetings.

71. The First Annual General Meeting of the Company shall be held at such time within a period of not more than eighteen months from the date of incorporation of the Company and at such time and place as the Directors may determine.

First Annual General Meeting.

72. The Directors may call an Extraordinary General Meeting of the Company whenever they think fit.

Directors may call Extraordinary General Meetings.

73. The Directors shall, on the requisition of the Members in respect of no less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company, and in the case of such requisition the following provisions shall have effect :-

Extraordinary Meetings to be called on requisition of Members.

- (1) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.
- (2) If the Directors of the Company do not proceed to cause a meeting to be held within twenty-one days from the date of the requisition being so deposited, the requisitionists or any of them representing more than one-half of the voting rights of all of them may themselves convene the meeting, but any meeting so convened shall not be held after three months from the date of the deposit.
- (3) In the case of a meeting at which a resolution is to be proposed as a Special Resolution the meeting shall be deemed not to be duly convened by the Directors if they do not give such notice as is required by the provisions of the Act.
- (4) Any meeting convened under this Article by the requisitionists shall be convened in the same manner as nearly as possible as that in which meetings are to be convened by Directors.

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74. Subject to the provisions of the Act relating to the convening of meetings to pass Special Resolutions and agreements for shorter notice, fourteen clear days' notice at the least specifying the place, day, and hour of the meeting, and in case of special business, the general nature of such business, shall be given to all Members and each stock exchange (other than the Exchange) upon which the Company is listed. In the case of the Exchange, any notice convening a meeting (other than for the purpose of passing a special resolution) shall be provided to the Exchange at least ten Market Days before such meeting is held (or such other period as may be approved by the Exchange) and a notice convening a meeting to pass a Special Resolution shall be provided to the Exchange at least fifteen Market Days before such meeting is held (or such other period as may be approved by the Exchange). Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolutions in respect of such special businesses. Such a notice or a summary thereof shall be published in at least one English language daily newspaper circulating in Singapore at least fourteen days before such meeting, unless the Directors determine that such publication is impracticable or impossible.
75. Any Member entitled to be present and vote at a meeting or his proxy may submit any resolution to any General Meeting Provided That at least for the prescribed time before the day appointed for the meeting he shall have served upon the Company a notice in writing by him containing the proposed resolution, and stating his intention to submit the same. The prescribed time abovementioned shall be such that, between the date that the notice is served and the day appointed for the meeting, there shall be not less than seven nor more than fourteen intervening days.
76. Upon receipt of any such notice as in the last preceding Article mentioned, the Secretary shall include in the notice of the meeting in any case where the notice of intention is received before the notice of the meeting is issued, and shall in any other case issue as quickly as possible to the Members notice that such resolution will be proposed.
77. The omission to give any notice to or non-receipt of any such notice by any Member shall not invalidate the meeting or any resolution passed or proceedings at any such meeting.
- PROCEEDINGS AT GENERAL MEETINGS**
78. All business shall be deemed special that is transacted at an Extraordinary General Meeting and also all business that is transacted at an Annual General Meeting with the exception of the consideration of the accounts, balance sheets and reports (if any) of the Directors and Auditors, the fixing of the fees of Directors, the election of Directors in the place of those retiring, the declaration of dividends and the appointment of and the fixing of the remuneration of the Auditors.
79. Except at any time when a corporation is the sole Member, two Members present in person or by proxy shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present at the commencement of the business. For the purposes of this Article "Member" includes a person attending as a proxy. A corporation being a Member shall be deemed to be personally present if represented in accordance with the provisions of Article 94.
80. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present shall be a quorum.
81. The Chairman (if any) of the Board of Directors shall preside as Chairman at every General Meeting, but if there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding the same, or shall be
- Notice of meeting.
- Members may submit resolution to meeting on giving notice to Company.
- Secretary to give notice to Members.
- Omission to give notice.
- Special business.
- Quorum.
- If quorum not present.
- Chairman.

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unwilling to act as Chairman, the Members present shall choose some Director, or, if no Director be present, or if all the Directors present decline to take the chair, one of themselves to be Chairman of the meeting.

82. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Whenever any meeting is adjourned for fourteen days or more, at least three days' notice of the place and hour of such adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Power to adjourn.

83. At every General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands by the Members present in person or by proxy and entitled to vote, unless before or upon the declaration of the result of the show of hands a poll be demanded by the Chairman of the meeting or by not less than three Members present in person or by proxy, and entitled to vote at the meeting or by a Member or Members present in person or by proxy representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting or by a Member in respect of shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right. Unless a poll be so demanded, a declaration by the Chairman of the meeting that a resolution has been carried, or has been carried unanimously or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence thereof, without proof of the number or proportion of the votes recorded in favour of or against such resolution.

How matters to be decided.

