BLUMONT
博诺有限公司

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

TAKEOVER BID FOR MERLIN DIAMONDS LIMITED
- INCREASE IN TAKEOVER CONSIDERATION

1. INTRODUCTION

The board of directors (the "**Board**") of Blumont Group Ltd. (博诺有限公司) (the "**Company**") refers to its previous announcements dated 28 February 2014 (the "**Takeover Announcement**") and 6 March 2014 in relation to its proposed off-market takeover bid to acquire all the fully paid ordinary shares in the capital of Merlin Diamonds Limited ("**MED**") which are not already held by the Company. Unless otherwise defined, all capitalised terms used in this announcement have the same meanings as ascribed to them in the Takeover Announcement.

2. INCREASE IN TAKEOVER CONSIDERATION

2.1. Increase in Takeover Consideration

The Company wishes to announce that it has, on 23 April 2014, entered into an amendment deed to the Implementation Deed with MED (the **"Amendment Deed"**), pursuant to which the Takeover Consideration is to be satisfied by way of an issue and allotment of 5 Shares for every 1 MED Share, up to a maximum of approximately 1,792,276,980 new Consideration Shares, subject to any fractional entitlements being rounding up to the nearest whole Consideration Share. This represents an increase from the initial Takeover Consideration of 5.7 Shares for every 2 MED Shares. Since the date of the Takeover Announcement, the closing price of the Shares has fallen 45.16% from S$0.062 to S$0.034 on 21 April 2014, being the last practicable date before the date of the Amendment Deed (the "**Last Practicable Date**"). It is for this reason, amongst others, that the Company has decided to increase the Takeover Consideration.

2.2. Bid Price

Based on the increased Takeover Consideration, the Takeover Bid will be made at an implied Bid Price of A$0.145 (approximately S$0.1698[1]) per MED Share, for an aggregate consideration of up to a maximum of A$52,038,785.07 (approximately S$60,937,417.32).

The Bid Price represents a premium of approximately 91.78% to the VWAP of each MED Share traded on the ASX on 14 April 2014, being the last day prior to the date of the Amendment Deed on which MED Shares traded on the ASX.

In agreeing to the new Bid Price, the Company relied on the closing prices of the Shares and the MED Shares on the Last Practicable Date and the latest announced NAV of the MED Shares of approximately A$11,992,497 as at 31 December 2013 as well as an arms' length commercial negotiation with the management team of MED.

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[1] In this announcement, unless expressly stated otherwise, A$ amounts are converted to S$ at an exchange rate of A$1.00 to S$1.1710.

2.3. Takeover Consideration

The increased Takeover Consideration will comprise up to approximately 1,792,276,980 Consideration Shares, representing approximately 69.39% and 40.96% respectively of the Company's existing and enlarged share capital based on its issued share capital as at the Last Practicable Date. The implied issue price of S$0.034 per Consideration Share represents a premium of 3.03% to the closing price per Share and represents a discount of (0.29)% to the VWAP per Share for trades of the Shares done on the Main Board of the SGX-ST on 22 April 2014, being the full market day immediately preceding the date on which the Amendment Deed is executed.

The exact number of Consideration Shares to be allotted and issued will depend on the level of acceptances received and the rounding upwards of fractional entitlements. The Company will make announcements of the exact number of Consideration Shares to be allotted and issued subsequent to the close of the Takeover Bid.

The Company will be seeking approval from the Shareholders for the allotment and issuance of the Consideration Shares pursuant to the Takeover Bid. The Company will also be making an application to the SGX-ST to list and quote the Consideration Shares on the Official List of the SGX-ST.

3. RELATIVE BASES UNDER RULE 1006 OF THE LISTING MANUAL

Taking into account the increased Takeover Consideration and the latest announced consolidated accounts of the Company and MED, and assuming that the Company acquires all of the MED Shares pursuant to the Takeover Bid and the Subscription, the relative figures for the Takeover Bid and the Subscription computed on the bases set out in Rule 1006 of the Listing Manual, are set out below.

