

BLUMONT

博诺有限公司

BLUMONT GROUP LTD.

(Company Registration No.: 199302554G)

(Incorporated in the Republic of Singapore)

PROPOSED SHARE CONSOLIDATION

1. INTRODUCTION

The board of directors of Blumont Group Ltd. (博诺有限公司) (the “**Company**”) (the “**Board**”) wishes to announce a proposed share consolidation (the “**Proposed Share Consolidation**”).

The Proposed Share Consolidation will involve the consolidation of a certain number of existing ordinary shares in the capital of the Company (“**Shares**”) held by shareholders of the Company (“**Shareholders**”) as at a particular books closure date into one (1) Share (a “**Consolidated Share**”).

As announced on 18 March 2015 and 31 March 2015, the Company has proposed to undertake a renounceable non-underwritten rights issue of up to 2,866,149,999 new Shares (“**Rights Shares**”) and free detachable warrants (“**Warrants**”), on the basis of one Rights Share with one Warrant for every one existing Share, with each Warrant entitling its holder to subscribe for one new Share (the “**Rights Cum Warrants Issue**”). Assuming that the Rights Cum Warrants Issue is fully subscribed, up to 2,866,149,999 Rights Shares and 2,866,149,999 Warrants will be issued. The Board intends to determine the share consolidation ratio for the Proposed Share Consolidation after the conclusion of the Rights Cum Warrants Issue. Accordingly, the Company will release another announcement after the Rights Cum Warrants Issue to update Shareholders with additional details of the Proposed Share Consolidation, including the share consolidation ratio and the books closure date.

2. RATIONALE FOR THE PROPOSED SHARE CONSOLIDATION

The Company believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders for the following reasons.

(a) Compliance with the New Minimum Trading Price Requirement

As of 2 March 2015, issuers listed on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are required to comply with a minimum trading price of S\$0.20 as a continuing listing requirement (the “**MTP Requirement**”). The MTP Requirement was introduced to improve the overall quality and attractiveness of the securities market in Singapore, as well as to curb excessive speculation and market manipulation.

Issuers have a 12-month transition period to take steps to comply with the MTP Requirement. Accordingly, the first review of the Company’s compliance with the MTP requirement will take place on 1 March 2016. The assessment of whether the Company has met the MTP Requirement will be based on its volume weighted average price (“**VWAP**”) of Shares for the 6 months preceding the date of review. If the Company is unable to record a 6-month VWAP of S\$0.20 or above at each of the quarterly review

dates, it will be placed on a watch-list. It must then meet the MTP Requirement within 36 months of entering the watch-list or it will be involuntarily delisted.

For the past six calendar months prior to the date of this announcement, the 6-month VWAP of each Share was S\$0.0193, which is below the MTP Requirement. In view of this, the Company intends to undertake the Proposed Share Consolidation to comply with the MTP Requirement.

(b) Reduction in Volatility of the Share Price

The Directors believe that the Proposed Share Consolidation may help to reduce fluctuations in the Company's Share price, reduce the percentage transaction cost for trading in Shares and reduce the bid-ask price spreads of Shares. This will ultimately help to enhance the trading liquidity of the Shares.

For the past six calendar months prior to April 2015, the absolute price of the Shares had traded in a range of between S\$0.009 and S\$0.031. The highest and lowest closing market prices for each month and the transacted volume of the Shares traded on the Mainboard of the SGX-ST for each month, for the period from 1 October 2014 to 31 March 2015, are as follows:

Month/Year	Highest Price (S\$)	Lowest Price (S\$)	Volume of traded Shares
October 2014	0.031	0.019	454,861,000
November 2014	0.025	0.021	357,725,000
December 2014	0.02	0.017	151,805,000
January 2015	0.022	0.018	442,232,500
February 2015	0.019	0.015	320,023,600
March 2015	0.014	0.009	271,603,400

Source: <http://www.shareinvestor.com>

Share trading may involve certain minimum fixed expenses, such as minimum brokerage fees and other transaction costs. As such, low traded Share prices translate to higher transaction costs, relative to the trading price, for each trading of one board lot of Shares. In addition, the low traded Share price may encourage speculation, which may result in excessive Share price volatility.

(c) Increase in the Market Interest and Attractiveness of the Company and its Shares

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of outstanding Shares. This will lead to corresponding increases in the theoretical trading price per Consolidated Share and net tangible assets per Consolidated Share.

The Proposed Share Consolidation may also elevate the profile of the Company amongst institutional investors and coverage of the Company amongst research houses and fund managers. This may, in turn, increase market interest in the Consolidated Shares.

3. ADJUSTMENT TO WARRANTS

Assuming that the Rights Cum Warrants Issue is fully subscribed, up to 2,866,149,999 Warrants will be issued. The terms of the Warrants require certain adjustments to be made to take into account the effects of the Proposed Share Consolidation. Details of these adjustments will be announced in due course.

4. APPROVALS AND CONDITIONS

The Proposed Share Consolidation will be subject to, *inter alia*, the following:

- (a) the approval of Shareholders by ordinary resolution at the extraordinary general meeting to be convened; and
- (b) the approval of the SGX-ST for the Proposed Share Consolidation and the listing and quotation of the Consolidated Shares on the Official List of the SGX-ST.

An application will be made by the Company to obtain the SGX-ST's approval for the dealing in, listing of and quotation for the Consolidated Shares.

Subject to the receipt of the approval in-principle from the SGX-ST, a circular containing further information on the Proposed Share Consolidation will be despatched to Shareholders in due course.

5. CAUTION IN TRADING

Shareholders should note that there is no certainty or assurance as at the date of this announcement that approval for the Proposed Share Consolidation will be obtained or if the Proposed Share Consolidation will be undertaken at all. Shareholders are advised to exercise caution in trading their Shares and should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

6. UPDATES

The Company will disclose any updates or further information on the Proposed Share Consolidation when it is appropriate to do so.

BY ORDER OF THE BOARD

Blumont Group Ltd.

Ng Kim Huatt
Executive Director
24 April 2015