magnus

MAGNUS ENERGY GROUP LTD.

IGNITING PROGRESS

ANNUAL REPORT 2021

CORPORATE **PROFILE**

Magnus Energy Group Ltd. ("**Company**") and its subsidiaries (collectively, "**Magnus**" or "**Group**") seek to achieve a diversified portfolio to broaden its earnings base and re-engineer itself to explore new acquisitions and investments globally. Established in 1983, Magnus has been listed on the Catalist Board since 4 August 1999.

In the midst of the challenging conditions of the construction industry, Magnus, then a mechanical and electrical contractor, made a decisive shift of its business focus into the equipment and spares supplies to oil and gas industry with the acquisition of Mid Continent Equipment Group Pte Ltd. in 2004.

Magnus continues to focus on building the oil and gas equipment distribution business through its USA operations in Mid-Continent Equipment, Inc. Since 2020, Magnus has been actively collaborating with business partners to enter into engineering, procurement, and construction ("**EPC**") projects overseas.

*This Annual Report 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 Catalist.*

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

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.

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CHAIRMAN'S **STATEMENT**

DEAR SHAREHOLDERS,

The past financial period from 1 July 2020 to 31 December 2021 ("**FY2021**") has been eventful. To frame these developments, as you might already know, we changed our financial year-end to 31 December, from 30 June. As such, our financial period in review FY2021 covers the 18-month period from 1 July 2020 to 31 December 2021. The corresponding comparable financial year period covers the 12-month period from 1 July 2019 to 30 June 2020 ("**FY2020**").

Over the 18-month period for FY2021, we witnessed tremendous challenges brought by the Covid-19 pandemic and weathered its attendant lockdowns and restrictions across the international markets we have been engaged in. From the US to the UAE, to Singapore and other markets we have a presence in, companies and business partners had to navigate this great unknown and economies inevitably slowed down.

With government mandated Covid-19 work restrictions, the oil and gas sector saw temporary work stoppages or reduced manpower deployment. All this resulted in project delays, which had a knock-on effect on our main business of oil and gas equipment distribution.

Financial Review and Highlights

(i) Revenue and Gross Profit

All in, given these challenges, there was a 9.2% increase in revenue to S$16.6 million, from S$15.2 million in the previous reporting period of FY2020. If revenue of about S$6.8 million recognised during the extended six months period from 1 July 2021 to 31 December 2021 (the "**Extended 6-Month Period**") is excluded, the Group's revenue would have been S$9.8 million, representing a decline of 36%. The decline is primarily due to the outbreak of Covid-19 which has led to a drop in global demand for the Group's oil and gas equipment distribution business. Gross profit saw a 12.5% expansion to S$1.8 million from $1.6 million the year before, of which S$0.8 million was contributed during the Extended 6-Month Period. The average gross profit margin improved slightly from 10.5% in FY2020 to 10.8% in FY2021.

(ii) Other Operating Income

The Group saw a drop in other operating income of S$0.5 million, from S$1.1 million in FY2020 to S$0.6 million in FY2021. In FY2020, the Group made a gain on disposal of property of about S$0.7 million and had an exchange gain of about S$0.4 million which were both absent in FY2021. This decrease was partially offsetted by a settlement amount of approximately S$0.4 million, arising from the settlement on all claims which arise out of or in connection with Suit 202 and Suit 1075 (as announced by the Company on 17 January 2022), which was recognised in FY2021 and to a lesser extent by borrowings which were forgiven under the US government's Covid-19 financial support Paycheck Protection Program ("**PPP**") scheme of about S$0.1 million and other income of about S$0.2 million.

PPP is a business loan programme established under the 2020 US Federal government Coronavirus Aid, Relief, and Economic Security Act ("**CARES Act**") to help certain businesses continue to pay their workers. The loan was fully forgiven in FY2021 as our US subsidiary kept its employee headcount and employee wages stable.

(iii) Other Operating Expenses

The Group's other operating loss, being part of the other operating expenses, increased to S$0.6 million in FY2021 compared to S$0.3 million in FY2020 mainly due to currency translation loss of S$0.2 million related to the capital reduction of its Australian subsidiary and loss on disposal of assets of S$0.1 million held for sale.

(iv) Expenses

The Group's administrative expenses barely increased from S$4.5 million notwithstanding that FY2021 included 18 months of expenses vis-à-vis 12 months in FY2020 as a result of the Group's efforts in containing personnel expenses and cost savings arising from the closure of non-core subsidiaries.

(v) Loss for the Financial Period

The Group booked a net loss of S$3.3 million for FY2021, as compared to S$2.5 million in FY2020. Had the net loss incurred during the Extended 6-Month Period been excluded, the Group would have incurred a net loss of approximately S$2.6 million instead, a small increase of 4% over that of FY2020 indicating that net loss has been contained because of prudent cost-cutting measures instituted in FY2021.

(vi) Assets

The Group's total assets declined by S$2.6 million between end FY2021 (31 December 2021) compared to end FY2020 (30 June 2020) largely because of the reduction in current assets which as at end FY2021 accounted for 96.2% of the Group's total assets.

The reduction in current assets from S$10.8 million as at end FY2020 to S$8.5 million as at end FY2021 was mainly due to disposal of the Australian properties classified as Held for Sale by S$0.8 million (whereby the remaining S$3.8 million reported as at end FY2021 refers to the value of the premises at Loyang held by subsidiary, Mid-Continent Equipment Group Pte. Ltd. ("**Midcon**") and (b) lower cash holdings by S$2.5 million due mainly to the net loss for FY2021, which was offset by a more efficient use of cash in enhancing operating activities ie building up trade receivables and inventories.

(vii) Non-current Assets

Freehold building and land constituted the bulk of non-current assets accounting for 70% of non-current assets as at end FY2020 vis-à-vis 76% at end FY2021. The reduction in value of S$0.2 million in freehold building and land, resulting from depreciation, consequently decreased non-current assets by 45% to 0.3 million as at end FY2021.

(viii) Liabilities

The Group's total liabilities, which comprised solely of current liabilities as at end FY2021, increased by about $1.4 million from S$4.1 million as at end FY2020 to S$5.5 million as at end FY2021. This increase is due mainly to an increase in trade payables of S$0.6 million and amount due to non-controlling interest of S$0.7 million pursuant to the reduction of share capital of its subsidiary, Midcon, in January 2021 where the Group holds a 55.89% shareholding stake.

(ix) Net Working Capital and Bank & Cash Position

The reduction in current assets of S$2.3 million coupled with an increase in current liabilities of S$1.4 million resulted in a decrease in the Group's net working capital position by S$3.7 million, from S$6.7 million as at end FY2020 to S$3.0 million as at end FY2021. Importantly, the Group's net working capital remained positive as at end FY2021.

Meanwhile, the cash and cash equivalents declined further by S$2.5 million in FY2021 from S$3.0 million as at end FY2020 to S$0.5 million as at end FY2021, primarily due to net cash used in operating activities of S$2.4 million, capital reduction of Midcon of S$0.2 million and advance provided to the joint venture company of S$0.3 million, which was partially offset by the proceeds from the disposal of the Group's Australian property of S$0.6 million during FY2021.

Turning the Corner

On an encouraging note, business has steadily picked up over the last four quarters of FY2021. We saw a consistent recovery in revenue in the sales volume and product prices during this time. Of note, the Group recorded revenue of S$3.5 million for the three-month period from 1 October 2021 to 31 December 2021 ("**6QFY2021**") as compared to $3.2 million in for the three-month period from 1 July 2021 to 30 September 2021 ("**5QFY2021**"), representing an 8% growth from 5QFY2021 to 6QFY2021. The average gross profit margin was maintained above 12.0% in both quarters.

Outlook

With oil prices recovering since April 2021 as the global economy emerges from the pandemic supported by national vaccination programmes, we are cautiously optimistic for our Group. Despite concerns about new Covid variants such as Omicron, increasing vaccination levels in many countries have added a measure of confidence among most governments to keep their economies overall open for business. According to a report by Deloitte on the oil and gas industry outlook 2022, oil demand is expected to recover strongly but will remain at a lower level than it was immediately prior to the global outbreak of Covid-19[1].

We believe this could boost demand for oil and gas equipment, drilling services and EPCC services, from both national and private oil and gas companies. This could in turn bring about a ramp-up of oil and gas equipment supplies as well as EPCC projects and drilling programme opportunities for the Group to participate in.

Update

We would like to further share that, as announced earlier in January 2022, the JTC Corporation, a statutory board under the Ministry of Trade and Industry, has accepted the revised Environmental Base Study report and informed the Group that it may proceed with the legal completion for the sale of the property at Loyang. The sale of the property at Loyang was completed on 22 March 2022.

Conclusion

The road we have been on over the past 18 months of the financial period review has been nothing short of challenging. Over this time, we have managed to remain on track and shown admirable resilience. I am reassured that we will build on that experience for the road ahead. At this juncture, allow me to extend on behalf of the Board, a sincere note of gratitude to our Board, managers and staff for their counsel, co-operation and determination. Together, we look forward to the new year.

Thank you.

Yours Sincerely,

Michael Pixley

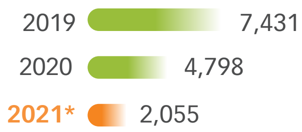
Independent Non-Executive Director and Chairman of the Board

[1] *Source: https://www2.deloitte.com/us/en/pages/energy-and-resources/articles/oil-and-gas-industry-outlook.html*

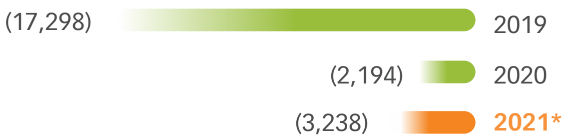
FINANCIAL
HIGHLIGHTS

TURNOVER (S$'000)

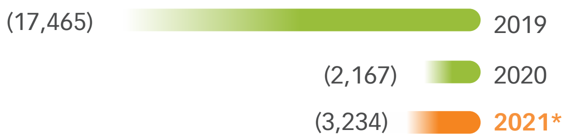
NET ASSET VALUE (S$'000)



LOSS BEFORE TAX (S$'000)



TOTAL LOSS AFTER INCOME TAX ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (S$'000)



	2021*	2020	2019
Basic loss per share (Cents)	(0.03)	(0.02)	(0.14)
TURNOVER BY BUSINESS ACTIVITIES			
Oilfield equipment supply and services (S$'000)	16,594	15,177	17,573

***Note:** *The financial period ended 31 December 2021 covers an 18-month period from 1 July 2020 to 31 December 2021 as a result of the change in financial year end.*

GROUP **STRUCTURE**

As of 31 December 2021

BOARD OF
DIRECTORS

MR MICHAEL PIXLEY

Independent Non-Executive Chairman

Date of first appointment: 6 August 2020
Date of last re-election: 30 October 2020

Mr. Michael Pixley joined the Company as an Independent Director on 6 August 2020. He was appointed as the Chairman of the Board and the Remuneration Committee and member of the Audit and Nominating Committees on the same day and was re-elected as a director at the Annual General Meeting of the Company held on 30 October 2020.

Michael has 35 years of Merchant Banking experience in the Austral-Asian Region across a broad range of industries from property to biotechnology and mining, of which he spent 23 years based in Singapore firstly in private banking for a large European merchant bank, then employment within a significant Asian family office prior to returning to investment banking to head an Australian Boutique Investment Bank office in Singapore.

Michael returned to Australia in 2003 to drive the IPO of a private biotechnology company which he co-founded in Singapore. Michael has exhibited strong leadership and management in roles from CEO to board positions in a range of public listed and private companies all with a strong Asian connection.

Michael is currently holding non-executive directorships in several Australia listed companies such as Credit Intelligence Ltd, Story-I Ltd and Eneco Refresh Ltd. In addition, he is also a consultant in Mann & Associates PAC, a senior advisor in Transocean Group Ltd. and an executive Director in CSME Australia.

Michael has a Bachelors Degree in Business Management from Curtin University Perth, Australia.

DATO' KUNALBIR SINGH CHAHL

Independent Non-Executive Director

Date of first appointment: 19 February 2021
Date of last re-election: N.A.

Dato' Kunalbir joined the Company as an Independent Non-Executive Director on 19 February 2021. He was appointed as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees. Dato' Kunalbir has more than 22 years of experience in international law, investment banking, asset management and corporate governance within the Asia-Pacific region and he is currently the Global Chief Operating Officer at Adapt Ideations Group Pte Ltd.

Dato' Kunalbir first practised as a lawyer in Kuala Lumpur and Singapore, specializing in cross-border M&A, corporate finance, private equity and capital markets transactions. Dato' Kunalbir left legal practice thereafter to join Merrill Lynch International Bank Limited in Singapore as a Director of Investments, where he provided institutional asset and wealth management solutions to large regional corporations, public-sector funds, government-linked companies and family offices, before assuming senior roles within the investment banking and private equity sectors.

Dato' Kunalbir was formerly the Chief Operating Officer at Hera Capital Pte. Ltd. a Singapore-based private equity investment manager, which focuses on the consumer-retail and consumer-tech sectors within the South-East Asian region. He has also served on the boards of private companies in Singapore and he has been an advisor to several family offices and corporates within the Asia-Pacific region.

Dato' Kunalbir graduated with a law degree from the London School of Economics and Political Science and he has a Master's Degree in Law (Banking & Finance) from King's College London. He is also a qualified Barrister-at-Law (England & Wales) and has been admitted as an Advocate & Solicitor to the High Court of Malaya.

MR CHARLES MADHAVAN

Executive Director and Chief Executive Officer

Date of first appointment: 9 January 2020
Date of last re-election: 30 October 2020

Mr. Madhavan was appointed by the shareholders as an Executive Director during an Extraordinary General Meeting ("**EGM**") held on 9 January 2020. He was further appointed as the Chief Executive Officer of the Company on the same day. Mr. Madhavan is responsible for the strategic development of the Group's business.

Mr. Madhavan has over 40 years of managerial, technical and on-shore, off-shore field operational experience with major global oil and gas corporations in various parts of the world. Mr. Madhavan started his career as a diver and welder at Vosper Thornycraft Shipyard operating in the shipbuilding industry. Mr. Madhavan would later join the Republic of Singapore Navy for a military career as a diving supervisor for a period of five (5) years. From 1980 to 1996, Mr. Madhavan had served in major oil and service companies in Africa, Southeast Asia, Middle East and Mediterranean like Amoco Eygpt, Atlantic Richfield, Oceaneering International, Unocal Limited, General Offshore Corporation/Hamstoft Submarine Cable Systems, a subsidiary of Cable & Wireless. In 2000, Mr. Madhavan became the executive director of Blue Water Engineering Pte Ltd, where he was responsible for managing the operations and business. In January 2022, Mr. Madhavan was appointed as the technical adviser of CSPC (Group) Pte Ltd.

Mr. Madhavan was previously an Executive Director of GSS Energy (S) Limited in 2015, an SGX-listed company in Singapore. Mr. Madhavan was also previously a Managing Director of the Company in 2018, where he was responsible for strategic development of the Group's business.

Mr. Madhavan's previous directorships also included stints at private companies at Java Petral Energy Pte Ltd, International Investments Technology Pte Ltd, and Nusantara Resources Pte Ltd. Mr. Madhavan is presently serving companies like Idola Cakrawala International Pte Ltd, Ekamaro Sakti (S) Pte Ltd (formerly known as MOS Subsea Pte Ltd) and Blue Water Engineering Pte Ltd.

Mr. Madhavan is a substantial shareholder of the Company, having a collective deemed interest of 5.5% of the ordinary shares in the Company.

KEY **MANAGEMENT**

MR MUSTAZA BIN KASSIM

Chief Operating Officer

Mr. Mustaza joined Magnus Energy Group Ltd as the Group's Chief Operating Officer on 4 April 2022. Prior to that, he was a senior banker with over 40 years of experience and industry knowledge connecting Asia Pacific to the Gulf Cooperation Council ("**GCC**") countries, and having set-up, led and managed the Singapore entities of several GCC banks with coverage of the Asia Pacific market.

He brings to the Group a unique blend of experience, contacts, client relationships, network, and management capabilities, largely in the financing of companies in the commodities and oil & gas sectors. He also had working stints in Asia Pacific countries and including the UAE, Kuwait and Saudi Arabia with several reputable banks.

Outside of work, Mr. Mustaza has held board positions in several civic and educational organisations. Currently, he is a board member of the Singapore Accountancy Commission, a statutory board of the Ministry of Finance, Singapore.

Mr. Mustaza holds a degree in Industrial & Systems Engineering, University of Singapore (now known as the National University of Singapore (NUS)).

MR MAUNG THEIN HTIKE, TIM

President
Mid-Continent Equipment Inc. (USA)

Mr. Htike joined Mid-Continent Equipment Group Pte Ltd. ("**Mid-Con**") in June 1993 as the Manager of Base Operations and Logistics. In June 2002, he was promoted to and was the General Manager until he moved to Mid-Continent Equipment Inc. (USA) in March 2008.

Mr. Htike is now the President and shareholder of Mid-Continent Equipment Inc. (USA) owning 20% of its shares. He is responsible for the overall operation and profitability of Mid-Continent Equipment Inc. (USA). He has over 20 years of oil & gas industry experiences in various capacities. Prior to joining Mid-Con, he worked for Yangon branch of Yukong Limited, a Korean oil & gas exploration company, as a Material and Logistics Executive between 1990 and 1993.

Mr. Htike holds a Bachelor of Commerce (B.Com) from the Institute of Economics, Rangoon in Myanmar.

MESSAGE FROM THE BOARD 102-14

At Magnus Energy Group Ltd. (**"Magnus**" or the "**Company**" and together with its subsidiaries, the "**Group**"), we believe in working towards a business that is not only profitable, but also one that makes a positive impact on our stakeholders and the environment.

The past two (2) years were challenging for the global economy due to the COVID-19 pandemic that started in early 2020. The Group CEO had travelled to Indonesia to seek for opportunities and is in the midst of negotiating for new projects under the new business diversification and will make timely announcements when there are confirmed projects.

Magnus is cognisant of the need to continuously improve our corporate governance, risk management and internal controls. Pursuant to the independent review report issued by Provenance Capital Pte. Ltd. in 2019 (the "**External Review Report**") and the issues raised therein, the Company has taken a comprehensive analysis of its corporate governance, risk management and internal controls and strengthened these through implementation of the various recommendations in the External Review Report. The Company continues to work closely with our auditors to improve the internal controls and in respect of the financial period from 1 July 2020 to 31 December 2021 ("**FY2021**"), the Company had appointed a professional firm, TRS Forensics Pte Ltd ("**TRS**") to conduct a review of the internal controls at the Company level.

Magnus is committed to promoting a positive and safe work environment for our employees, suppliers and the community. We also take steps to ensure the wellbeing and safety of our employees at work. This Sustainability Report would also highlight the steps taken by Magnus to improve the health and safety of our workers during this pandemic and mitigate the impact on other stakeholders.

This Sustainability Report has been drafted in respect of the identified Economic, Social and Governance ("**ESG**") factors which are material to our Group. It has been prepared in accordance with the Global Reporting Initiatives ("**GRI**") Standards 2016: Core Option and is also in compliance with the SGX-ST Listing Rules 711A and 711B and the SGX Sustainability Reporting Guide. This Sustainability Report details our sustainability efforts and performance for FY2021.

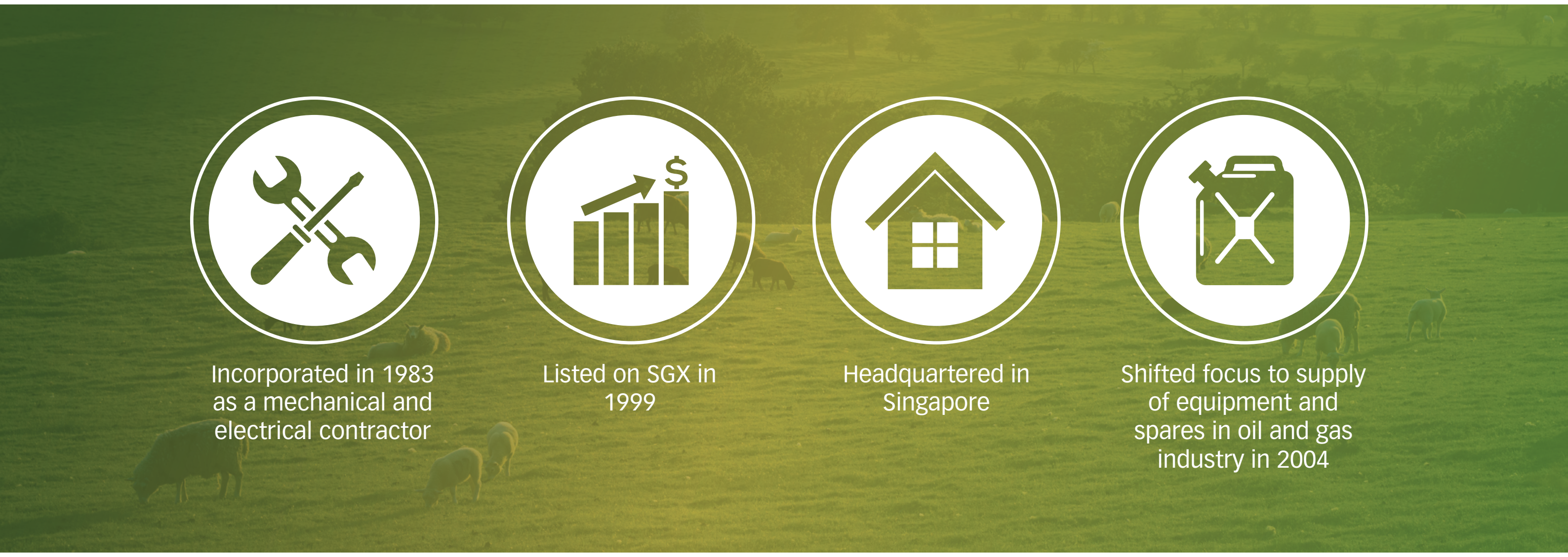
Sincerely,

The Board of Directors
Magnus Energy Group Ltd.

SUSTAINABILTY **REPORT**

Magnus at a glance

Magnus is an investment holding company in Singapore[102-3] with a portfolio comprising oil and gas equipment distribution.[102-2] In 2020, the Company obtained shareholders' approval on the proposed diversification of the Group's business to include the business of (i) providing engineering, procurement, construction and commissioning ("**EPCC**") services, and related services and (ii) providing drilling and consultancy services as part of its core business (the "**Proposed Diversification**").



Magnus Sustainability Report

The GRI framework was chosen as it is a well-known and globally-recognised sustainability reporting standard.

REPORTING PERIOD

This report covers the sustainability performance of Magnus' businesses in Singapore for the period 01 July 2020 to 31 December 2021

The previous Substainability Report was published in the Annual Report 2020.[102-51]

REPORTING SCOPE

The information and figures in this report refers to Magnus and its subsidiaries, unless otherwise stated.[102-45]

GRI GUIDELINES

This report has been prepared in accordance to the Global Reporting Initiatives (GRI) Standards 2016: Core option.[102-12, 102-54]

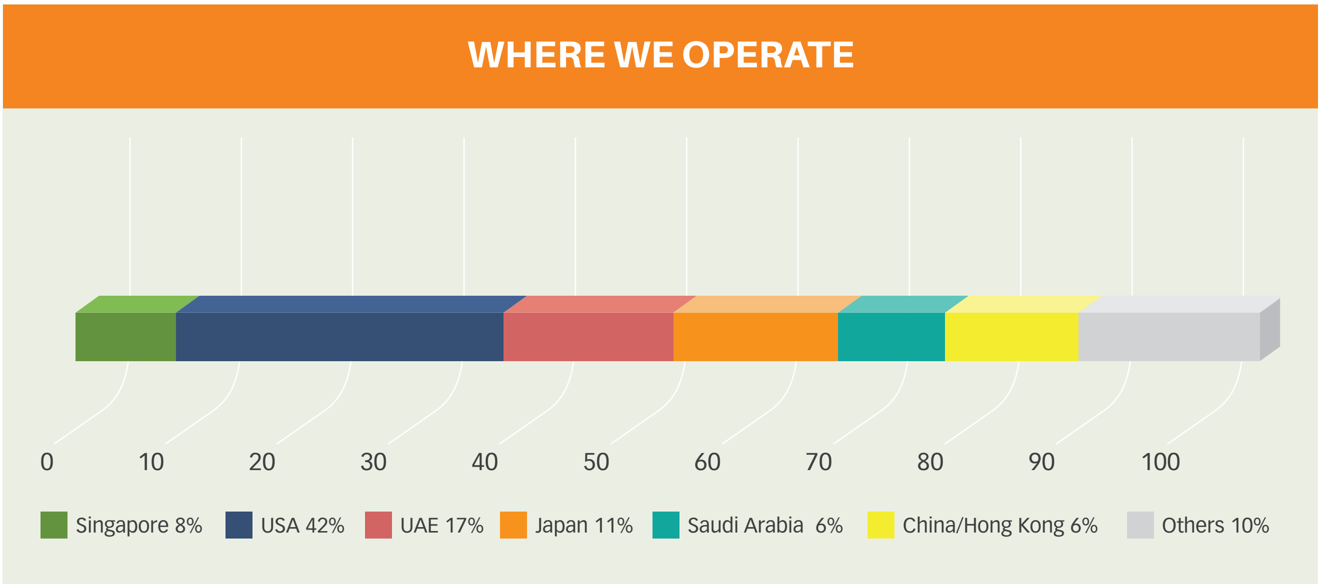
We have not sought or commissioned an independent external assurance for this Sustainability Report.[102-56]

FEEDBACK

We welcome all feedback on this report. Please address all feedback and comments to us at info@magnusenergy.com.sg. [102-53]

Where we operate

For FY2021, the Group had done business with customers spanning multiple continents across the globe, including Singapore, the United States of America ("**USA**"), United Arab Emirates ("**UAE**"), Japan, Saudi Arabia and others. 102-4, 102-6



'Others' includes countries whose individual contributions do not exceed 5%

STAKEHOLDER ENGAGEMENT 102-43

Magnus works closely with our employees and various business partners to integrate our sustainability ambitions into our businesses.

Communication

Magnus is committed to continually strengthening our relationship with the investing community. Our shareholders are kept abreast of Magnus' progress through timely information and adequate disclosures on the corporate developments and financial results of Magnus via the announcements on SGXNET (www.sgx.com).

The Company will strive to carry out proper checks to ensure that information disclosed in announcements are accurate, complete and substantiated and ensure that all material information are disclosed on the SGXNET and consult its Sponsor where required on what constitutes material information.

All of Magnus' information is also available on the Company's website (www.magnusenergy.com.sg). In view of the Company's change of its financial year end from 30 June to 31 December, an annual general meeting of the Company was not held in respect of the 12-months financial period from 1 July 2020 to 30 June 2021. Save for the above, shareholders' meetings are held at least once a year and shareholders are encouraged to share their views and make enquiries on the on-going affairs and progress of Magnus.

The Board and the Management shall provide timely business updates and corporate information to our shareholders via the following channels:

Shareholders' meeting / General meeting	Annual report	SGXNet	Company Website
• Annual general meeting • Extraordinary general meeting	• Uploaded at the end of each financial year on our website and the SGXNet	• www.sgx.com • Announcements	• www.magnusenergy.com.sg

Materiality Assessment

Materiality Assessment Process 102-46, 102-47

Through continuous dialogue with all our valued internal and external stakeholders, we have compiled a list of sustainability material topics that stakeholders are most concerned about. This list is periodically updated based on analysis of the changing concerns of our stakeholders. We organize a range of avenues to understand the changing concerns of our stakeholders including face-to-face meetings, shareholder/general events, emails, feedback through our company website, and international/local issues in the news that impact our business.

The following shows the methodology of our materiality assessment process:

Using the GRI issues indicators as a guideline, we identify the potential ESG issues → *We analyse the concerns and views of all stakeholders received.* → *We identify the top concerns across Magnus* → *We assess our risk management and operational procedures based on the concerns raised*

Stakeholders Engagement Process 102-21, 102-42, 102-43

Our stakeholders are identified	+	We collect information via email feedbacks from our stakeholders and also from meetings	+	The feedback is consolidated and several key issues are identified	=	Incorporation of key issues into strategic and operation planning

We have organized our stakeholders in the countries where we have a significant business presence in, into five (5) groups in order to ensure that we have diverse viewpoints on how we can contribute to the community effectively (partners, employees, suppliers, government agencies, and communities) based on their core issues, and to better address their concerns with the aim of building enduring relationships with them.

The table below summarises each stakeholder group, their concerns and our responses 102-40, 102-44

No.	Stakeholder Groups	Their concerns	Our Responses
1	Shareholders/Investors	• Transparency • Timely updates • Investment risks and mitigation steps taken	• Magnus provides timely updates to our shareholders via SGXNet announcements and at our Annual General Meetings. • The Company appoints external professional firms to perform a review of its internal controls and seeks technical advice from suitable external professional firms where necessary. • We have an ongoing process of seeking manpower and professional service providers with the right expertise and skillsets in order to improve operational capability.
2	Employees	• To work in a conducive and pleasant environment • Opportunities for professional growth and career development • A safe work environment (especially in times of the COVID-19 pandemic)	• The Group's HR policies aim at promoting a safe and fair working environment. Additional policies including working from home arrangements, social distancing guidelines and other safe workplace management measures were put in place to combat the spread of COVID-19. • We have a performance-based talent retention system, using a combination of quantitative and qualitative measures. • We promote lifelong learning, providing resources and opportunities for employees interested in further studies/professional training. The Company supports the staff and directors in both the provision of time off and reimbursement of the course fees.

No.	Stakeholder Groups	Their concerns	Our Responses
3	Business partners and suppliers	• Durable and lasting business relationship • Opportunities for cross-industry business collaborations in other projects	• The Group emphasises on fair and ethical procurement practices while cultivating our relationships with existing suppliers. • We hold frequent in-person (on-hold due to COVID-19) and virtual meetings with our business partners and suppliers to pursue mutually beneficial business opportunities.
4	Government agencies	• Compliance with local laws and regulations • Environmental issues and waste management	• Our internal policies adhere to rules and laws applicable to the group, ensuring that our operations comply with existing laws and regulations in place. • We aspire to minimise our environmental footprint and adhere to all environmental laws locally.
5	Charities and communities	• Support for social welfare and community care	• We target to contribute to both charitable causes and not-for-profit organizations once the Company becomes profitable.

Material Topics

The table below lists the material topics we have identified for our sustainability reporting based on the significance of our ESG impacts and the degree of influence they have on stakeholder assessments and decisions. [102-47]

Material Aspects	Material Topics	Mapped GRI Standards	Page Reference
Economic	Economic Performance	GRI 201 - Economic Performance	Pages 65-137
Governance	Anti-Corruption and Fraud Prevention	GRI 205 - Anti-Corruption	Pages 16-17
Social	Fair Employment Practices	GRI 401 - Employment	Pages 19-21
		GRI 405 - Diversity and Equal Opportunity	Pages 19-21
		GRI 406 - Non-Discrimination	Pages 19-21
	Occupational Safety	GRI 403 - Occupational Health and Safety	Page 20-21
	Staff Training	GRI 404 - Training and Education	Pages 19
	Workforce Statistics	GRI 401 - Employment	Pages 19-20
		GRI 405 - Diversity and Equal Opportunity	Pages 19-20
	Fight Against International Forced/Child Labour	GRI 408 - Child Labour	Page 21
		GRI 409 - Forced or Compulsory Labour	Page 21

Our Strategy & Sustainability Approach

The Board[102-19] retains the obligation to oversee, monitor, and drive the Group's sustainability strategic direction with regard to material ESG factors. The Group's management regularly reviews the strategy based on stakeholder concerns and changes to local/international economic and geopolitical factors that may impact the Group. Management would keep the Board apprised of any material changes to the sustainability performance(s) or policy(ies).

