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

RESPONSE TO QUERIES BY SGX-ST REGARDING THE COMPANY'S 2013 ANNUAL REPORT

The Board of Directors (the "**Board**") of Blumont Group Ltd. (博诺有限公司) (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the queries raised by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 28 April 2014 and would like to provide shareholders with the following additional information in relation to the Company's Annual Report for the financial year ended 31 December 2013 ("**2013 Annual Report**").

Terms not otherwise defined in this announcement shall bear the meanings ascribed to them in the 2013 Annual Report.

SGX-ST's Query 1

Paragraph 9.3 of the Code of Corporate Governance 2012 (the "**Code**") states that the Company should name and disclose the remuneration of at least the top five key management personnel (who are not directors or the chief executive officer) in bands of S$250,000. Companies need only show the applicable bands. There should be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the Company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO).

As required under Listing Rule 1207(12), please make disclosure as recommended in the Code or otherwise disclose and explain any deviation from the recommendation.

Company's response:

The 2013 Annual Report currently discloses the remuneration of the key employees of the Group in bands of S$250,000, but does not disclose the full identity and remuneration of key employees (who are not Directors and/or Management of the Company) or the aggregate of the total remuneration paid to the top five key management personnel (who are not Directors or the Chief Executive Officer of the Company) for competitive reasons. The Board is of the view that such disclosure would not be in the interests of the Company as such information is confidential and commercially sensitive and could be exploited by competitors to the detriment of the Company's interests in seeking to retain its key management personnel. The Board is of the opinion that the information currently disclosed in the 2013 Annual Report strikes an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration.

SGX-ST's Query 2

Paragraph 11.3 of the Code states that the Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, in the company's Annual Report. The Board's commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems.

As required under Listing Rule 710, please make disclosure as recommended in the Code or otherwise explain the reason(s) for the deviation from the Code.

Company's response:

The Board would like to add the following information as underlined in the following paragraph on page 29 of the 2013 Annual Report:

"It is the opinion of the Board with the concurrence of the AC that the risk management and internal control systems, which addresses the Group's financial, operational, information technology and compliance risks, maintained by the Group is in place and adequate throughout the financial year and up to the date of the Annual Report. It provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational, information technology and compliance risks. The Board notes that all risk management and internal control systems contain inherent limitations and no risk management and internal control systems could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error losses, fraud or other irregularities. However, other procedures, policies, guidelines and compliance regulations, as discussed in the Annual Report, are in place to mitigate any possible and/or suspected irregularities. Nothing has come to the attention of the AC, Board and/or the Management that there is any deficiency in the risk management and internal control systems that resulted in significant loss and/or material financial statements misstatements."

SGX-ST's Query 3

It is stated on page 32 of the 2013 Annual Report that "During the financial year under review, the AC, having reviewed for non-audit services provided by independent auditors to the Group, that would affect the independence of the independent auditors, was of the opinion that there was no non-audit services rendered". Please clarify whether the Board is satisfied with the independence of the independent auditors and the basis for the Board's view.

Company's response:

The Audit Committee, having considered that the independent auditors of the Company, Moore Stephens LLP, (the "**Independent Auditors**") did not provide any non-audit services to the Group during the financial year under review, are satisfied with the independence of the Independent Auditors.

SGX-ST's Query 4

Please explain the reason(s) for the material differences in the amounts for the Net cash generated from operating activities, Net cash used in investing activities and Net cash generated from financing activities disclosed in the audited Consolidated Statement of Cash Flows disclosed on pages 53 to 54 of the annual report with the unaudited financial statements announced on 28 February 2014.

Company's response:

The Board refers to the announcements by the Company on:

(a) 28 February 2014 in relation to the unaudited results for the fourth quarter and full year financial statements and dividend announcement for the financial year ended 31 December 2013 for the Group (the "**FY2013 Preliminary Results Announcement**"); and

(b) 31 March 2014 in relation to the reclassifications (the "**Reclassifications**") made by the Independent Auditors in the consolidated statement of comprehensive (loss)/income and consolidated statement of financial position and Notes to the Financial Statements in the Audited Financial Statements (the "**2013 Audited Financial Statements**") as compared to that which was disclosed in the FY2013 Preliminary Results Announcement (the "**FY2013 Audited Results Announcement**").

As mentioned in the FY2013 Audited Results Announcement, the Reclassifications have resulted in an increase of S$2.0 million in the net assets of the Group's financial position as at 31 December 2013 and a corresponding S$2.0 million decrease in net loss of the Group's comprehensive loss for the financial year ended 31 December 2013.

The differences in the amounts for the Net cash generated from operating activities and the Net cash generated from financing activities as disclosed in the 2013 Audited Financial Statements with the said amounts as disclosed in the FY2013 Preliminary Results Announcement came about as a result of the Reclassifications, as detailed in the following table.

Consolidated Statement of Cash Flows

The Group	**2013 Audited Financial Statements S$'000**	**Preliminary Results 2013 S$'000**	**Variance S$'000**	**Reason(s) for variance**
(Loss)/profit for the year	(71,368)	(73,390)	2,022 (28%)	Reclassification of *Expenses – Others* to *Borrowings (Current Liabilities)* to amortise the transaction cost over the borrowings period, as disclosed in the Consolidated Statement of Comprehensive Income in the FY2013 Audited Results Announcement.
Net cash generated from/(used in) operating activities	5,154	3,132	2,022 65%	In relation to the Reclassification of the *(Loss)/profit for the year*, similarly, the adjustment in the summation.

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The Group	2013 Audited Financial Statements S$'000	Preliminary Results 2013 S$'000	Variance S$'000	Reason(s) for variance
Proceeds from borrowings	3,670	5,692	2,022 (36%)	Reclassification from *Expenses – Others* to *Borrowings (Current Liabilities)* to amortise the transaction cost over the borrowings period as disclosed in the Consolidated Statement of Financial Position in the FY2013 Audited Results Announcement.
Net cash generated from financing activities	46,420	48,442	2,022 (4%)	In relation to the Reclassification of the *Proceeds from borrowings*, similarly, the adjustment in the summation.

There is no material difference between the amount for the Net cash used in investing activities for the financial year ended 31 December 2013 disclosed in the audited financial statements contained in the 2013 Annual Report with the said amount disclosed in the Preliminary Results 2013 Announcement.

BY ORDER OF THE BOARD
Blumont Group Ltd.

James Hong Gee Ho
Executive Director
29 April 2014