BLUMONT GROUP LTD
(Company Registration No. 199302554G)
(Incorporated in the Republic of Singapore)
("**Company**" and together with its subsidiaries, the "**Group**")

PROPOSED CHANGE OF AUDITORS FROM MOORE STEPHENS LLP TO PKF-CAP LLP

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1. INTRODUCTION

The board of directors (the "**Board**" or "**Directors**") of the Company wishes to announce the Company's intention to undertake a change of its auditors from Moore Stephens LLP ("**Moore Stephens**") to PKF-CAP LLP ("**PKF**") for the current financial year ending 31 December 2020 (the "**Proposed Change of Auditors**").

2. PROPOSED CHANGE OF AUDITORS

Moore Stephens has been the independent auditors of the Company since 2007 and was re-appointed as the Company's auditors at the last Annual General Meeting of the Company ("**AGM**") held on 24 April 2019, to hold office until the conclusion of the next AGM.

In the interests of good corporate governance, the Board is of the view that it would be timely and appropriate to appoint a new firm of independent auditors for the current financial year ending 31 December 2020, subject to the approval of the Company's shareholders ("**Shareholders**") at an extraordinary general meeting of the Company to be convened immediately after the conclusion of the forthcoming AGM on 24 June 2020 ("**EGM**").

PKF was selected for the proposed appointment after the Company's Audit Committee ("**AC**") invited and evaluated competitive proposals from various audit firms. The AC reviewed and deliberated on the proposals received from each of the audit firms, taking into consideration the Audit Quality Indicators Disclosure Framework introduced by the Accounting and Corporate Regulatory Authority ("**ACRA**"), and the criteria for the evaluation and selection of the external auditors contained in the Guidebook for AC in Singapore and the Audit Committee Guide issued by the Singapore Institute of Directors, including factors such as the adequacy of the resources and experiences of the audit firm to be selected and the audit engagement partner to be assigned to the audit, that the audit engagement partner has not been subjected to ACRA's Practice Monitoring Programme review, audit approach, transition plan, the number and experience of supervisory and professional staff to be assigned and the proposed audit fees. After evaluation, the AC recommended that PKF be selected for the proposed appointment on the basis that it best suits the current business and operational needs of the Group. The Directors have taken into account the AC's recommendation, including the factors considered in their evaluation, and are satisfied that PKF will be able to meet the audit requirements of the Group.

The quality and scope of audit services to be provided by PKF will be comparable to those provided by Moore Stephens.

In this regard,

(a) PKF had, on 17 April 2020, given its written consent to be appointed as the Company's auditors and had on 21 April 2020, confirmed that it has not withdrawn its consent to act as the Company's auditors, subject to Shareholders' approval being obtained at the EGM;

(b) the Company had, on 9 April 2020 informed Moore Stephens in writing that the Company will not be re-appointing Moore Stephens as independent auditors for the foregoing reasons, and

(c) the Board wishes to express their appreciation for the past services rendered by Moore Stephens.

Pursuant to Rule 712(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), as amended from time to time ("**Listing Manual**"), the appointment of PKF as the Company's new auditors must be specifically approved by the Shareholders at a general meeting. The appointment of PKF would therefore take effect upon the approval of the Shareholders at the EGM and, if appointed, PKF will hold office until the conclusion of the next AGM.

In accordance with Rule 1203(5) of the Listing Manual:

(a) the Company has received a copy of Moore Stephen's professional clearance letter dated 17 April 2020 to PKF, confirming that Moore Stephens is not aware of any professional reasons why PKF should not accept appointment as the Company's auditors;

(b) the Company confirms that there were no disagreements with Moore Stephens on accounting treatments within the last twelve (12) months up to the date of this announcement;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;

(d) the Company confirms that the specific reasons for the Proposed Change of Auditors are as disclosed above. The Proposed Change of Auditors is neither due to the dismissal of Moore Stephens nor Moore Stephens declining to stand for re-appointment as the Company's auditors; and

(e) the Company confirms that it is or will be in compliance with Rule 712 and 715 of the Listing Manual in relation to the proposed appointment of PKF as the Company's auditors.

3. CIRCULAR TO SHAREHOLDERS

A circular containing, *inter alia*, the notice of the EGM and the details the Proposed Change of Auditors ("**Circular**") will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Lee Tak Meng
Executive Director and Chief Executive Officer
21 April 2020