

**MAGNUS ENERGY GROUP LTD.**

(Incorporated in Singapore)

(Registration No. 198301375M)

**RESPONSE TO SGX-ST QUERIES – CESSATION OF DIRECTORS**

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

The Board of Directors of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the cessation announcements dated 15 June 2020 and 24 June 2020 (“**Previous Announcements**”).

The Company wishes to inform its shareholders that further to the cessation announcement of Mr. Ong Chin Yew (“**Mr. Ong**”) dated 15 June 2020, it has received the following queries dated 16 June 2020 from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) with regards to the cessation of Mr. Ong as Non-Independent Non-Executive Director:

<b>No.</b>	<b><u>SGX Queries</u></b>	<b><u>Responses</u></b>
1.	<p>With regards to the Company’s announcement dated 15 June 2020 with regards to the cessation of Ong Chin Yew as a Non-Independent Non-Executive Director (the “<b>Announcement</b>”), it was disclosed that the reason for the Cessation was due to a “<i>difference of opinion with the ED and CEO</i>”, which would be Charles Madhavan. For SGX’s understanding, please elaborate on the <u>issues and details of these disagreements.</u></p>	<p>Mr. Ong Chin Yew (“<b>Mr. Ong</b>”) and Mr. Charles Madhavan (“<b>Mr. Madhavan</b>”) had disagreed on two issues.</p> <p><u>Shared office rental and staff costs</u></p> <p>The first issue was about the expenses incurred by the Company for the rental of shared office premises and the outsourcing of certain administrative functions of the Company.</p> <p>Currently, the Company’s registered office is located at 32 Loyang Crescent in a factory/warehouse belonging to its subsidiary Mid-Continent Equipment Group Pte. Ltd.. The factory is not easily accessible and dilapidated. Mr. Madhavan, Mr. Anthony Kuek and Mr. Christopher O’Connor (former Independent Non-Executive Director and former Audit Committee Chairman) had deemed the location as unsuitable for a proper office premise, as soon as they saw the state of the office after the EGM held on 9 January 2020. They had discussed about possibly sourcing for an alternative location to set-up the Company’s office.</p> <p>Thus, Mr. Madhavan had decided to rent out part of the office space currently used by Blue Water Engineering Pte Ltd (“<b>BWEPL</b>”) to the Company. The Company is currently thinly staffed with only 1 finance manager, 1 accountant and 1 corporate/admin executive. To reduce the workload for the Company’s staff, Mr. Madhavan had decided to outsource certain administrative functions within the Company, comprising human resource, accounting / book-keeping and other</p>

