

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

APPLICATION TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED FOR AN EXTENSION OF TIME TO SUBMIT A NEW PROPOSAL FOR RESUMPTION OF TRADING

Unless otherwise specified, all capitalised terms shall have the same meaning ascribed to them in the Previous Announcements (as defined below).

1. INTRODUCTION

The Board of Directors of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the announcements dated 31 March 2021, 7 April 2021 and 29 April 2021 and 27 May 2021 (“**Previous Announcements**”) on the Company’s submission of the Revised Resumption Proposal to Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 27 May 2021.

On 30 September 2021, the Company had withdrawn its Revised Resumption Proposal due mainly to, among others, (i) the unexpected delay and the lack of clarity from the JTC Corporation (“**JTC**”), a statutory board under the Ministry of Trade and Industry, in relation to the approval of the sale of the Loyang Property (the “**Delay**”), (ii) the Company’s subsidiary in Indonesia, PT Oriental Magnus Engineering Indonesia (“**PT OMEI**”) being unable to participate in certain contracts that were awarded in favour of PT OMEI as the Company was not in the position to provide the requisite funds for the execution of the said contracts, (iii) the Delay, along with the resurgence of Covid-19 cases around the world and prevailing travel restrictions, having an impact on the Company in its pursuance of the potential business ventures, and (iv) the ongoing lawsuits (i.e., HC/S 202/2020 with respect to the action taken by the Company against the former directors and former CEO, which was fully and finally settled and announced on 17 January 2022, and HC/S 1075/2020 with respect to the action taken by Thong Soon Seng against the Company and third-party proceedings commenced by the Company against Luke Ho, the former CEO of the Company) wherein the Company had been unable at the time to obtain clarity on the potential proceeds/liabilities to be realised in the event of a settlement.

Pursuant to the Company’s withdrawal of its Revised Resumption Proposal and the periodic updates provided by the Company in the Previous Announcements, the Company has since made an application, through its Sponsor, to the SGX-ST for an extension of time of up to 30 September 2022 (the “**Extension of Time**”) to submit a new proposal for the resumption of trading (the “**New Resumption Proposal**”) with a view to resuming trading in the Company’s securities pursuant to Rule 1304(1) of the Section B: Rules of Catalist of the SGX-ST Listing Manual (“**Catalist Rules**”).

2. REASONS FOR SEEKING THE EXTENSION OF TIME

2.1 Following the Company’s announcement on 5 January 2022 relating to the proposed disposal of the Loyang property (the “**Proposed Disposal**”) by the Company’s subsidiary, Mid-Continent Equipment Group Pte Ltd, (“**Midcon**”), Midcon had on 22 March 2022 completed the Proposed Disposal and received sales proceeds therefrom of about \$6.71 million. The Company’s share of the aforesaid sales proceeds is approximately \$3.75 million based on its shareholding interest of 55.89% in Midcon (the “**Sales Proceeds**”). The related necessary paperwork is currently being processed and the Sales Proceeds are expected to be received in the Company’s bank account over the next couple of weeks, but in any case, no later than the end of May 2022.

Upon receiving the Sales Proceeds, the Company is of the view that it would be in a stronger position to negotiate, fund and execute potential new projects and business ventures (collectively “**Potential Projects**”) with the Company’s prospective business partners. Accordingly, the Sale Proceeds are deemed to be essential in providing the Company with the necessary financial resources to secure and

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support the Potential Projects and also to demonstrate their commercial viability to the SGX-ST for the purposes of the New Resumption Proposal.

- 2.2 In connection with the latest development mentioned above, the management of the Company (“**Management**”) has commenced discussions with its business partners and prospective clients in respect of the Potential Projects. As at the date of this announcement, Management is in various stages of discussions, negotiations, and submissions of bids in respect of certain of these Potential Projects. The Company will make further updates to shareholders if there are any further material developments in relation to these Potential Projects.
- 2.3 Management is highly cognisant of the need to have funding available in order to secure the award of the Potential Projects. In the absence of bank funding at this juncture, it is envisaged that the Sales Proceeds have become more critical as a funding source. For a start, funds from the Sales Proceeds would help in providing working capital that is required for a few of the Potential Projects as mentioned above. With the expectation of a healthy growth in cashflow from these projects as envisaged by Management, the Company’s subsidiaries in Indonesia will be able to further position themselves to negotiate and secure more contracts, which are now in serious discussions.
- 2.4 Based on the foregoing, the Company envisages that its three (3) Indonesian subsidiaries would require some time to meaningfully conduct due diligence, closely review the proposals and mitigate any risk factors prior to securing the Potential Projects. In this regard, Management is also in the midst of preparing the related cashflow projections for each of the Potential Projects for internal review and endorsement.
- 2.5 Based on the foregoing reasons, the Board is of the view that it would be prudent to seek the Extension of Time and that the extension deadline should provide sufficient time for Management to make meaningful progress in respect of the Potential Projects so as to, amongst others, adequately address any perceived issues pertaining to the business viability and going concern of the Group which would form an essential part of the New Resumption Proposal to be submitted to the SGX-ST.

3. FURTHER ANNOUNCEMENT(S)

The Board and Management will, in discussion with its Sponsor, work towards addressing all the relevant matters needed for the submission of the New Resumption Proposal in a timely manner. The Board will make further updates if there are any further material developments regarding the New Resumption Proposal and/or the Extension of Time, or where necessary.

BY ORDER OF THE BOARD

Charles Madhavan
Executive Director and Chief Executive Officer
27 April 2022

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.
