

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

SGX QUERIES PERTAINING TO THE COMPANY'S ANNUAL REPORT ("AR") FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020 ("FY2020")

The Board of Directors ("Board") of Blumont Group Ltd. ("Company") wishes to announce the following in response to queries raised by the Singapore Exchange Securities Trading Limited with respect to the Company's AR for FY2020.

SGX Query (a)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the "Code"), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.2 of the Code as Independent directors do not make up a majority of the Board where your Chairman is not independent, and there were no explanations provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence to enable it to make decisions in the best interest of the Company.

Company Response to SGX Query (a)

In relation to Provision 2.2 of the Code, the Company notes that (i) prior to 1 January 2022, the rule that requires independent directors to make up at least one-third of the Board will continue to apply, and (ii) with effect from 1 January 2022, the rule that independent directors make up a majority of the Board where the Chairman is not independent will apply. As such, at present, the Company has complied with Provision 2.2 of the Code which currently requires independent directors to make up at least one-third of the Board. The Company intends to meet the requirements that come into effect on 1 January 2022.

The Board currently has six members, comprising one Non-Executive Chairman, two Executive Directors and three Non-Executive Directors, three of whom are independent. Given that the Non-Executive Chairman is not an Independent Director, the Board had appointed Mr. Ng Keok Chai as the lead Independent Non-Executive Director to co-ordinate and to lead the Independent Non-Executive Directors to provide a non-executive perspective and to contribute to a balance of viewpoints on the Board. He is the main liaison on Board issues between the Independent Non-Executive Directors and the Non-Executive Chairman and is available to shareholders where they have concerns and for which contract through normal channels of the Chairman, the Chief Executive Officer or the Chief Financial Officer has failed to resolve or is inappropriate.

Please refer to the following extract from page 11 of the AR for an explanation on how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence to enable it to make decisions in the best interest of the Company:

As disclosed on Page 11 of the AR - Provision 2.2 of the Code recommends that Independent Directors make up a majority of the Board where the Chairman is not independent. In the case of the Company, the Chairman is not independent as he is a Non-Executive Director. In order to address the issue of independence given that the Chairman is not independent, the Independent Directors make up half of the Board. In addition, the Chairman and all members of the Board Committees are Independent Directors. The NC is of the view that the Independent Directors have been able to perform their duties effectively and the Board has been able to arrive at decisions in the best interests of the Company without disagreement, despite equality in the numbers of Independent and Non-Independent Directors and the Chairman being non-Independent. Taking this into account, the Board is of the view that the Company complies with Principle 2 of the Code as there are sufficient safeguards and checks to ensure

that the process of decision-making by the Board is independent and based on collective decisions without any individual or small group of individuals exercising any considerable concentration of power or influence or dominates the Board's decision making.

SGX Query (b)

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “Code”), an explanation on how the practices it had adopted are consistent with the intent of the relevant principle. We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed a formal board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2020 annual report on how it is consistent with the intent of Principle 2 of the Code. Please clarify how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Company Response to SGX Query (b)

The Board is committed to attracting experienced individuals to serve as Directors, regardless of their gender, race, ethnicity, religion, age or other aspects of diversity. To this end, the Company endeavours to ensure that the Board comprises individuals with diverse experience and expertise who, as a group, will provide an appropriate balance and range of skills, experience, perspectives and knowledge for effective stewardship of the Group's business.

While the Board has not implemented a fixed diversity policy, the Board and the Nominating Committee (“NC”) are satisfied that the current Board composition has the appropriate mix of expertise and experience that as a group, provides an appropriate balance and diversity of skills, experience and knowledge of the Company.

Each director has been appointed on the strength of his calibre, experience and expertise to contribute to the development of the Company. As mentioned in the response above, the Board currently has six members, comprising one Non-Executive Chairman, two Executive Directors and three Non-Executive Directors, three of whom are independent. Majority of the Board is made up of Non-Executive Directors which is in compliance with provision 2.3 of the Code. Although the Independent Directors of the Company do not make up a majority of the Board, the Board and the NC are satisfied that the Board has substantial independent elements to ensure that objective judgment is exercised on corporate affairs. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board and all major decisions are made collectively.

The Board regularly examines its composition and size to assess the optimal number needed to facilitate robust engagement and effective decision-making. Board membership is periodically renewed with the appointment of new members with the right mix of skills, talents and experience, and who have the capacity to contribute effectively. Given the above, the Board and the NC are satisfied that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

Please refer to the following extracts from pages 11 to 12 of the AR for an explanation on how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company:

As disclosed on Page 11 of the AR – *The composition of the Board takes into consideration the nature and scope of the Group's operations to ensure diversity and relevant skill sets for effective decision making. The Directors have varied qualifications and expertise in finance, accounting, business management, industry knowledge and strategic planning. Taking into account the scope and nature of the Group's operations as well as the diversified background and experience of the Directors, the NC and the Board are satisfied that the composition of the Board is of an appropriate size to facilitate effective decision making in the best interests of the Company. The NC is also of the view that the*

current Board comprises persons who as a group provide capabilities required for the Board to be effective.

As disclosed on Page 12 of the AR – *The Board is aware that gender diversity on the Board is one of the recommendations under the Code to provide an appropriate balance of diversity. Although there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration.*

In addition, the Non-Executive Directors are constructively reviewing and assisting the Board to facilitate and develop proposals on strategy and review the performance of the Management in meeting on agreed objectives and monitoring the reporting of performance. On the effectiveness, the Independent Directors have the full access and co-operation from the Company's Management and officers including on a regular basis, presentation and review of the financial performance. The Independent Directors have full discretion to have separate meetings and to invite any Directors or officers to the meetings and to meet without the presence of Management as and when warranted by certain circumstances.

The Board continually reviews its size and composition with a view towards the refreshing of the Board and to strike the appropriate balance and diversify of skills, experience, gender, age and knowledge of the Company to support the Group's businesses and strategy.

BY ORDER OF THE BOARD

Siaw Lu Howe
Non-Executive Chairman

23 April 2021