Our Sustainability Commitment

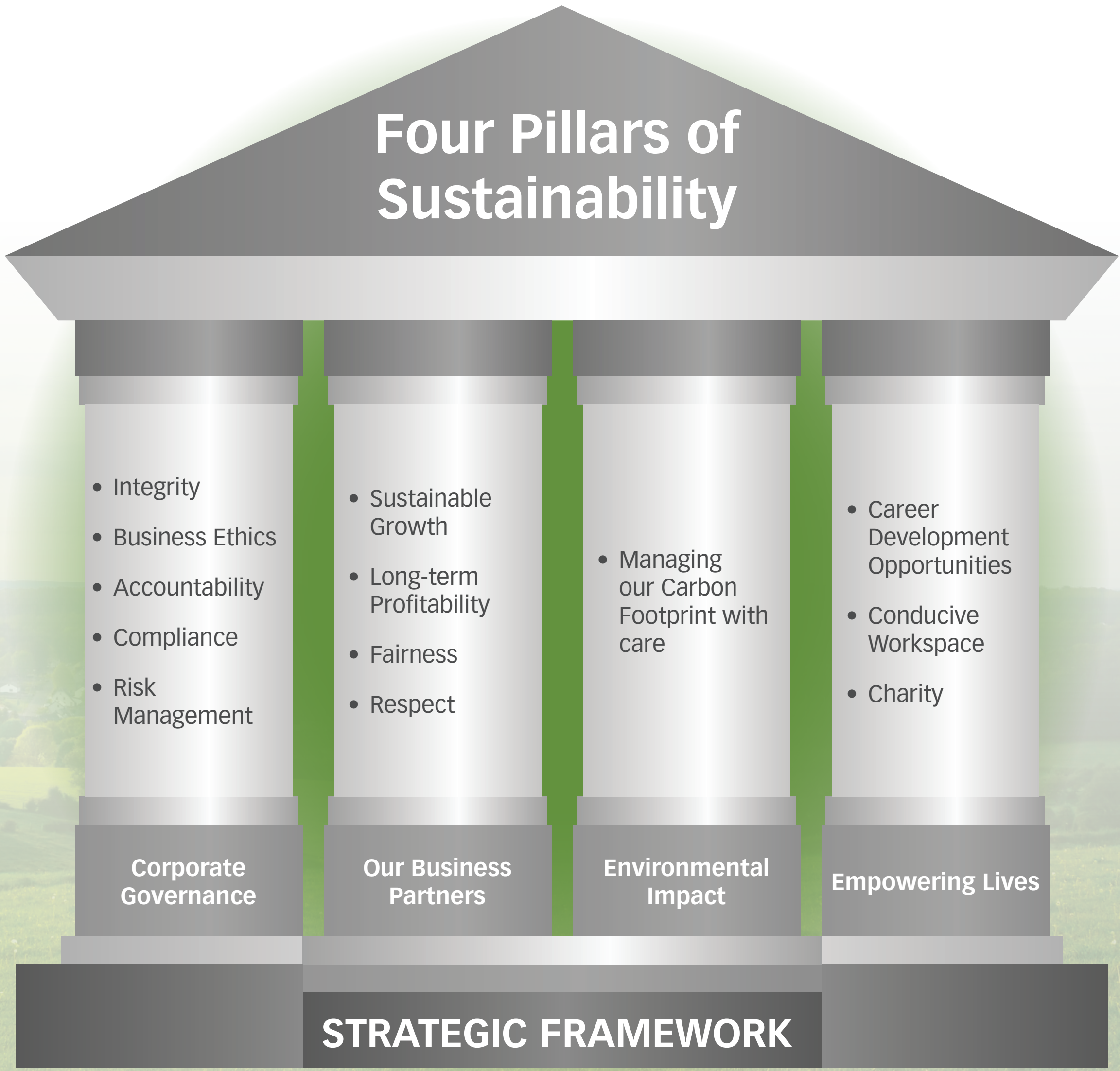
Magnus' sustainability strategy is dedicated to managing risks and mitigating the impacts of our Group's operations while creating value for our shareholders, governments, employees and business partners.

The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors. The Board and Management is of the view that an adequate sustainability framework is in place to enhance business resilience and adapt to the evolution of the business landscape.

The Board oversees the sustainability management and is supported by all key managers in the respective business units to ensure that each business unit is a responsible citizen in the areas of social, environment and governance. We did not obtain external assurance for our Sustainability Report. We have relied on our internal review process and conducted checks (where appropriate and necessary) for the accuracy of the Sustainability Report. Our financial statements for FY2021 have, however, been independently audited. We aim to progress the Sustainability Report towards obtaining external assurance in the future, making progressive improvements to our reporting process.

Sustainability Framework 102-29

Magnus' strategy framework focuses on four (4) key pillars:



<u>How we conduct our business</u> 102-16:

Risk management

Nimble and flexible approach towards new oppotunities and mitigation of risk from fluctuating oil prices. By careful planning, we aim to mitigate future risks and take advantage of new opportunities that may arise.

Stakeholder engagement

Communicaton through multiple avenues. Analysis and implementation of relavent and applicable feedback into business plans and actions.

Responsible management

Consistent monitoring and review of operations and processes to maximise resource utilisation and minimise enviromental impact.

CORPORATE GOVERNANCE

Corporate governance and risk management are crucial in protecting the long-term interests of the shareholders and the Group's assets. The Board and the management of the Company (the "**Management**") are cognisant of the need to have sound corporate governance practices and standards, as part of our collective effort to enhance shareholders' value. The support and trust of our shareholders is of utmost importance to the successful implementation of the initiatives of Magnus.

We believe that sound corporate governance is vital in gaining and retaining investors' trust and confidence in Magnus, as well as attracting the interest of new investors. Magnus' corporate governance practices are set out in our Annual Report with specific reference and adherence to the principles and guidelines of the Code of Corporate Governance 2018 ("**Code**").

It is also to be highlighted that the Company has, pursuant to having thoroughly reviewed the issues and recommendations as highlighted in the External Review Report in 2019 as well as pursuant to (a) the follow-up review performed by Nexia TS Risk Advisory Pte Ltd ("**Nexia**") in 2020 to assist the Company in the review and implementation of the recommendations of the External Review Report ("**Follow-up Review**") and (b) the annual internal audit review conducted by Nexia in respect of FY2020 ("**FY2020 Review**"), commissioned a subsequent follow-up review by Foo Kon Tan Advisory Services Pte Ltd ("**FKT**") to ensure that its implementation of all relevant recommendations is adequate and effective, and is cognisant that implementation of the recommendations is essential for the enhancement of the existing policies, system of internal controls and risk management, while handling new risks arising from COVID-19.

The Company is mainly using video conferencing for meetings and most staff are working from home whenever possible with no more than half the staff returning to office only if necessary. On internal controls, the Company is satisfied with the adequacy and effectiveness of its risk management and internal control systems for FY2021, having fully implemented all the recommendations set out in the External Review Report and pursuant to the FY2020 Review, the recommendation set out by our internal auditor, TRS in respect of FY2021, as well as the recommendations by FKT.

<u>Anti-corruption and Fraud Prevention</u> 103-1, 103-2, 103-3, 205

Magnus has a multi-pronged approach to address corruption. Preventive controls begin from the top through shaping a culture of accountability and responsibility among directors, employees and business partners. The Group has a zero-tolerance policy towards all forms of fraud, corruption, bribery and corruption. Magnus commits to conduct business with integrity, business ethics and in compliance with laws and regulations.

Magnus has also implemented several layers of preventive and detective measures at all levels of the Group through a system of internal controls including:

- Accounting Internal Controls: Reduce the risks of fraud in accounting transactions.
- Whistleblowing Policy: Stakeholders, including employees and interested parties, are encouraged to voice their concerns over any observation of perceived unethical behaviour, improper practices, or alleged wrongful conduct directly to the Chairman of the Audit Committee ("**AC**") through the whistleblowing form made available on our Company's website. A whistleblowing policy is put into place (a) which sets out the following procedures for whistle-blowers to make a

report to the Company on misconduct or wrongdoing relating to the Company and its officer, and (b) to protect genuine whistle-blowers from any detriment or unfair treatment as a result of their report, and ensure that the identity of the whistle-blower is kept strictly confidential.

(a) Interested parties may submit their concerns by completing the Whistleblowing form on the Company's website at www.magnusenergy.com.sg under "About Us – Whistleblowing Policy". The form will be submitted to all Audit Committee members. All reports will be attended to with a full-scale investigation by an Investigation Committee appointed by the Audit Committee Chairman (and/or the Chairman of the Board) or his designate.

(b) The Investigation Committee comprising the Chairman of Audit committee and at least two (2) Independent members as appointed by the Chairman of the Audit Committee, shall conduct an initial assessment on the whistleblowing report to determine the investigation process.

(c) The Investigation Committee shall have the right to call for any information/document and examination of any employee of the Company or other person(s), as they may deem appropriate for the purpose of conducting investigation under this policy.

(d) A report shall be prepared after completion of investigation and will be put up to the Board for review and approval. Upon approval, the Board shall ensure recommended actions are initiated by the Company. Investigation results are confidential and will not be disclosed or discussed other than those with a legitimate need to know. Depending on the nature of the whistleblowing report, the whistle-blower may or may not be updated on the outcome of the investigations.

- Internal Review and Audit: Pursuant to (a) the External Review Report, (b) the Follow-up Review, (c) the FY2020 Review and (d) subsequent follow-up reviews conducted by FKT in March 2021 pursuant to the Company's implementation of Nexia's additional recommendations, the Board had decided to commission TRS to prepare an internal audit report only in respect of the internal control system at the Company level for FY2021 ("**FY2021 Internal Audit Report**"). This is part of the Group's internal audit plan to be carried out over a period of three (3) years, whereby the internal control systems at the operating subsidiary levels shall be covered in the next audit cycles. The FY2021 Internal Audit Report had highlighted an area under moderate risk rating for improvement regarding the Group's general control environment, the details of which are set out in our Corporate Governance report on pages 29 to 56 of our Annual Report. The aforesaid issue has since been addressed by the Company.

Past year performance

Please see above for the summary of the FY2021 Internal Audit. The Company has reviewed the issues raised and fully implemented all relevant recommendations highlighted in the FY2021 Internal Audit Report. There were also no reported confirmed incidents of corruption for FY2021. 205-3

Looking ahead

Magnus plans to:

- Adhere strictly to the latest guidelines of the Code.
- Continue engaging suitably qualified external professionals to assist it in constantly improving and revising its existing policies and internal controls.
- Work closely with its legal advisors, auditors and/or Sponsor, when in doubt, on the relevant disclosures in its announcements, annual reports and other public documents.

OUR BUSINESS PARTNERS 102-9, 103-1, 103-2, 103-3

The Group's business partners, including suppliers and customers, are integral to the success of our business. It is Magnus' philosophy to know, understand and appreciate our business partners as well as to build trust and loyalty with them, because Magnus believes that this would sustain the business relationship and propel future growth and profitability of our Group.

Within the Group, operating subsidiaries make assessment of their customers' and suppliers' track record, quality of services, reputation and past years' financial reports. This is to ensure the work and service provided to the Group are of high quality and that the customers and suppliers are reliable and trustworthy. Frequent communication and continuous engagement between Magnus and our business partners have helped to establish a mutual understanding and strengthen trust.

Due to the impacts of COVID-19, we have changed our approach on interacting with current and potential business partners to be via virtual means i.e. Zoom meetings.

Past year performance

As highlighted in the External Review Report, the Company has encountered issues with some of our business partners failing to fulfil their contractual obligations. As of the date of this report, the Company is currently working with relevant professionals to look at possible ways of recovery and there are no material updates to the aforementioned matters.

All final contracts and agreements for upcoming projects will be drafted and reviewed by the local legal advisors appointed by the Company to ensure the validity of the contracts and also, to protect the Company's interest and reduce any risks to the Company.

To avoid losses from poor investment decisions such as the investment with Thames Capital and the microalgae project, the Company will typically engage suitable external professional advisors to conduct due diligence checks on parties and projects which the Company intends to invest with / in. For FY2021, the Company did not have any investments. With regard to the upcoming potential projects which the Company is exploring as part of the Proposed Diversification, the Company may consider investing in certain projects in the future using the funds generated from the sale of the Loyang Property but for now, the Company will mainly be focusing as a service provider for the different projects.

Looking ahead

Magnus plans to:

- Continue to maintain our due diligence process on our customers and suppliers
- Continue to build good rapport with our partners
- Appoint professional advisors to assist in due diligence checks on its contractual counterparties

ENVIRONMENTAL IMPACT 102-10, 102-49

During FY2020, Magnus winded up two (2) subsidiaries, Mid-continent Environmental Projects Pte Ltd and MEP Waste Management Sdn Bhd. These entities were involved in environmentally sustainable business ventures including microalgae farming. With the closure of these entities, Magnus would not be reporting any statistics on the following GRI standards as stakeholders have rated them of low influence towards their decision-making process:

1. GRI 302 Energy
2. GRI 305 Emissions
3. GRI 307 Environmental Compliance

However, Magnus remains committed in reducing our carbon footprint and maintaining an eco-friendly workplace through the following waste management and recycling practices.

- Paper
  - We encourage digital filing of corporate records to reduce wastage of paper
  - Since financial year 2017, we have been encouraging shareholders to download our Annual Report from our website instead of printing and mailing hard copies of the Annual Report to all shareholders. However, shareholders who so wish to request a physical copy of the Annual Report may send their request via the feedback form on our website or fill up the physical request form and return it to Magnus by post
  - We buy and use only environmentally friendly paper
  - Whenever possible, we try to print on both sides of the paper
  - For non-confidential print-outs which are printed single-sided, we recycle the unprinted side as rough paper

- Electricity and Water
  - We take steps to educate our employees on the importance of conserving energy, for example, through posters on saving water and electricity tips within the office premise
  - We adopt an internal "Switch-Off" policy where our employees turn off lights, computers, and other equipment at the end of the workday

Looking ahead

Magnus plans to:

- Continue to adhere to environmental laws and regulations in the countries we operate in
- Maintain a penalty-free record on environmental laws and regulations
- Set realistic targets for energy and water reduction across our operations once we have incorporated the USA subsidiaries into our sustainability reporting by the financial year ending 31 December 2023.
- To develop a formal selection assessment that incorporates ESG factors

EMPOWERING LIVES

Our Employees 103-1,103-2, 103-3

Fair Employment Practices

At Magnus, we are proponents of valuing our employees, treating all equally, with dignity and respect. We provide employees an environment free from discrimination to thrive, with equal opportunities for professional development based on meritocracy regardless of gender, race, religion, age, or marital status with a no tolerance policy towards discrimination of any kind405-1,406-1. We support the diversity of skills, age, gender and race in the work-place, and strongly believe this leads to diversity of ideas through the varied lived experiences promoting more flexible and open-minded approaches to decision making.

We are transparent and open with our hiring practices. Our employment contracts provided to employees has fair employment conditions in compliance with local and national laws and regulations. Employees belonging to the "pioneer generation are provided the opportunity to stay gainfully employed in Magnus so long as they remain medically fit and are able to perform their work satisfactorily. At Magnus, we advocate on creating an environment where everyone is treated with respect and dignity. We ensure that all employees have the same opportunity to progress with us regardless of gender, race, religion, age, or marital status. Magnus promotes fair employment practices to create an environment free from discrimination.

All employees are provided with fair legal contracts and employment conditions that comply with local employment laws and regulations. Employees belonging to the "pioneer generation" are welcome to continue working in Magnus as long as they are medically fit and can perform their work satisfactorily.

Our full-time employees are provided full time benefits such as paid annual leave, sick leave, and parental leave in accordance with the laws and regulations in the countries we operate in. 401-2, 401-3

Staff Training *103-1, 103-2, 103-3, 404-2*

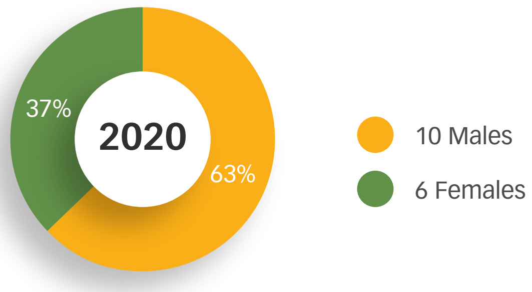
We advocate lifelong learning and continuous skills upgrading for our employees to realise their full potential and contribute towards the sustainable growth and prosperity of Magnus. We provide them with the proper tool to achieve this in the form of funding trainings and seminars in-relation to their job scope. All employees are provided with opportunities to maintain and develop workforce skills and competencies, through participation in trainings and seminars. The costs are borne by Magnus as the company benefits from increased productivity and better skilled employees when they realise their potential.

Workforce Statistics *102-8, 401-1, 405-1*

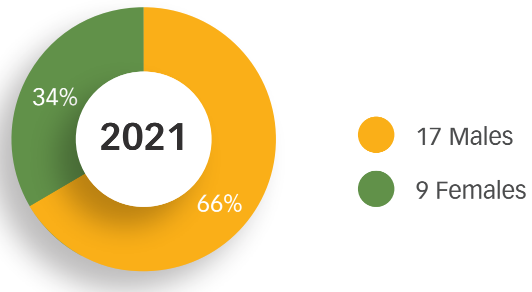
The headcount of the Group is carefully monitored for workforce optimisation, to commensurate working capacity with business activity level. The charts below document the changes to the Group's workforce and diversity from FY2020 to FY2021 and the impact of the Group's diversity efforts for the year. Due to the Company's change in financial year end from 30 June to 31 December, the figures for FY2021 are based on information collated as at 31 December 2021, while the figures for the remaining financial years were based on information collated for each respective financial years as at 30 June.

	2017	2018	2019	2020	2021
No. of regular employees as at financial year end (30 June)	53	44	26	16	26
Employees working in their home country	83%	86%	81%	81%	77%

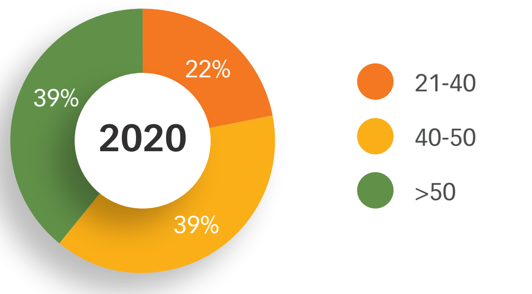
Percentage of Employees by Gender 2020



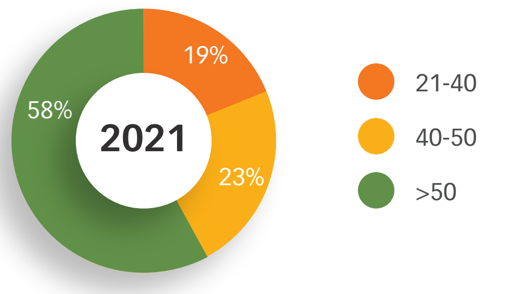
Percentage of Employees by Gender 2021



Percentage of Employees by Age Group 2020



Percentage of Employees by Age Group 2021



Past year performance

Subject to approval, staff are welcomed to apply for courses which are beneficial to their current job scope or self-development. For FY2021, employees of Magnus have applied for at least one (1) course per person. Magnus had provided a minimum of two (2) training hours per employee for the financial period from 1 July 2020 to 31 December 2021. Magnus is satisfied that its management has complied with fair employment practices as well as ensuring a good diversity in the current employment.

Looking ahead

Magnus plans to:

- Put in place continuous efforts to ensure gender, race and religious diversity in our employees, senior leadership and key decision-making roles.
- Continue to encourage our employees to attend courses to upgrade themselves. The Company aims to continue providing a minimum of two (2) training hours per employee for each financial year.

Occupational Safety 103-1,103-2, 103-3 403-2

With COVID-19 still raging across the globe, the Group would like to emphasise on the health, safety and wellbeing of our employees, together with the additional safety measures in place. It is Magnus's objective in providing a safe and conducive work environment for all employees.

In our workplace, Magnus adheres to the safety guidelines recommended by the Ministry of Manpower Singapore. Amidst the COVID-19 pandemic, our employees are encouraged to work from home wherever it is practicable.

Magnus ensures that all employees and contractors adhere to local health and safety standards and requirements. The Group also oversees the subsidiaries, monitoring their compliance with Occupational Health and Safety Assessment Series

(OHSAS) safety standards through key management personnel of the respective subsidiaries overseeing the design and implementation of workspace safety measures. The safety measures we have put in place include the following:

- Adequate social distancing and mandatory mask wearing at the workplace.
- Adherence to local workplace regulations in response to COVID-19.
- First aid kits located strategically around the workplace.
- Regular fire response training coupled with periodic fire drills.

Past year performance

We are pleased to report that there were no incidences of workplace injuries and accidents requiring medical treatment beyond minor first-aid.

Looking ahead

Magus aims to continue protecting our workforce through maintaining zero instances of workplace injuries and continuous monitoring of the Global COVID-19 pandemic, adhering to the advice of medical professionals regarding workplace safety.

Fight Against International Forced/Child Labour 103-1,103-2, 103-3, 408, 409

The Group takes a strong stance against underage labour and forced labour. We are fortunate to be within an industry with low risk of such occurrence. In addition, the Group insists that our subsidiaries and business partners comply with the labour regulations in the countries of operation.

Past year performance

The Group is satisfied that there has been no reported instances of underage labour or exploitative labour practices within the Group's or our business partners' operations.

Looking ahead

The Group continues to support the global abolition of child labour or other exploitative labour practices, in accordance with the International Labour Office's Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.

CHARITIES AND COMMUNITIES 102-12

We view ourselves as part of the community, and value the importance of Corporate Social Responsibility ("**CSR**"). We encourage our employees to participate in volunteer work supporting charities and the community.

Past year performance

Unfortunately, due to continued losses and cost saving measures implemented by the Group, partially as a result of the economic shutdown globally due to COVID-19, Magnus did not perform any CSR work during the financial period from 1 July 2020 to 31 December 2021.

Looking ahead

The Group plans to consider engaging in CSR activities such as volunteering activities and financial donations once the Group financial position improves.

RISK MANAGEMENT 102-11, 102-15, 102-17, 102-19, 102-29

Accurate and efficient risk management is integral for the long-term success of any corporation. At Magnus, the responsibility for governing the group's risks falls on the AC. The AC advises and consents during the planning and preparation of risk management framework, policies and guidelines by the Group's Management. The AC would meet with Management and the auditors yearly to review the Group's internal controls, new potential risk issues and areas for improvement.

Magnus has engaged the internal auditors to conduct reviews of and provide feedback on Magnus' financial and operational risks and internal controls. The results of the annual review of Magnus' risk management and the auditors' recommendations are reported to the AC and the Management shall take actions based on these recommendations in accordance with the direction set by the AC.

Description of roles in risk management process

Directors and Management
- Manage the business within the Group's risk appetite limits
- CEO and Management monitor the business progress closely and report to the Board

CEO and Management team
- Conduct business within risk limits
- Prudent use of resources

Auditors and Audit Committee
- Review and ensure adherence to guidelines and standards
- Identify and assess operational weaknesses

Risk	Explanation	Our Strategies
Energy price risks	Magnus is exposed to fluctuating energy prices, such as oil prices. Lower oil price will result in lower revenue in terms of business of provision of equipment for our USA subsidiary.	• To mitigate the risk of over reliance on oil prices, Magnus keeps a look-out for other feasible EPC projects to invest in and to reduce the reliance on one (1) segment.
Investment risks	Magnus' investment risks relate mainly to capital investment on acquisitions or investments in business entities.	• The capital investment projects, including the selection of business partners, suppliers and contractors, should be subjected to appropriate due diligence, financial check procedures and internal selection criteria for the purpose of expenditure control. • Pursuant to the issues raised by and recommendations contained in the External Review Report, such as the recommendation to appoint professional advisors to assist in due diligence checks on its contractual counter-parties, and advise on the feasibility of current and future projects, structure and terms of current and future transactions, the Company recognises that its proposed investment activities relating to acquisitions or investments in business entities requires the support and professional advice by the external professionals for specialised services such as conduct of due diligence and for risk management purposes. • The Company has also updated its policies to take in the recommendations set out in the External Review Report. The Company engages legal representatives to draft and review all legal agreements and contracts.
Financial risks	Magnus' activities are exposed to a variety of financial risks including credit, foreign currency, market, interest rate and liquidity risks.	• Magnus' risk management strategy features a system of controls to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. • The AC oversees Magnus' financial risk management process through timely reviews of the adequacy and effectiveness of the financial risk management policy, tools, practices, strategies and treatments. • For future projects and investments, the Company plans to appoint professional advisor to assist in due diligence checks on its contractual counterparties, and advise on the feasibility of the project, structure and terms of the transaction.

Past year performance

The External Review Report had highlighted certain aspects of our risk management and internal controls that needed to be improved on, which the Company has resolved the issues raised and implemented the recommendations highlighted.

Looking ahead

Magnus plans to:

- Periodically review and proposed further enhancements to our systems, processes and standards to ensure that we adequately manage risks to attract more investors.
- Continue appointing suitably qualified professional advisors (where appropriate) to assist in due diligence checks on its contractual counterparties, and advise on the feasibility of the project, structure and terms of the transaction.

Financial Management

The Group is committed to continuously enhancing our systems, processes and standards to meet the ever-evolving risks of a dynamic global economy and attract more investors.

RESPONSIBLE MANAGEMENT

Singapore Governance and Transparency Index

The Singapore Governance and Transparency Index ("**SGTI**") is a joint initiative of CPA Australia, NUS Business School's Centre for Governance, Institutions and Organisations ("**CGIO**") and the Singapore Institute of Directors. The objective of SGTI is to evaluate listed companies, including REITs and business trusts, on their corporate governance practices and disclosures, as well as the timeliness, accessibility and transparency of their financial results.

Details of the SGTI results for the year 2021 can be found in the link:

https://bschool.nus.edu.sg/cgio/research/singapore-governance-and-transparency-index/

The SGTI is a unified framework comprising two separate categories, namely the General Category and the Reit and Business Trust Category. Magnus Energy Group Ltd. is ranked under the General Category. For the General Category, the SGTI score has two components: the base score and the adjustment for bonuses and penalties. The base score for companies contains five (5) sections ("**BREAD**"):

(1) Board responsibilities;
(2) Rights of shareholders;
(3) Engagement of stakeholders;
(4) Accountability and audit; and
(5) Disclosure and transparency.

The aggregate of bonuses and penalties is incorporated to the base score to arrive at the company's SGTI total score.

SGTI 2021 evaluated the Singapore-listed companies in the General Category. In view of our continuous efforts and strong commitment to corporate governance, Magnus has benchmarked its governance efforts to the SGTI. Magnus' overall SGTI score for SGTI 2021 has improved slightly from 58 points for the year 2020 to 59 points for the year 2021.

GRI
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GENERAL STANDARD DISCLOSURE

GRI REFERENCES	DESCRIPTION	PAGE REFERENCE / ANNUAL REPORT SECTIONS / COMMENTS
Organisational Profile		
102-1	Name of the organisation	Magnus Energy Group Ltd
102-2	Activities, brands, products, and services	10
102-3	Location of headquarters	Singapore
102-4	Location of operations	10-11
102-5	Nature of ownership and legal form	Refer to group structure
102-6	Markets served	10-11
102-7	Scale of the organisation	Refer to group structure
102-8	Information on employees and other workers	19-20
102-9	Supply chain	17
102-10	Significant changes to the organization and its supply chain	18
102-11	Precautionary Principle or approach	11-14
102-12	External initiatives	Nil
102-13	Membership of associations	Nil
Strategy		
102-14	Statement from senior decision-maker	9
102-15	Key impacts, risks, and opportunities	21-23
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	16, Corporate Governance Report
102-17	Mechanisms for advice and concerns about ethics	21-23, Corporate Governance Report
Governance		
102-18	Governance structure	Board of Directors, Key Management and Corporate Governance Report
102-19	Delegating authority	14, 21
102-20	Executive-level responsibility for economic, environmental, and social topics	The Group did not appoint an executive-level position with responsibility for economic, environmental, and social matters.
102-21	Consulting stakeholders on economic, environment and social topics	13-14
102-23	Chair of the highest governance body and its committees	Corporate Governance Report
102-25	Conflicts of interest	Corporate Governance Report
102-29	Identifying and managing economic, environmental, and social impacts	15-22

GRI
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GRI REFERENCES	DESCRIPTION	PAGE REFERENCE / ANNUAL REPORT SECTIONS / COMMENTS
102-35	Remuneration policies	Corporate Governance Report
102-36	Process for determining remuneration	Corporate Governance Report
Stakeholder Engagement		
102-40	List of stakeholder groups	13-14
102-41	Collective bargaining agreements	We adhere strictly to local employment laws and regulations.
102-42	Identifying and selecting stakeholders	13
102-43	Approach to stakeholder engagement	11-13
102-44	Key topics and concerns raised	13-14
Reporting Practice		
102-45	Entities included in the consolidated financial statement	Notes to the Financial Statement
102-46	Defining report content and topic boundaries	12
102-47	List of material topics	14
102-48	Restatements of information	No restatement
102-49	Changes in reporting	18
102-50	Reporting period	1 Jul 20 – 31 Dec 21
102-51	Date of most recent report	October 2020
102-52	Reporting cycle	Yearly
102-53	Contact point for questions regarding the report	Via feedback forms on Magnus website
102-54	Claims of reporting in accordance with the GRI standards	10
102-55	GRI Content Index	25-27
102-56	External assurance	No external assurance was sought for this report.
201 Economic Performance		
201-1	Direct economic value generated and distributed	Group Financial Report
201-4	Financial assistance received from government	Group Financial Report IRAS – wage credit scheme IRAS – Job Support Scheme

GRI
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GRI REFERENCES	DESCRIPTION	PAGE REFERENCE / ANNUAL REPORT SECTIONS / COMMENTS
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103-1	Explanation of material topic and its boundary	16-17
103-2	Management approach and its components	16-17, Corporate Governance Report
103-3	Evaluation of the management approach	16-17, Corporate Governance Report
205-3	Confirmed incidents of corruption and actions taken	17
401 Talent Attraction and Retention		
103-1	Explanation of material topic and its boundary	19-21
103-2	Management approach and its components	19-21
103-3	Evaluation of the management approach	19-21
401-1	New employee hires and employee turnover	19-20
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	19, Benefits are applicable to full-time, contract and part-time employees, but not for temporary staff. Variable incentives and flexible benefits may differ depending on individual contracts and performance.
401-3	Parental leave	18-19, Parental leave benefits are provided to employees in accordance with local laws and provisions of each country.
403 Employee Health & Safety		
103-1	Explanation of material topic and its boundary	20-21
103-2	Management approach and its components	20-21
103-3	Evaluation of the management approach	20-21
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities	20-21
404 Training and Education		
103-1	Explanation of material topic and its boundary	19-20
103-2	Management approach and its components	19-20
103-3	Evaluation of the management approach	19-20
404-2	Programs for upgrading employee skills and transition assistance programs	19-20

GRI REFERENCES	DESCRIPTION	PAGE REFERENCE / ANNUAL REPORT SECTIONS / COMMENTS
405 Diversity and Equal Opportunity		
103-1	Explanation of material topic and its boundary	19-20
103-2	Management approach and its components	19-20
103-3	Evaluation of the management approach	19-20
405-1	Diversity of governance bodies and employees	19-20
406 Non-Discrimination		
103-1	Explanation of material topic and its boundary	19-20
103-2	Management approach and its components	19-20
103-3	Evaluation of the management approach	19-20
406-1	Incidents of discriminations and corrective actions taken	19
408 Child Labour & 409 Forced or Compulsory Labour		
103-1	Explanation of material topic and its boundary	21
103-2	Management approach and its components	21
103-3	Evaluation of the management approach	21
408-1	Operations and suppliers at significant risks for incidents of child labour	21
409-1	Operations and suppliers at significant risks for incidents of forced or compulsory labour	21

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

Mr. Michael Grant Pixley	(Independent Non-Executive Chairman)
Mr. Charles Madhavan	(Executive Director and Chief Executive Officer)
Dato' Kunalbir Singh Chahl	(Independent Non-Executive Director)

AUDIT COMMITTEE

Dato' Kunalbir Singh Chahl	(Chairman)
Mr. Michael Grant Pixley	(Member)

NOMINATING COMMITTEE

Dato' Kunalbir Singh Chahl	(Member)
Mr. Michael Grant Pixley	(Member)

REMUNERATION COMMITTEE

Mr. Michael Grant Pixley	(Chairman)
Dato' Kunalbir Singh Chahl	(Member)

COMPANY SECRETARY

Ms. Shirley Tan Sey Liy	(FCS, FCG)

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Website: www.magnusenergy.com.sg

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30 Cecil Street, #19-08
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Singapore 049712

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Suntec Tower 1
Singapore 038987
Telephone: 6950 2188

INDEPENDENT EXTERNAL AUDITOR

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600 North Bridge Road
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Partner-in-Charge: Mr. Gilbert Lee
(Appointed since the financial year ended 30 June 2020)

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UOB Plaza
Singapore 048624

Magnus Energy Group Ltd. ("**Magnus**" or the "**Company**") is committed to maintaining high standards of corporate governance and transparency within the Company and its subsidiaries (collectively, "**Group**") in accordance with the principles and guidelines set out in the Code of Corporate Governance 2018 ("**Code**") and where applicable, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**").