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		<p>miscellaneous work, to be performed by BWEPL's staff. The terms of such arrangements (the "<b>Transactions</b>") were set out in a service agreement entered into between the Company and BWEPL on 17 January 2020 (the "<b>Service Agreement</b>"), which was effective from 1 February 2020 and will continue in effect until terminated by either party by giving one month's notice.</p> <p>Mr. Madhavan felt that in this way, the Company would be saving on rental costs, along with the obligatory rental contract for a minimum 2 years, the renovation costs for new office and the mandatory rental deposit fees. And by outsourcing the aforementioned administrative functions, the Company would not need to hire additional new staff and pay full salaries. The total expenses incurred by the Company pursuant to the Service Agreement is S\$6,800 on a monthly basis.</p> <p>Mr. Madhavan is currently a director of and holds approximately 50% of the shareholding interest in BWEPL. Accordingly, BWEPL is deemed to be an "interested person" and the Transactions are deemed to be "interested person transactions" ("<b>IPTs</b>") under Chapter 9 of the Catalist Rules.</p> <p>However, Mr. Ong felt that Mr. Madhavan stood to gain from the fees paid to BWEPL under the Service Agreement. As the aggregate value of the Transactions to-date is below S\$100,000, no disclosure is required under the Catalist Rules. Notwithstanding, Novus Corporate Finance Pte. Ltd. ("<b>Sponsor</b>") had discussed with the Company and reminded the Company of the requirements under Chapter 9 of the Catalist Rules, including but not limited to, proper documentation, adherence to the Company's internal control procedures in respect of IPTs, as well as the Company disclosure and review obligations under the relevant Catalist Rules.</p> <p><u>Shut down of microalgae plant</u></p> <p>The second issue was that Mr. Ong disagreed with how Mr. Madhavan had handled the shutting down of the microalgae plant in</p>
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		<p>Malaysia, held by the Company’s subsidiary, MEG Management Sdn. Bhd. (“<b>MMSB</b>”).</p> <p>Mr. Madhavan had entrusted Mr. Anthony Reudavey (“<b>Mr. Reudavey</b>”) to shut down the Company’s microalgae plant in Malaysia. Mr. Reudavey is the director of Blue Water Engineering (M) Sdn. Bhd. (“<b>Blue Water Malaysia</b>”), of which Mr. Madhavan has no interest in. Blue Water Malaysia and BWEPL are two separate entities and are not affiliated. The Company had appointed Mr. Reudavey as a director of MMSB on 21 January 2020 in order to manage the disposal of assets, the shutting down of the microalgae plant and the winding down of MMSB.</p> <p>At that time, MMSB had only 1 staff: an engineer/manager who oversees the entire plant operationally and did not possess the know-how on how to shut the plant down and dispose the remaining assets.</p> <p>MMSB had also been unable to pay rental to its landlords who were unhappy. The land and factory rentals for the microalgae plant amounted to RM18,500 per month. There is an urgency to quickly shut down the plant (to avoid accumulating land and factory rental fees), move all items out of the plant and dispose and recover as much money as the Company can by selling the remaining assets (equipment, scrap metal and vehicle) from the microalgae plant. The Company cannot continue to leave its microalgae plant sitting idle with approximately 500 water tanks collecting rainwater and posing a hazardous breeding ground for mosquitoes especially since there are household residences living in the same area as the water tanks.</p> <p>Since the Company has no other office or any other staff in Malaysia from which to coordinate and execute the winding down and disposal process, Mr. Madhavan felt that the best solution would be to leverage on Blue Water Malaysia’s existing presence in Malaysia and share their office premises. Mr. Madhavan is of the opinion that this would be cheaper than having to rent a new office and hire new staff for the sole purpose to dispose MMSB’s assets and wind down MMSB.</p>
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		<p>The Company is currently paying (a) Mr. Reudavey a monthly fee of S\$5,000, as a director of MMSB, and (b) S\$2,000 to Blue Water Engineering for the rental of its office premises, rental of director’s accommodations for Mr. Reudavey, and the provision of administrative services until the winding down of MMSB is completed. The Company intends to terminate all such arrangement as soon as the winding down of MMSB is completed.</p> <p>As of April 2020, Mr. Reudavey has managed to clear out the factory and return the factory to its owner. Currently, the rental has also been reduced to RM4,850 as compared to the initial RM18,500. Due to the Malaysia Movement Control Order (“<b>MCO</b>”), there has been some delay to the process of shutting down of the plant. There are still the civil works to be done to return the plant to the original state to its land owner and also the crane and water tanks to be sold/disposed of. The Company is hopeful that the wind down of MMSB can be completed as soon as possible upon the lifting of the MCO.</p> <p>Mr. Ong had expressed his unhappiness that the Company is paying Mr. Reudavey, who happens to be Mr. Madhavan’s business partner, to do the work.</p> <p>Mr. Madhavan explained that while he could have hired a third-party, he could not be confident that such person would be able to handle the shut down of the microalgae plant and the disposal of assets as efficiently, with due care to negotiate the best prices and costs-savings to the best that he/she can for the Company, as compared to Mr. Reudavey. Mr. Reudavey has many years of experience in the oil and gas industry (please refer to his attached CV for more information) and Mr. Madhavan and Mr. Reudavey had known each other for more than 30 years when Mr. Reudavey had engaged Mr. Madhavan’s professional services in the past. Mr. Reudavey and Mr. Madhavan have been business partners for 20 years.</p>
2.	How long was Mr Ong’s notice period for his resignation?	Mr. Ong had served notice of his resignation via email on 14 <sup>th</sup> of June 2020 to be effected immediately. No notice period was given.

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Further to the cessation announcement dated 24 June 2020, the Company had received the following queries dated 25 June 2020 from the SGX-ST with regards to the cessation of Mr. Kuek Eng Chye Anthony (“**Mr. Kuek**”) as Independent Non-Executive Director (“**ID**”):

<b>No.</b>	<b>SGX Queries</b>	<b>Responses</b>
1	<p>Mr. Anthony Kuek is newly appointed to the Board in Jan 2020 following the EGM requisitioned by shareholders, including Mr. Charles Madhavan. Please elaborate on the irreconcilable differences as stated by Mr. Anthony Kuek.</p>	<p>Mr. Kuek had disagreed on three (3) payments relating to the following:</p> <ol style="list-style-type: none"> <li>1. Service agreement between Blue Water Engineering Pte Ltd (“<b>BWEPL</b>”) and the Company (the “<b>Service Agreement</b>”).</li> <li>2. a one-time lump sum payment of professional fees of S\$30,000 to former Independent and Non-Executive Director, Mr. Christopher O’Connor (the “<b>Professional Fees</b>”).</li> <li>3. monthly payment of fees, accommodation and office/admin expenses to the director of the Malaysia subsidiary, MEG Management Sdn. Bhd. (“<b>MMSB</b>”).</li> </ol> <p>Of the aforementioned payments, only the Service Agreement and the Professional Fees are deemed to be interested person transactions (“<b>IPTs</b>”) under Chapter 9 of the Catalist Rules. Each of these IPTs and their aggregate value were below S\$100,000 for the third quarter and nine-month financial period ended 31 March 2020 (“<b>3Q2020</b>”). This was reflected under item 13 of the notes to the quarterly financial statement and dividend announcement for 3Q2020 (“<b>3Q2020 Results</b>”).</p> <p>Amongst Mr. Kuek’s concerns with the abovementioned payments was that they had not disclosed to him and Mr Ong previously, and they were authorised by Mr. Madhavan and former AC Chairman without his knowledge, Mr. O’Connor. He was only made aware when he became acting AC Chairman upon Mr. O’Connor’s cessation, and which he subsequently brought to the attention of Sponsor and the rest of the Board on 14 May 2020.</p> <p>Mr. Madhavan would like to clarify that Mr. Kuek was in the Company’s office at Paya Lebar from January to February 2020 together with Mr. O’Connor and Mr. Madhavan and was privy to all conversations on the matters above and never voiced his objections.</p>

