

BLUMONT GROUP LTD.

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

SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF A PIECE OF VACANT LAND LOCATED IN MALAYISA

1. INTRODUCTION

- 1.1 The Board of Directors (“**Board**”) of Blumont Group Ltd. (“**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s indirect wholly-owned subsidiary, Trackplus Sdn. Bhd. (“**Vendor**”), has on 15 September 2021 entered into a sale and purchase agreement (“**SPA**”) with Armani Alliance Sdn. Bhd. (“**Purchaser**”, together with the Vendor, the “**Parties**”) for the sale of a property located at No. 8 Jalan Lompat Galah 13/36, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan, Malaysia, (“**Property**”) for an aggregate consideration of RM20.0 million (“**Consideration**”), upon the terms and subject to the conditions of the SPA (“**Proposed Disposal**”).
- 1.2 The Proposed Disposal constitutes a major transaction under Chapter 10 of the listing manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), and is subject to the approval of shareholders of the Company (“**Shareholders**”). Accordingly, the Company will be seeking the approval of Shareholders for the Proposed Disposal at an extraordinary general meeting of shareholders to be convened. A circular containing, *inter alia*, information on the Proposed Disposal will be disseminated to Shareholders in due course.

2. INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Malaysia on 19 February 2021. The Purchaser is engaged in the business of the installation of non-electric solar energy collectors and the operation of generation facilities that produce electric energy.

3. INFORMATION ON THE PROPERTY

3.1 Property Information

The Property is a vacant piece of leasehold commercial land with a 99-year lease expiring on 22 January 2102. It has a land area of approximately 7,863 square metres.

3.2 Valuation of the Property

Based on the Group’s latest unaudited consolidated financial statements for the half year ended 30 June 2021, the net book value of the Property is approximately S\$4.5 million. The excess of the proceeds over the book value of the Property is approximately S\$2.0 million. The net gain after transaction cost (including legal and professional fees) and estimated tax expenses on the Proposed Disposal is expected to be approximately S\$1.4 million.

The Company had appointed Firdaus & Associates (“**Valuer**”), an independent valuer, to perform a valuation on the Property. Based on the valuation certificate issued by the Valuer on 13 September 2021, read in conjunction with the valuation report dated 30 January 2020 (collectively,

the “**Valuation Report**”), the market value of the Property is RM28.0 million (“**Valuation**”). The Valuation was carried out using the market/comparison approach.

4. RATIONALE FOR THE PROPOSED DISPOSAL

4.1 The Board is of the view that the Proposed Disposal is in the best interest of the Group given that:

- (a) the Group invested in the Property through the Vendor when the Group acquired the Vendor in 2007, at a consideration of RM13.9 million (comprising of cost of RM4.5 million and fair value adjustment of RM9.4 million, and the Vendor is proposing to sell the Property at RM20.0 million (approximately S\$6.5 million¹), realising a very substantial gain or return in the investment after a period of about 14 years;
- (b) the Property is currently not generating any revenue, whilst costs are incurred in connection with its ownership and maintenance;
- (c) the Proposed Disposal will enable the Group to realise cash, unlock the value in the Group’s investment, and strengthen the Group’s financial position; and
- (d) the ownership of the Property is not a core business segment of the Group, and the Group intends to use the proceeds to, amongst others, expand its existing core business areas and explore new business opportunities.

5. CONSIDERATION AND PAYMENT TERMS

5.1 The Consideration of RM20.0 million was arrived at on a willing-buyer and willing-seller basis, after taking into account *inter alia*, prevailing market conditions, the current market prices of the properties in the surrounding vicinity of the Property, the depreciation of the lease of the Property and the Valuation. The Consideration shall be satisfied in full in cash.

5.2 Under the SPA, the initial part of the Consideration is payable by the Purchaser to the Vendor as follows:

- (a) the sum of RM0.4 million, which has been paid to the Vendor prior to the execution of the SPA (“**Earnest Deposit**”); and
- (b) the sum of RM1.6 million, payable to the Vendor upon execution of the SPA (“**Remaining Balance Deposit**”, together with the Earnest Deposit, the “**Deposit**”).