The Board of Directors ("**Board**" or the "**Directors**") recognises the importance of having good corporate governance to provide greater transparency and protection of the interests of the Company's shareholders. The Board works in collaboration with the management of the Company ("**Management**") in achieving these objectives and Management is accountable to the Board.

The corporate governance report (the "**Report**") describes the Company's corporate governance practices with specific reference made to each principle of the Code for the 18-month financial period ended 31 December 2021 ("**FY2021**"). Where there are any deviations from the Code, appropriate explanations have been provided.

1. BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1 of the Code

The Board with its best efforts and knowledge ensures that the needs of shareholders and stakeholders are addressed by setting standards and values to uphold the performance and integrity of both the Board and the Management. The Directors act objectively in the best interests of the Company and hold Management accountable for performance. In addition, the Board puts in place a code of conduct and ethics, sets forth an appropriate tone and desired organizational culture, and ensures proper accountability within the Company. Other than through emails, the Board communicates their concerns, expectations and enquiries in person during the meetings held throughout the year with the Management. Directors who face conflicts of interest are to disclose their interests accordingly and recuse themselves from discussions and decisions involving the issues of conflict. All Directors are obliged to act in good faith to exercise due diligence and objectively discharge their duties and responsibilities at all times in their decisions concerning with the Group's businesses.

Provision 1.2 of the Code/Catalist Rule 406(3a)

Directors are required to understand the Company's business as well as their directorship duties and roles. Further to this, Directors are provided with opportunities to develop and maintain their skills and knowledge. Where the Company appoints a Director who does not have any prior experience as a director of a listed company, the new appointee would be required to attend the mandatory training under the Listed Entity Director ("**LED**") Programme conducted by Singapore Institute of Directors ("**SID**"). In addition, the Company Secretary will bring to the Directors' attention, information on seminars that may be of relevance to them.

The Board encourages its members to attend seminars (e.g., seminars organised by SID or the SGX-ST) and receive appropriate training to improve themselves on the continuing obligations and various requirements expected of a listed company in the discharge of their duties as Directors and the costs of such training will be borne by the Company.

1. BOARD MATTERS (Continued)

Mr. Michael Grant Pixley ("**Mr. Pixley**") had attended and completed the relevant training courses within 12 months from his date of appointment. Dato' Kunalbir Singh Chahl ("**Dato' Kunalbir**") had attended and completed the relevant training courses in March 2022.

The details of the courses attended by the respective Directors are summarised in the table below:

Name	Course	Status
Michael Grant Pixley	LED 1 - Listed Entity Director Essentials	Completed: 16 July 2020
	LED 2 - Board Dynamics	Completed: 17 July 2020
	LED 3 - Board Performance	Completed: 17 July 2020
	LED 4 - Stakeholder Engagement	Completed: 20 July 2020
	LED 5 - Audit Committee Essentials	Completed: 20 July 2020
	LED 6 - Board Risk Committee Essentials	Completed: 21 July 2020
	LED 7 - Nominating Committee Essentials	Completed: 21 July 2020
	LED 8 - Renumeration Committee Essentials	Completed: 22 July 2020

Name	Course	Status
Dato' Kunalbir Singh Chahl	LED 1 - Listed Entity Director Essentials	Completed: 8 March 2022
	LED 2 - Board Dynamics	Completed: 10 March 2022
	LED 3 - Board Performance	Completed: 11 March 2022
	LED 4 - Stakeholder Engagement	Completed: 15 March 2022
	LED 5 - Audit Committee Essentials	Completed: 16 March 2022
	LED 6 - Board Risk Committee Essentials	Completed: 17 March 2022
	LED 7 - Nominating Committee Essentials	Completed: 23 March 2022
	LED 8 - Renumeration Committee Essentials	Completed: 24 March 2022

1. BOARD MATTERS (Continued)

The Board determines on matters that require its approval. Matters which are specifically reserved for the Board's decision or approval include, among others:

Provision 1.3 of the Code

- statutory requirements such as approval of the annual report and financial statements;
- other requirements such as quarterly and full year results announcements;
- approval of the Group's policies, corporate strategies, and business plans;
- approval of major funding proposals, investment and divestment proposals;
- corporate financial restructuring plans and issuance of shares; and
- approval of acquisition/disposal and other material transactions.

The Management is informed of Board's approval and recommendations in writing such as emails, resolutions, and meetings where the Company Secretary minutes the proceedings of each meeting.

The Board has delegated specific responsibilities to three (3) Board Committees, namely, the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") to support its role and assist it in effectively discharging its duties. Each Board Committee operates within its own clearly defined terms of references and operating procedures which are reviewed on a regular basis and enhanced as and when required to meet the changes in the regulations and other guidelines.

Provision 1.4 of the Code/Catalist Rule 406(3e)

The Company had ensured collective participation of all Directors when selecting Directors to the three (3) Board Committees so as to maximise their effectiveness. All Board Committees are headed by Independent Directors. The Board Committees examine specific issues and report to the Board with their decisions and/or recommendations. However, the ultimate responsibility of all matters lies with the entire Board.

The Board meets at least quarterly to review and consider the Group's key activities, strategies, financial performance and approve the release of the results of the Group. Dates of the Board, AC, RC, NC and annual general meetings are scheduled at the beginning of each calendar year to assist Directors in planning their attendances.

Provision 1.5 of the Code

Ad hoc meetings are convened when there are pressing matters requiring the Board's decisions and approvals in between the scheduled meetings. Clear directions are given to the Management on matters that must be approved by the Board. For FY2021, Mr. Pixley, Dato' Kunalbir, Mr. Winston Milner and Mr. Charles Madhavan have Zoom meetings regularly at least once a month to keep each other updated on ongoing matters.

1. BOARD MATTERS (Continued)

The number of meetings held by the Board and Board Committees and attendance of each member of the Board for the financial period under review is tabulated below.

Name of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings							
	Held	Attend	Held	Attend	Held	Attend	Held	Attend
Michael Grant Pixley	6	6	6	6	1	1	1	1
Kunalbir Singh Chahl(1)	6	3	6	3	1	0	1	0
Charles Madhavan	6	6	6	6*	1	1*	1	1*
Winston Milner(2)	6	6	6	6	1	1	1	1
Farooq Ahmad Mann(3)	6	2	6	2	1	1	1	1

Notes:

* By invitation

(1) Dato' Kunalbir was appointed as an Independent, Non-Executive Director of the Company on 19 February 2021.

(2) Mr. Winston Milner resigned as an Independent, Non-Executive Director of the Company with effect from 26 March 2022.

(3) Farooq Ahmad Mann resigned as an Independent, Non-Executive Director of the Company with effect from 1 January 2021.

The Constitution provides for the Directors to participate in Board meetings other than physical meetings, by means of teleconferencing or video-conferencing. Due to the Covid-19 situation, the Company has conducted meetings using video conferencing as much as possible.

Provision 1.6 of the Code

Management provides the Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable the Directors to make informed decisions and discharge their duties and responsibilities. Before the commencement of each Board and Board Committee meeting, The Board is provided with agendas and detailed board papers at least two (2) weeks prior to the respective meeting(s), which includes pertinent details such as the background, explanatory information and justification for each decision and mandate sought by the Management, including, where applicable, pertinent financial, business and corporate matters of the Group to enable them to be properly informed of matters to be discussed and/or approved. In addition, Directors are entitled to request from Management, and would be provided with, such additional information as needed to make informed decisions and discharge their duties and responsibilities. Management shall provide the same in a timely manner.

Directors have separate and independent access to the Management, the Company Secretary. The appointment and removal of the Company Secretary is a decision of the Board as a whole.

Provision 1.7 of the Code

Directors may seek external advisers for independent legal and/or other professional advice, where necessary, and such expenses are borne by the Company.

2. BOARD COMPOSITION AND GUIDANCE

Principle 2: 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 interests of the Company.

As at the date of this Report, the Board comprises of one (1) Executive Director and two (2) Independent Non-Executive Directors. The Independent Non-Executive Directors have no relationship with the Company, its related corporations, its substantial shareholders or officers that could interfere, or be reasonably perceived to interfere, with the Directors' independent business judgement in the best interests of the Company.

Provision 2.1 of the Code/Catalist Rule 1204(10B)

Name of Current Directors (as at the date of this Report)	Designation	Date of Appointment	Date of Last Re-election	AC	NC	RC
Michael Grant Pixley	Non-executive Chairman and Independent Director	6 Aug 2020	30 Oct 2021	Member	Member	Chairman
Kunalbir Singh Chahl	Independent Non-Executive Director	19 Feb 2021	N.A.	Chairman	Member	Member
Charles Madhavan	Executive Director and Chief Executive Officer	9 Jan 2020	30 Oct 2021	N.A.	N.A.	N.A.

Name of Former Directors	Designation	Date of Appointment	Date of Cessation	AC	NC	RC
Farooq Ahmad Mann	Independent Non-Executive Director	15 Jun 2020	1 Jan 2021	Chairman	Member	Member
Winston Milner	Independent Non-Executive Director	6 Aug 2020	26 Mar 2022	Member	Chairman	Member

The Chairman of the Board is independent and non-executive. There is a strong element of independence on the Board where the majority of the Board is made up of Independent Non-Executive Directors who are independent of the Management. The independence of each Director is reviewed annually by the NC in accordance with the Code's definition of independence.

Provision 2.2 & 2.3 of the Code/Catalist Rule 406(3)I

The Board has sought and obtained, on an annual basis, written confirmations from each of the current independent Directors that, apart from their office as Directors of the Company, none of them:

Catalist Rule 406(3d)

(i) is employed by the Company or any of its related corporations for the current or any of the past three (3) financial years;

(ii) has any immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three (3) financial years, and whose remuneration is determined by the RC.

The NC has reviewed, and recommended to the Board, the written confirmations completed by each Independent Director and is satisfied that the current Board, with Independent Non-Executive Directors making up a majority of the Board, has a strong and independent element to exercise objective judgment on the corporate affairs of the Company.

Provision 2.4 of the Code

2. BOARD COMPOSITION AND GUIDANCE (Continued)

None of the Directors have served beyond nine (9) years on the Board.

In accordance with the Board diversity policy of the Company, during selection of new Board members, the Board strives to ensure that:

(a) All candidates are included for consideration during the search for new appointments to the Board regardless of gender, age or ethnicity;

(b) Where possible, the Board strives for an appropriate mix of gender representation on the Board, taking into account the skills, knowledge and experience the candidates can contribute; and

(c) Any criteria to external search consultants when looking for suitable candidates for appointment to the Board will not preclude any gender or ethnicity.

There is adequate relevant competence on the part of the Directors, who, as a whole, carry an appropriate mix of skills as well as experiences and knowledge in different areas. The current Directors collectively have strong backgrounds in areas of accounting and finance, business and management, and corporate governance. Details of the academic, professional qualifications and experience of the Board can be found in the write-up on pages 6 to 7 on the 'Board of Directors' section of the Annual Report.

The Board has reviewed its present size and composition, and having taken into consideration the proposed appointment of Mr. Chan Choo Oon (subject to shareholder's approval) as an additional Independent Non-Executive Director, is of the view that it is appropriate for effective deliberations and decision making, taking into account the scope and nature of operations of the Company, and the skills and knowledge of the Directors.

The role of the Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Management are constructively challenged, fully discussed and examined, and taking into account the long-term interests of all stakeholders of the Group

The Independent Non-Executive Directors are also encouraged to meet regularly without the Management being present. The Independent Non-Executive Directors meet among themselves where necessary and provide feedback to the Board, Management and/or the Chairman after such meetings, where appropriate.

Provision 2.5 of the Code

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Chairman and the CEO are held by two (2) separate individuals, wherein Mr. Pixley holds the position of Independent Non-Executive Chairman ("**Chairman**") while Mr. Charles Madhavan is the CEO as well as an Executive Director. This is to ensure an appropriate balance of power and influence, increased accountability, and greater capacity of the Board for independent decision making. There is also no relationship between the Chairman and CEO.

Provision 3.1 of the Code/Catalist Rule 1204(10A)

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO") (Continued)

The roles of the Chairman and the CEO are separate and distinct, each having his own areas of responsibilities. The Board establishes and sets out the division of responsibilities between the Chairman and the CEO. The Chairman is responsible for leading the Board and facilitating its effectiveness and ensuring effective communication with shareholders and other stakeholders, while the CEO is responsible for the conduct of the Group's daily business operations including strategic planning and business development.

Provision 3.2 of the Code

As the Chairman is deemed to be independent, no appointment of a lead independent Director was made for FY2021. Notwithstanding, the Chairman is available to shareholders where they have concerns and/or in the event that contact through the normal channels of CEO or Management has failed to resolve their concerns or for which such contact is inappropriate or inadequate.

Provision 3.3 of the Code

4. BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

For FY2021, the NC comprised four (4) members. The members of the NC for FY2021 are as follows:

Provision 4.2 of the Code

- Winston Milner (Chairman)
  (appointed as Chairman of NC on 6 August 2020 and resigned with effect from 26 March 2022)

- Farooq Ahmad Mann (Member)
  (appointed as a member on 6 August 2020 and resigned with effect from 1 January 2021)

- Michael Grant Pixley (Member)
  (appointed as a member on 6 August 2020)

- Kunalbir Singh Chahl (Member)
  (appointed as a member on 19 February 2021)

As at the end of FY2021, the NC comprises three (3) members, all of whom, including its Chairman, are independent.

As at the date of this Report, the NC comprises the following members, all of whom, are Independent Non-Executive Directors:

- Kunalbir Singh Chahl (Member)
  (appointed as a member on 19 February 2021)

- Michael Grant Pixley (Member)
  (appointed as a member on 6 August 2020)

4. BOARD MEMBERSHIP (Continued)

The NC Chairman is neither a substantial shareholder of the Company nor directly associated with a substantial shareholder of the Company. In accordance with the requirements of the Code, the Chairman of the NC must be independent. In this regard, the Company will ensure that the next NC Chairman will be independent to comply with the Code. The Board has recommended the appointment of Mr. Chan Choo Oon (subject to shareholder's approval) as the Chairman of the NC as well as a member of the AC and RC along with his appointment as Independent Non-Executive Director of the Company. The Board considers Mr. Chan Choo Oon to be independent for the purpose of Rule 704(7) of the Catalist Rules. Mr. Chan Choo Oon's information can be found under "Additional Information on Directors Seeking Re-election and/or Appointment" in this Annual Report.

When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with a particular skillset or expertise, or to replace a retiring Director, the NC will be responsible for nominating the new Director.

The NC has adopted specific terms of reference and its principal functions are, amongst others, as follows:

Provisions 1.4 and 4.1 of the Code

- review of succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- develop a process and criteria for evaluation of the performance of the Board as a whole and the contribution of each individual Director to the effectiveness of the Board;
- review and recommend training seminars and professional development programs for the Board and its Directors;
- identify suitable candidates and review all nomination on appointment and re-appointment of Directors (including alternate directors, if any), having regard to the Director's contribution and performance including making recommendations on the composition of the Board and the balance between executive and non-executive Directors appointed to the Board;
- review the Board structure, size, and composition annually;
- determine the independence of Directors annually, guided by the independence guidelines contained in the Code; and
- review and decide if a Director, who has multiple board representations, is able to and has been adequately carrying out his duties as a Director of the Company.

The NC meets at least once a year. Additional meetings are scheduled if considered necessary by the Chairman of the NC.

4. BOARD MEMBERSHIP (Continued)

All Directors shall submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years. The NC, in recommending the nomination of any Director for re-election and/or re-appointment, considers the contribution of the Director, based on, inter alia, his/her attendance record, overall participation, expertise, strategic vision, business judgement and sense of accountability.

Provision 4.3 of the Code/Catalist Rule 720(4)

The Company practices a formal process for the selection and appointment of key executives and new Directors to the Board. In the nomination and selection process, the NC reviews the composition of the Board by taking into consideration the mix of expertise, skills, and attributes of existing Board members, so as to identify desirable competencies for a particular appointment. In doing so, it strives to source for candidates who possess the skills and experience that will further strengthen the Board. The search for a suitable candidate could be drawn from contacts and network of existing Directors or recommendation for the purposes of identifying the right candidates for appointment to the Board.

The Company does not have any alternate Directors.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the skills, experience, knowledge and expertise critical to the Group's businesses and each Director, through his/her contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made. Through the relevant SID elective module courses which are arranged for NC members to attend, the NC ensures that new Directors are aware of their duties and obligations.

Board appointments are made by way of a board resolution after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended such appointment to the Board. Pursuant to the Constitution of the Company, all newly appointed Directors who are appointed by the Board are required to retire and be subject to election by shareholders at the Annual General Meeting ("**AGM**") at the first opportunity after their appointment.

Under Regulation 83 of the Constitution of the Company, newly appointed Directors would be required to retire from the office at the next following general meeting and submit themselves for re-nomination and re-election. Dato' Kunalbir shall retire pursuant to Regulation 83 at the forthcoming AGM and have consented to re-nomination and re-election.

Catalist Rule 720(5)

Regulation 101(1) of the Constitution of the Company requires that one-third of the Directors retire by rotation at every AGM. For this financial year, Mr. Pixley will be retiring and undergoing re-election under Regulation 101(1).

For FY2021, the NC had recommended to the Board that Dato' Kunalbir be nominated for re-election at the forthcoming AGM. Dato' Kunalbir had given his consent to continue in office.

4. BOARD MEMBERSHIP (Continued)

Dato' Kunalbir will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director of the Company, Chairman of the AC, and member of the NC and RC. Mr. Pixley will, upon his re-election as an Independent Director of the Company, remains as an Independent Non-Executive Director of the Company, Chairman of the Board and RC, and member of the AC and NC. The Board considers Dato' Kunalbir and Mr. Michael Pixley to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Details of the Directors' academic and professional qualifications, interests in the Group, committees served, and directorships are disclosed in the Annual Report to enable shareholders to make informed decisions. Key information regarding the Directors is provided in the "Additional Information on Directors seeking Re-election and/or Appointment" section on pages 140 to 147 of the Annual Report. Particulars of interests of Directors who held office at the end of the financial period in shares, debentures, warrants and share options in the Company and in related corporations are set out in the Directors' Statement.

Provision 4.4 of the Code

The Independent Directors have declared their independence for FY2021, in accordance with the revised independence guidelines contained in Provision 2.1 of the Code. Following its annual review, the NC has considered Mr. Pixley, Mr. Milner and Dato' Kunalbir to be independent.

Provision 4.5 of the Code

The Board considers the existence of relationships or circumstances, including those identified by the Catalist Rules, that are relevant in its determination as to whether a Director is independent. Such relationships or circumstances include the employment of a Director by the Company or any of its related corporations during the financial period in question or in any of the past three financial years; a Director being on the Board for an aggregate period of more than nine (9) years; the acceptance by a Director of any significant compensation from the Company or any of its subsidiaries for the provision of services during the financial period in question or the previous financial year, other than compensation for board service; and a Director being related to any organisation to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services during the financial period in question or the previous financial year.

Having regard to the circumstances set forth in Provision 2.1, the Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. The Independent Directors have confirmed their independence and that they are not related to each other and none of the Directors' immediate family members were employees of the company or any of its related corporations or related to any Directors or directly associated with its substantial shareholders.

The NC is satisfied that sufficient time and attention are being given by the current Directors to the affairs of the Group and are of the opinion that the Directors are able to and have been adequately carrying out his duties as a Director, notwithstanding that some of the Directors have multiple board representations and other principal commitments, and there is presently no need to implement internal guidelines to address their competing time commitments in terms of setting the maximum number of listed company board representation for each Director.

4. BOARD MEMBERSHIP (Continued)

The list of Directorships or chairmanships held by the current Directors presently or in the preceding three (3) years in other listed companies, and other principal commitments are set out in the table below and under "Additional Information on Directors Seeking Re-Election And/or Appointment" on pages 140 to 147:

Name of Director	Current directorships in other listed companies Current / Principal Commitments	Past directorships in listed companies in the preceding 3 years
Michael Grant Pixley	Other Listed Companies: 1. Credit Intelligence Ltd 2. Eneco Refresh Ltd (fka Refresh Group Limited) 3. Story-I Ltd Principal Commitments: 1. Endeavour Pacific Pte Ltd 2. Mann & Associates PAC 3. Pan Asia Corporation Limited	1. EVE Investments Ltd
Kunalbir Singh Chahl	Other Listed Companies: Nil Principal Commitments: 1. Adapt Ideations Group Pte Ltd	Nil
Charles Madhavan	Other Listed Companies: Nil Principal Commitments: 1. Idola Cakrawala International Pte Ltd 2. Ekamaro Sakti (S) Pte Ltd (fka MOS Subsea Pte Ltd) 3. Blue Water Engineering Pte Ltd 4. CSPC (Group) Pte Ltd	Nil

5. BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual Directors.

Provision 5.1 of the Code

The NC is responsible for deciding how the Board's performance may be evaluated and proposes objective performance criteria, subject to the Board's approval, which addresses how the Board has enhanced long-term shareholders' value. The NC also recommends for the Board's approval the process for evaluating the effectiveness of the Board, each Board Committee, the contribution by the Chairman and each individual Director.

Provision 5.2 of the Code

The NC evaluates each Director based on the following review parameters, including, amongst others, the:

- attendance at Board / Board Committee meetings;
- level of participation at Board / Board Committee meetings;
- involvement with Management;
- availability for consultation and advice, when required;
- independence of the Directors; and
- appropriate skill, experience and expertise.

In line with the principles of good corporate governance, the NC had implemented and continued with an annual performance evaluation for assessing the effectiveness of the Board as a whole, by means of performance appraisal that evaluates the Board size, the right balance and mix of skills and experience and other qualities and qualifications, including core competencies, to the Group. The NC will take into consideration the recommendation under the Code to have a separate assessment of the contribution by each individual Director to the effectiveness of the Board to be evaluated individually.

Each Director is required to individually complete a Board and Board Committees Evaluation Form and individual assessment ("**Evaluation**") annually, to facilitate the NC in its assessment of the overall effectiveness of the Board as a whole and of each Board Committee separately. The Evaluation attempts to take into consideration performance factors for both at the Board's level, Board committees' level and individual level. Through the Evaluation, feedback is collated from the Board on various aspects of the Board's performance, including the Board's composition, the contributions of the board members, board's access to information, board processes, strategic review, and performance of CEO and succession planning.

The NC reviews the feedback collated from the Evaluation and recommends the steps which need to be taken to strengthen the Board's stewardship.

The NC may act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

5. BOARD PERFORMANCE (Continued)

No external facilitator has been appointed to facilitate the assessment process for FY2021. The Board shall continuously review the Evaluation to keep abreast of the performance measurement factors and to consider if additional factors are required for the Board, Board Committees' and individual Directors' assessments.

6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

For FY2021, the RC comprised four (4) members. The members of the RC for FY2021 are as follows:

Provision 6.2 of the Code

- Michael Grant Pixley (Chairman)
  (appointed as a Chairman on 6 August 2020)
- Kunalbir Singh Chahl (Member)
  (appointed as a member on 19 February 2021)
- Winston Milner (Member)
  (appointed as a member on 6 August 2020 and resigned with effect from 26 March 2022)
- Farooq Ahmad Mann (Member)
  (appointed as a member on 6 August 2020 and resigned with effect from 1 January 2021)

As at the end of FY2021, the NC comprises three (3) members, all of whom, including its Chairman, are Independent Non-Executive Directors.

As at the date of this Report, the RC comprises the following members, all of whom are Independent Non-Executive Directors, including the RC Chairman:

- Michael Grant Pixley (Chairman)
  (appointed as a member and Chairman on 6 August 2020)
- Kunalbir Singh Chahl (Member)
  (appointed as a member on 19 February 2021)

The RC has adopted specific terms of reference and its principal functions are as follows:

Provisions 1.4 and 6.1 of the Code

- review and recommend to the Board a framework of remuneration for Directors and key executives. The RC's recommendations are made in consultation with the Chairman and submitted for endorsement by the entire Board. The review covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind;

6. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (Continued)

- determine the specific remuneration packages for each key executive based on performance, service seniority, experience and scope of responsibility;
- review and recommend to the Board the terms of service agreements of the Directors;
- recommend the fees payable to non-executive Directors based on the level of responsibilities undertaken by them; and
- administer the Magnus Energy Employee Share Option Plan ("**Magnus Energy ESOP**") and the Magnus Energy Performance Share Plan ("**Magnus Energy PSP**").

The members of the RC shall ensure that each Director is not involved in deciding his/her own remuneration.

The RC is responsible for all aspects of remuneration, including termination terms. The RC reviews the Company's obligations arising in the event of termination of the key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

Provision 6.3 of the Code

The RC may seek independent professional advice if the RC deems it necessary to properly discharge its responsibilities. Such expenses are to be borne by the Company. During FY2021, no external remuneration consultants were engaged.

Provision 6.4 of the Code

7. LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The RC meets at least once a year. Additional meetings are scheduled if considered necessary by the Chairman of the RC. The RC will review annually all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses and benefits in kind to ensure that the remuneration packages are appropriate in attracting, retaining and motivating the key management personnel and the Directors. The remuneration of the Directors and key management personnel are also structured to ensure that it is aligned with the interests of shareholders and other stakeholders, promote long-term success of the Company, and ensure that it reflects their duties and responsibilities.

Provision 7.1 of the Code

In setting remuneration packages, the RC ensures that the Directors and key management personnel are adequately but not excessively remunerated as compared within the industry norms, taking into account the contribution and performance of each Director as well as the financial needs and performance of the Company. The remuneration for key management personnel comprises a basic salary component and a variable component, namely, annual bonus and the share awards under the Magnus Energy ESOP and the Magnus Energy PSP. The latter is based on the performance of the Group as a whole and individual performance.

7. LEVEL AND MIX OF REMUNERATION (Continued)

The Independent Non-Executive Directors are paid yearly in respect of the Directors' fees. There are no additional fees for serving as Chairman on each of the Board committees. The Independent Non-Executive Directors shall not be over-compensated to the extent their independence may be compromised and that it is appropriate to the level of their contribution, taking into account factors such as effort, time spent and responsibilities. These fees are subject to shareholders' approval at each AGM of the Company.

Provision 7.2 of the Code

The Company had previously implemented the Magnus Energy ESOP and Magnus Energy PSP as part of a compensation plan for attracting as well as promoting long-term employee retention which include Directors and key executives, and to motivate them towards better performance through dedication and loyalty. These long-term incentive plans were aimed at creating performance-related elements of remuneration designed to align interests of key management personnel with those of shareholders and link rewards to corporate and individual performance. However, in view of the Company's financial performance for FY2021, the Board has discussed and decided that in the interest of the Company, its shareholders and stakeholders, the Company shall not seek shareholders' approval to authorise the Board to issue shares / options under the Magnus Energy ESOP and Magnus Energy PSP. For the subsequent financial years, the Board may consider seeing shareholders' approval to authorize the Board to implement bonuses and/or issue share / option awards under the Magnus Energy ESOP and Magnus Energy PSP when the Company is in a better financial position in the future.

Provision 7.3 of the Code

The Company does not have contractual provisions to allow the Company to reclaim incentive components of remuneration from key executives, in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company does not have any contractual profit-sharing scheme for the Directors and key executives.

8. DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

A breakdown, showing the level and mix of each individual Directors' remuneration and the CEO for FY2021 is set out below:

Provision 8.1 of the Code

Remuneration band and name of Directors	Salaries	Bonus	Director fees	Share Award	Other benefits	Total
	%	%	%	%	%	%
Between S$250,000 to S$500,000						
Charles Madhavan	92.31	7.69	0.00	0.00	0.00	100%
Below S$250,000						
Michael Grant Pixley	0.00	0.00	100.00	0.00	0.00	100%
Kunalbir Singh Chahl	0.00	0.00	99.96	0.00	0.04	100%
Winston Milner(1)	0.00	0.00	100.00	0.00	0.00	100%
Farooq Ahmad Mann(2)	0.00	0.00	100.00	0.00	0.00	100%

8. DISCLOSURE ON REMUNERATION (Continued)

A breakdown, showing the remuneration band of the top key management personnel of the Group for FY2021 is set out below:

Remuneration band and name of key management personnel[(3)]	Salaries	Bonus	Director fees	Share awards	Other benefits	Total
	%	%	%	%	%	%
Between S$500,001 to S$750,000						
Maung Thein Htike	64.50	20.75	2.12	0	12.63	100

Notes:

(1) Winston Milner resigned with effect from 26 March 2022.