84. If a poll is duly demanded, it shall be taken in such manner as the Chairman directs, and the results of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Demand of a poll shall not prevent the continuance of a meeting for the transaction of any business, other than the question on which a poll has been demanded.

Chairman's direction as to poll.

85. In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded, as the case may be, shall have a second or casting vote.

In the event of equality of votes.

86. No poll shall be demanded on the election of a Chairman of a meeting or on a question of adjournment. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs.

Poll on election of Chairman.

87. If any votes shall be counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting, or at any adjournment thereof, and unless in the opinion of the Chairman at the meeting or at any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.

Error in the counting of votes.

88. A resolution in writing signed by all the Members or their agents authorised in writing shall (except where a meeting is prescribed by the Act) be as valid and effectual as if it had been passed at a meeting of the Members duly convened and held, and any such resolution may consist of several documents in like form, each signed by or on behalf of one or more Members. For the purposes of this Article, "in writing" and "signed" shall include approval by telex or facsimile. In the case of a corporate body which is a Member such resolution may be signed on its behalf by any two of its directors or by any person (whether identified by name or by reference to the holding of any particular office) duly authorised by such corporate body by resolution of its directors or other governing body or by Power of Attorney to sign resolutions on its behalf.

Written Resolution.

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VOTES OF MEMBERS

89. Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a meeting of Members or classes of Members, each Member entitled to be present and to vote may vote in person or by proxy. On a show of hands every Member present in person and each proxy shall have one vote and on a poll, every Member present in person or by proxy shall have one vote for each share in respect of which he is a Member or represents and upon which all calls or other sums due thereon to the Company have been paid Provided Always That :-
- Voting rights.
- (I) where a Member is represented by one or more proxies, only the first named proxy specified in the relevant instrument of proxy shall be deemed to be authorised to vote on a show of hands and the second named proxy shall not be so entitled to vote unless the first named proxy is not present or fails to cast a vote;
- (ii) if the Member is a Depositor the Company shall be entitled on a poll to accept as validly cast by a Depositor votes in respect of such number of shares as is equal to the number of shares appearing against his name in the Depository Register 48 hours prior to the commencement of the relevant general meeting as certified by CDP to the Company.
90. In the case of joint Members the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Members; and for this purpose seniority shall be determined by the order in which the names stand in the Register or the Depository Register, as the case may be.
- Right of joint Members.
91. Save as herein expressly provided, no person other than a Member who is duly registered or who is certified by CDP as named in the Depository Register forty-eight hours before the General Meeting and who shall have paid everything for the time being due from him and payable to the Company in respect of his shares, shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting.
- Members only entitled to vote if transfer effected.
92. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by the committee, curator bonis, or other person in the nature of committee or curator bonis appointed by that Court, and any such committee, curator bonis, or other person may, on a show of hands or on a poll, vote by proxy.
- Votes of Members of unsound mind.
93. Votes whether by a show of hands or on a poll may be given either personally or by proxy, attorney or representative. A proxy need not be a Member of the Company.
- Votes to be given by proxy or personally.
94. Any corporation which is a Member may, by resolution of its directors, authorise any person to act as its representative at any meetings of the Company; and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represents as if he had been an individual shareholder.
- Corporation may attend by representative.
95. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under seal, or under the hand of an official or attorney duly authorised. An instrument of proxy shall not, unless the Directors in their absolute discretion determine otherwise, be required to be witnessed.
- Instrument of proxy to be in writing.
96. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of the power or authority shall, if required by law, be duly stamped and deposited at the Office, not less than forty-eight hours before the time for holding the meeting, or adjourned meeting, at which the person named in the instrument proposes to vote, and in default the instrument of proxy or attorney shall not be treated as valid.
- Authority to sign instrument of proxy to be deposited with Company.

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97. A Member may appoint not more than two proxies to attend and vote at the same General Meeting. A Member appointing more than one proxy shall specify the percentage of shares to be represented by each proxy and if no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named. An instrument appointing a proxy shall be in such form as the Directors may from time to time approve. The Company shall be entitled (i) to reject any instrument of proxy executed by a Depositor if the Depositor’s name does not appear in the Depository Register forty-eight hours prior to the commencement of the relevant General Meeting as certified by CDP to the Company, and (ii) for the purpose of a poll, to treat an instrument of proxy executed by a Depositor as representing the number of shares equal to the number of shares appearing against his name in the Depository Register referred to in (i) above, notwithstanding the number of shares actually specified in the relevant instrument of proxy.
- Appointment of proxies.
98. A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given Provided That no notice in writing of the death or revocation or transfer shall have been received at the Office at least forty-eight hours before the time fixed for holding the meeting.
- When vote by proxy valid though authority revoked.
99. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- Instrument deemed to confer authority to demand for poll.
100. Where the capital of the Company consists of shares of different monetary denominations, voting rights may, at the discretion of the Board, be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.
- Voting in respect of shares of different monetary denominations.