5.3 The balance of the Consideration, being the sum of RM18.0 million (“**Balance Consideration**”), is to be paid within four (4) months from the date on which the SPA becomes unconditional in accordance with the terms of the SPA (“**Completion Date**”).

5.4 The Balance Consideration shall be paid by the Purchaser to the Vendor’s solicitors as stakeholders. Upon the Vendor’s solicitors’ receipt of the Balance Consideration, either in cash or, in the event that the Purchaser is obtaining a loan, upon the Vendor’s solicitors’ receipt of the Purchaser’s financier’s undertaking to release the loan to the Vendor and the sum equal to the difference between the purchase price of the Property and the Purchaser’s loan (if any) (“**Differential Sum**”), the Vendor’s solicitors are authorised to release the original issue document of title (“**Issue Document of Title**”) to the Purchaser’s solicitors. The Vendor’s solicitors are

¹ Based on an illustrative exchange rate of S\$1.00: RM3.0902. The illustrative exchange rate is solely for illustrative purposes and should not be construed as a presentation that the relevant amounts have been or could be converted at this rate or at any other rate.

authorised to release the Balance Consideration to the Vendor 14 days after the date of the presentation of the Transfer (as defined under paragraph 6.3) at the relevant land authority.

- 5.5 If the Purchaser is unable to pay the Balance Consideration by the Completion Date, the Vendor shall grant a further period of two (2) months from the date of expiry of the Completion Date ("**Extended Completion Date**") to the Purchaser upon receipt of the Purchaser's request for the extension to enable the Purchaser to complete the purchase. In such circumstances, the Purchaser shall pay to the Vendor interest on the unpaid Balance Consideration at the rate of eight percent (8%) per annum calculated on a daily basis for this extended period.

6. SALIENT TERMS OF THE SPA

6.1 Conditional Disposal

The Proposed Disposal is conditional upon, *inter alia*, the fulfilment of each of the following conditions precedent ("**Conditions Precedent**") within three (3) months from the date of the SPA or such other period mutually agreed in writing between the Parties ("**Cut-Off Date**"):

- (a) the approval of the Shareholders for the Proposed Disposal;
- (b) (if required) the approval-in-principle of the SGX-ST for the Proposed Disposal; and
- (c) the consent or approval of the "Pihak Berkuasa Negeri" in respect of the transfer of the Property to the Purchaser ("**Consent to Transfer**").

The Parties have agreed to do all acts and submit all applications, furnish all information, execute all instruments, deeds or documents and generally do all things necessary to procure and obtain the Consent to Transfer within fourteen (14) days from the date of written request by the Vendor's solicitors.

The SPA shall become unconditional on the first day following the day on which the last Condition Precedent has been duly fulfilled.

In the event that any of the Conditions Precedent are not fulfilled on or before the Cut-Off Date, or the application for the Consent to Transfer is rejected before the Cut-Off Date, then either Party shall have the option to terminate the SPA whereupon the Vendor shall refund to the Purchaser, free of interest, all of the Deposit and any part payment paid to the Vendor ("**Refund Amount**"), and in simultaneous exchange the Purchaser shall return or cause to be returned to the Vendor the Transfer and all other documents which are still in the possession of the Purchaser, within fourteen (14) days from the date of notification thereof by the Purchaser or the Vendor, as the case may be, and in default thereof, the Vendor shall be liable to pay to the Purchaser interest on the Refund Amount at the rate of eight percent (8%) per annum calculated on a daily basis until full refund of the Refund Amount.