(2) Farooq Ahmad Mann resigned with effect from 1 January 2021.

(3) The Company has only one (1) key management personnel who is not an Executive Director or CEO of the Company for FY2021.

Provision 8.2 of the Code

During the period under review, there was no employee whose remuneration exceeded S$100,000, who was related to a Director or the CEO, or a substantial shareholder of the Company.

Provision 8.3 of the Code

The Board is aware of and supports the need for transparency. However, after taking into consideration the very sensitive nature of the matter, the relative size of the Group, the competitive business environment the Group operates in and the irrevocable negative impact such disclosure may have on the Group, the Board has decided not to disclose the exact details of the remuneration of each individual Director and key management personnel. The Board is of the view that full disclosure of the specific remuneration of each individual Director and the Group's key management personnel (who are not Directors) is not in the best interest of the Company and its shareholders. In view of the aforementioned, the Company has chosen to make disclosure in relation thereto in bands of S$250,000 with a breakdown in percentage terms of base salary, bonus, Director fees, share awards granted and other benefits. The Company is of view that such disclosures would provide adequate information on the remuneration policies and practice for Directors and key executives, and that it will not be prejudicial to the interests of the shareholders and is in line with Principle 8 of the Code. In FY2021, the aggregate remuneration paid to directors of the Group (including directors of subsidiaries) and key management personnel was approximately S$1.57 million. As the Company only has one (1) key management personnel who is not an Executive Director or CEO of the Company for FY2021, the Company will not be disclosing the aggregate amount paid to key management personnel separately in view of the sensitive nature of such disclosure.

There is no other termination, retirement and post-employment benefits that was granted to Directors and key executives. The Directors and key executives are paid based on a fixed schedule of fees and salaries respectively.

The RC has reviewed and approved the remuneration packages of the Directors and key executives, having due regard to their contributions as well as the financial needs of the Company.

8. DISCLOSURE ON REMUNERATION (Continued)

Subject to approval by shareholders at the forthcoming AGM, the RC has recommended that the Independent Directors be paid an aggregate fee of S$65,000 for the financial period from 1 July 2021 to 31 December 2021 and S$130,000 for the financial year ending 31 December 2022, to be paid monthly in arrears, to be tabled at the AGM for approval by the shareholders. *Catalist Rule 851(2) / Catalist Rule 1204(16)*

Long-term incentive schemes are provided in the form of Magnus Energy ESOP and Magnus Energy PSP for eligible employees and non-executive Directors of the Company and the Group. Details of the Magnus Energy ESOP grant and Magnus Energy PSP awards are disclosed in the Directors' Statement.

No share awards or share options have been granted in FY2020 under the Magnus Energy PSP and the Magnus Energy ESOP respectively to the Directors, key management personnel and employees of the Company. There were no outstanding share options as at 31 December 2021.

9. RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board determines the nature and extent of the risks which the Company is willing to take in achieving its objectives and value creation. The overall governance of risks is subsumed into the AC. If required, the Board will endeavour to set up a separate risk management committee to specifically address any particular risks and issues. *Provision 9.1 of the Code*

Given that the Company does not have a financial controller and/or CFO as at the date of this Report, the CEO and Finance Manager have provided assurances to the Board: *Provision 9.2 of the Code/Catalist Rule 1204(10)*

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) that the Company's internal control systems (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective for FY2021 and up to the date of this Report.

Notwithstanding that the Company does not have a financial controller, the Board would like to reassure the Shareholders that the Company has sufficient manpower resources and plans to meet the requirements of the financial management of the Company. The deviation from the guideline for FY2021 is due to the Company not having a financial controller and/or CFO.

As the Company does not have a Risk Management Committee, the AC and Management assume the responsibility of the risk management function. The Management reviews the Company's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks through discussions on the operations of the businesses.

The internal auditors ("**IA**") reviews all significant policies and procedures, and highlights all significant matters to the Board and the AC.

9. RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

The annual internal audit review was commissioned to assess the operating and internal control protocols of the Group. The aforementioned review was conducted by an independent professional firm, TRS Forensics Pte Ltd ("**TRS**"), and TRS has highlighted one (1) moderate risk issue. The Company had reviewed the IA's recommendation and addressed the highlighted issue in the report by taking the recommended action to rectify the issue.

Catalist Rule 1204(10)

Moderate Risk Issue Highlighted	TRS recommendation	Management's response/action plan
Interested Persons Identification and Declaration Procedures to be Enhanced: (a) Profile search was not performed or performed but not filed together with the completed Interested Person Declaration Form timely. (b) Search results performed was not compiled in the Interested Person Register.	Management is recommended to: (a) Ensure that profile search is performed upon receiving the completed Interested Person Declaration From and file the profile search reports in accordance with the established IPTs Policy. (b) Ensure that search results are compiled in the Interested Person Register in accordance with the established IPTs Policy.	(a) Management is of view that the profile search during onboarding process and annual declaration are sufficient for identification of interested persons. (a) The Company will update the IPT Policy accordingly and compile the profile search results (carried out during onboarding process) in the Interested Person Register.

On the outcome of the second follow-up review dated 19 March 2021 conducted by Foo Kon Tan Advisory Services Pte Ltd ("**FKT**") on Nexia TS Risk Advisory Pte Ltd's ("**Nexia**") review recommendations in respect of the External Review Report (as defined below) and the internal audit review findings for FY2020 which were disclosed in the FY2020 annual report, FKT had reported that of 13 audit findings that were followed up on, 12 were implemented and one (1) was partially implemented.

The one (1) item being partially implemented was the update of bank signatories for the subsidiaries. As at the date of this Report, the Company had resolved the outstanding matters pertaining to the one (1) item being partially implemented.

9. RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

For MEG Management Sdn. Bhd. ("**MMSB**"), due to Malaysian laws, the authorised signatory must be a resident work permit holder or citizen of Malaysia. The bank also does not allow changes to be made to the authorised signatories nor the closure of the bank account. Since the former directors (some of whom are Malaysians) have resigned, the Company was not able to get them to communicate the changes to RHB Bank Berhad ("**RHB**"). Management has transferred out virtually all the remaining amounts in the RHB bank accounts. Pursuant to the announcement dated 30 June 2021, the disposal of MMSB's assets have been completed. As per the announcement dated 31 March 2022, the Company is considering whether to keep or wind up MMSB and such a decision will be made after the annual general meeting to be held on 29 April 2022.

On the issue with the bank mandate for Mid-Continent Equipment (Australia) Pty Ltd ("**MEA**"), bank accounts have not been retained. Management confirmed that the mandate required dual signatories from directors of the MEA. MEA was deregistered on 30 September 2021. Hence, no further actions will be required for this matter.

The Company's external auditors have during the course of their audit, also reported on matters relating to internal controls. Any material non-compliance and recommendation for improvement had in the past been and will in future continue to be reported to the AC. The AC also reviews the effectiveness of the actions taken by the Management on the recommendations made by the internal auditors in this respect, where necessary.

In line with the Code, the AC, with the concurrence of the Board, has also adopted management assurances which includes the CEO's and Finance Manager's assurance that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and CEO and key executives' assurance regarding the adequacy and effectiveness of the Company's risk management and internal control systems for FY2021.

Nonetheless, the system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurances against any material misstatements or loss. The Board notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

In the financial year ended 30 June 2014, the Board noted that the Company and certain of its subsidiaries had received notices on 2 April 2014 and 29 April 2014 from the Commercial Affairs Department ("**CAD**") to provide assistance to the CAD's investigations into an offence under the Securities and Futures Act, Chapter 289 of Singapore. The CAD had requested for access to all corporate electronic data, information technology equipment and data storage devices and all other relevant documents from 1 January 2011 to the date of the notices. To date, the CAD has not provided any further information on their investigations or on the alleged offences nor has any updates on the investigations been received by the Company or the Board.

The Board is not aware of any offence having been committed. The business and operations of the Company are not affected by the investigations and will continue as normal. The Company will monitor the progress of the investigation and will make prompt notifications and announcements to Shareholders as required.

9. RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

External Review

As announced on 18 April 2019, the Company had appointed Provenance Capital Pte. Ltd. as its external reviewer for the Group to conduct an independent internal review of the investment policies on the past transactions by the Company. Provenance Capital Pte. Ltd. reported to the AC and had unfettered access to all the Company's documents, records, properties and personnel, including the AC. The independent review report issued by Provenance Capital Pte. Ltd. (the "**External Review Report**") was published on 23 August 2019 on SGXNet.

Pursuant to the External Review Report, the Company had (a) appointed Nexia in 2020 to assist the Company in the review and implementation of the recommendations of the External Review Report ("**Follow-up Review**"), (b) engaged Nexia to conduct an annual internal audit review for FY2020 ("**FY2020 Review**") and (c) commissioned a subsequent follow-up review by FKT to ensure that its implementation of all relevant recommendations is adequate and effective. Based on the findings of FKT, the Company is of the view that it has since adequately addressed the issues and fully implemented all recommendations highlighted in the External Review Report, the Follow-up Review as well as the FY2020 Review, and has addressed and implemented the recommendations to enhance its existing policies, system of internal controls and risk management.

Based on the reports of the internal and external auditors and the actions taken by management as well as, the continuing efforts in improving internal controls and processes and assurances by the management, the Board, with the concurrence of AC, is of the opinion that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective.

10. AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC reviews the adequacy and effectiveness of the internal audit strategy annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the Group in accordance with the Code.

For FY2021, the AC comprised four (4) members. The members of the AC for FY2021 are as follows:

Provision 10.2 of the Code

- Kunalbir Singh Chahl (Chairman)
  (appointed as a Chairman on 19 February 2021)

- Farooq Ahmad Mann (Chairman)
  (appointed as a Chairman on 6 August 2020 and resigned with effect from 1 January 2021)

- Michael Grant Pixley (Member)
  (appointed as a member on 6 August 2020)

- Winston Milner (Member)
  (appointed as a member on 6 August 2020 and resigned with effect from 26 March 2022)

10. AUDIT COMMITTEE (Continued)

As at the end of FY2021, the AC comprises three (3) members, all of whom, including its Chairman, are Independent Non-Executive Directors.

Provision 10.3 of the Code

As at the date of this Report, the AC comprises the following two (2) members, all of whom, including the AC Chairman, are Independent Non-Executive Directors: -

- Kunalbir Singh Chahl (Chairman)
  (appointed as a member and Chairman of AC on 19 February 2021)

- Michael Grant Pixley (Member)
  (appointed as a member on 6 August 2020)

The current Chairman and member of the AC have professional and in-depth experiences in the field of financial management and accounting. Further information on their profiles can be found on pages 6 to 7 of the Annual Report.

None of the members of the AC, including the former members, are former partners or Directors of the Company's existing auditing firm/corporation within a period of two (2) years commencing on the date of their ceasing to be a partner or Director of the auditing firm/corporation and they do not have any financial interest in the auditing firm or auditing corporation.

AC members are encouraged to attend trainings and seminars to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements and corporate governance. The Board is of the view that the AC members have sufficient accounting and financial management expertise and experience to discharge the AC's responsibilities.

The AC meets at least four (4) times a year. Additional meetings are scheduled whenever considered necessary by the chairman of the AC.

The AC carried out its duties in accordance with Section 201B(5) of the Companies Act and the Catalist Rules.

The duties of the AC are as follows:-

Provisions 1.4 and 10.1 of the Code

- review significant financial reporting issues and opinions to ensure integrity of the Company's financial statements and any announcements relating to the Company's financial performance;

- review the quarterly and full year financial statements and the auditor's report on the annual financial statements of the Company and of the Group before submission to the Board, and before any announcements in respect thereof;

- review the assurance from the CEO and the finance manager on the financial records and financial statements;

- make recommendations to the Board on: (i) proposals to shareholders on the appointment and removal of external auditors, (ii) the remuneration and terms of engagement of external auditors;

10. AUDIT COMMITTEE (Continued)

- review the audit plans, scope, and feedback of the external auditors of the Company and ensure adequacy and effectiveness of the Group's system of internal accounting controls and the co-operation given by the Management to the external auditors;

- review the auditors' evaluation of the system of internal controls, the results of the audit and Management's response and actions to correct any noted deficiencies, to discuss problems and concerns arising from their audits or any other matters which the auditors might wish to discuss privately with the AC;

- review at least annually, the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function;

- review legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;

- review the whistle-blowing policy for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and followed up on. The Company publicly discloses, and clearly communicates to employees, its whistle-blowing policy and procedure on its website; and

- review interested person transactions.

Apart from the duties listed above, the AC also has the power to conduct or authorise investigations into any matters within the AC's scope of responsibility. The AC is authorised to obtain independent professional advice if they deem necessary to properly discharge their responsibilities and such expenses are borne by the Company. The AC has full access to, and the co-operation of, Management, and has full discretion to invite any Director or officer to attend its meetings and has been given reasonable resources to enable it to discharge its functions properly.

Provision 10.4 of the Code

The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the Company's documents, records, properties and personnel, including the AC, and has appropriate standing within the Company.

Provision 10.5 of the Code/Catalist Rule 1204(18A&18B)

The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually. For FY2021, the AC had met with the external auditors, and with the internal auditors, in each case without the presence of the Management.

10. AUDIT COMMITTEE (Continued)

Whistle Blowing

The AC reviews any reports by which staff of the Company, or any other officers, may, in confidence, raise concerns about possible and/or suspected fraud, irregularities, corruption, dishonest practices and/or improprieties in matters of financial reporting or any matters affecting the Group. The AC's objectives are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action and resolution.

The Group has implemented an internal whistleblowing policy. The policy sets out the procedures for whistle-blowers to make a report to the Company on misconduct or wrongdoing relating to the Company and its officer, as well as aims to provide an avenue for employees to raise concerns about misconduct in the Group and at the same time assure them that they will be protected from victimisation for whistle-blowing in good faith. Details of the whistleblowing policy can be found in the write-up on pages 16 to 17 on the 'Sustainability Report' section of the Annual Report. To-date, there were no reports received from employees through the whistleblowing system.

External parties can report incidents of actual or suspected fraud, corruption or other forms of unethical conduct to the AC chairman, via our website at www.magnusenergy.com.sg/whistleblowing-policy/ using the online Whistle-blowing Report form. The completed online form will be emailed directly to the AC Chairman. For FY2021, the AC Chairman did not receive any reports from external parties.

The Group encourages employees and external parties to put their names to their allegations whenever possible. Reports made anonymously are difficult to act upon effectively although they will be considered, taking into account the seriousness and credibility of the issues raised, the likelihood of confirming the allegation from the sources, and information provided by the whistleblower. All concerns or irregularities raised will be treated with confidence and effort will be made to ensure that confidentiality is maintained throughout the process.

The Group understands that there are times when a person makes a report in good faith which later proves to be unsubstantiated. However, action may be taken against those who deliberately and/or maliciously provide false or misleading information against someone else. The Group reserves the right to refer any concerns or complaints to appropriate external regulatory authorities.

External Audit

The AC has noted that there were non-audit service of $28,000 provided by the external auditors during the financial period under review, and is of the opinion that the external auditors' independence has not been compromised. The total amount of audit fees paid to the external auditors during the year under review was approximately S$0.18 million.

Catalist Rule 1204(6a&6b)

10. AUDIT COMMITTEE (Continued)

Taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("**ACRA**"), the AC is satisfied with the independence and objectivity of the external auditors and has recommended the re-appointment of Baker Tilly TFW LLP ("**Baker Tilly**") as external auditors of the Company for the ensuing financial period. Baker Tilly audits the Company's Singapore incorporated subsidiaries. The Company's subsidiary in US is audited by Baker Tilly US. *Catalist Rule 715(1&2)*

During the financial period, the AC has performed its duties as guided by the terms of reference. The primary role of the AC is to assist the Board in ensuring the integrity of the Group's financial reporting system and that an adequate and effective internal control system is in place. The AC reviewed the audit plans, discussed regulatory compliance matters and accounting implications of any major transactions including significant financial reporting issues. The AC also assessed the internal audit functions to ensure its adequacy and effectiveness.

On a quarterly basis, the AC reviewed the interested person transactions and the financial results announcements before the announcement of the Group's quarterly and full-year results. The AC is kept abreast by the Management and the external auditors of changes to the financial reporting standards, Listing Rules of the SGX-ST and other codes and regulations which could have an impact on the Group's financial statements. Directors and the Management are also invited to attend relevant seminars on changes to accounting standards and issues conducted by leading accounting firms.

The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have an impact on the financial statements before an audit commences.

The Company's auditors are also at liberty to seek information from the other auditors as and when necessary and from time to time. The Company confirms that Rule 712 and Rule 715 of the Catalist Rules have been complied with.

<u>Internal Audit</u>

The AC approves the hiring, removal, evaluation and compensation of the IA. The IA reports primarily to the AC and administratively to the Executive Director and CEO. The IA has unfettered access to the documents, records, properties and personnel of the Company and of the Group. *Catalist Rule 1204(6c)*

The AC is satisfied that the internal audit function is independent, effective and adequately resourced being staffed by suitably qualified and experienced professionals with the relevant experience. The AC notes that the internal audit function for FY2021 was outsourced to TRS, who had reported directly to the AC Chairman on internal audit matters. TRS has operations in Singapore, Malaysia and China, and is a corporate member of the Institute of Internal Auditors, Singapore. TRS is currently the internal auditors for more than 10 listed companies in Singapore. The engagement team for FY2021 was led by Mr. Gary Ng, a director of TRS, who is a Certified Internal Auditor and Chartered Accountant of Singapore, with more than 15 years of external and internal audit experience. In addition, the engagement team consists of members of the Institute of Internal Auditors as well as qualified personnel who are cybersecurity and forensic professionals. The engagement team from TRS is guided by the International Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out its functions. *Catalist Rule 1204(10C)*

10. AUDIT COMMITTEE (Continued)

In providing its assessment above, having regard to the Practice guidance of the CG, AC should also ensure that the internal auditors comply with the standards set by nationally or internationally recognised professional bodies.

Catalist Rule 719(1)

The Board is responsible for maintaining a system of internal controls to safeguard Shareholders' investments and the Group's businesses and assets, while the Management is responsible for establishing and implementing the internal control procedures in a timely and appropriate manner. The IA conducts audits that involve testing the effectiveness of the material internal control systems within the Group, relating to financial, operational and compliance risks. Any material non-compliance or lapses in internal controls are reported to the AC, including the remedial measures recommended to address the risks identified. The AC also reviews the adequacy and timeliness of the actions taken by Management in response to the recommendations made. The AC is satisfied that the internal audit function is adequately resourced to perform its function effectively.

Where a process oriented internal audit is conducted, the IA will perform its audit and issue a report on the results of the internal audit work summarising their findings and recommendations to the Management. The AC oversees and monitors Management's response on the implementation to their findings to ensure that appropriate follow-up measures are taken. The AC may commission an independent audit on internal controls and risk management systems for its assurance, or where it is not satisfied with the systems of internal controls and risk management.

11. SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

<u>Shareholder rights and conduct of general meetings</u>

The Company believes that prompt disclosure of relevant information and a high standard of disclosure are the keys to raising the level of corporate governance. The Board believes in regular and timely communication with the Company's shareholders. In line with continuous disclosure obligations of the Company pursuant to the provisions of the Catalist Rules and the Companies Act, the Company's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group, including rules governing general meetings of shareholders.

Provision 11.1 of the Code

The Constitution provides that a member may appoint not more than two (2) proxies to attend and vote at general meetings in his/her stead. For shareholders who hold shares through nominees such as Central Provident Fund Investment and/or the Supplementary Retirement Scheme (as may be applicable), and custodian banks, they are able to attend and vote at general meetings under the multiple proxy regimes under the Constitution. Notices and proxy forms are printed with the voting rules and deadlines for shareholders.

11. SHAREHOLDER RIGHTS AND ENGAGEMENT (Continued)

Shareholders are informed of general meetings through notices published in the newspapers, as well as sent to shareholders. Reports and circulars are published on the Company's website. The Company encourages shareholders' participation at its general meetings. Shareholders are able to engage the Board and the Management on the Group's business activities and other matters during the general meetings. Resolutions are passed through a process of voting. Shareholders are entitled to vote in accordance with the voting rules and procedures.

Provision 11.3 of the Code

The AGM is the principal forum for dialogue with shareholders. At the AGM, shareholders are given the opportunity to express their views and query the Directors or the Management on matters regarding the Company. Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to stay informed of the Group's strategies and goals. All Directors will be present to answer any questions relating to the work of their respective committees. The external auditors are also present to assist the Directors in addressing any relevant queries on the accounts from the shareholders. All Directors will attend the AGM for FY2021.

Provision 11.2 of the Code

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are interlinked, the Company will explain the reasons and material implications in the notice of meeting. An explanation for any proposed resolution would be provided.

Provision 11.4 of the Code

Directors may, at their sole discretion, approve and implement, subject to security measures as may be deemed necessary or expedient, to allow shareholders to vote in absentia, including but not limited to voting by mail, electronic mail or facsimile.

Provision 11.5 of the Code

The Company prepares minutes of general meetings that include substantial and relevant comments and/or queries from shareholders relating to the agenda of the meeting, and responses from the Board and the Management. These minutes are made available to shareholders on the Company's corporate website and SGXNet as soon as practicable, but no later than one month after the general meeting(s).

In accordance with the Code, the Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages

<u>Dividend Policy</u>

Provision 11.6 of the Code/Catalist Rule 704(23)

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, capital requirements, financial position, results of the investments, expansion plans and other factors. For the financial period from 1 July 2020 to 31 December 2021, the Company does not have any accumulated profits and is not in a position to declare any dividends.

11. SHAREHOLDER RIGHTS AND ENGAGEMENT (Continued)

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Engagement with Shareholders

The Company has in place an investor relations policy which sets out the principles and practices for the Company to provide current and prospective investors with information necessary to make well-informed investment decisions. The Board adopts the practice of regular communication of information to shareholders through the SGXNet and press releases. All announcements and annual reports of the Company are available on the Company's website at www.magnusenergy.com.sg. The Company sends the notice of AGM to all shareholders of the Company within the mandatory period. Notices of general meetings are also released on SGXNet and published in a Singapore newspaper to inform shareholders of upcoming meetings. Changes in the Catalist Rules in 2017 enable issuers to dispatch notices, circulars and annual reports using electronic communications if there is express consent from shareholder.

Provision 12.1 & 12.2 of the Code

At all times, the Company is committed to making timely, full and accurate disclosure of information to its shareholders. All disclosure submitted to the SGX-ST through SGXNet are made available on the Company's website. The Company strives to provide disclosure on both positive and negative developments of the Company. Shareholders and the investment community can send their queries by submitting the online form on the Company's website.

In line with the aforesaid change, the Company has ceased the printing and sending of physical annual reports to shareholders. Shareholders would be able to download the annual reports from the website. For shareholders who would prefer a physical copy of the annual report, they may request for a copy to be mailed to them via the feedback form on the website www.magnusenergy.com.sg or by completing the Request Form which will be mailed to shareholders.

The Company provides a feedback form and contact details on its website at www.magnusenergy.com.sg. During the financial period from 1 July 2020 to 31 December 2021, the Company received enquiries mainly via its corporate website contact forms submissions.

Provisions 13.3 & 12.3 of the Code

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups. Details of how these groups are identified as well as the Company's strategy and material key areas of focus in relation to the management of stakeholder relationship can be found on pages 9 to 27 of the Annual Report within the Sustainability Report.

Provisions 13.1 & 13.2 of the Code

11. SHAREHOLDER RIGHTS AND ENGAGEMENT (Continued)

OTHER CORPORATE GOVERNANCE MATTERS

INTERESTED PERSONS TRANSACTIONS (Catalist Rule 907)

All interested persons transactions are subject to review by the AC. In FY2021, there were no interested person transactions exceeding S$100,000. The Group does not have any general mandate from shareholders pursuant to Rule 920 of the Catalist Rules for the current financial period.

MATERIAL CONTRACTS (Catalist Rule 1204(8))

There were no material contracts of the Company, or its subsidiaries involving the interests of any Director, the CEO or controlling shareholder, either still subsisting at the end of the financial period or if not then subsisting, entered into since the end of previous financial period.

DEALING IN SECURITIES (Catalist Rule 1204(19))

In line with the internal compliance code, the Company has in place a policy prohibiting share dealings by Directors, officers and relevant employees of the Company and the Group while in possession of unpublished material or price-sensitive information during the "closed period", which is defined as two (2) weeks and one (1) month before the announcement of the Group's quarterly and full-year results respectively and ending on the date of the announcement of the relevant results. The company secretary and/or deputy company secretary (if any) will also send a memorandum prior to the commencement of each window period as a reminder to the Directors, officers, and relevant employees to ensure that they comply with the policy.

The Directors, officers and relevant employees of the Group do not deal in the Company's securities on short-term considerations.

In addition, Directors, officers and employees of the Group are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period.

NON-SPONSOR FEES (Catalist Rule 1204(21))

In FY2021, the Company paid to its sponsor, Novus Corporate Finance Pte Ltd, non-sponsor fees of S$28,000.

USE OF PROCEEDS (Catalist Rule 1204(5)(f) and 1204(22))

Not applicable.

MINERAL, OIL AND GAS ACTIVITIES (Catalist Rule 1204(23))

The Company does not have any mineral, oil and gas activity for this financial period.

SUSTAINABILITY REPORTING (Catalist Rules 711A and 711B)

The Company's sustainability report is set out from pages 9 to 27 of this annual report.

The directors hereby present their statement to the members together with the audited consolidated financial statements of Magnus Energy Group Ltd. (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company for the financial period from 1 July 2020 to 31 December 2021.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position of the Company as set out on pages 67 to 137 are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group for the financial period from 1 July 2020 to 31 December 2021 in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are:

Charles Madhavan
Michael Grant Pixley
Dato' Kunalbir Singh Chahl (Appointed on 19 February 2021)

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed under "Share Options and Share Awards" in this statement.

Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial period had no interests in the shares and debentures of the Company and/or related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares			
	Shareholdings registered in their own names		Shareholdings in which a director is deemed to have an interest	
	At 1.7.2020	At 31.12.2021	At 1.7.2020	At 31.12.2021
The Company				
Charles Madhavan	–	–	695,000,000[1]	695,000,000[1]

[1] Charles Madhavan is deemed to have an interest in 695,000,000 ordinary shares collectively held by Blue Water Engineering Pte Ltd, Idola Cakrawala International Pte Ltd and his spouse, in the capital of the Company.

The directors' interests in the ordinary shares and share options of the Company at 21 January 2022 were the same as those as at 31 December 2021.

Share Options and Share Awards

(a) Magnus Energy Employee Share Option Plan ("Magnus Energy ESOP")

Magnus Energy ESOP and Magnus Energy Performance Share Plan ("Magnus Energy PSP") (collectively referred to as the "Share Schemes") were approved by the shareholders of the Company at the Extraordinary General Meeting ("EGM") held on 31 October 2016 (the "Adoption Date").

The Remuneration Committee (the "RC" or the "Committee") of the Company has been designated as the committee responsible for the administration of the Share Schemes. The members of the RC for the financial period from 1 July 2020 to 31 December 2021 are Michael Grant Pixley (Chairman), Dato' Kunalbir Singh Chahl and Winston Terence Milner.

Under the Share Schemes, share options or share awards are granted to the following persons at the absolute discretion of the Committee:

(i) Group executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and

(ii) Non-executive directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The Share Schemes are designed to reward and retain the non-executive directors of the Company and Group executives and whose services are vital to the well-being and success of the Group. Under the Magnus Energy ESOP, the share options are granted to eligible participants exercisable during a certain period and at a certain price. Under the Magnus Energy PSP, share awards are granted to eligible participants. Share awards represent the right of a participant to receive fully paid ordinary shares in the capital of the Company ("Shares"), their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance targets (if any) are met and upon the expiry of the prescribed vesting periods.

For discounted share options, the exercise price of each granted share option is set at a discount to the market price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount shall not exceed twenty (20) percent of the market price. This market price is the volume-weighted average price of the Shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") over the three consecutive trading days immediately preceding the date of grant of that option, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST. For non-discounted share options, the exercise price of each granted share option is set at market price or such higher price as may be determined by the RC in its absolute discretion.

The Company has implemented a performance share plan known as Magnus Energy ESOP which was first approved and adopted by the shareholders at an EGM held on 19 November 2007 along with Magnus Energy PSP. The purpose of the Magnus Energy ESOP and Magnus Energy PSP is to provide an opportunity for Group executives and non-executive directors, who have met the performance conditions, to be remunerated not just through cash bonuses but also by an equity stake in the Company.

Participants are required to pay the exercise price for each Share in respect of which an Option is exercisable, which shall be at a maximum discount of 20% to the market price of the Shares, which is the weighted average price of the Shares on the SGX-ST over the three consecutive trading days immediately preceding the date of grant of that Option, rounded up to the nearest whole cent, as determined by the Remuneration Committee by reference to the daily official list or any other publication published by the SGX-ST (the "Market Price").

Share Options and Share Awards (cont'd)

(a) Magnus Energy Employee Share Option Plan ("Magnus Energy ESOP") (cont'd)

Eligibility

The following persons, unless they are also controlling shareholders (as defined in the Listing Manual) of the Company or associates (as defined in the Listing Manual) of such controlling shareholders, shall be eligible to participate in the Magnus Energy ESOP at the absolute discretion of the Remuneration Committee:

(a) Group executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and

(b) Non-executive directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

Exercise Price

Subject to adjustments under the Magnus Energy ESOP, the exercise price for each Share in respect of which an Option is exercisable shall be determined by the Committee, in its absolute discretion, to be either:

(a) a price equal to the Market Price or such higher price as may be determined by the Committee in its absolute discretion; or

(b) a price which is set at a discount to the Market Price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount which may be given in respect of any Option shall not exceed twenty (20) per cent of the Market Price in respect of that Option.

In making any determination on paragraph (b) above on whether to give a discount and the quantum of such discount, the Committee has the liberty to take into consideration such criteria as the Committee may, in its absolute discretion, deem appropriate, including but not limited to:

(a) the performance of the Group;

(b) the years of service and individual performance of the Participant;

(c) the contribution of the Participant to the success and development of the Company and/or the Group; and

(d) the prevailing market conditions.

The flexibility to grant Options with discounted exercise prices is intended to enable the Group to offer competitive compensation and incentive packages to attract and retain talent, having regard to prevailing market practices for the recruitment and retention of talent. Having the discretion to grant Options at a discount to the Market Price will also make the Company less vulnerable to market sentiments which may affect the price of its Shares and/or stock market volatility at the time that offers of the grant of Options are made. The discretion to grant Options with discounted exercise prices will, however, be used judiciously, and only in exceptional circumstances where there is a need to align with market practices or to make up for the loss of benefits which a new hire suffers when he leaves his previous employment to join the Company. The Company currently does not intend to grant Options with discounted exercise prices in the normal course.

Upon making a determination on the exercise price of an Option and granting an Option to a Participant at a determined exercise price, the Company will not be varying the exercise price for that Option.