	Bases	**Percentage (%)**
(a)	Net asset value of the assets to be disposed of, compared with net asset value of the Group	Not applicable for acquisitions
(b)	Net losses[(1)] attributable to the assets acquired, compared with the Group's net losses	(6.34)%
(c)	Aggregate value of the Subscription Consideration and the Takeover Consideration[(2)], compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares[(3)]	71.91%
(d)	The total number of Consideration Shares[(4)] issued as consideration for the Takeover Bid, compared with the number of equity securities previously in issue	69.39%
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not applicable for acquisitions

Notes:

(1) Net profit/(loss) is defined as profit or loss before income tax, minority interests and extraordinary items. Based on the unaudited financial statements of MED for the half year ended 31 December 2013, the net losses attributable to the assets being acquired pursuant to the Takeover Bid and the Subscription amounts to approximately A$(4,394,916) (approximately S$(5,146,447)). The audited loss before income tax for the Group for the financial year ended 31 December 2013 was S$(81,206,048).

(2) Where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the NAV represented by such shares, whichever is higher. The aggregate value of the Takeover Consideration is based on the market value of S$61,116,645 of the Consideration Shares on 22 April 2014, being the full market day immediately preceding the date on which the Amendment Deed was executed.

(3) Market capitalisation is determined by multiplying the number of Shares by the weighted average price of such Shares transacted on 22 April 2014. As at the date of this announcement, the Company has 2,583,006,879 issued Shares. The market capitalisation of the Company for the purposes of the Takeover Bid is approximately S$88,080,535 based on the VWAP of S$0.0341 per Share on 22 April 2014.

(4) The maximum number of Consideration Shares to be issued for the Takeover Bid is approximately 1,792,276,980. The Subscription Consideration is to be satisfied fully in cash.

As the relative figures in respect of the Takeover Bid and the Subscription computed on the bases set out in Rules 1006(c) and 1006(d) of the Listing Manual exceed 20%, the Takeover Bid constitutes a major transaction as defined in Rule 1014 of the Listing Manual and accordingly, is conditional upon approval by the Shareholders in general meeting.

4. UPDATED FINANCIAL EFFECTS OF THE TAKEOVER BID AND THE SUBSCRIPTION

The *pro forma* financial effects of the Takeover Bid and the Subscription, taking into account the increased Takeover Consideration and the latest announced consolidated accounts of the Company and MED, as set out below are for illustrative purposes only and do not reflect the future financial results or position of the enlarged group after the completion of the Takeover Bid and the Subscription.

The objective of presenting the *pro forma* financial effects of the Takeover Bid and the Subscription as shown below is to illustrate what the historical financial information might have been had the Takeover Bid and the Subscription been completed at an earlier date. However, such financial information is not necessarily indicative of the results of the operations or the related effects in the financial position that would have been attained had the Takeover Bid and the Subscription been completed at the earlier date.

The financial effects in this section are based on the audited accounts of the Company for the 12 months ended 31 December 2013. The *pro forma* financial effects of the Takeover Bid and the Subscription have been prepared based on the following assumptions:

(a) the Takeover Bid and the Subscription were completed on 1 January 2013 for the purpose of computing the *pro forma* financial effects on the EPS of the Company; and

(b) the Takeover Bid and the Subscription were completed on 31 December 2013 for the purpose of computing the *pro forma* financial effects on the NTA per Share of the Company.

4.1. Effect on EPS

For illustrative purposes only, and assuming the Takeover Bid and the Subscription were completed at the beginning of the financial year ended 31 December 2013, the *pro forma* financial effects of the Takeover Bid and the Subscription on the EPS are as follows:

	Before the Takeover Bid and the Subscription	**After the Takeover Bid and the Subscription**
Loss of the Company (S$)	(70.82 million)	(75.96 million)[(1)]
Weighted average number of Shares	1,877,852,984	3,670,129,964 [(2)]
EPS (cents)	(3.77)	(2.07)

Notes:

(1) The figure is derived by adding the loss for the half year ended 31 December 2013 of MED of approximately A$(4,394,916) (approximately S$(5,146,447)) and the net loss for the financial year ended 31 December 2013 of the Company of S$(70.82 million).