6.2 Default by the Parties

In the event the Purchaser fails to pay the Balance Consideration to the Vendor by the Extended Completion Date, the Vendor shall be entitled to forthwith terminate the SPA and to forfeit absolutely the Deposit, together with interest accrued under the terms of the SPA at the time of such forfeiture, and the Vendor shall refund free of interest to the Purchaser the sum, if any, equivalent to the difference between the total aggregate of any part payment of the total purchase price already paid by the Purchaser to the date of such breach less the Deposit, and in simultaneous exchange the Purchaser shall return or cause to be returned to the Vendor the Issue Document of Title, the Transfer and all other documents (unless the Transfer is required to be submitted to the Collector of Stamp Duty for a refund of the stamp duty within fourteen (14) days

from the date of the termination) which are still in the possession of the Purchaser, the Purchaser's solicitors, the Purchaser's financier or the Purchaser's financier's solicitors, whereupon the SPA shall be null and void and of no further legal effect and neither Party shall have any claims against the other save for antecedent breaches, and the Vendor shall be entitled in its absolute discretion to resell the Property either by public auction or by private contract and at such time and place and subject to such conditions and in such manner as the Vendor shall think fit without previously tendering or offering to make any sale to the Purchaser.

In the event that the Vendor fails to complete the Proposed Disposal for any reason whatsoever, the Purchaser shall be entitled to the remedy at law for specific performance against the Vendor of any terms of the SPA and to claim damages for the breaches thereto, or to seek a refund from the Vendor of all monies paid under the SPA free of interest, and in simultaneous exchange the Purchaser shall return or cause to be returned to the Vendor the Issue Document of Title, the Transfer and all other documents which are still in the possession of the Purchaser, the Purchaser's solicitors, the Purchaser's financier or the Purchaser's financier's solicitors, whereupon the SPA shall be null and void and of no further legal effect and neither Party shall have any claims against the other. The total sum payable to the Purchaser shall be paid by the Vendor within fourteen (14) days from the date of the Vendor's solicitors' receipt the Purchaser's termination notice.

6.3 **Delivery of Documents and Presentation of Transfer**

Simultaneous with the execution of the SPA, the Vendor shall execute and deposit with the Purchaser's solicitors, as stakeholders, amongst others, a valid memorandum of transfer in respect of the Property in favour of the Purchaser ("**Transfer**"). The Vendor shall also deposit the Issue Document of Title to the Property with the Vendor's solicitors as stakeholder.

The Purchaser's solicitors are authorised to present the Transfer and other transfer documents for registration at the relevant land registry only when the Purchaser has paid the full purchase price to the Vendor's solicitors as stakeholders pursuant to the terms in the SPA or the Vendor's solicitors have received the Purchaser's financier's undertaking and the Differential Sum pursuant to the terms in the SPA.

6.4 **Delivery of Vacant Possession**

The Vendor shall deliver vacant possession of the Property in such condition as at the time of inspection of the Property by the Purchaser (fair wear and tear excepted) within five (5) days from the presentation of the Transfer for registration. In the event the Vendor fails to deliver the vacant possession within the stipulated period, the Vendor shall pay to the Purchaser interest at the rate of eight per cent (8%) per annum on the total purchase price calculated on a day to day basis from the last date for delivery of vacant possession until the date of actual delivery of vacant possession of the Property by the Vendor to the Purchaser, and that the Vendor's solicitors shall be entitled to retain any part of the purchase price to pay for the delay in the delivery of vacant possession payable by the Vendor to the Purchaser. The Vendor's solicitors shall not release the Balance Consideration together with the late payment interest (if any) until the Vendor delivers vacant possession of the Property to the Purchaser.

6.5 **Government Acquisition**

The Vendor warranted at the date of the SPA that it has not received any notification from the government of Malaysia ("**Government**") or such other competent authority of any intended development or acquisition of the whole or part of the Property by the Government or such competent authority or are aware of any intended acquisition of the Property or any part thereof and the Vendor further covenanted that in the event of the Government or such other competent authority having power in that behalf acquiring the Property or any part or parts thereof for any purpose whatsoever between the date of the SPA and completion of the SPA, the Vendor shall immediately notify the Purchaser of such intended acquisition in writing whereupon the Purchaser