Share Options and Share Awards (cont'd)

(a) Magnus Energy Employee Share Option Plan ("Magnus Energy ESOP") (cont'd)

Exercise of Options

Subject to the Companies Act and the rules of the Listing Manual, the Company will have the flexibility to deliver Shares to Participants upon the exercise of their Options by way of:

(a) an issue of new Shares; and/or

(b) the transfer of existing Shares, including any Shares held by the Company in treasury.

The aggregate number of new Shares to be issued and existing Shares to be purchased for delivery over which the Committee may grant Options or which may be issued or delivered pursuant to the Awards on any date, when added to the number of new Shares issued and issuable or existing Shares purchased to be delivered and deliverable in respect of (a) all Options granted under the Magnus Energy ESOP, and (b) all Awards granted under the Magnus Energy PSP shall not exceed five (5) per cent. of the total number of issued Shares of the Company (excluding treasury shares of the Company, if any) on the day preceding that date of grant or award, as the case may be.

Limitation

The directors of the Company be authorised and empowered to offer and grant options under Magnus Energy ESOP and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Magnus Energy ESOP, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Magnus Energy ESOP and the Magnus Energy Performance Share Plan (as defined below) collectively shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

Duration

The Magnus Energy ESOP is subject to a maximum period of 10 years commencing on Adoption Date, provided always that the Magnus Energy ESOP and/or the Magnus Energy PSP may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

No share options were granted under the Magnus Energy ESOP during the financial periods ended 31 December 2021 and 30 June 2020. As at 31 December 2021 and 30 June 2020, there were no outstanding share options. There were also no discounted share options granted since the commencement of the scheme.

(b) Magnus Energy PSP

The Company has implemented a performance share plan known as Magnus Energy PSP which was first approved and adopted by the shareholders at an EGM held on 19 November 2007. Unlike the Magnus Energy ESOP, the Magnus Energy PSP contemplates the award of Shares, their equivalent cash value or combinations thereof, free of charge, to Participants when and after prescribed performance targets are accomplished.

Share Options and Share Awards (cont'd)

(b) Magnus Energy PSP (cont'd)

Eligibility

Full-time Group executives who have attained the age of 21 years as of the award date and hold such rank as may be designated by the Committee from time to time are eligible to participate in Magnus Energy PSP. Non-executive directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group are also eligible to participate in Magnus Energy PSP. Controlling shareholders and their associates are not eligible to participate in the Magnus Energy PSP.

Purpose

Magnus Energy PSP recognises the fact that the services and contributions of such participants are important to the current on-going development, growth and success of the Group. Implementation of the Magnus Energy PSP gives the Company the flexibility to the Group's remuneration package for its employees and allow the Group to better manage its fixed overheads. At the same time, it will give participants an opportunity to have a personal equity interest in the Company at no direct cost to its profitability and will help to achieve the following positive objectives:

(a) the motivation of the Participant to optimise his performance standards and efficiency and to maintain a high level of contribution to the Group;

(b) the retention of key executives and executive directors of the Group whose contributions are essential to the long-term growth and profitability of the Group;

(c) to instil loyalty to, and a stronger identification by employees with the long-term prosperity of, the Company;

(d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders of the Company;

(e) to align the interests of employees with the interests of the shareholders of the Company; and

(f) to give recognition to the contributions made or to be made by non-executive directors to the success of the Group.

Limitations

The aggregate number of new Shares which may be issued and existing Shares to be purchased for delivery pursuant to Awards granted under the Magnus Energy PSP on any date, when added to the number of new Shares issued and issuable or existing Shares purchased to be delivered and deliverable in respect of (a) all Awards granted under the Magnus Energy PSP, and (b) all options granted under the Magnus Energy Employee Share Option Plan, shall not exceed five (5) per cent of the total number of issued Share of the Company (excluding treasury shares of the Company, if any) on the day preceding that date.

Administration of Magnus Energy PSP

The Remuneration Committee (the "Committee") may grant Awards to Group executives or non-executive directors, in each case, as the Committee may select, in its absolute discretion, at any time during the period when the Magnus Energy PSP is in force.

Share Options and Share Awards (cont'd)

(b) Magnus Energy PSP (cont'd)

Duration

The Magnus Energy PSP shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Magnus Energy PSP may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.

Grant of Awards

The Company may deliver shares pursuant to awards granted under Magnus Energy PSP by way of:

(i) issuance of new shares;

(ii) purchase of existing shares from the market; and/or

(iii) cash in lieu of shares, based on the aggregate market value of such shares

provided that the aggregate number of shares to be allotted and issued pursuant to the Magnus Energy ESOP and the Magnus Energy PSP collectively shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

Pursuant to Rule 851(1) of the Catalist Rules of the SGX-ST, the total number of share awards granted to the directors and Group executives under the Magnus Energy PSP were as follows:

Name of participant	Share awards granted during the financial period	Aggregate share awards granted since commencement of scheme to 31.12.2021	Aggregate share awards vested since commencement of scheme to 31.12.2021	Aggregate share awards outstanding as at 31.12.2021
Non-executive directors				
Kushairi Bin Zaidel[(1)]	–	114,372,020	114,372,020	–
Seet Chor Hoon[(2)]	–	49,063,300	49,063,300	–
Ong Sing Huat[(1)]	–	32,633,800	32,633,800	–
Ong Chin Chuan[(3)]	–	48,950,800	48,950,800	–
Group executive				
Luke Ho Khee Yong[(2)]	–	696,369,200	696,369,200	–
	–	941,389,120	941,389,120	–

Note:

(1) Resigned on 30 October 2019.

(2) Resigned on 9 January 2020.

(3) Resigned on 30 June 2019.

Share Options and Share Awards (cont'd)

The resolutions which were tabled at the last Annual General Meeting ("AGM") held on 30 October 2020 in relation to the authority for the Company to allot and issue new shares under the Magnus Energy ESOP and Magnus Energy PSP were not approved. The Board has discussed and decided that in the interest of the Company, its shareholders and stakeholders, the aforesaid resolutions will not be tabled to shareholders for approval in respect of financial year ending 31 December 2022 at the forthcoming AGM for the financial period from 1 July 2020 to 31 December 2021. Accordingly for the subsequent financial years, the Board may consider seeking shareholders' approval to authorise the Board to implement bonuses and/or issue share / option awards under the Magnus Energy ESOP and Magnus Energy PSP when the Company is in a better financial position in the future. Subject to shareholders' approval at the time, the allotment and issuance of new shares under the Magnus Energy ESOP and Magnus Energy PSP can, in any event, only be effective once the Company's shares resume trading pursuant to the approval of the Singapore Exchange ("SGX-ST").

Audit Committee

The members of the Audit Committee as at the date of this statement, comprise two (2) directors, all of whom are independent, as follows:

Dato' Kunalbir Singh Chahl (Chairman)
Michael Grant Pixley

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act, the Singapore Exchange Limited ("SGX") Listing Manual Section B: Rules of Catalist and the Code of Corporate Governance. In performing those functions, the Audit Committee inter alia:

(a) reviewed the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management;

(b) reviewed the audit plan of the Company's independent auditor and, if any, their report on the weaknesses of internal accounting control arising from their statutory audit;

(c) reviewed the assistance provided by the Group's officers to the independent auditor;

(d) reviewed interested party transactions for the financial period from 1 July 2020 to 31 December 2021 in accordance with Chapter 9 of the SGX-ST Listing Manual Section B: Rules of Catalist to satisfy themselves that the transactions are on normal commercial terms;

(e) reviewed the consolidated financial statements of the Group and the statement of financial position of the Company for the financial period from 1 July 2020 to 31 December 2021 before their submission to the Board of Directors and the independent auditor's report on those financial statements;

(f) recommends to the Board of Directors the independent auditor to be nominated and approval of the compensation of the independent auditor and reviewed the scope of the audit; and

(g) undertakes such other functions and duties as may be required by statute. The Audit Committee, having reviewed all services provided by the independent auditor to the Group, is to be satisfied that the nature and extent of such services would not affect the independence of the independent auditor. There were non-audit services of $28,000 provided by the independent auditor during the financial period under review. Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance in the Company's Annual Report. The Audit Committee has recommended to the Board of Directors that the independent auditor, Baker Tilly TFW LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' **STATEMENT**

For the financial period from 1 July 2020 to 31 December 2021

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Michael Grant Pixley Director	Charles Madhavan Director

14 April 2022

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Magnus Energy Group Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 67 to 137 which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial period from 1 July 2020 to 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

As disclosed in Note 37 to the financial statements, there is an outstanding significant legal case against the Company as at the end of the reporting period. The significant legal case, HC/S 1075/2020 ("Suit 1075"), which is an action by Mr. Thong Soon Seng against the Company for repayment of an alleged loan, could result in material outflow of resources in future periods. The claim for repayment of alleged loan of principal and contractual interest totalling $5,118,572 have not been recorded in these financial statements.

In addition, as disclosed in Note 3 to the financial statements, the Group and the Company incurred net loss for the financial period from 1 July 2020 to 31 December 2021 of $3,261,417 and $2,794,014 (Note 29) respectively. During the financial period, the Group incurred net operating cash outflows of $2,406,639.

The ability of the Group and the Company to remain as going concerns are dependent on the outcome of the legal case, Suit 1075 and the directors' basis as described in Note 3, which are premised on future events and market conditions, the outcomes of which are inherently uncertain. As disclosed in Note 37, management is of the view that no material losses will arise in respect of the Suit 1075 at the date of these financial statements and accordingly, no provision for any liability has been made in these financial statements. As at the date of these financial statements, there is material uncertainty in relation to the outcome of Suit 1075 and the possibility of material outflow of resources in future periods arising from Suit 1075 and this material uncertainty may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

Nevertheless, for the reasons disclosed in Note 3 to the financial statements, the directors of the Company are of the opinion that the use of the going concern assumption in the preparation and presentation of the financial statements for the financial period from 1 July 2020 to 31 December 2021 is appropriate.

We are unable to ascertain whether the Group and the Company should record the alleged loan principal and contractual interest of $5,118,572 in these financial statements. We are also unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of the use of the going concern assumption for the preparation of the accompanying financial statements and whether any adjustments might be necessary in respect of the accompanying financial statements.

INDEPENDENT
AUDITOR'S REPORT

To the Members of Magnus Energy Group Ltd. (Incorporated in Singapore)

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provision of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ["SFRS(I)"], and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the accompanying financial statements in accordance with Singapore Standards on Auditing and to issue an independent auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matters described in the *Basis for Disclaimer of Opinion* sections of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chee Sum Gilbert.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

14 April 2022

CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME

For the financial period from 1 July 2020 to 31 December 2021

		Group	
		1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	Note	**$**	$
Revenue	4	**16,594,407**	15,176,527
Cost of sales		**(14,780,989)**	(13,551,518)
Gross profit		**1,813,418**	1,625,009
Other operating income	5	**565,890**	1,142,898
Other operating expenses	6	**(557,406)**	(299,436)
Distribution and marketing expenses	7	**(38,579)**	(99,799)
Administrative expenses	8	**(4,583,914)**	(4,501,949)
Net impairment losses on financial assets		**(307,642)**	–
Interest income	10	**24**	27,810
Finance costs	11	**(129,054)**	(88,870)
Share of results of joint venture		**(500)**	–
Loss before tax		**(3,237,763)**	(2,194,337)
Tax expense	12	**(23,654)**	(323,992)
Loss for the financial period		**(3,261,417)**	(2,518,329)
Other comprehensive income/(loss):			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**136,585**	(367,147)
Currency translation differences reclassified to profit or loss upon capital reduction of a subsidiary		**218,625**	–
Currency translation differences reclassified to profit or loss upon deregistration of a subsidiary		**135,655**	–
Items that will not be reclassified subsequently to profit or loss			
Fair value loss recognised in equity on revaluation of financial assets at fair value through other comprehensive income		**–**	(98,361)
Currency translation differences arising on consolidation		**(234,125)**	155,437
Other comprehensive income/(loss) for the financial period, net of tax		**256,740**	(310,071)
Total comprehensive loss for the financial period		**(3,004,677)**	(2,828,400)
Loss attributable to:			
Equity holders of the Company		**(3,233,842)**	(2,167,481)
Non-controlling interests		**(27,575)**	(350,848)
Loss for the financial period		**(3,261,417)**	(2,518,329)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(2,742,977)**	(2,632,989)
Non-controlling interests		**(261,700)**	(195,411)
		(3,004,677)	(2,828,400)
Loss per share attributable to equity holders of the Company (cents per share)			
Basic and Diluted	13	**(0.03)**	(0.02)

STATEMENTS OF **FINANCIAL POSITION**

As at 31 December 2021

		Group		Company	
		31.12.2021	30.6.2020	**31.12.2021**	30.6.2020
	Note	**$**	$	**$**	$
ASSETS					
Non-current assets					
Property, plant and equipment	14	**333,271**	597,811	**7,113**	10,169
Investment in subsidiaries	15	**–**	–	**5,527,794**	7,076,918
Investment in joint venture	16	**–**	–	**–**	–
Other financial assets	17	**40**	40	**40**	40
Deferred tax assets	18	**–**	7,710	**–**	–
Total non-current assets		**333,311**	605,561	**5,534,947**	7,087,127
Current assets					
Inventories	19	**900,914**	539,765	**–**	–
Trade and other receivables	20	**1,644,674**	968,782	**419,943**	62,858
Related parties balances	21	**–**	–	**940,081**	–
Cash and bank balances	22	**503,413**	2,963,522	**19,222**	1,004,801
		3,049,001	4,472,069	**1,379,246**	1,067,659
Right-of-use assets	23	**1,626,158**	1,762,707	**–**	–
Assets classified as held for sale	24	**3,815,596**	4,555,992	**–**	–
Total current assets		**8,490,755**	10,790,768	**1,379,246**	1,067,659
Total assets		**8,824,066**	11,396,329	**6,914,193**	8,154,786
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	25	**3,337,281**	1,814,787	**1,206,421**	877,750
Contract liabilities	26	**432,668**	499,766	**–**	–
Related parties balances	21	**–**	–	**1,359,450**	134,700
Borrowings	27	**–**	38,204	**–**	–
Income tax liabilities		**407**	420	**–**	–
		3,770,356	2,353,177	**2,565,871**	1,012,450
Lease liabilities	23	**1,692,097**	1,735,637	**–**	–
Total current liabilities		**5,462,453**	4,088,814	**2,565,871**	1,012,450
Non-current liability					
Borrowings	27	**–**	61,238	**–**	–
Total liabilities		**5,462,453**	4,150,052	**2,565,871**	1,012,450
Equity					
Share capital	28	**148,781,865**	148,781,865	**148,781,865**	148,781,865
Reserves	29	**(146,726,718)**	(143,983,741)	**(144,433,543)**	(141,639,529)
		2,055,147	4,798,124	**4,348,322**	7,142,336
Non-controlling interests		**1,306,466**	2,448,153	**–**	–
Total equity		**3,361,613**	7,246,277	**4,348,322**	7,142,336
Total equity and liabilities		**8,824,066**	11,396,329	**6,914,193**	8,154,786

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial period from 1 July 2020 to 31 December 2021

	← Attributable to equity holders of the Company →					
	Share capital $	Currency translation reserve $	Accumulated losses $	Total $	Non-controlling interests $	Total equity $
Group						
Balance at 1 July 2020	148,781,865	(2,574,437)	(141,409,304)	4,798,124	2,448,153	7,246,277
Loss for the financial period	–	–	(3,233,842)	(3,233,842)	(27,575)	(3,261,417)
Other comprehensive income/ (loss)						
Currency translation differences arising on consolidation	–	136,585	–	136,585	(234,125)	(97,540)
Currency translation differences reclassified to profit or loss upon capital reduction of a subsidiary	–	218,625	–	218,625	–	218,625
Currency translation differences reclassified to profit or loss upon deregistration of a subsidiary	–	135,655	–	135,655	–	135,655
Total comprehensive income/ (loss) for the financial period	–	490,865	(3,233,842)	(2,742,977)	(261,700)	(3,004,677)
Return of share capital to non-controlling interest	–	–	–	–	(880,436)	(880,436)
Newly incorporated subsidiaries	–	–	–	–	449	449
Balance at 31 December 2021	**148,781,865**	**(2,083,572)**	**(144,643,146)**	**2,055,147**	**1,306,466**	**3,361,613**

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

For the financial period from 1 July 2020 to 31 December 2021

	← Attributable to equity holders of the Company →						
	Share capital $	Fair value reserve $	Currency translation reserve $	Accumulated losses $	Total $	Non-controlling interests $	Total equity $
Group							
Balance at 1 July 2019	148,781,865	(98,599)	(2,207,290)	(139,044,863)	7,431,113	2,836,846	10,267,959
Loss for the financial year	–	–	–	(2,167,481)	(2,167,481)	(350,848)	(2,518,329)
Other comprehensive (loss)/ income							
Fair value loss on financial assets at fair value through other comprehensive income	–	(98,361)	–	–	(98,361)	–	(98,361)
Currency translation differences arising on consolidation	–	–	(367,147)	–	(367,147)	155,437	(211,710)
Total comprehensive loss for the financial year	–	(98,361)	(367,147)	(2,167,481)	(2,632,989)	(195,411)	(2,828,400)
Transfer upon disposal of financial assets at fair value through other comprehensive income	–	196,960	–	(196,960)	–	–	–
Dividend paid by a subsidiary to non-controlling interests	–	–	–	–	–	(193,282)	(193,282)
Balance at 30 June 2020	148,781,865	–	(2,574,437)	(141,409,304)	4,798,124	2,448,153	7,246,277

CONSOLIDATED STATEMENT OF **CASH FLOWS**

For the financial period from 1 July 2020 to 31 December 2021

	1.7.2020 to 31.12.2021 $	1.7.2019 to 30.6.2020 $
Cash flows from operating activities		
Loss before tax	**(3,237,763)**	(2,194,337)
Adjustments for:		
Impairment loss on financial assets	**307,642**	–
Bad debts written off	**42,380**	2,341
Currency translation differences reclassified to profit or loss upon capital reduction of a subsidiary	**218,625**	–
Depreciation of property, plant and equipment	**202,196**	52,760
Depreciation of right-of-use assets	**81,652**	55,687
Inventory written-off	**–**	57,927
(Gain)/loss on disposal of property, plant and equipment	**(18,354)**	42,631
Loss/(gain) on disposal of assets classified as held for sale	**95,861**	(659,713)
Loss on de-registration of subsidiaries	**135,655**	174,485
Loss on disposal of other financial assets	**–**	1,487
Property, plant and equipment written-off	**–**	20,565
Foreign exchange loss/(gain) - unrealised	**49,487**	(444,650)
Interest expense	**102,340**	68,718
Interest income	**(24)**	(27,810)
Share of results from joint venture	**500**	–
Waiver of bank loans	**(96,221)**	–
Operating cash flows before working capital changes	**(2,116,024)**	(2,849,909)
Changes in operating assets and liabilities		
Inventories	**(377,416)**	755,646
Trade and other receivables	**(567,418)**	1,107,419
Trade and other payables and contract liabilities	**722,160**	(1,176,151)
Related parties balances (net)	**12,676**	(79,047)
Currency translation adjustments	**36,511**	(58,414)
Cash used in operations	**(2,289,511)**	(2,300,456)
Interest income received	**24**	27,810
Interest paid	**(100,958)**	(68,718)
Income taxes paid	**(16,194)**	(359,761)
Net cash used in operating activities	**(2,406,639)**	(2,701,125)
Cash flows from investing activities		
Advances to joint venture	**(307,642)**	–
Purchase of property, plant and equipment	**(8,291)**	(2,299)
Proceeds from disposal of property, plant and equipment	**70,608**	155,809
Proceeds from disposal of assets classified as held for sale	**549,629**	946,896
Proceeds from disposal of other financial assets	**–**	376,819
Investment in joint venture	**(500)**	–
Loan to non-controlling interests	**(185,560)**	–
Decrease in restricted fixed deposits	**–**	3,325,052
Net cash generated from investing activities	**118,244**	4,802,277

CONSOLIDATED STATEMENT OF **CASH FLOWS (cont'd)**

For the financial period from 1 July 2020 to 31 December 2021

	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Cash flows from financing activities		
Repayment of lease liabilities	**(43,544)**	(27,633)
Loan from non-controlling interest	**75,020**	–
Loan from directors	**50,000**	–
Proceeds from bank loans	**–**	99,442
Non-controlling interest for newly incorporated subsidiary	**449**	–
Capital reduction of a subsidiary (Note A)	**(203,090)**	(2,613,502)
Dividend paid by a subsidiary to non-controlling interests	**–**	(193,282)
Net cash used in financing activities	**(121,165)**	(2,734,975)
Net decrease in cash and cash equivalents	**(2,409,560)**	(633,823)
Cash and cash equivalents at beginning of the financial period/year	**2,963,522**	3,493,825
Effects of exchange rate changes on cash and cash equivalents	**(50,549)**	103,520
Cash and cash equivalents at end of the financial period/year	**503,413**	2,963,522

Note A - Amount due to non-controlling interests

	31.12.2021	30.6.2020
	$	$
Balance at beginning of the financial period/year	**–**	2,613,502
Return of share capital to non-controlling interests for capital reduction of subsidiary	**880,436**	–
Payments made	**(203,090)**	(2,613,502)
Balance at end of the financial period/year (Note 25)	**677,346**	–

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

Magnus Energy Group Ltd. ("the Company") (Co. Reg. No. 198301375M) is incorporated and domiciled in Singapore and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office and principal place of business is at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 15.

During the current financial period, the Group has changed its financial year end from 30 June to 31 December.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements are presented in Singapore dollar ("$") which is the Company's functional currency. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards International ["SFRS(I)"]. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards

In the current financial period, the Group has adopted all the new and revised SFRS(I)s and Interpretations of SFRS(I) ["SFRS(I) INT"] that are relevant to its operations and effective for the current financial period. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s and SFRS(I) INT.

The adoption of these new and revised SFRS(I)s and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

New standards, amendments to standards and interpretations that have been issued at the end of reporting period but are not yet effective for the financial period from 1 July 2020 to 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Revenue recognition

Sale of goods

The Group supplies oilfield equipment and tubular products to customers. Revenue is recognised when the control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the manner of distribution and price to sell the goods, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has the objective evidence that all criteria for acceptance have been satisfied.

A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract.

A receivable is recognised when the goods are delivered, as this represents the point in time that the right to consideration is unconditional, because only the passage of time is required before the payment is due.

Revenue from maintenance services

The Group provides procurement services and environmental and waste management services. Such services are recognised as a performance obligation satisfied over time. Revenue from maintenance services is recognised on a pro-rated basis over the period of the maintenance contract based on services performed.

Revenue from rental of equipment

Revenue from rental of equipment is recognised on a straight-line basis over the leasing terms as agreed in the specific rental arrangements.

2 Summary of significant accounting policies (cont'd)

b) Revenue recognition (cont'd)

Interest income

Interest income is recognised on a time-apportioned basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive a dividend has been established.

c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(f). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

2 Summary of significant accounting policies (cont'd)

d) Basis of consolidation (cont'd)

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

e) Joint ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in joint ventures is accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in joint ventures ("equity-accounted investee") is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date of joint control commences until the date of joint control ceases.

Distributions received from joint venture are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the joint venture.

2 Summary of significant accounting policies (cont'd)

e) Joint ventures (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in joint ventures. The Group determines at the end of each reporting period whether there is objective evidence that the investment in joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in profit or loss.

Where a Group entity transacts with a joint venture of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

Upon loss of joint control over the joint venture, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

If the Group's ownership interest in a joint venture is reduced, but the Group continues to apply the equity method, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's financial statements, investment in joint ventures is carried at cost less accumulated impairment loss. On disposal of investment in joint ventures, the differences between the disposal proceeds and the carrying amounts of the investment are recognised in profit or loss.

f) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group policy for goodwill arising on the acquisition of joint venture is described in Note 2(e).

2 Summary of significant accounting policies (cont'd)

g) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

No depreciation is provided on freehold land.

Depreciation is calculated on a straight-line basis to write off the cost of other property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

	Years
Freehold building	60
Machinery, tools and equipment	3 - 10
Motor vehicles	5 -10
Computers	1 - 5
Office equipment	5 - 8
Furniture and fittings	5 - 10
Renovation	3

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Construction-in-progress, which represents plant and equipment pending installation, is stated at cost less impairment loss, and is not depreciated. Cost comprises direct costs incurred during the periods of construction, installation and testing, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment and depreciation commences when the construction work is completed and the asset is ready for use.

2 Summary of significant accounting policies (cont'd)

h) Impairment of non-financial assets (other than goodwill)

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the following basis:

Finished goods

Tubular products	–	specific identification
Equipment and spares	–	weighted average
Actuators, valves, control systems and electrical products	–	first-in, first-out

The cost of purchase comprises both the purchase price and cost directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowance or rebates. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2 Summary of significant accounting policies (cont'd)

j) Leases (cont'd)

When the Group entity is the lessee:

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are presented as a separate line in the statements of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liabilities (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

2 Summary of significant accounting policies (cont'd)

j) Leases (cont'd)

When the Group entity is the lessee (cont'd):

Right-of-use assets (cont'd)

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. The lease term of leasehold land is 32 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate item in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(h).

When a Group entity is the lessor

Where the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Each lease payment received is applied against the gross investment in finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct cost incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and reduce the amount of income recognised over the lease term.

When a contract includes both lease and non-lease components, the Group applies SFRS(I) 15 *Revenue from contracts with customers* to allocate the consideration under the contract to each component.

k) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

2 Summary of significant accounting policies (cont'd)

k) Income taxes (cont'd)

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax liability is provided on temporary differences arising on investments in subsidiaries and joint ventures, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

l) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and

- Fair value through other comprehensive income ("FVOCI").

2 Summary of significant accounting policies (cont'd)

l) Financial assets (cont'd)

Classification and measurement (cont'd)

The classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when, and only when, its business model for managing those assets changes.

Subsequent measurement

i) *Debt instruments*

Debt instruments include cash and bank balances, trade and other receivables (excluding "prepayments", "grant receivable" and "other tax recoverable") and related parties balances. These are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristic of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

ii) *Equity instruments*

The Group subsequently measures all its equity investments at their fair values. For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Group may make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI.

The Group has designated all of its equity investments that are not held for trading as FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investment designated at FVOCI which would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to accumulated losses upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

2 Summary of significant accounting policies (cont'd)

l) Financial assets (cont'd)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

m) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts that form an integral part of the Group's cash management and exclude pledged deposits.

2 Summary of significant accounting policies (cont'd)

n) Financial liabilities

Financial liabilities include trade and other payables (excluding "grant payable" and "deferred grant income"), related parties balances, borrowings and lease liabilities. Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

o) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

p) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

q) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

r) Employee benefits

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2 Summary of significant accounting policies (cont'd)

r) Employee benefits (cont'd)

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

s) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional currency.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve.

2 Summary of significant accounting policies (cont'd)

s) Foreign currencies (cont'd)

Translation of Group entities' financial statements (cont'd)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign Group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

t) Dividend

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

u) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

w) Non-current assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held for sale.

3 Critical accounting judgement and key sources of estimation uncertainty

Critical judgement in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements (apart from those involving estimates, which are dealt in the preceding paragraphs).

Going concern assumption

During the financial period from 1 July 2020 to 31 December 2021, the Group and the Company incurred a net loss of $3,261,417 and $2,794,014 (30.6.2020: $2,518,329 and $4,142,783) respectively. In addition, the Group incurred net operating cash outflows of $2,406,639 (30.6.2020: $2,701,125) during the financial period from 1 July 2020 to 31 December 2021. These factors and the circumstances disclosed in Note 37 indicate that a material uncertainty events which may cast doubt about the of the Group and the Company to generate sufficient cash flows to meet their obligations in order to continue to operate as a going concern.

However, the cash flows projection for the 15-month period from 31 December 2021 (the reporting date) that has been prepared and approved by management confirms that the Group and the Company are able to meet all of their debts and obligations during the said 15-month forecast period.

The key assumptions for the said 15-month cash flow projection are as follows:

i) The sales proceeds from the disposal of the asset classified as held for sale of $6,328,888 have been received on 23 March 2022;

ii) Deregistration of the dormant entities from oilfield equipment supply and services segment and renewable energy segment;

iii) No potential cash outflows from the legal case, HC/S 1075/2020 ("Suit 1075") - action by Mr. Thong Soon Seng against the Company (described more particularly in Note 37); and

iv) Mid-Continent Equipment, Inc will continue to generate significant operating cash inflows for the Group.

The directors of the Company are therefore satisfied that the financial statements for the financial period from 1 July 2020 to 31 December 2021 adequately reflect the Group's and the Company's ability to continue as going concerns for the financial year ending 31 December 2022.

If the Group and the Company are unable to continue in operational existence in the foreseeable future or if the Group and the Company are unable to discharge their liabilities in the normal course of business, adjustments may have to be made to reflect the situation and assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of property, plant and equipment and right-of-use assets

At each reporting date, the Group assesses whether there are any indications of impairment for property, plant and equipment and right-of-use assets. The Group also assesses whether there is any indication that an impairment loss recognised in prior periods for a property, plant and equipment, other than goodwill, may no longer exist or may have decreased.

3 Critical accounting judgement and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment of property, plant and equipment and right-of-use assets (cont'd)

If any such indication exists, the Group estimate the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate in order to determine the present value of the cash flows. The carrying values of the Group's property, plant and equipment and right-of-use assets are disclosed in Notes 14 and 23.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions, with consideration on the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on receivables and loans is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables. Details of ECL measurement and carrying values of trade and other receivables are disclosed in Note 34(b)(iii).

Impairment of investment in subsidiaries

During the financial period, the Company performed an impairment assessment to determine the recoverable amounts of the Company's cost of investment in subsidiaries. The Company has assessed the recoverable amount of its investment in subsidiaries based on fair value less cost to sell and value-in-use of the investment in subsidiaries using the discounted cash flow method. The determination of fair value less cost to sell involves valuation of freehold and leasehold properties by independent valuers and estimation of the underlying fair value of the net assets of the subsidiaries with consideration on the impact of COVID-19 pandemic. The use of the value-in-use calculations involves significant judgement and estimates in the cash flows forecast for the next five years and terminal value. The value-in-use calculations also include assumptions on the discount rate and terminal year growth rate. These key inputs and assumptions were estimated by management based on prevailing market, economic and other conditions at the end of the reporting period, and based on management's estimations of the expected revenue growth and recovery in business conditions amidst the current COVID-19 pandemic.

The Company recognised an impairment loss on investment in subsidiaries of $434,560 (2020: $2,348,320) during the financial period from 1 July 2020 to 31 December 2021. The carrying amount of investment in subsidiaries is disclosed in Note 15. The impairment loss has no impact on the consolidated financial statements of the Group.

4 Revenue

The Group's revenue is disaggregated by type of goods or services, principal geographical areas and timing of revenue recognition. This is consistent with the revenue information as disclosed in Note 33.