(2) The weighted average number of Shares includes 1,792,276,980 Consideration Shares, being the maximum number of Consideration Shares to be issued in satisfaction of the Takeover Consideration.

4.2. Effect on NTA

For illustrative purposes only, and assuming the Takeover Bid and the Subscription was completed at the end of the financial year ended 31 December 2013, the *pro forma* effects of the Takeover Bid and the Subscription on the NTA per Share are as follows:

	Before the Takeover Bid and the Subscription	**After the Takeover Bid and the Subscription**
NTA value (S$)	74.29 million	43.66 million [(1)]
Weighted average number of Shares	2,583,006,879	4,375,283,859 [(2)]
NTA per Share (cents)	2.88	1.0

Notes:

(1) The figure is derived by adding the NTA as at 31 December 2013 of MED of approximately A$11,992,497 (approximately S$14,043,214), the Subscription Consideration of S$2.22 million and the NTA of the Company as at 31 December 2013 of S$74,288,190, less goodwill of S$46.89 million.

(2) The weighted average number of Shares includes 1,792,276,980 Consideration Shares, being the maximum number of Consideration Shares to be issued in satisfaction of the Takeover Consideration.

5. OFFER CONDITIONS

The Company further wishes to update Shareholders on the status of the Offer Condition, as at the Last Practicable Date, set out at paragraph 13 of Schedule 2 (Offer Conditions) to the Implementation Deed which stipulates that before the end of the Offer Period, the rolling 5 day VWAP of the Shares as quoted on the SGX-ST ending on any trading day on the SGX-ST must not fall to a level that is 20% or more below the price of the Shares as at the close of trading of the SGX-ST on the Business Day before the date of the Implementation Deed (i.e. the price of S$0.062).

In light of the increased Takeover Consideration and the recent trading price of the Shares, the Company notes that it will not seek to rely on the non-satisfaction of this Offer Condition unless the Company's VWAP falls below S$0.0272 which is equivalent to a level that is 20% below the price of Shares as at the Last Practicable Date. Accordingly, the Company notes that the relevant Share price at which the Company may rely on this Offer Condition being triggered is S$0.0272.

In addition, the Company has agreed to waive its rights in respect of the non-satisfaction of the Offer Condition (if any) set out at paragraph 15(a) of Schedule 2 (Offer Conditions) to the Implementation Deed. This Offer Condition stipulates that other than in respect of MED Shares to be issued to the Company as announced to the ASX on 17 February 2014, before the Register Date, any remaining MED Shares pursuant to the MED Approved Placements must be issued by MED and the full proceeds must be received in immediately available funds by MED.

These matters will be referred to in the Company's Statement which the Company expects to lodge with the Australian Securities & Investments Commission and on the ASX on or before 28 April 2014. The Company will release the Company's Statement on the SGXNET once lodged.

6. AMENDMENT DEED

Pursuant to the Amendment Deed, MED has agreed that it will not exercise any right of termination which may be available to it under the Implementation Deed at any time prior to the date of the Amendment Deed. In addition, MED has agreed to:

(i) vary its right to terminate the Implementation Deed in the event of a fall in the Share price so that this right will only be exercisable in the event that the VWAP of the Shares for a period of 5 consecutive trading days falls below S$0.03; and

(ii) amend the Offer Period from two months from the date the Company's Statement is lodged and issued to three months from the date the Company's Statement is lodged and issued, in each case as may be varied by the Company in accordance with the Corporations Act.

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Amendment Deed is attached to this announcement. A copy of the Implementation Deed and the Amendment Deed will also be made available for inspection during normal business hours at the registered office of the Company at 298 Tiong Bahru Road, #20-02/03 Central Plaza, Singapore 168730 for a period of three months from the date of this announcement.

8. UPDATES

The Company will disclose any updates or further information on the Takeover Bid when it is appropriate to do so.

BY ORDER OF THE BOARD
Blumont Group Ltd.

James Hong Gee Ho
Executive Director
23 April 2014