shall within fourteen (14) days as from the receipt of such notification from the Vendor be entitled but not obliged to terminate the SPA and this proposed sale transaction provided that should the Purchaser exercise its rights to terminate as aforesaid, the Vendor shall within fourteen (14) days as from the date of such notice being received from the Purchaser by the Vendor or its solicitors (as the case may be) refund to the Purchaser the Deposit and all part payment made towards the purchase price (free of interest) by the Purchaser to the Vendor, and in simultaneous exchange the Purchaser shall return or cause to be returned to the Vendor the Issue Document of Title, the Transfer and all other documents (unless the Transfer is required to be submitted to the Collector of Stamp Duty for a refund of the stamp duty with the Vendor's interest intact) which are still in the possession of the Purchaser, the Purchaser's solicitors, the Purchaser's financier or the Purchaser's financier's solicitors whereupon the SPA and the proposed sale thereunder shall be deemed to be null and void and shall have no legal effect and the Vendor shall be entitled to dispose of the Property in such manner as it may as the sole and unencumbered owner in its absolute discretion deem fit free from any claims on the Property by the Purchaser.

In the event that the Purchaser does not exercise its rights to terminate the SPA within the time stipulated as aforesaid, the Vendor shall immediately notify the Government or such other competent acquiring authority of the Purchaser's interest in the Property at the Purchaser's own cost and expense under the terms of the SPA and the Vendor confirms and agrees that the Purchaser shall be absolutely entitled to the compensation, if any, offered by the Government or such other competent authority.

6.6 Breach of Warranties

The truth and correctness of the matters stated in the representations and warranties as set out in the SPA shall form the basis of the Purchaser's commitment to purchase the Property in accordance with the provisions of the SPA. If any such representation or warranty shall at any time from the date of the SPA be found to have been incorrect in any material aspect then and in such event and notwithstanding anything to the contrary in the SPA, the Purchaser shall have the right at its absolute discretion to treat such misrepresentation as a breach on the part of the Vendor's and terminate the SPA.

6.7 Movement Control Order

The Parties are aware that the Government of Malaysia has declared a National Recovery Plan (PPN) from 15 June 2021 until the date of the SPA due to the outbreak of Covid-19 pandemic. The Parties are also aware that the Government of Malaysia might declare Movement Control Order ("MCO"), Conditional Movement Control Order ("CMCO") or any other movement control order from time to time during the validity of the SPA. The Parties agree that in the event the Government of Malaysia declares any MCO, CMCO or any other movement control order prior to the Completion Date which results in the relevant land office, registry of titles, stamp office or financial institutions, not being able to operate temporarily and/or restricting the operation of any of these offices prior to the Completion Date and thereby causing the Purchaser and or the Purchaser's financier not being able to proceed with the execution of the agreement relating to the Loan or the release of the Purchaser's loan to the Vendor's solicitors, or the stamp office not being able to proceed with the stamping of transfer form or any documentation required to be stamped in connection with the Purchaser's loan or the SPA, or the land office not being able to accept the presentation of registration of the title deed or legal documents pertaining to the Proposed Disposal, the Parties agree that the Completion Date and/or the Extended Completion Date shall be extended free of interest in accordance with the length of period during which the Purchaser and/ or the Purchaser's financier are not able to so proceed.

7. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

Based on the unaudited accounts for Group for the six (6) month financial year ended 30 June 2021 (“1H FY2021”), the relative figures in relation to the Proposed Disposal computed on the applicable bases set out in Rule 1006 of the Listing Manual are as follows:

| Rule | Bases of Computation | Relative Figures |
|---------|--|-------------------------------|
| 1006(a) | Net asset ⁽¹⁾ value of the assets to be disposed of, compared with the group’s net asset value | 163.4% |
| 1006(b) | Net profit ⁽²⁾ attributable to the assets acquired or disposed of, compared with the group’s net profits | Not applicable ⁽³⁾ |
| 1006(c) | Aggregate value of the consideration given or received, compared with the issuer’s market capitalisation ⁽⁴⁾ , based on the total number of issued shares excluding treasury shares | 4.8% |
| 1006(d) | Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue | Not applicable ⁽⁵⁾ |
| 1006(e) | 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 ⁽⁶⁾ |

Notes:

- (1) Under Rule 1002(3)(a) of the Listing Manual, “net assets” means total assets less total liabilities.
- (2) Under Rule 1002(3)(b) of the Listing Manual, “net profits” means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (3) This is not applicable as the Property is not a revenue generating asset. The costs incurred in owning and maintaining the Property for the financial period from 1 January 2021 to 30 June 2021 is approximately RM28,023 (equivalent to approximately S\$9,068²).
- (4) Under Rule 1002(5) of the Listing Manual, “market capitalisation” of the Company is determined by multiplying 27,570,762,183 shares in issue (excluding treasury shares) by the weighted average price of such shares transacted on the market day immediately preceding the date of signing of the SPA.
- (5) This basis is not applicable as the Proposed Disposal is not an acquisition.
- (6) This basis is not applicable as it only applies to a disposal of mineral, oil and gas assets by a mineral, oil and gas company.

As the relative figure under Rule 1006(a) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a “major transaction” under Rule 1014 of the Listing Manual and is subject to the approval of the Shareholders in a general meeting.

8. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

² Based on an illustrative exchange rate of S\$1.00: RM3.0902. The illustrative exchange rate is solely for illustrative purposes and should not be construed as a presentation that the relevant amounts have been or could be converted at this rate or at any other rate.

The *proforma* financial effects of the Proposed Disposal as set out below are for illustrative purposes only, and do not necessarily reflect the future actual financial position and results of the Group following Completion.

8.1 Net Tangible Asset (“NTA”) per Share

For illustrative purposes only, assuming the Proposed Disposal had been effected on 31 December 2020 and based on the latest audited consolidated financial statements of the financial year ended 31 December 2020 (“FY2020”), the *proforma* financial effect of the Proposed Disposal on the Company’s NTA per Share would be as follows:

| | Before the Proposed Disposal | After the Proposed Disposal |
|--|------------------------------|-----------------------------|
| NTA ⁽¹⁾ (S\$’000) | 2,983 | 4,405 |
| Number of Shares (excluding treasury shares) | 27,570,762,183 | 27,570,762,183 |
| NTA per share (Singapore Cents) | 0.011 | 0.016 |

Note:

(1) NTA is calculated based on the total assets, less any intangible assets and total liabilities of the Group.

8.2 Earnings per Share (“EPS”)

For illustrative purposes only, assuming the Proposed Disposal had been effected on 1 January 2020 and based on the latest audited consolidated financial statements of the Group for FY2020, the *proforma* financial effects of the Proposed Disposal on the Company’s EPS would be as follows:

| | Before the Proposed Disposal | After the Proposed Disposal |
|---|------------------------------|-----------------------------|
| (Loss)/Profit attributable to the Shareholders (S\$’000) | (378) | 1,044 |
| Number of Shares (excluding treasury shares) | 27,570,762,183 | 27,570,762,183 |
| EPS (Singapore Cents) | (0.001) | 0.004 |

9. USE OF PROCEEDS

The Company estimates that there will be net proceeds of approximately S\$1.4 million (“**Net Proceeds**”) arising from the Proposed Disposal, being the Consideration less estimated transaction cost (including legal and professional fees) and tax of approximately S\$0.6 million. The Net Proceeds shall be used to expand the Group’s existing core business areas, explore new

business opportunities, for general working capital of the Group, and for such other needs of the Group as may arise from time to time.

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Disposal.

11. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

12. DIRECTORS' RESPONSIBILITY STATEMENT

12.1 The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading.

12.2 Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

13. DOCUMENTS FOR INSPECTION

A copy of the SPA and the Valuation Report will be available for inspection at the Company's registered office at Apex @ Henderson, 201 Henderson Road, #03-26/27, Singapore 159545, during normal business hours for a period of three (3) months from the date hereof.

14. CAUTION IN TRADING

14.1 Shareholders and potential investors are advised to exercise caution in trading their shares in the Company as the completion of the Proposed Disposal is subject to conditions precedent, and there is no certainty or assurance as at the date of this announcement that the Proposed Disposal will be completed. In the event that shareholders and potential investors are in doubt when dealing in the shares of the Company, they should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

14.2 Further announcement(s) will be made as appropriate when there are material developments to the Proposed Disposal.

By Order of the Board of
Blumont Group Ltd.

Siaw Lu Howe
Non-Executive Chairman
15 September 2021