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Type of good or service		
Revenue from sale of goods	**16,364,987**	15,009,837
Revenue from maintenance services	**229,420**	165,874
Revenue from rental of equipment	**–**	816
	16,594,407	15,176,527
Principal geographical market		
Singapore	**1,267,834**	1,380,025
Australia	**–**	111,660
Malaysia	**–**	218,488
Thailand	**218,152**	202,123
United States of America	**6,990,472**	4,048,300
United Arab Emirates	**2,786,127**	3,052,009
Saudi Arabia	**976,069**	1,873,055
Japan	**1,780,653**	1,548,844
China/Hong Kong	**1,033,228**	–
India	**293,124**	–
Others	**1,248,748**	2,742,023
	16,594,407	15,176,527
Timing of transfer of good or service		
At a point in time	**16,364,987**	15,009,837
Over a period of time	**229,420**	166,690
	16,594,407	15,176,527

During the financial period, revenue amounted to $499,766 (2020: $620,493) was recognised from contract liabilities at the beginning of the financial period.

The Group applies the practical expedient in SFRS(I) 15 *Revenue from contracts with customers* and does not disclose information about its remaining performance obligation if the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

5 Other operating income

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Foreign exchange gain	**–**	387,417
Gain on disposal of property, plant and equipment	**18,354**	–
Gain on disposal of assets classified as held for sale	**–**	659,713
Other income	**451,315**	95,768
Waiver of bank loans (Note 27)	**96,221**	–
	565,890	1,142,898

Included in other income was a settlement amount of $350,000 recognised during the financial period from Suit HC/S 202/2020 ("**Suit 202**") (Note 38).

6 Other operating expenses

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Bad debts written off	**42,380**	2,341
Foreign exchange loss	**64,885**	–
Inventories written off	**–**	57,927
Currency translation differences reclassified to profit or loss upon capital reduction of a subsidiary [Note 15(g)]	**218,625**	–
Loss on disposal of assets classified as held for sale	**95,861**	–
Loss on de-registration of subsidiaries [Note 15(f)]	**135,655**	174,485
Loss on disposal of other financial assets	**–**	1,487
Loss on disposal of property, plant and equipment	**–**	42,631
Property, plant and equipment written off	**–**	20,565
	557,406	299,436

7 Distribution and marketing expenses

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Entertainment expenses	**28,753**	24,160
Public relation expenses	**9,067**	4,503
Travelling expenses	**759**	71,136
	38,579	99,799

8 Administrative expenses

These include:

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Audit fees		
- Company auditors	**108,000**	109,000
- Other auditors*	**157,334**	50,223
Non-audit fees		
- Company auditors	**28,000**	–
Depreciation of property, plant and equipment (Note 14)	**202,196**	52,760
Depreciation of right-of-use assets (Note 23)	**81,652**	55,687
Insurance expenses	**270,918**	162,422
Lease expenses (Note 23)	**19,968**	124,909
Personnel expenses (Note 9)	**2,294,075**	2,062,544

* Include independent member firm of the Baker Tilly International network.

9 Personnel expenses

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Staff costs:		
- wages, salaries and bonuses	**653,926**	1,120,687
- defined contribution plans	**63,139**	115,564
- other personnel expenses	**5,675**	29,118
	722,740	1,265,369
Directors' wages, salaries and bonuses:		
- directors of the Company	**570,000**	172,174
- directors of subsidiaries	**708,310**	495,040
Directors' defined contribution plans:		
- directors of the Company	**12,420**	3,240
- directors of subsidiaries	**–**	12,925
Directors' fees:		
- directors of the Company	**180,726**	55,959
- directors of subsidiaries	**99,879**	57,837
Total directors' remuneration	**1,571,335**	797,175
Total personnel expenses (Note 8)	**2,294,075**	2,062,544

Included in the personnel expenses was government grant income of $90,881 (2020: $38,335) recognised during the financial period under the Jobs Support Scheme (the "**JSS**"). Under the JSS, the Singapore Government will cofund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees. The JSS is a temporary scheme introduced in the Singapore Budget 2020 and had been extended up to 2021 by the Government.

10 Interest income

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Interest income		
- bank and fixed deposits and others	**24**	27,810

11 Finance costs

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Interest expense		
- lease liabilities (Note 23)	**100,958**	68,702
- loan from directors and key management personnel	**296**	16
- loan from non-controlling interest	**1,086**	–
	102,340	68,718
Bank charges	**26,714**	20,152
	129,054	88,870

12 Tax expense

Tax expense attributable to losses is made up of:

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Income tax		
- Current year	**16,194**	121,492
- Over provision in prior financial year	**–**	(26,231)
	16,194	95,261
Deferred tax (Note 18)		
- Under provision in prior financial year	**7,460**	160
Withholding tax	**–**	228,571
	23,654	323,992

12 Tax expense (cont'd)

The income tax expense on the results of the financial period/year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Loss before tax	**(3,237,763)**	(2,194,337)
Tax calculated at a tax rate of 17% (2020: 17%)	**(550,420)**	(373,037)
Effect of different tax rates in other countries	**87,988**	64,478
Income not subject to tax	**(315,051)**	(100,961)
Expenses not deductible for tax purposes	**762,679**	198,681
Deferred tax asset not recognised	**39,441**	478,378
Utilisation of deferred tax assets previously not recognised	**(8,443)**	(146,047)
Over provision of income tax in prior year	**–**	(26,231)
Under provision of deferred tax in previous financial year	**7,460**	160
Withholding tax	**–**	228,571
	23,654	323,992

Domestic income tax is calculated at 17% (2020: 17%) of the estimated assessable profit for the financial period. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

13 Loss per share

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Loss for the financial period attributable to equity holders of the Company	**(3,233,842)**	(2,167,481)
Weighted average number of ordinary shares for basic and diluted losses per share	**12,632,507,107**	12,632,507,107
Basic and diluted losses per share (cents)	**(0.03)**	(0.02)

14 Property, plant and equipment

	Freehold land $	Freehold building $	Machinery, tools and equipment $	Motor vehicles $	Computers $	Office equipment $	Furniture and fittings $	Renovation $	Construction-in-progress $	Total $
Group										
31.12.2021										
Cost										
At 1 July 2020	87,702	333,261	11,552	126,953	121,361	15,453	17,477	10,291	13,318,085	14,042,135
Additions	–	–	–	–	8,291	–	–	–	–	8,291
Disposals	–	–	–	–	–	–	–	–	(12,886,730)	(12,886,730)
Currency translation differences	(2,726)	(10,358)	(359)	(3,946)	(3,274)	–	–	(319)	(431,355)	(452,337)
At 31 December 2021	**84,976**	**322,903**	**11,193**	**123,007**	**126,378**	**15,453**	**17,477**	**9,972**	**–**	**711,359**
Accumulated depreciation and impairment loss										
At 1 July 2020	–	–	–	28,469	118,721	13,877	8,884	10,291	13,264,082	13,444,324
Depreciation charge	–	156,070	–	36,438	4,956	1,491	3,241	–	–	202,196
Disposals	–	–	–	–	–	–	–	–	(12,834,476)	(12,834,476)
Currency translation differences	–	–	–	(837)	(3,194)	–	–	(319)	(429,606)	(433,956)
At 31 December 2021	**–**	**156,070**	**–**	**64,070**	**120,483**	**15,368**	**12,125**	**9,972**	**–**	**378,088**
Net carrying value										
At 31 December 2021	**84,976**	**166,833**	**11,193**	**58,937**	**5,895**	**85**	**5,352**	**–**	**–**	**333,271**

14 Property, plant and equipment (cont'd)

	Freehold land $	Freehold building $	Machinery, tools and equipment $	Motor vehicles $	Computers $	Office equipment $	Furniture and fittings $	Renovation $	Construction-in-progress $	Total $
Group										
30.6.2020										
Cost										
At 1 July 2019	85,016	323,058	608,071	442,937	395,988	17,235	615,099	65,312	12,950,339	15,503,055
Additions	–	–	–	–	2,299	–	–	–	–	2,299
Disposals	–	–	(346,618)	(320,313)	(3,163)	–	(28,835)	–	–	(698,929)
Write-off	–	–	(232,239)	–	(352,930)	(1,782)	(573,388)	(55,247)	–	(1,215,586)
Currency translation differences	2,686	10,203	(17,662)	4,329	79,167	–	4,601	226	367,746	451,296
At 30 June 2020	87,702	333,261	11,552	126,953	121,361	15,453	17,477	10,291	13,318,085	14,042,135
Accumulated depreciation and impairment loss										
At 1 July 2019	–	–	583,422	136,265	382,751	13,727	574,964	65,312	12,897,989	14,654,430
Depreciation charge	–	–	1,068	39,801	6,221	1,932	3,738	–	–	52,760
Disposals	–	–	(334,086)	(148,396)	(3,109)	–	(14,898)	–	–	(500,489)
Write-off	–	–	(232,239)	–	(346,003)	(1,782)	(559,750)	(55,247)	–	(1,195,021)
Currency translation differences	–	–	(18,165)	799	78,861	–	4,830	226	366,093	432,644
At 30 June 2020	–	–	–	28,469	118,721	13,877	8,884	10,291	13,264,082	13,444,324
Net carrying value										
At 30 June 2020	87,702	333,261	11,552	98,484	2,640	1,576	8,593	–	54,003	597,811

14 Property, plant and equipment (cont'd)

	Computers $	Office equipment $	Furniture and fittings $	Total $
Company				
31.12.2021				
Cost				
At 1 July 2020	15,870	15,453	17,477	48,800
Additions	4,932	–	–	4,932
At 31 December 2021	**20,802**	**15,453**	**17,477**	**53,732**
Accumulated depreciation				
At 1 July 2020	15,870	13,877	8,884	38,631
Depreciation charge	3,256	1,491	3,241	7,988
At 31 December 2021	**19,126**	**15,368**	**12,125**	**46,619**
Net carrying value				
At 31 December 2021	**1,676**	**85**	**5,352**	**7,113**

	Motor vehicles $	Computers $	Office equipment $	Furniture and fittings $	Renovation $	Total $
Company						
30.6.2020						
Cost						
At 1 July 2019	298,987	44,490	17,235	17,477	55,247	433,436
Additions	–	2,299	–	–	–	2,299
Disposals	(298,987)	–	–	–	–	(298,987)
Write-off	–	(30,919)	(1,782)	–	(55,247)	(87,948)
At 30 June 2020	–	15,870	15,453	17,477	–	48,800
Accumulated depreciation						
At 1 July 2019	112,120	44,490	13,727	6,724	55,247	232,308
Depreciation charge	14,950	2,299	1,932	2,160	–	21,341
Disposals	(127,070)	–	–	–	–	(127,070)
Write-off	–	(30,919)	(1,782)	–	(55,247)	(87,948)
At 30 June 2020	–	15,870	13,877	8,884	–	38,631
Net carrying value						
At 30 June 2020	–	–	1,576	8,593	–	10,169

14 Property, plant and equipment (cont'd)

(a) Details of land and building owned by the Group are as follows:

Location	Description	Area (sqm)	Title
5234 Brittmoore-North Road* Harris County, Texas 77041 (KM 449C), USA	Office/Warehouse facility	Land: 6,494 Building: 795	Freehold

* Valuation date: 10 February 2022. Fair value measurement of the property is US$120.84/ft2 of building area or a total value of US$1,037,000 (rounded). This valuation was performed by a suitably qualified external independent valuer and in accordance with SFRS (I) 13 *Fair Value Measurement*.

15 Investment in subsidiaries

	Company	
	31.12.2021	30.6.2020
	$	$
Unquoted shares, at cost:		
Balance at beginning of financial period/year	**13,742,241**	13,742,241
Addition during financial period/year	**1,000**	–
Capital reduction by a subsidiary	**(1,115,564)**	–
De-registered during financial period	**(1,000,000)**	–
Balance at end of financial period/year	**11,627,677**	13,742,241
Impairment allowances:		
Balance at beginning of financial period/year	**6,665,323**	4,317,003
Addition during financial period/year	**434,560**	2,348,320
De-registered during financial period	**(1,000,000)**	–
Balance at end of financial period/year	**6,099,883**	6,665,323
Net carrying amount	**5,527,794**	7,076,918

(a) Details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			31.12.2021	30.6.2020
			%	%
Held by the Company				
MEG Global Ventures Pte. Ltd. ("MGV")	Investment holding	Singapore	**100.00**	100.00
Mid-Continent Equipment Group Pte. Ltd. ("MEG")	Investment holding and supply of equipment, tools and accessories used in the oil drilling business, distribution of tubular products, equipment and spares, provision of environmental and waste management services, fabrication and installation of control systems and testing of valve actuation	Singapore	**55.89**	55.89

15 Investment in subsidiaries (cont'd)

(a) Details of the Company's subsidiaries are as follows (cont'd):

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			31.12.2021	30.6.2020
			%	%
Held by the Company (cont'd)				
MEG Management Sdn. Bhd. ("MMSB")[2]	Providing management services and production of microalgae oil	Malaysia	**100.00**	100.00
MEG Global Resources Limited ("MGR")[2]	Trading of energy and natural resources	British Virgin Islands	**100.00**	100.00
Flagship Ecosystems Pte. Ltd. ("Flagship")[6]	Providing environmental engineering services and wholesale of machinery and equipment	Singapore	**–**	81.33
PT MEG Harta Indonesia ("PT MEG")[2,5]	Investment holding, property and infrastructure development and trading of natural resources	Indonesia	**100.00**	100.00
Mid-Continent Enterprises, LLC("MELLC")[2]	Holding of warehouse property	United States of America	**99.00**	99.00
Mid-Continent Equipment, Inc. ("MEI")[3]	Supply of oilfield equipment	United States of America	**80.00**	80.00
Magnus Energy (SEA) Pte. Ltd. ("MESEA")	Manufacture and repair of engines and turbines except aircraft, vehicle, cycle and marine engines	Singapore	**100.00**	–
Held by MGR				
PT MEG Harta Indonesia ("PT MEG")[2,5]	Investment holding, property and infrastructure development and trading of natural resources	Indonesia	**100.00**	100.00
Held by MEG				
Mid-Continent Equipment (Australia) Pty Ltd ("ME Australia")[2,6]	Supply of oilfield and mining equipment	Australia	**–**	55.89
Mid-Continent Environmental Project Pte Ltd ("MEP")[4]	Sale and rental of decanters and provision of environmental and waste management services	Singapore	**–**	–

15 Investment in subsidiaries (cont'd)

(a) Details of the Company's subsidiaries are as follows (cont'd):

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest held by the Group	
			31.12.2021	30.6.2020
			%	%
Held by MESEA				
Magnus DV Energy Services Pte. Ltd. ("MDV")	Service activities incidental to oil and gas extraction	Singapore	**60.00**	–
Held by MDV				
P.T. Magnus Douglas Valley ("PT MDV")[2]	Mining supporting activities and other digging	Indonesia	**57.00**	–

The above subsidiaries are audited by Baker Tilly TFW LLP except as set out in the following notes:

1 Audited by Baker Tilly TFW LLP for group consolidation purposes.

2 Not required to be audited under the laws of its country of incorporation but was audited by Baker Tilly TFW LLP, Singapore for group consolidation purposes.

3 Not required to be audited under the laws of its country of incorporation but was audited by independent overseas member firm of Baker Tilly International for group consolidation purposes.

4 De-registered during the financial year ended 30 June 2020.

5 The 100% effective equity interest held by the Group is through the Company of 90% and MGR of 10% respectively.

6 De-registered during the financial period from 1 July 2020 to 31 December 2021.

(b) Addition

MESEA

On 24 July 2020, MESEA was incorporated in which the Company subscribed 1,000 ordinary shares of $1 each, representing 100% equity interest.

MDV

On 26 November 2020, MDV was incorporated in which MESEA subscribed 1,000 ordinary shares of $1 each, representing 100% equity interest. On 27 May 2021, MESEA transferred 400 ordinary shares of $1 each to Douglas Valley, representing 40% equity interest. As a result of the shares transferred, the equity interest held by MESEA reduced to 60%.

PT MDV

On 28 July 2021, PT MDV was incorporated in which MDV subscribed 10,450 ordinary shares of IDR1,000,000 each, representing 95% equity interest. The effective equity interest held by the Group was 57%.

15 Investment in subsidiaries (cont'd)

(c) Capital reduction of MEG

During the financial period, MEG completed a share capital reduction exercise of $1,996,000. The Company's portion of the return of share capital was $1,115,564. The return of share capital to non-controlling interest was $880,436.

As a result of the capital reduction exercise, currency translation differences of $218,625 have been reclassified to profit or loss.

(d) Summarised financial information of subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI
31 December 2021		
MEG Group	Singapore	44.11%
MEI	United States of America	20.00%
30 June 2020		
MEG Group	Singapore	44.11%
MEI	United States of America	20.00%

The following are the summarised financial information. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised Statement of Financial Position

	MEG Group		MEI	
	31.12.2021	30.6.2020	**31.12.2021**	30.6.2020
	$	$	**$**	$
Non-current assets	**–**	7,710	**63,156**	101,124
Current assets	**5,457,839**	6,781,852	**3,909,368**	3,025,695
Non-current liabilities	**–**	(1,706,895)	**–**	(61,238)
Current liabilities	**(3,492,253)**	(262,891)	**(1,622,466)**	(1,097,885)
Net assets	**1,965,586**	4,819,776	**2,350,058**	1,967,696
Net assets attributable to NCI	**867,020**	2,126,003	**470,012**	393,539

15 Investment in subsidiaries (cont'd)

(d) Summarised financial information of subsidiaries with material non-controlling interest ("NCI") (cont'd)

Summarised Statement of Comprehensive Income

	MEG Group		MEI	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020	**1.7.2020 to 31.12.2021**	1.7.2019 to 30.6.2020
	$	$	**$**	$
Revenue	**–**	372,043	**16,594,407**	14,804,484
(Loss)/profit before tax	**(347,725)**	(1,001,970)	**459,118**	533,373
Income tax (expenses)/credit	**(7,460)**	26,071	**(16,194)**	(121,492)
(Loss)/profit after tax	**(355,185)**	(975,899)	**442,924**	411,881
Other comprehensive income	**(503,005)**	319,559	**(60,562)**	71,725
Total comprehensive (loss)/ income	**(858,190)**	(656,340)	**382,362**	483,606
(Loss)/profit allocated to NCI	**(378,548)**	(289,512)	**76,472**	96,721
Dividend paid to NCI	**–**	–	**–**	(193,282)

Summarised Statement of Cash Flows

	MEG Group		MEI	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020	**1.7.2020 to 31.12.2021**	1.7.2019 to 30.6.2020
	$	$	**$**	$
Cash flows (used in)/ generated from operating activities	**(485,192)**	(962,805)	**423,246**	568,008
Cash flows generated from/(used in) investing activities	**550,370**	4,411,033	**(1,405,391)**	251,046
Cash flows used in financing activities	**(500,292)**	(4,854,365)	**–**	(876,848)
Net decrease in cash and cash equivalents	**(435,114)**	(1,406,137)	**(982,145)**	(57,794)

15 Investment in subsidiaries (cont'd)

(e) Impairment review of investment in subsidiaries

Mid-Continent Equipment Group Pte Ltd. and its subsidiaries ("*MEG Group*")

During the financial period, management performed impairment review on the Company's investment in MEG Group as MEG Group had been making losses in current and previous financial period/year and the carrying amount of the net assets of MEG Group was less than the cost of investment as at 31 December 2021. An impairment loss of $434,560 (2020: $2,334,996) was recognised to write down the cost of investment in MEG Group to its aggregate recoverable amount of $2,400,372 (2020: $3,950,496).

The aggregate recoverable amount of MEG Group is measured based on fair value less costs to sell ("FVLCS") as MEG Group has ceased operations during the financial year ended 30 June 2020. The FVLCS was based on management's estimates, with reference to the fair value of the leasehold property and other net assets of MEG Group. The leasehold property of MEG Group was reclassified as assets classified as held for sale and the MEG Group entered into a contract with a purchaser to dispose the property (Note 38). The fair value measurement is categorised in Level 3 of the fair value hierarchy.

Mid-Continent Enterprises, LLC ("*MELLC*")

During the financial period, management performed impairment review on the Company's investment in MELLC as the carrying amount of the net assets of MELLC was less than the cost of investment as at 31 December 2021. The recoverable amount of MELLC is measured based on FVLCS as MELLC is a dormant company and only owned a freehold property located at United State of America. There was no impairment loss recognised for the financial period from 1 July 2020 to 31 December 2021.

The FVLCS was based on management's estimates, with reference to the fair value of the freehold property and other net assets of MELLC. The freehold property was valued by independent valuer based on direct comparison method with consideration on the impact of COVID-19 pandemic. The fair value measurement is categorised in Level 3 of the fair value hierarchy.

Mid-Continent Equipment, Inc. ("MEI")

During the financial period, management performed impairment review on the Company's investment in MEI as the carrying amount of the net assets of MEI was less than the cost of investment as at 31 December 2021. The recoverable amount of the investment was determined based on value-in-use calculations using cash flow projections from forecast covering a five-year period. There was no impairment loss recognised for the financial period from 1 July 2020 to 31 December 2021.

The key assumptions for the value-in-use calculations are those regarding the budgeted revenue growth rate of 2% (30.6.2020: 5%), budgeted gross margin of 11% (30.6.2020: 11%), 2.25% (30.6.2020: 1%) terminal growth rate and pre-tax discount rate of 12.7% (30.6.2020: 11.5%). Management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to economic and other conditions of MEI at the end of the reporting period with the consideration of current COVID-19 pandemic. The budgeted revenue growth rate is based on past performance and management's assessment of future trends and development in the market. Budgeted gross margin is based on past performance.

15 Investment in subsidiaries (cont'd)

(f) De-registration of MEP

	Group	
	31.12.2021	30.6.2020
	$	$
Assets		
Other receivables	**–**	174,485
Net assets derecognised	**–**	174,485
Loss on derecognition of subsidiary		
Net assets derecognised	**–**	174,485
Loss from derecognition of subsidiary	**–**	174,485

(g) De-registration of ME Australia and Flagship

ME Australia and Flagship were de-registered on 30 September 2021 and 4 October 2021 respectively. The de-registration of these subsidiaries did not have a material financial impact to the Group, other than the reclassification of the currency translation differences to profit or loss of $135,655 (30.6.2020: Nil).

16 Investment in joint venture

The Group's investment in joint venture is summarised below:

	Group	
	31.12.2021	30.6.2020
	$	$
Carrying amount:		
Oriental Magnus EPC (S) Pte. Ltd.	**–**	–

Details of joint venture:

Name of joint venture company	Country of incorporation	Principal activities	Group's equity interest held	
			31.12.2021	30.6.2020
			%	%
Held through MESEA				
Oriental Magnus EPC (S) Pte. Ltd.[1]	Singapore	Manufacture and repair of engines and turbines except aircraft, vehicle, cycle and marine engines	**50.00**	–

1 Audited by Baker Tilly TFW LLP.

16 Investment in joint venture (cont'd)

Aggregate information (based on the Group's share of those results) about the Group's investment in joint venture is as follows:

	1.7.2020 to 31.12.2021 $	1.7.2019 to 30.6.2020 $
Loss after tax	**370,325**	–
Other comprehensive loss	**5,941**	–
Total comprehensive loss	**376,266**	–

The Group had not recognised its share of loss of Oriental Magnus EPC (S) Pte. Ltd. amounting to $375,766 (2020: $Nil) because the Group's cumulative share of losses had exceeded its interest in Oriental Magnus EPC (S) Pte. Ltd. and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were $375,766 (2020: $Nil).

17 Other financial assets

	Group		Company	
	31.12.2021 $	30.6.2020 $	31.12.2021 $	30.6.2020 $
Non-current assets				
Financial assets at fair value through other comprehensive income ("FVOCI")				
Quoted equity shares	**40**	40	**40**	40

As per the Group's investment policy, these investments in quoted equity shares are not held for trading.

Accordingly, management has elected to designate this investment at fair value through other comprehensive income. It is the Group's strategy to hold this investment for long-term purposes.

18 Deferred tax assets

The movements in the deferred tax assets account are as follows:

	Group	
	31.12.2021 $	30.6.2020 $
Balance at beginning of the financial period/year	**7,710**	7,631
Charge to profit or loss (Note 12)	**(7,460)**	(160)
Currency translation differences	**(250)**	239
Balance at end of the financial period/year	**–**	7,710
Representing:		
Non-current		
Deferred tax assets	**–**	7,710

18 Deferred tax assets (cont'd)

The following are deferred tax assets recognised by the Group and movements thereon, during the current and prior reporting periods.

	Property, plant and equipment $
At 1 July 2019	7,631
Credit to profit or loss (Note 12)	(160)
Currency translation differences	239
At 30 June 2020	7,710
Credit to profit or loss (Note 12)	(7,460)
Currency translation differences	(250)
At 31 December 2021	**–**

On 31 December 2021, the Group has unutilised tax losses of approximately $21,876,000 (30.6.2020: $34,802,000). Except for subsidiary in Malaysia, MEG Management Sdn Bhd ("MMSB"), these potential tax benefits are available for carry-forward indefinitely to set-off against future taxable income, subject to compliance with relevant provisions of the tax legislation of the respective countries in which the companies operate.

The availability of unused tax losses for offsetting against future taxable profits of the MMSB is subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

With effect from year of assessment 2019, unutilised tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. Accumulated unutilised tax loss brought forward from year of assessment 2019 can be utilised for another 7 years of assessment and will be disregarded in year of assessment 2026. The Group's tax losses at 31 December 2021 of $519,000 can be carried forward till between 2026 to 2028.

Included in the unrecognised deferred tax assets as at 30 June 2020 was unutilised tax losses of $9,483,000 from a subsidiary, Mid-Continent Equipment (Australia) Pty Ltd which was struck off during the financial period. Hence, the unutilised tax losses are not carried forward to offset against future taxable income.

The potential deferred tax assets arising from these unutilised losses and unabsorbed capital allowances have not been recognised in the financial statements as it is not probable that future taxable profit will be sufficient to allow the related tax benefits to be realised.

19 Inventories

	Group	
	31.12.2021	30.6.2020
	$	$
Finished goods	**900,914**	516,667
Goods-in-transit	**–**	23,098
	900,914	539,765

During the financial period, the Group's inventories included as cost of sales amounted to $14,780,989 (2020: $13,551,518).

In the previous financial year, the Group had written off the inventories amounting to $57,927.

20 Trade and other receivables

	Group		Company	
	31.12.2021	30.6.2020	**31.12.2021**	30.6.2020
	$	$	**$**	$
Trade receivables	**1,089,858**	990,182	**–**	–
Less: allowance for impairment [Note 34(b)(iii)]	**(80,178)**	(136,753)	**–**	–
	1,009,680	853,429	**–**	–
Loan receivable from third party (a)	**7,253,091**	7,253,091	**–**	–
Less: allowance for impairment (a)	**(7,253,091)**	(7,253,091)	**–**	–
	–	–	**–**	–
Amount receivable for disposal of quoted equity shares (b)	**2,048,230**	2,048,230	**–**	–
Less: allowance for impairment (b)	**(2,048,230)**	(2,048,230)	**–**	–
	–	–	**–**	–
Amount recoverable from Joint Investment (c)	**1,407,500**	1,407,500	**1,407,500**	1,407,500
Less: allowance for impairment (c)	**(1,407,500)**	(1,407,500)	**(1,407,500)**	(1,407,500)
	–	–	**–**	–
Other receivables	**363,416**	50,323	**350,000**	22,512
Deposits	**15,127**	31,346	**10,350**	10,350
Grant receivable	**–**	21,675	**–**	21,675
Prepayments	**66,998**	10,254	**59,593**	8,321
Loan to non-controlling interests (d)	**185,811**	–	**–**	–
Other tax recoverable	**3,642**	1,755	**–**	–
	1,644,674	968,782	**419,943**	62,858

Trade receivables are due within normal trade credit terms of 30 - 90 days.

20 Trade and other receivables (cont'd)

(a) Loan receivable from third party relates to Redeemable Convertible Loan ("RCL") and amount recoverable from Indonesia Projects

In 2015, MGR, a subsidiary of the Group, had entered into a 9.0% Redeemable Convertible Loan ("RCL") agreement with PT Hanjungin ("PTH") for an aggregate amount of up to $5 million (the "Principal Amount"), subject to the terms and conditions set out in the RCL. The purpose of the RCL is for the Group to provide working capital for a housing project developed by PTH on land in Kupang City, East Nusa Tenggara, Indonesia (the "Kupang Land").

Under the terms of the agreement, the RCL shall be drawn down in 50 tranches of $100,000 each and shall be convertible into fully paid ordinary shares in the share capital of PTH at a conversion price based on the net asset value of PTH at the intended date of conversion, subject to the mutual agreement by the contracting parties. Management was of the view that the equity conversion feature in the RCL has no significant value as it can only be exercised with the mutual agreement of both contracting parties.

The RCL was secured by an agreement whereby PTH grants power of attorney to a director of an Indonesia subsidiary of the Group to act for and on behalf of PTH to sell, transfer or dispose of all the interest (legal, beneficial or otherwise) in the Kupang Land.

In 2017, the Group and PTH mutually agreed to early terminate projects in Indonesia ("Road and Dam Projects"). Pursuant to the terms of the early termination, PTH shall return the full advanced amount of $4.9 million. During the financial year ended 30 June 2017, the Group had recovered $3 million from PTH.

In 2018, the Group and PT Hanjungun ("PTH") entered into a Deed of Acknowledgement of Indebtedness ("Deed") whereby the balancing from the amount recoverable from Indonesia Projects and the Redeemable Convertible Loan including interest receivable were consolidated into an interest-bearing loan with a principal amount of $7.3 million. The loan bore interest at 5% per annum on the principal amount of the loan, payable semi-annually and an additional interest of 7% per annum on the outstanding principal amount of the loan, payable on 31 August 2020.

In 2018, a lawsuit had been filed by a third party, to which PTH had been identified as a co-defendant. The lawsuit pertained to a dispute over the ownership of the land which encompasses the development site in Kupang. The Group had engaged an independent legal advisor on the matter. The legal advisor was of the opinion that it would be difficult for the Group to sell the land as the lawsuit against PTH over the ownership of the land presents a risk to prospective buyers. Accordingly, the Group recognised a full impairment of $7,253,091 as at 30 June 2018.

In view of the ongoing legal proceedings and uncertainty over the legal ownership of the Kupang Land, management had assessed that no change in the allowance for impairment loss of $7,253,091 as at 31 December 2021.

(b) Amount receivable for disposal of quoted equity shares

In 2017, the Group disposed of 9,000,000 quoted equity shares in GCM Resources Plc ("GCM") to a third party for a consideration of approximately $3.1 million. In 2019, $2,048,230 remains outstanding and there was no repayment from a third party. Management had assessed that the default risk on the receivable had increased significantly and accordingly, the Group recognised a full impairment of $2,048,230 as at 30 June 2019.

20 Trade and other receivables (cont'd)

(c) Amount recoverable from Joint Investment

In 2016, the Company entered into a joint investment agreement with Yangtze Investment Partners Limited ("Yangtze"), a company incorporated in Hong Kong, to invest US$1 million (approximately $1.4 million) (the "Joint Investment Amount") for an investment in a potential initial public offering of a renewable energy company.

