Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Blumont Group Ltd.

Security: Blumont Group Ltd.

Meeting details:
Date: 24 April 2019
Time: 2.00 p.m.
Venue: Cavenagh Room II & III, 3rd Storey, Four Points by Sheraton Singapore, Riverview, 382 Havelock Road, Singapore 169629

Company Description

Blumont Group Ltd., an investment holding company, provides contract sterilization and polymerization services in primarily in Malaysia and Indonesia. It operates through four segments: Investment Holding, Sterilisation, Property, and Mineral and Energy Resources. The company invests in transferable securities, such as marketable shares, warrants, debentures, etc.; and delivers gamma irradiation services for decontamination, sterilization, and polymerization purposes primarily to agriculture, seafood, fruits, pharmaceutical and medical products, cosmetic items, and food packaging industries. It also develops properties for sale, including serviced apartments, commercial, and retail lots; and holds properties for rental and related income. In addition, it explores for, exploits, develops, and produces mineral and energy resources comprising oil and gas, uranium, and thermal coal; and invests in mineral and energy resources projects, entities, and companies. Further, the company provides steel making raw materials; base metals consisting of aluminum, copper, lead, nickel, tin, and zinc; and precious metals and stones, such as gold, silver, platinum, and gemstones. Blumont Group Ltd. was incorporated in 1993 and is based in Singapore.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=A33)

1. In the statement by the executive chairman and chief executive officer, it was mentioned that the group has conducted a business consolidation exercise and has a clean slate to support its growth.

The sterilisation business is a substantial revenue driver for the group and management has stated that it will improve the operational performance to leverage the strong foothold it has in the region.

(i) **As the group has four operating segments, namely Investment holding, Sterilisation, Property and Mineral and energy resources, would the board provide shareholders with a holistic overview of the group's business model for each segment and identify the key value drivers for each business?**

(ii) **What are the near-term growth plans for each segment? How much capital has the group allocated to each segment?**

(iii) **Does the group have the human talent in place to execute well on the strategies?**

(iv) **Has the restructuring been completed and is the balance sheet strong enough to support the group's growth?** For instance, cash and cash equivalent as at 31 December 2018 amounted to just $673,690. On the balance sheet, the group carried $2.04 million in cobalt isotopes, the use and value of it is not clear to shareholders. This accounted for 16% of the group's total assets.

In addition, the company has not issued a Sustainability report for FY2018. Under Chapter 7 of the Listing Manual on Continuing Listing Obligations, an issuer has to report on its sustainability efforts and state in the sustainability report its practices with reference to the following primary components: (a) material environmental, social and governance factors; (b) policies, practices and performance; (c) targets; (d) sustainability reporting framework; and (e) board statement.

(v) **Can the board confirm that it is aware of the requirements of the sustainability report? When would the company be issuing its Sustainability Report for FY2018?**

The board can refer to the Exchange's Practice Note 7.6 for the Sustainability Reporting Guide.
(http://rulebook.sgx.com/net_file_store/new_rulebooks/s/g/SGX_Mainboard_Practice_Note_7.6_July_20_2016.pdf)

2. On 16 July 2018, the company announced the proposed acquisition of Samadhi Retreats Pte. Ltd. which is in the business of, inter alia, owning, developing, managing and operating luxury residences, hotels, resorts, villas and lodges for an aggregate consideration of S$43.8 million.

The company had on 4 April 2019 announced the lapse of the long-stop date but remains in negotiation with the vendor.

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(i) Is the proposed acquisition in line with the group's strategic growth plans? Has the board/shareholders approved the group's diversification plans?

(ii) What is the level of due diligence carried out by management and by the board prior to the conditional sale and purchase agreement?

As disclosed by the company, the net tangible asset value of the Target Group as at 31 March 2018 is approximately S$1,384,000 based on the unaudited pro forma financial statements of the Target Group.

(iii) What is the expertise in the board/management to evaluate and structure an acquisition involving hospitality assets all over Asia? Can the board clarify how it had evaluated and approved the proposed acquisition which valued the company at more than 31x price-to-book?

3. On page 25, in the section titled "Interested Person Transactions", the group has made the following disclosure:

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and these interested persons transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

The Board and the AC will review all interested person transactions to be entered into to ensure that the relevant rules under Chapter 9 of the Listing Manual are complied with.

Except those as announced via SGXNet and as outlined in the Annual Report under headings **Trade and Other Payables and Related Party Transactions**, there is no other interested person transaction for FY2018.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
Mr. Siaw Lu Howe	Nil	Nil

(Source: Company annual report)

While the company and the audit committee may have established procedures to ensure that all transactions with interested persons are carried out in accordance to the relevant rules under Chapter 9 of the Listing Rules, the disclosure requirements in the Listing manual are clearly stated as follows:

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An issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the following format:—

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)

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(i) **Would the board consider disclosing all the interested person transactions in the annual report, as required by Rule 907 of the listing rules?** Given what was disclosed in the annual report, it may appear that there has been no interested party transaction in the year.

On 26 November 2018, the company announced that the current total of all interested person transactions for the same financial year is S$173,749 which constitutes 3.04% of the group's latest audited net tangible assets as at 31 December 2017 of S$5,719,402.

In particular, would the audit committee also help shareholders understand why the company had taken up a bridging loan for purposes of working capital at interest rate charges of 15% for 6 months (thereafter at 3% per annum)? How did the audit committee evaluate and justify the interest rate charges of 15%?