In 2017, the Company terminated the joint investment agreement with Yangtze. The loss allowance on the amount recoverable from Joint Investment was $1,407,500.

(d) Loan to non-controlling interests

Loan to non-controlling interests are interest free, unsecured and repayable on demand.

21 Related parties balances

	Group		Company	
	31.12.2021	30.6.2020	**31.12.2021**	30.6.2020
	$	$	**$**	$
Due from:				
- Subsidiaries (non-trade)	**–**	–	**23,809,017**	22,739,466
Less: allowance for impairment [Note 34(b)(iii)]	**–**	–	**(22,868,936)**	(22,739,466)
	–	–	**940,081**	–
- Joint venture (non-trade)	**307,642**	–	**–**	–
Less: allowance for impairment [Note 34(b)(iii)]	**(307,642)**	–	**–**	–
	–	–	**–**	–
	–	–	**940,081**	–
Due to:				
- Subsidiaries (non-trade)	**–**	–	**(1,359,450)**	(134,700)

The non-trade amounts are unsecured, interest-free and repayable on demand based on cash terms.

22 Cash and bank balances

	Group		Company	
	31.12.2021	30.6.2020	**31.12.2021**	30.6.2020
	$	$	**$**	$
Current				
Bank and cash balances	**503,413**	2,963,522	**19,222**	1,004,801

23 Right-of-use assets and lease liabilities

The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

i) The Group leases a leasehold land from JTC Corporation. The lease has remaining lease period of 32 years.

ii) In addition, the Group leases various office units and office equipment with contractual terms of 6 months to 2 years. These leases are short-term and/or low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The right-of-use of the leasehold land is associated with the assets classified as held for sale as disclosed in Note 24 and is classified under current asset in the consolidated statement of financial position.

The maturity analysis of the lease liabilities is disclosed in Note 34(b)(iv).

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in statements of financial position

	Group	
	31.12.2021	30.6.2020
	$	$
Carrying amounts of right-of-use assets		
Current asset		
Leasehold land	**1,626,158**	1,762,707
Carrying amounts of lease liabilities		
Current	**1,692,097**	1,735,637

Amounts recognised in profit or loss

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Depreciation charge for the financial year		
Leasehold land (Note 8)	**81,652**	55,687
Lease expense not included in the measurement of lease liabilities		
Lease expense - short term leases	**18,945**	118,791
Lease expense - low value assets leases	**1,023**	6,118
Total (Note 8)	**19,968**	124,909
Interest expense on lease liabilities (Note 11)	**100,958**	68,702

Total cash flows for leases amounted to $164,470 (2020: $221,244) in current financial period.

24 Assets classified as held for sale

	Group	
	31.12.2021	30.6.2020
	$	$
Assets classified as held for sale	**3,815,596**	4,555,992

In 2019, the Group was seeking to dispose of certain properties of the Group and had reclassified the carrying amount for the properties of $4,724,088 as assets classified as held for sale. The directors were actively seeking for potential buyers for its properties through property agents and advertisements and the sale was expected to be completed within 12 months from the date of financial statements.

In previous financial year, the Group disposed its property at 130 Mills Street, Welshpool Western Australia, Australia, at a gain of $659,713 (Note 5). During the financial period, the Group disposed its property at 8 Industrial Road, Gatton, Queensland, Australia, at a loss of $95,861 (Note 6).

Details of land and buildings owned by the Group which are classified as assets classified as held for sale as at 31 December 2021 are as follows:

Location	Description	Area (sqm)	Title	The Group's interest	Carrying amount
				%	$
Held by MEG					
32 Loyang Crescent, Singapore 508992	Office and warehouse building	Land: 4,222 Building: 3,428	Leasehold (expiring in 2051)	**55.89**	3,815,596

During the financial period, the Group entered into a contract with a purchaser to dispose the property with consideration of $6,328,888. The sale was completed on 22 March 2022 (Note 38). The fair value measurement is categorised in Level 3 of the fair value hierarchy.

25 Trade and other payables

	Group		Company	
	31.12.2021	30.6.2020	**31.12.2021**	30.6.2020
	$	$	**$**	$
Trade payables	**1,013,965**	377,759	**–**	–
Other payables	**825,088**	735,156	**755,212**	724,035
Amount due to directors	**196,676**	1,333	**196,676**	1,333
Amount due to non-controlling interests	**677,346**	–	**–**	–
Accrued operating expenses	**490,297**	624,940	**204,237**	112,710
Loan from director	**50,296**	–	**50,296**	–
Loan from non-controlling interests	**76,097**	–	**–**	–
Deferred grant income	**–**	64,824	**–**	39,672
Grant payable	**7,516**	10,775	**–**	–
	3,337,281	1,814,787	**1,206,421**	877,750

25 Trade and other payables (cont'd)

Trade payables are due within normal trade credit terms of 30 - 90 days.

The amount due to directors are unsecured, interest-free and repayable on demand based on cash terms.

The amount due to non-controlling interests comprises of amount payable to non-controlling interests as a result of share capital reduction exercise by MEG. The amount is non-trade in nature, unsecured, interest-free and repayable on demand based on cash terms.

Loan from director bears interest at 6% per annum and are unsecured and repayable on demand.

Loan from non-controlling interests bears interest at 12% per annum and are unsecured and repayable on demand.

26 Contract liabilities

The Group receives payments from customers based on a billing schedule as established in contracts. Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities from contracts with customers.

		Group	
	31.12.2021	30.6.2020	1.7.2019
	$	$	$
Contract liabilities	**432,668**	499,766	620,493

Significant changes in the contract liabilities balances during the financial period are as follows:

	Group	
	Contract liabilities	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Revenue recognised that was included in the contract liability balance at the beginning of the financial period/year	**499,766**	620,493
Increases due to advances received, excluding amounts recognised as revenue during the financial period/year	**432,668**	499,766

27 Borrowings

	Group	
	31.12.2021	30.6.2020
	$	$
Non-current		
Bank loans	–	61,238
Current		
Bank loans	–	38,204
Total borrowings	–	99,442

In previous financial year, a subsidiary, MEI had received Paycheck Protection Program ("PPP") loans from U.S. Small Business Administration ("SBA"). PPP loans is a loan designed to provide a direct incentive for small businesses to keep their workers on payroll. The PPP loans were unsecured and bear interest of 1% per annum.

During the current financial period, the PPP loans have been waived by the SBA as the subsidiary fulfilled the conditions below:

i) Employee and compensation levels are maintained;

ii) The loan proceeds are spent on payroll costs and other eligible expenses; and

iii) At least 60% of the proceeds are spent on payroll costs.

Based on discounted cash flows using market lending rate for similar borrowings which the management expects would be available to the Group at 30 June 2020, the fair values of the non-current bank loans at 30 June 2020 approximated their carrying values as there were no significant changes in the interest rates available to the Group at 30 June 2020. This fair value measurement for disclosure purposes was categorised in Level 3 of the fair value hierarchy.

27 Borrowings (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financial activities:

	Loans from directors and key management personnel $ (Note 25)	Loan from non-controlling interest $ (Note 25)	Bank loans $	Lease liabilities $ (Note 23)	Total $
Balance at 1 July 2019	–	–	–	–	–
Adoption of SFRS(I) 16	–	–	–	1,800,556	1,800,556
Changes from financing cash flows:					
- Proceeds	–	–	99,442	–	99,442
- Repayments	–	–	–	(27,633)	(27,633)
- Interest paid	(16)	–	–	(68,702)	(68,718)
Non-cash changes:					
- Interest expense	16	–	–	68,702	68,718
- Translation adjustment	–	–	–	(37,286)	(37,286)
Balance at 30 June 2020	–	–	99,442	1,735,637	1,835,079
Changes from financing cash flows:					
- Proceeds	50,000	75,020	–	–	125,020
- Repayments	–	–	–	(43,544)	(43,544)
- Interest paid	–	–	–	(100,958)	(100,958)
Non-cash changes:					
- Waiver of bank loans (Note 5)	–	–	(96,221)	–	(96,221)
- Interest expense	296	1,086	–	100,958	102,340
- unrealised loss on foreign exchange	–	–	–	53,935	53,935
- Translation adjustment	–	(9)	(3,221)	(53,931)	(57,161)
Balance at 31 December 2021	**50,296**	**76,097**	**–**	**1,692,097**	**1,818,490**

28 Share capital

	Group and Company	
	31.12.2021 **$**	30.6.2020 $
Issued and fully paid up		
12,632,507,107 ordinary shares with no par value	**148,781,865**	148,781,865

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

29 Reserves

	Group		Company	
	31.12.2021	30.6.2020	**31.12.2021**	30.6.2020
	$	$	**$**	$
Currency translation reserve	**(2,083,572)**	(2,574,437)	**–**	–
Accumulated losses	**(144,643,146)**	(141,409,304)	**(144,433,543)**	(141,639,529)
	(146,726,718)	(143,983,741)	**(144,433,543)**	(141,639,529)

(a) **Currency translation reserve**

Currency translation reserve arises from the translation of the financial statements of subsidiaries whose functional currency are different from that of the Group's presentation currency.

(b) **Accumulated losses**

Movement in accumulated losses of the Company is as follows:

	Company	
	31.12.2021	30.6.2020
	$	$
Balance at beginning of the financial period/year	**(141,639,529)**	(137,299,786)
Loss for the financial period/year	**(2,794,014)**	(4,142,783)
Transfer of fair value reserve upon disposal of financial assets at fair value through other comprehensive income	**–**	(196,960)
Balance at end of the financial period/year	**(144,433,543)**	(141,639,529)

30 Assistance in the Investigations of the Commercial Affairs Department

On 2 April 2014, the Company and certain subsidiaries of the Group received Notices from the Commercial Affairs Department of the Singapore Police Force ("CAD") requiring their assistance with the CAD's investigations into an offence under the Securities and Futures Act, Chapter 289 (the "SFA").

The CAD had requested for access to the following for the period from 1 July 2010 to 31 March 2014:

i) All accounting records;

ii) All minutes of meetings and resolutions;

iii) All corporate electronic data, information technology equipment and data storage devices belonging to Luke Ho Khee Yong ("Luke"), the former Chief Executive Officer of the Company; and

iv) Any other relevant documents.

The Company had also been informed that Luke has been notified in the course of the investigations by the CAD that there have arisen reasonable grounds to believe that he has committed an offence under Section 197 of the SFA on false trading and market rigging and has been requested to assist the CAD in its investigations. Luke had indicated that he will fully cooperate with the CAD in its investigations.

The directors of the Company are of the opinion that the business and operations of the Group are not affected by the above investigations and the Company will continue to monitor the progress of the investigations.

31 Related party transactions

(a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and other related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
With joint ventures		
Advances to	**307,642**	–
Impairment loss on amount due from joint venture (Note 21)	**307,642**	–
With non-controlling interests		
Loan to	**185,560**	–
Loan from	**75,020**	–
Interest charged by	**1,086**	–
With directors and former directors		
Loan from	**50,000**	–
Interest charged by	**296**	–
Professional fee paid to former director	**–**	30,000
Rental of office space and office administration fee paid to companies which a director has joint control	**–**	43,675

(b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	Group		Company	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020	**1.7.2020 to 31.12.2021**	1.7.2019 to 30.6.2020
	$	$	**$**	$
Directors' fees	**280,605**	113,796	**180,726**	27,040
Wages, salaries and bonuses	**1,278,310**	915,654	**570,000**	469,333
Defined contribution plans	**12,420**	21,929	**12,420**	15,936
	1,571,335	1,051,379	**763,146**	512,309

As at 31 December 2021 and 30 June 2020, there are no outstanding share awards for directors and key management personnel.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of the Group and of the Company.

32 Share Options and Share Awards

Magnus Energy Employee Share Option Plan and Magnus Energy Performance Share Plan

Magnus Energy ESOP and Magnus Energy PSP (collectively referred to as the "Share Schemes") were approved by the shareholders of the Company at the Extraordinary General Meeting ("EGM") held on 19 November 2007. The initial duration of the Share Schemes had expired on 18 November 2017.

The durations of the Share Schemes were extended, with the approval of the shareholders, for a further period of ten (10) years from and including 19 November 2017 up to (and including) 18 November 2027 in the EGM held on 31 October 2016.

The Remuneration Committee (the "RC") of the Company has been designated as the committee (the "Committee") responsible for the administration of the Share Schemes. The members of the RC for the financial period from 1 July 2020 to 31 December 2021 are Michael Grant Pixley (Chairman), Dato' Kunalbir Singh Chahl and Winston Terence Milner at the date of this financial statements.

Under the Share Schemes, share options or share awards are granted to the following persons at the absolute discretion of the Committee:

(i) Group executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and

(ii) Non-executive directors who, in the opinion of the Committee, have contributed or will contribute to the success of the Group.

The Share Schemes are designed to reward and retain the non-executive directors of the Company and Group executives and whose services are vital to the well-being and success of the Group. Under the Magnus Energy ESOP, the share options are granted to eligible participants exercisable during a certain period and at a certain price. Under the Magnus Energy PSP, share awards are granted to eligible participants. Share awards represent the right of a participant to receive fully paid ordinary shares in the capital of the Company ("Shares"), their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance targets (if any) are met and upon the expiry of the prescribed vesting periods.

For discounted share options, the exercise price of each granted share option is set at a discount to the market price, the quantum of such discount to be determined by the Committee in its absolute discretion, provided that the maximum discount shall not exceed twenty (20) percent of the market price. This market price is the volume-weighted average price of the Shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") over the three consecutive trading days immediately preceding the date of grant of that option, as determined by the RC by reference to the daily official list or any other publication published by the SGX-ST. For non-discounted share options, the exercise price of each granted share option is set at market price or such higher price as may be determined by the RC in its absolute discretion.

Share Options

No share options were granted under the Magnus Energy ESOP during the financial period/year ended 31 December 2021 and 30 June 2020. As at 31 December 2021 and 30 June 2020, there were no outstanding share options. There were also no discounted share options granted since the commencement of the scheme.

32 Share Options and Share Awards (cont'd)

Share Awards

During the financial period ended 31 December 2021, there were no share awards granted under the Magnus Energy PSP.

The resolutions which were tabled at the last Annual General Meeting ("AGM") held on 30 October 2020 in relation to the authority for the Company to allot and issue new shares under the Magnus Energy ESOP and Magnus Energy PSP were not approved. The Board has discussed and decided that in the interest of the Company, its shareholders and stakeholders, the aforesaid resolutions will not be tabled to shareholders for approval in respect of financial year ending 31 December 2022, at the forthcoming AGM for the financial period from 1 July 2020 to 31 December 2021. Accordingly for the subsequent financial years, the Board may consider seeking shareholders' approval to authorise the Board to implement bonuses and/or issue share / option awards under the Magnus Energy ESOP and Magnus Energy PSP when the Company is in a better financial position in the future. Subject to shareholders' approval at the time, the allotment and issuance of new shares under the Magnus Energy ESOP and Magnus Energy PSP can, in any event, only be effective once the Company's shares resume trading pursuant to the approval of the Singapore Exchange ("SGX-ST").

33 Segment information

The Group is organised into business units based on its business segments purposes. The reportable segments are oilfield equipment supply and services, waste water treatment, renewable energy, engineering, procurement, construction and commissioning ("EPCC") services, drilling services and investment holding which are described below. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

(a) Business segments

The Group is organised on a worldwide basis into the following main operating segments, namely:

- Oilfield equipment supply and services
- Waste water treatment
- Renewable energy
- EPCC services
- Drilling services
- Investment holding

The oilfield equipment supply and services segment involves the sales of various types of drilling equipment and components, personal lifting baskets, valves for oil and gas rigs and pipelines

The waste water treatment segment involves the sale of proprietary water treatment systems to handle Produced Water in the oil and gas industry, Effluent Treatment Plants for textile factories and other industries as well as Build-Own-Operate/Build-Operate-Transfer (BOO/BOT) waste water treatment plants for industrial effluents.

EPCC services segment involves project works such as refinery refurbishment, construction of new refineries, oil terminals, chemical plants, solar and wind farms.

Drilling services segment involves provision of drilling services for mineral mines, coal mines and oil and gas fields.

33 Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows:

	Oilfield equipment supply and services $	EPCC services $	Drilling services $	Investment holding $	Eliminations $	Consolidation total $
31.12.2021						
Segment revenue						
Sales to external customers	16,594,407	–	–	–	–	**16,594,407**
Segment (loss)/profit	(68,331)	(318,335)	(9,086)	(3,243,042)	377,377	**(3,261,417)**
Depreciation of property, plant and equipment	194,208	–	–	7,988	–	**202,196**
Depreciation of right-of-use assets	81,652	–	–	–	–	**81,652**
Allowance for impairment loss on amount due from joint venture	–	307,642	–	–	–	**307,642**
Currency translation differences reclassified to profit or loss upon capital reduction of a subsidiary	218,625	–	–	–	–	**218,625**
Lease liabilities interest	100,958	–	–	–	–	**100,958**
Share of results of joint venture	–	–	–	500	–	**500**
Loss on de-registration of subsidiaries	135,655	–	–	–	–	**135,655**
Loss on disposal of assets held for sale	95,861	–	–	–	–	**95,861**
Unallocated finance income						**(24)**
Unallocated finance cost						**28,096**
Unallocated income tax						**23,654**
Assets and liabilities:						
Total segment assets	9,704,784	7,741	1,191	6,942,102	(7,831,752)	**8,824,066**
Segment assets include:						
Additions to non-current assets	3,359	–	–	4,932	–	**8,291**
Total segment liabilities	(5,041,896)	(324,086)	(9,277)	(25,138,551)	25,178,157	**(5,335,653)**
Unallocated income tax liabilities						**(407)**
Unallocated loan from non-controlling interests						**(76,097)**
Unallocated loan from director						**(50,296)**
						(5,462,453)

33 Segment information (cont'd)

The segment information provided to management for the reportable segments are as follows (cont'd):

	Oilfield equipment supply and services $	Waste water treatment $	Renewable energy $	Investment holding $	Eliminations $	Consolidation total $
30.6.2020						
Segment revenue						
Sales to external customers	15,176,527	–	–	–	–	15,176,527
Segment (loss)/profit	(564,018)	(14,758)	234,801	(3,936,101)	1,761,747	(2,518,329)
Depreciation of property, plant and equipment	30,019	–	1,400	21,341	–	52,760
Depreciation of right-of-use assets	55,687	–	–	–	–	55,687
Property, plant and equipment written off	20,565	–	–	–	–	20,565
Lease liabilities interest	68,702	–	–	–	–	68,702
Loss on de-registration of subsidiaries	174,485	–	–	–	–	174,485
Inventories written off	57,927	–	–	–	–	57,927
Loss on disposal of property, plant and equipment	(17,998)	–	–	60,629	–	42,631
Unallocated finance income						(27,810)
Unallocated finance cost						20,168
Unallocated income tax						323,992
Assets and liabilities:						
Total segment assets	10,352,971	981	76,075	8,174,980	(7,216,388)	11,388,619
Unallocated deferred tax assets						7,710
						11,396,329
Segment assets include:						
Additions to non-current assets	–	–	–	2,299	–	2,299
Total segment liabilities	(3,132,288)	(245,796)	(12,667,672)	(10,957,644)	22,853,768	(4,149,632)
Unallocated income tax liabilities						(420)
						(4,150,052)

33 Segment information (cont'd)

Segment results

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Sales between operating segments are on terms agreed by the Group companies concerned.

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred tax assets which is classified as unallocated asset.

Segment liabilities

The amounts provided to management with respect total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments other than income tax liabilities, loan from non-controlling interests and loan from director which are classified as unallocated liabilities.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Sales to external customers		Non-current assets	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020	**31.12.2021**	30.6.2020
	$	$	**$**	$
Singapore	**1,267,834**	1,380,025	**7,113**	10,169
Australia	**–**	111,660	**–**	–
China/Hong Kong	**1,033,228**	–	**–**	–
Malaysia	**–**	218,488	**–**	54,003
United States of America	**6,990,472**	4,048,300	**326,158**	533,639
United Arab Emirates	**2,786,127**	3,052,009	**–**	–
Thailand	**218,152**	202,123	**–**	–
Saudi Arabia	**976,069**	1,873,055	**–**	–
Japan	**1,780,653**	1,548,844	**–**	–
India	**293,124**	–	**–**	–
Others	**1,248,748**	2,742,023	**–**	–
	16,594,407	15,176,527	**333,271**	597,811

Revenue is based on the location of customers regardless of where the goods are produced. Segment assets are based on the geographical location of those assets.

Non-current assets information presented above are non-current assets as presented on the statements of financial position, excluding other financial assets and deferred tax assets.

33 Segment information (cont'd)

Information about major customers

Revenue is derived from 3 external customers who individually contributed 10% or more of the Group's revenue and are attributable to oilfield equipment supply and services segment as detailed below:

	Group	
	1.7.2020 to 31.12.2021	1.7.2019 to 30.6.2020
	$	$
Customer 1	**2,661,121**	1,884,109
Customer 2	**1,777,733**	1,098,049
Customer 3	**1,468,211**	2,552,728

34 Financial risk instruments

a) ***Categories of financial instruments***

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	31.12.2021	30.6.2020	**31.12.2021**	30.6.2020
	$	$	**$**	$
Financial assets				
Financial assets at amortised cost	**2,077,447**	3,898,620	**1,319,653**	1,037,663
Financial assets at fair value through other comprehensive income	**40**	40	**40**	40
	2,077,487	3,898,660	**1,319,693**	1,037,703
Financial liabilities				
At amortised cost	**5,021,862**	3,574,267	**2,565,871**	972,778

b) ***Financial risk management***

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, liquidity risk and credit risk. The Group's and the Company's overall financial risk management strategy seeks to minimise adverse effects from these financial risks on the Group's and the Company's financial performance.

34 Financial risk instruments (cont'd)

b) *Financial risk management (cont'd)*

i) *Foreign currency risk*

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currencies in which the Group's currency risk arises are mainly United States Dollars (USD), Ringgit Malaysia (MYR), Australian Dollars (AUD), Singapore Dollars (SGD) and Sterling Pound (GBP).

At the end of the reporting period, the Group and the Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

	USD $	MYR $	GBP $	SGD $
Group				
31.12.2021				
Financial assets				
Other financial assets	–	–	–	40
Trade and other receivables	1,207,015	3,919	–	363,051
Amount due from subsidiaries	–	–	–	944,267
Amount due from holding company	1,351,351	918,076	1,038,356	–
Amount due from related companies	5,358	–	–	–
Cash and bank balances	468,285	74	8,611	26,443
	3,032,009	**922,069**	**1,046,967**	**1,333,801**
Financial liabilities				
Trade and other payables	1,204,801	70,662	–	2,054,302
Amount due to subsidiary	–	–	–	1,359,450
Amount due to holding company	421,034	–	–	25,347,806
Lease liabilities	–	–	–	1,692,097
	1,625,835	**70,662**	**–**	**30,453,655**
Currency exposure on net financial assets/(liabilities)	1,406,174	851,407	1,046,967	(29,119,854)
(Assets)/liabilities denominated in entities' functional currencies	(1,491,633)	–	–	5,164,476
Net currency exposure	**(85,459)**	**851,407**	**1,046,967**	**(23,955,378)**

34 Financial risk instruments (cont'd)

b) ***Financial risk management (cont'd)***

i) *Foreign currency risk (cont'd)*

	USD $	MYR $	AUD $	GBP $	SGD $
Group					
30.6.2020					
Financial assets					
Other financial assets	–	–	–	–	40
Trade and other receivables	869,516	17,630	419	–	47,532
Amount due from subsidiaries	689,905	–	–	–	–
Amount due from holding company	139,470	923,837	–	976,304	–
Cash and bank balances	1,705,560	4,379	61,146	8,815	1,183,622
	3,404,451	945,846	61,565	985,119	1,231,194
Financial liabilities					
Trade and other payables	601,805	49,513	5,854	–	1,073,873
Amount due to subsidiary	–	–	–	–	134,700
Amount due to holding company	2,978,767	–	3,569,902	–	24,509,650
Borrowings	99,442	–	–	–	–
Lease liabilities	–	–	–	–	1,735,637
	3,680,014	49,513	3,575,756	–	27,453,860
Currency exposure on net financial (liabilities)/assets	(275,563)	896,333	(3,514,191)	985,119	(26,222,666)
Liabilities/(assets) denominated in entities' functional currencies	392,402	–	3,544,698	–	3,950,702
Net currency exposure	116,839	896,333	30,507	985,119	(22,271,964)

34 Financial risk instruments (cont'd)

b) *Financial risk management (cont'd)*

i) *Foreign currency risk (cont'd)*

	USD $
Company	
31.12.2021	
Financial assets	
Cash and bank balances	1,476
Financial liabilities	
Trade and other payables	87,719
Net financial liabilities denominated in foreign currencies	**(86,243)**
30.6.2020	
Financial assets	
Cash and bank balances	143,340
Net financial assets denominated in foreign currencies	143,340

The following table demonstrates the sensitivity to a reasonably possible change in the USD, MYR, AUD, SGD and GBP exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's loss after tax:

	Increase/(decrease) in loss after tax	
	1.7.2020 to 31.12.2021 **$**	1.7.2019 to 30.6.2020 $
Group		
USD/SGD - strengthened 5% (2020: 5%)	**4,273**	(5,842)
- weakened 5% (2020: 5%)	**(4,273)**	5,842
MYR/SGD - strengthened 5% (2020: 5%)	**(42,570)**	(44,817)
- weakened 5% (2020: 5%)	**42,570**	(44,817
AUD/SGD - strengthened 5% (2020: 5%)	**–**	(1,525)
- weakened 5% (2020: 5%)	**–**	1,525
GBP/SGD - strengthened 5% (2020: 5%)	**(52,348)**	(49,256)
- weakened 5% (2020: 5%)	**52,348**	49,256
SGD/SGD - strengthened 5% (2020: 5%)	**1,197,769**	1,113,598
- weakened 5% (2020: 5%)	**(1,197,769)**	(1,113,598)
Company		
USD/SGD - strengthened 5% (2020: 5%)	**4,312**	(7,167)
- weakened 5% (2020: 5%)	**(4,312)**	7,167

34 Financial risk instruments (cont'd)

b) ***Financial risk management (cont'd)***

ii) *Interest rate risk*

The Group's exposure to the risk of changes in interest rates arises mainly from their bank borrowings. The Group's policy is to obtain most favourable interest rate available in the market. Variations in short-term interest rate are not expected to have a material impact on the results of the Group. Hence, it does not utilise derivative to mitigate its interest rate risk.

Sensitivity analysis of the Group's interest rate risk exposures is not presented as the impact of an increase/decrease of 50 basis points in interest rates is not expected to be significant.

iii) *Credit risk*

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopt the policy of dealing only with high credit quality counterparties.

The Group does not have significant concentration of credit risk except that the Group's trade receivables comprise 2 debtors (30.6.2020: 3 debtors) that represented 79% (30.6.2020: 69%) of the trade receivables.

As the Group and the Company does not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 365 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

34 Financial risk instruments (cont'd)

b) *Financial risk management (cont'd)*

iii) *Credit risk (cont'd)*

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, when assessing whether credit risk has increased significantly since initial recognition, the Group considers existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations and actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk as at reporting date. A financial instrument is determined to have low credit risk if it has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

34 Financial risk instruments (cont'd)

b) ***Financial risk management (cont'd)***

iii) *Credit risk (cont'd)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial period for recognition and measurement of credit loss allowances.

Movements in credit loss allowance are as follows:

	Trade receivables $	Other financial assets at amortised cost $
Group		
Balance at 1 July 2019	142,117	10,708,821
Loss allowance measured/(reversed):		
Lifetime ECL		
- write-off	(7,897)	–
Currency translation differences	2,533	–
Balance at 30 June 2020	136,753	10,708,821
Loss allowance measured/(reversed):		
Lifetime ECL		
- credit-impaired	–	307,642
- write-off	(54,000)	–
	(54,000)	307,642
Currency translation differences	(2,575)	–
Balance at 31 December 2021	**80,178**	**11,016,463**

34 Financial risk instruments (cont'd)

b) ***Financial risk management (cont'd)***

iii) *Credit risk (cont'd)*

Movements in credit loss allowance are as follows (cont'd):

	Other financial assets at amortised cost $
Company	
Balance at 1 July 2019	23,931,964
Loss allowance measured:	
Lifetime ECL	
- credit-impaired	215,002
Balance at 30 June 2020	24,146,966
Loss allowance measured:	
Lifetime ECL	
- credit-impaired	290,185
- write-off	(160,715)
Balance at 31 December 2021	**24,276,436**

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial period.

The Group has recognised a loss allowance of 100% against all trade receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable. A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

34 Financial risk instruments (cont'd)

b) ***Financial risk management (cont'd)***

iii) *Credit risk (cont'd)*

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, related parties balances, cash and bank balances and fixed deposits.

The table below details the credit quality of the Group's and the Company's financial assets:

31.12.2021 Group	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		$	$	$
Trade receivables	Lifetime ECL	1,089,858	(80,178)	**1,009,680**
Loan receivable from third party	Lifetime ECL	7,253,091	(7,253,091)	**–**
Amount receivable for disposal of quoted equity shares	Lifetime ECL	2,048,230	(2,048,230)	**–**
Amount recoverable from Joint Investment	Lifetime ECL	1,407,500	(1,407,500)	**–**
Amount due from joint venture	Lifetime ECL	307,642	(307,642)	**–**
Other receivables	12-month ECL	378,543	–	**378,543**
Loan to non-controlling interest	12-month ECL	185,811	–	**185,811**
Cash and bank balances	Not applicable (Exposure limited)	503,413	–	**503,413**
Company				
Amount recoverable from Joint Investment	Lifetime ECL	1,407,500	(1,407,500)	**–**
Other receivables	12-month ECL	360,350	–	**360,350**
Amount due from subsidiaries	12-month ECL	940,081	–	**940,081**
Amounts due from subsidiaries	Lifetime ECL	22,868,936	(22,868,936)	**–**
Cash and bank balances	Not applicable (Exposure limited)	19,222	–	**19,222**

34 Financial risk instruments (cont'd)

b) ***Financial risk management (cont'd)***

iii) *Credit risk (cont'd)*

The table below details the credit quality of the Group's and the Company's financial assets (cont'd):

30.6.2020 Group	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		$	$	$
Trade receivables	Lifetime ECL	990,182	(136,753)	853,429
Loan receivable from third party	Lifetime ECL	7,253,091	(7,253,091)	–
Amount receivable for disposal of quoted equity shares	Lifetime ECL	2,048,230	(2,048,230)	–
Amount recoverable from Joint Investment	Lifetime ECL	1,407,500	(1,407,500)	–
Other receivables	12-month ECL	81,669	–	81,669
Cash and bank balances	Not applicable (Exposure limited)	2,963,522	–	2,963,522
Company				
Amount recoverable from Joint Investment	Lifetime ECL	1,407,500	(1,407,500)	–
Other receivables	12-month ECL	32,862	–	32,862
Amounts due from subsidiaries	Lifetime ECL	22,739,466	(22,739,466)	–
Cash and bank balances	Not applicable (Exposure limited)	1,004,801	–	1,004,801

The credit loss exposure for cash and bank balances are immaterial as at 31 December 2021 and 30 June 2020.

Other receivables and amounts due from subsidiaries

In the current financial period, other receivables of the Group and the Company where impairment loss allowance are measured using 12 months ECL are determined to have insignificant ECL. The Group and the Company assessed the latest performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

For amounts due from subsidiaries of the Company where impairment loss allowance are measured using lifetime ECL, the Company recognised an impairment loss allowance of $290,185 (30.6.2020: $215,002) as the amount was determined to be credit impaired.

34 Financial risk instruments (cont'd)

b) *Financial risk management (cont'd)*

iv) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company manage the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less $	1 to 5 year $	Total $
Group			
31.12.2021			
Trade and other payables	3,329,765	–	3,329,765
Lease liabilities	1,708,672	–	1,708,672
	5,038,437	**–**	**5,038,437**
30.6.2020			
Trade and other payables	1,739,188	–	1,739,188
Borrowings	39,165	61,545	100,710
Lease liabilities	1,735,637	–	1,735,637
	3,513,990	61,545	3,575,535

The lease liabilities are associated with the assets classified as held for sale as disclosed in Note 24 and is classified as current liability in the consolidated statement of financial position. Included in the contractual undiscounted repayment obligations of lease liabilities are interest of $16,575 for the period from January 2022 to March 2022 as the sale of assets classified as held for sale was completed on 22 March 2022 (Note 38).

	1 year or less $
Company	
31.12.2021	
Trade and other payables	1,206,421
Related parties balances	1,359,450
	2,565,871
30.6.2020	
Trade and other payables	838,078
Related parties balances	134,700
	972,778

35 Fair values of assets and liabilities

(a) ***Fair value hierarchy***

The table below analyses the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(iii) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) ***Fair value measurements of assets and liabilities that are measured at fair value***

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position at the end of the reporting periods:

	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Group and Company				
31.12.2021				
Financial assets				
Financial assets at FVOCI				
- Quoted equity investments	**40**	–	–	**40**
30.6.2020				
Financial assets				
Financial assets at FVOCI				
- Quoted equity investments	40	–	–	40

(c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

The current financial asset and financial liabilities whose carrying amount measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

(d) ***Determination of fair values***

Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Equity securities

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

35 Fair values of assets and liabilities (cont'd)

(d) ***Determination of fair values (cont'd)***

Non-current bank loans

The basis of determining fair value for disclosure at the end of the reporting period is disclosed in Note 27.

36 Capital management

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from 2020.

37 Contingent liabilities

HC/S 1075/2020 ("Suit 1075") - action by Mr. Thong Soon Seng ("Mr. Thong") against the Company and third-party proceedings commenced by Company against Luke Ho

The Company was served with the letter of demand dated 29 February 2020 from solicitors acting on behalf of Mr. Thong notifying the Company of his claim for repayment of loans which Mr. Luke Ho, the former chief executive officer, allegedly borrowed from Mr. Thong in 2016 purportedly on behalf of the Company. However, the Company has no records of the alleged loan.

Mr. Thong had demanded payment from the Company of $5,118,572.49 representing the amount of loan principal and contractual interest owed as of 18 January 2018 of $4,600,000 and further interest of 5.33% per annum on the same, pursuant to Section 12 of the Civil Law Act, Chapter 43 of Singapore, of $518,572.49.

On 10 November 2020, the Company was served with the Writ of Summons and Statement of Claim in respect of Mr. Thong's claim against the Company for the alleged loans purportedly provided to the Company. The Company in turn commenced third-party proceedings against Luke Ho in Suit 1075 on 6 December 2020, seeking that Luke Ho fully indemnifies the Company for Mr. Thong's claims in the event the Company is found liable to Mr. Thong.

The Company and Mr. Thong have been directed by the Court to file and exchange the Affidavits of Evidence-in-Chiefs of their respective witnesses of fact by 4 January 2022.

On 17 January 2022, the Company had reached a settlement with Luke Ho where the Company will file a Notice of Discontinuance of the third-party proceedings in Suit 1075 against Luke Ho.

There were no material updates in respect of the Suit 1075 as at the date of this financial statements. Notwithstanding the lodgement of Suit 1075, management holds the view that no material losses detrimental to the Group's and the Company's financial position as a going concern will arise from this Suit for the financial year ending 31 December 2022. As such, there is no provision made in these financial statements.

38 Subsequent events

Sale of assets classified as held for sale

During the financial period, the Group entered into a contract with a purchaser to dispose the property located at Loyang, Singapore with consideration of $6,328,888. On 5 January 2022, Jurong Town Council ("JTC") has accepted the revised Environmental Base Study report and informed the Group that it may proceed with the legal completion for the sale of the property. The disposal transaction was completed on 22 March 2022.

Suit HC/S 202/2020 ("Suit 202") - action by the Company against its former directors and former chief executive officer ("CEO")

On 3 March 2020, the Company had commenced Suit 202 against its following former directors and former CEO:

i) Luke Ho Khee Yong ("Luke Ho") (former chief executive officer) (the "1st Defendant");

ii) Seet Chor Hoon (former independent director) (the "2nd Defendant");

iii) Kushairi bin Zaidel (former chairman and independent director) (the "3rd Defendant");

iv) Ong Sing Huat (former non-independent non-executive director) (the "4th Defendant");

v) Ong Chin Chuan (former independent director) (the "5th Defendant");

vi) Lim Kuan Yew (former managing director) (the "6th Defendant"); and

vii) Koh Teng Kiat (former chief operating officer and executive director).

On 6 December 2020, the Company had issued and served a Third-Party Notice on Luke Ho in Suit 1075.

On 31 March 2021, The Company had filed a Notice of Discontinuance in Suit 202 against the 6th Defendant, Lim Kuan Yew, with no orders as to costs, as Lim Kuan Yew is a bankrupt in Singapore and Malaysia.

The Company had reached a full and final settlement on all claims which arise out of or in connection with Suit 202 and Suit 1075 (the "Settlement") with Luke Ho, Seet Chor Hoon, Kushairi bin Zaidel, Ong Sing Huat and Ong Chun Chuan (the "Relevant Defendants") and has entered into a Settlement Agreement dated 17 January 2022 (the "Settlement Agreement"). The salient terms of the Settlement Agreement are as follows:

a) The Settlement was negotiated and agreed on a without admission of fault or liability basis between the Company and the Relevant Defendants;

b) The Company shall receive a sum of $350,000 within 21 days from the date of the Settlement Agreement. The amount has been recognised as other income (Note 5);

c) The Relevant Defendants have agreed to surrender all their respective control, rights, title and interest in and over a total of 946,009,420 ordinary shares in the capital of the Company that are currently registered in the names of the Relevant Defendants (the "Relevant Shares"), representing approximately 7.49% of the capital of the Company.

38 Subsequent events (cont'd)

Suit HC/S 202/2020 ("Suit 202") - action by the Company against its former directors and former chief executive officer ("CEO") (cont'd)

d) Within 21 days of the date of the Settlement Agreement, each of the Relevant Defendants shall deliver to the Company an irrevocable power of attorney to appoint any person designated by the Company for the sole purpose of the disposal of the Relevant Shares, and Form 9 "Charge of Shares", being the statutory instrument of charge to lodge a charge over the Relevant Shares in favour of the Company pending the disposal, and a statutory declaration giving the necessary representations and warranties relating to each of the Relevant Defendant's respective Relevant Shares;

e) Within 21 days of the date of the Settlement Agreement, the Company shall file the Notice of Discontinuance in respect of Suit 202; and

f) On the next calendar day following the execution of the Settlement Agreement, the Company shall file a Notice of Discontinuance of the third-party proceedings in Suit 1075 against Luke Ho.

With regard to the claim against Koh Teng Kiat in Suit 202, as Mr Koh does not hold any ordinary shares in the Company, the Company does not intend to take any further action against Mr Koh and the Notice of Discontinuance to be filed in respect of Suit 202 will also discontinue the claim against Mr Koh.

39 Comparative figures

The financial statements for 2020 covered the financial year from 1 July 2019 to 30 June 2020 whereas 2021 financial statements cover the financial period from 1 July 2020 to 31 December 2021. As such, the consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and related notes to the financial statements for current and previous financial periods are not comparable.

40 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position of the Company for the financial period from 1 July 2020 to 31 December 2021 were authorised for issue in accordance with a resolution of the directors dated 14 April 2021.

SHAREHOLDERS' **INFORMATION**

As at 18 March 2022

STATISTICS OF SHAREHOLDINGS AS AT 18 MARCH 2022

Class of shares	:	Ordinary share
No. of Shares (excluding treasury shares and subsidiary holdings)	:	12,632,507,107
Voting rights	:	One vote per share
No. of treasury shares and percentage	:	Nil
No. of subsidiary holdings held and percentage	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	857	8.31	49,122	0.00
100 - 1,000	4,357	42.24	2,301,711	0.02
1,001 - 10,000	2,997	29.06	10,366,997	0.08
10,001 - 1,000,000	1,427	13.84	427,499,131	3.38
1,000,001 AND ABOVE	676	6.55	12,192,290,146	96.52
TOTAL	**10,314**	**100.00**	**12,632,507,107**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	ONG CHIN YEW	920,092,400	7.28
2	MAYBANK SECURITIES PTE. LTD.	526,710,056	4.17
3	LIM HENG HUNG	443,071,700	3.51
4	DBS NOMINEES (PRIVATE) LIMITED	330,867,024	2.62
5	PHILLIP SECURITIES PTE LTD	300,571,219	2.38
6	YEO CHEE SENG (YANG ZHICHENG)	300,000,000	2.37
7	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	281,750,272	2.23
8	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	250,225,183	1.98
9	BLUE WATER ENGINEERING PTE LTD	250,000,000	1.98
10	VALUE CAPITAL ASSET MANAGEMENT PRIVATE LIMITED	250,000,000	1.98
11	SNG LEE LENG	245,000,000	1.94
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	208,080,306	1.65
13	CHUNG SEE MOOI	200,000,000	1.58
14	HS E&T PTE LTD	200,000,000	1.58
15	IDOLA CAKRAWALA INTERNATIONAL PTE. LTD.	200,000,000	1.58
16	LIOW SEE BEE	200,000,000	1.58
17	LEE CHIN CHEH	150,000,000	1.19
18	LOW KIA DAR	134,000,000	1.06
19	LUKE HO KHEE YONG (LUKE HE QIRONG)(1)	274,898,000	2.18
20	SEET CHOR HOON(2)	120,112,500	0.95
	TOTAL	**5,785,378,660**	**45.79**

Notes:

(1) Although Mr. Luke Ho Khee Yong has 970,000,000 shares in the Company registered in his name, pursuant to the settlement agreement dated 17 January 2022 entered into between the Company and its former directors and former CEO in HC/S 202/2020, Mr Ho had surrendered his rights, control, title and interests to 695,102,000 of those shares in his name, leaving him with the rights, control, title and interests to the remaining 274,898,000 shares in his name. Please refer to the Company's announcement of 17 January 2022 for more details.

(2) Although Ms Seet Chor Hoon has 169,063,300 shares in the Company registered in her name, pursuant to the settlement agreement dated 17 January 2022 entered into between the Company and its former directors and former CEO in HC/S 202/2020, Ms. Seet had surrendered her rights, control and title and interest to 48,950,800 of those shares in her name, leaving her with the rights, control, title and interests to the remaining 120,112,500 shares in her name. Please refer to the Company's announcement of 17 January 2022 for more details.

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2022[1]

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Ong Chin Yew	920,092,400	7.28	–	–
Charles Madhavan[2]	–	–	695,000,000	5.50

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company as at 18 March 2022, approximately 87.21%[3] of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual – Section B: Rules of Catalist of the SGX-ST which requires that at least 10% of the total number of issued shares (excluding preference shares and convertible equity securities and treasury shares) in a class that is listed to be held by the public.

Notes:

(1) Excluded Mr. Luke Ho Khee Yong as a substantial shareholder of the Company as at 18 March 2022 in view that he had surrendered his rights, control, title and interests to 695,102,000 shares of the Company held in his name pursuant to the settlement agreement of 17 January 2022.

(2) Mr. Charles Madhavan is the 50% shareholder of Blue Water Engineering Pte Ltd and the 50% shareholder of Idola Cakrawala International Pte. Ltd. through Blue Water Engineering Pte. Ltd. Accordingly, he is deemed interested in 250,000,000 ordinary shares and 200,000,000 ordinary shares of the Company held by each of them, respectively. Mr. Charles Madhavan is also deemed interested in 245,000,000 ordinary shares of the Company held by his spouse, Ms. Sng Lee Leng.

(3) The percentage includes the 946,009,420 ordinary shares in the capital of the Company which have been surrendered by the defendants in HC/S 202/2020 to the Company pursuant to the settlement agreement dated 17 January 2022. Please refer to the Company's announcement of 17 January 2022 for more details.

ADDITIONAL INFORMATION ON DIRECTORS **SEEKING RE-ELECTION AND/OR APPOINTMENT**

The following additional information relating to Dato' Kunalbir Singh Chahl and Mr. Michael Pixley, each of whom is seeking re-election as a Director of the Company, and Mr. Chan Choo Onn, who is proposed to be appointed as a Director of the Company for the first time, at the forthcoming Annual General Meeting, is provided pursuant to Rule 720(5) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"). In addition, profiles of Dato' Kunalbir Singh Chahl and Mr. Michael Pixley can be found on pages 6 and 7 of the Annual Report.

	Kunalbir Singh Chahl	**Michael Pixley**	**Chan Choo Onn**
Terms of re-election / appointment	Regulation 83 of the Company's Constitution	Regulation 101(1) of the Company's Constitution	New appointment
Date of appointment	19 February 2021	6 August 2020	N.A.
Date of last re-appointment (if applicable)	N.A.	30 October 2020	N.A.
Age	46	65	78
Country of principal residence	Singapore	Australia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process)	The Board had considered, amongst others, Dato' Kunalbir's track record, age, working experience, capabilities and other relevant factors and is of the view that he has the requisite experiences and capabilities to assume the duties and responsibilities as the Independent Non–Executive Director of the Company. Accordingly, the Board has approved Dato' Kunalbir's appointment as an Independent Non–Executive Director of the Company. The Board considers Dato' Kunalbir to be independent for the purpose of Rule 704(7) of the Catalist Rules.	The Board had considered, amongst others, Mr. Pixley's track record, age, working experience, capabilities and other relevant factors and is of the view that he has the requisite experiences and capabilities to assume the duties and responsibilities as the Independent Non–Executive Director of the Company and Chairman of the Board. Accordingly, the Board has approved Mr. Pixley's appointment as an Independent Non–Executive Director of the Company. The Board considers Mr. Pixley to be independent for the purpose of Rule 704(7) of the Catalist Rules.	The Board had considered, amongst others, Mr. Chan's track record, age, working experience, capabilities and other relevant factors and is of the view that he has the requisite experiences and capabilities to assume the duties and responsibilities as the Independent Non–Executive Director of the Company. Accordingly, Mr. Chan's appointment as an Independent Non–Executive Director of the Company will be put up for shareholders' approval. The Board considers Mr. Chan to be independent for the purpose of Rule 704(7) of the Catalist Rules.
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non–Executive Director, Chairman of AC, and member of the RC and NC	Independent Non–Executive Director, Chairman of the Board and RC and member of the AC and NC	Independent Non–Executive Director, Chairman of NC and member of the AC and RC

	Kunalbir Singh Chahl	**Michael Pixley**	**Chan Choo Onn**
Professional qualifications	– Chartered Financial Consultant, Singapore College of Insurance – Advocate & Solicitor, The High Court of Malaya – Barrister–at–Law, Middle Temple Inn of Court – Master's Degree (LLM): Banking and Finance Law, King's College London (University of London) – Barrister's Vocational Course, The College of Law, London – Bachelor Degree in Law (Hons) (LLB), The London School of Economics and Political Science	– Bachelor's Degree in Business Management from Curtin University Perth, Australia	– Degree of Bachelor of Arts in Economics from the University of Singapore (now known as the National University of Singapore (NUS)) – Advanced Management from The Wharton School (University of Pennsylvania)
Working Experience and occupation(s) during the past 10 years	**2022 to Present** Adapt Ideations Global Pte Ltd – Global Chief Operating Officer **2018 to 2020** Avista Advisory Partners Pte. Ltd., Singapore – Managing Director **2015 to 2018** Hera Capital Partners Pte. Ltd., Singapore – Chief Operating Officer **2012 to 2015** Stormharbour Securities (Singapore) Pte. Ltd. – Managing Director **2008 to 2012** Diar Capital Pte Ltd – Managing Director & Head of Singapore Office	**2015 to Present** CSME Australia – Executive Director **2011 to Present** Transocean Group Ltd. – Senior Advisor, Corporate Finance, Perth	Mr. Chan does not have any working experience during the past 10 years and has been semi-retired from active banking since 1995.

ADDITIONAL INFORMATION ON DIRECTORS **SEEKING RE-ELECTION AND/OR APPOINTMENT**

	Kunalbir Singh Chahl	**Michael Pixley**	**Chan Choo Onn**
Shareholding interest in its listed issuer and its subsidiaries	Nil	Nil	Mr. Chan has a shareholding interest of 10,000,000 shares, or approximately 0.08%, in the Company's total issued share capital which are held in his own name.
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer (Yes or No)	Yes	Yes	Yes
Other Principal Commitments* Including Directorships – past (for the last 5 years) and present * The term "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.	**Past (for the last 5 years)** Avista Advisory Partners Pte. Ltd. Hera Capital Partners Pte. Ltd., Singapore Astin Brown Pte. Ltd. Crème Simon Pte. Ltd. **Present** Adapt Ideations Global Pte Ltd	**Past (for the last 5 years)** EVE Investments Ltd **Present** Credit Intelligence Ltd Eneco Refresh Ltd Story–I Ltd Endeavour Pacific Pte Ltd Mann & Associates Pan Asia Corporation Limited (delisted in 2019)	**Past (for the last 5 years)** Nil **Present** Mallet & Chisel Pte Ltd

	Kunalbir Singh Chahl	Michael Pixley	Chan Choo Onn
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No	No

	Kunalbir Singh Chahl	Michael Pixley	Chan Choo Onn
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

	Kunalbir Singh Chahl	**Michael Pixley**	**Chan Choo Onn**
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—	No	No	No
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

	Kunalbir Singh Chahl	**Michael Pixley**	**Chan Choo Onn**
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

	Kunalbir Singh Chahl	**Michael Pixley**	**Chan Choo Onn**
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an issuer listed on the Exchange	N.A.	N.A.	No
If yes, please provide details of prior experience.	N.A.	N.A.	N.A.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.	Upon appointment as a Director of the Company, Mr. Chan will undergo training on the roles and responsibilities of a director of a listed issuer to meet the mandatory training requirements under Rule 406(3)(a) of the Catalist Rules within the one (1) year timeframe as prescribed by the SGX–ST.
Please provide details of relevant experience and the nominating committee’s reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	N.A.	N.A.	N.A.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Magnus Energy Group Ltd. ("**Company**") will be held by way of electronic means on Friday, 29 April 2022 at 2.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial period from 1 July 2020 to 31 December 2021 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect Dato' Kunalbir Singh Chahl as Director of the Company retiring pursuant to Regulation 83 of the Constitution of the Company.

   (Resolution 2)

   [See Explanatory Notes (i)]

3. To re-elect Mr. Michael Grant Pixley as Director of the Company retiring pursuant to Regulation 101(1) of the Constitution of the Company.

   (Resolution 3)

   [See Explanatory Notes (ii)]

4. To approve the payment of the Independent Non-Executive Directors' fees of S$65,000 for the period from 1 July 2021 to 31 December 2021.

   (Resolution 4)

5. To approve the payment of the Independent Non-Executive Directors' fees of S$130,000 for the financial year ending 31 December 2022, to be paid monthly in arrears.

   (Resolution 5)

6. To re-appoint Baker Tilly TFW LLP, Certified Public Accountants, as the auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 6)

7. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Appointment of Director**

   "THAT Mr. Chan Choo Onn be and is hereby appointed as Director of the Company with effect from the date of the AGM."

   (Resolution 7)

   [See Explanatory Notes (iii)]

By Order of the Board

Shirley Tan Sey Liy
Company Secretary
Singapore, 14 April 2022

Explanatory Notes:

(i) Dato' Kunalbir Singh Chahl will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee ("**AC**") and a member of the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"). The Board of Directors considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Further information on the Director can be found under the "Board of Directors", "Corporate Governance Report" and "Additional Information on Directors Seeking Re-Election And/Or Appointment" sections of the Annual Report.

(ii) Mr. Michael Grant Pixley will, upon re-election as a Director of the Company, remain as the Chairman of the Board and RC and a member of the AC and the NC. The Board of Directors considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Further information on the Director can be found under the "Board of Directors", "Corporate Governance Report" and "Additional Information on Directors Seeking Re-Election And/Or Appointment" sections of the Annual Report.

(iii) Resolution 7 above, if passed, will approve the appointment of Mr. Chan Choo Onn as a Director of the Company with effect from the date of AGM, and Mr. Chan will also be designated as the Chairman of the NC and a member of the AC and the RC. The Board of Directors considers him to be independent for the purpose of Rule 704(7) of the Catalist Rules.

Save for an interest in 10,000,000 shares of the Company which are held under his own name, there are no relationships (including immediate family relationships) between Mr. Chan Choo Onn and the other Directors, the Company, its related corporations, its substantial shareholders or its officers.

Further information on Mr. Chan Choo Onn can be found under the "Additional Information on Directors Seeking Re-Election And/Or Appointment" section of the Annual Report.

Note:

1. A member of the Company who is entitled to attend, speak and vote at the AGM is entitled to appoint the Chairman of the AGM as proxy to vote on his/her behalf. A proxy need not be a member of the Company.

Notes relating to measures to minimise the risk of the spread of COVID-19:

General

1. Pursuant to the COVID-19 (Temporary Measures) Act that was passed by Parliament on 7 April 2020 ("**Temporary Measures Act**") and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020 (as amended from time to time) ("**Meeting Orders**"), issuers are able to make alternative arrangements to hold general meetings where personal attendance is required under written law or legal instruments (such as a company's constitution). The Meeting Orders has been extended beyond 30 June 2021 and amendments to the Temporary Measures Act come into force on 29 September 2020. A joint statement was also issued on 13 April 2020, and subsequently updated on 27 April 2020, 1 October 2020 and 9 April 2021, by the Monetary Authority of Singapore, the Accounting and Corporate Regulatory Authority and the Singapore Exchange Regulation to provide guidance on the conduct of general meetings during the period when elevated safe distancing measures are in place. In view of these development, general meetings can be held via electronic means, and are encouraged to do so, until it is revoked or amended by the Ministry of Law. This will help keep physical interactions and COVID-19 transmission risks to a minimum, which remain important in the long term, even as safe distancing regulations are gradually and cautiously relaxed. As such, the AGM will be held by electronic means and members of the Company will NOT be allowed to attend the AGM in person. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via publication on the Company's corporate website http://www.magnusenergy.com.sg/ and the following URL: https://conveneagm.com/sg/magnus2022 and will be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements. The Shareholders may request for a printed copy of the Annual Report by completing and submitting the Request Form to the Company by posting to the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

2. Alternative arrangements are instead put in place to allow Shareholders to participate in the AGM by:

    (a) watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 below;

    (b) submitting questions ahead of the AGM. Please refer to Notes 8 to 10 below for further details; and

    (c) voting by proxy at the AGM. Please refer to Notes 11 to 17 below for further details.

Participation in the AGM via live webcast or live audio feed

3. A Shareholder of the Company or its corporate representative (in the case of a Corporate Shareholder) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the Shareholder must pre-register by 2.00 p.m. on 26 April 2022 ("**Registration Deadline**"), at the following URL: https://conveneagm.com/sg/magnus2022 ("**MEG AGM Website**"), to create an account.

4. Following authentication of his/her/its status as a Shareholder of the Company, such Shareholder will receive an email on their authentication status and will be able to access the Live Webcast using the account created.

5. Shareholders who have registered by the Registration Deadline in accordance with paragraph 3 above but do not receive an email response by 12.00 p.m. on 28 April 2022 may contact the Company for assistance at the following email address: support@conveneagm.com, with the following details included: (a) the Shareholder's full name; (b) his/her/its identification/ company registration number; and (c) the manner in which the shares are held (e.g. via CDP, CPF or SRS), for verification purposes.

6. Non-CPF/SRS holders whose shares are registered under Depository Agents ("**DAs**") must **also** contact their respective DAs to indicate their interest in order for their respective DAs to make the necessary arrangements for them to participate in the Live Webcast of the AGM proceedings.

7. Corporate shareholders must also submit the Corporate Representative Certificate to Share Registrar at shareregistry@incorp.asia, in addition to the registration procedures as set out in paragraph (3) above, by the Registration Deadline, for verification purpose.

Submission of questions prior to the AGM

8. A Shareholder may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company shall only address relevant and substantial questions received (as may be determined by the Company in its sole discretion). The Company will publish the minutes of the AGM on SGXNET and the Company's website within one (1) month after the date of AGM.

9. To do so, all questions must be submitted **no later than 11.59 p.m. on 21 April 2022** through any one of the following means:

    (a) via the MEG AGM Website; or

    (b) in physical copy by posting the same to the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

10. If the questions are deposited in physical copy at the Company's registered office or sent electronically via the MEG AGM Website, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (a) the member's full name; and (b) his/her/its identification/company registration number for verification purposes, failing which the submission will be treated as invalid.

11. The Company will endeavour to address substantial and relevant questions relating to the resolution to be tabled for approval at the AGM by 24 April 2022 at 2.00 p.m.

Voting by proxy

12. Shareholders may only exercise their voting rights at the AGM via proxy voting. The accompanying proxy form for the AGM may be accessed via the MEG AGM Website, the Company's corporate website http://www.magnusenergy.com.sg/, and will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.

13. Shareholders (including a Relevant Intermediary*) who wish to vote on any or all of the resolutions at the AGM must submit a proxy form to appoint the Chairman of the Meeting as their proxy to do so on their behalf.

14. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

    (a) in the electronic format accessible on the MEG AGM Website;

    (b) if submitted by post, be posted to the office of the Company's Share Registrar at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

    (c) if submitted electronically, be submitted via email to the Company's Share Registrar at shareregistry@incorp.asia, in any case **by no later than 2.00 p.m. on 26 April 2022, being 72 hours before the time appointed for the AGM.**

In the case of submission of the Proxy Form other than via the MEG AGM Website, a Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically.

15. In the case of submission of the Proxy Form other than via the MEG AGM Website, the instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by its attorney duly authorised in writing or by an authorised officer of the corporation. Where an instrument appointing Chairman of the Meeting as proxy is signed on behalf of the appointer by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

16. An investor who holds shares under the Central Provident Fund Investment Scheme and/or Supplementary Retirement Scheme and wishes to vote, should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least seven (7) working days before the AGM (i.e. by 20 April 2022, 2.00 p.m.).

17. A Depositor's name must appear on the Depository Register maintained by The Central Depositor (Pte) Limited as at 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote at the AGM.

18. **Please note that shareholders will not be able to vote through the Live Webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

*"Relevant Intermediary" means:

(a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

MAGNUS ENERGY GROUP LTD.

Company Registration No. 198301375M
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. The Annual General Meeting ("**Meeting**") is being convened by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. **Due to the current COVID-19 restriction order, a Shareholder will not be able to physically attend the Meeting. A Shareholder (including a Relevant Intermediary**) must appoint the Chairman of the Meeting as proxy to vote on his/her/its behalf at the Meeting if such Shareholder wishes to exercise his/her/its voting rights at the Meeting.**
2. Alternative arrangements relating to the attendance of the Meeting through electronic means, as well as conduct of the Meeting and relevant guidance with full details are set out in the accompanying Company's Notice of Meeting dated 14 April 2022, which can be accessed via the SGX website at: https://www.sgx.com/securities/company-announcements.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investors**") and/or Supplementary Retirement Scheme ("**SRS Investors**") and wishes to vote should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least seven (7) working days before the Meeting (i.e. by 20 April 2022, 2.00 p.m.).
4. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

ANNUAL GENERAL MEETING PROXY FORM

(Please see notes overleaf before completing this Form)

I/We*, ______________________________ (Name)

NRIC No./Passport No./Company Registration No. ______________________________

of ______________________________ (Address)

being a Shareholder/Shareholders* of MAGNUS ENERGY GROUP LTD. ("**Company**"), hereby appoint the Chairman of the Meeting as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the Meeting of the Company to be held by **electronic means on Friday, 29 April 2022 at 2.00 p.m**. and at any adjournment thereof.

I/We* direct my/our* proxy to vote for or against, or to abstain from voting on the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

No.	Resolutions relating to:	No. of votes 'For'**	No. of votes 'Against'**	No. of votes 'Abstain'**
Ordinary Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial period from 1 July 2020 to 31 December 2021			
2	Re-election of Dato' Kunalbir Singh Chahl as a Director of the Company			
3	Re-election of Mr. Michael Grant Pixley as a Director of the Company			
4	Approval of Independent Non-Executive Directors' fees amounting to S$65,000 for the period from 1 July 2021 to 31 December 2021			
5	Approval of Independent Non-Executive Directors' fees amounting to S$130,000 for the financial year ending 31 December 2022, payable monthly in arrears			
6	Re-appointment of Baker Tilly TFW LLP as auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
Special Business				
7	Appointment of Mr. Chan Choo Onn as a Director of the Company			

***If you wish to exercise all your votes 'For' or 'Against' or 'Abstain', please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.*

Dated this __________ day of ______________ 2022

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
and/or Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

Due to the fast-evolving COVID-19 situation in Singapore, the Company may be required to change its Meeting arrangements at short notice. The Company is taking the relevant steps in accordance with the Part 4 of the COVID-19 (Temporary Measures) Act 2020.

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. **In light of the current COVID-19 measures in Singapore, shareholders will not be able to attend the Meeting in person. A Shareholder of the Company (including a Relevant Intermediary*) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.**

3. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

   (a) via the following URL: https://conveneagm.com/sg/magnus2022 ("**MEG AGM Website**") in the electronic format accessible on the MEG AGM Website;

   (b) if submitted by post, be posted to the office of the Company's Share Registrar at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712; or

   (c) if submitted electronically, be submitted via email to the Company's Share Registrar at shareregistry@incorp.asia,

   in any case **by no later than 2.00 p.m. on 26 April 2022, being 72 hours before the time appointed for the Meeting.**

   In the case of submission of the Proxy Form other than via the MEG AGM Website, a Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Shareholders to submit completed proxy forms by post, Shareholders are strongly encouraged to submit completed proxy forms electronically.

4. In the case of submission of the Proxy Form other than via the MEG AGM Website, the instrument appointing Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation. Where the instrument appointing Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney (or other authority) or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

5. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

6. An investor who holds shares under the Central Provident Fund Investment Scheme and/or Supplementary Retirement Scheme and wishes to vote, should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes to appoint the Chairman of the Meeting as their proxy, at least seven (7) working days before the Meeting (i.e. by 20 April 2022, 2.00 p.m.).

*"Relevant intermediary" has the same meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Meeting dated 14 April 2022.

MAGNUS ENERGY GROUP LTD.

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