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2	<p>Please provide details of the IPTs and the concerns Mr. Anthony Kuek has on these transactions.</p>	<p>1. The Company had entered into the Service Agreement on 17 January 2020 and was effective from 1 February 2020. Mr. Charles Madhavan, CEO and Executive Director of the Company, is also a director of and a 50% shareholder of BWEPL. BWEPL is in the business of provision of business and management consultancy services for marine offshore related industry. BWEPL is not in a similar or in competition with the Group's business.</p> <p>As the current registered office in Loyang is rundown and rather inaccessible, Mr. Anthony Kuek, Mr. Christopher O'Connor and Mr. Charles Madhavan had discussed about possibly sourcing for an alternative location to set-up the Company's office.</p> <p>Thus, Mr. Madhavan had decided to rent out part of the office space currently used by BWEPL to the Company. The Company is currently thinly staffed. To reduce the workload for the Company's staff, Mr. Madhavan had decided to outsource certain administrative functions within the Company, comprising human resource, accounting / book-keeping and other miscellaneous work, to be performed by BWEPL's staff.</p> <p>Mr. Madhavan felt that in this way, the Company would be saving on rental costs, along with the obligatory rental contract for a minimum 2 years, the renovation costs for new office and the mandatory rental deposit fees. And by outsourcing the aforementioned administrative functions, the Company would not need to hire additional new staff and pay full salaries. The total expenses incurred by the Company pursuant to the Service Agreement is less than S\$10,000 on a monthly basis.</p> <p>Mr. Kuek has disagreed and was of the opinion that Mr. Madhavan stood to gain from the Service Agreement. Mr Kuek had suggested that Company should rent an office around Paya Lebar area instead. Upon checking and viewing a few office space around the same area, Mr Madhavan felt that the high cost of rental and the renovation costs plus deposit is not feasible and cost efficient for the Company. Compared to the sharing of office with BWEPL, the Company</p>
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		<p>is free to move out any time without having to forfeit any deposits.</p> <p>More details on the Service Agreement can be found in the Company's response to SGX queries dated 16 June 2020 as attached.</p> <p>2. There was a verbal agreement between Mr. Kuek, Mr. O'Connor and Mr. Madhavan to pay Mr. O'Connor a certain amount as professional fees for work to be done since the takeover on 9<sup>th</sup> January 2020. The amount was to be paid as a lump sum upon completion of all the work. However, due to the elevated safe distancing measures announced on 3 April 2020 in respect of Covid-19 (the "<b>Circuit Breaker Measures</b>"), Mr. O'Connor was unable to continue his work during the Circuit Breaker period and as announced by the Company on 8 May 2020, MOM had rejected Mr. O'Connor's application to take on a secondary directorship with the Company for the second time. In view of this, the then Board of Directors and Nominating Committee had discussed with Mr. O'Connor and decided that it would not be possible for him to carry on as an Independent Non-Executive Director. None of the situations are within the Company's nor Mr. O'Connor's control and Mr. Madhavan felt that it is only fair to pay the Mr. O'Connor for additional work performed outside of his scope of work as Independent Non-Executive Director.</p> <p>The work performed by Mr. O'Connor during his tenure as an Independent Non-Executive Director included him travelling to USA with Mr. Madhavan to understand the business operations Company's USA subsidiary, Mid-Continent Equipment, Inc ("<b>MEI</b>"), and also to go through the books. Mr. O'Connor has studied and worked extensively in America and he understands the taxes and business in the USA. Currently, Mr. O'Connor remains as the director of MEI. He also travelled with Mr. Madhavan to Indonesia to settle the outstanding issues with PT Hanjungin. On top of that, Mr. O'Connor oversaw the daily finances and he has also successfully negotiated and changed the Company's Sponsors, Share Registrars and Company Secretary.</p>
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		<p>Mr. Madhavan felt that to hire another full-time management personnel of higher calibre to handle the immediate matters would take time and this would be a short-term position. Hiring such an additional staff for just a few months would also be difficult and expensive. Furthermore, hiring an external consultant would also not be cheaper than the professional fees paid to Mr. O'Connor. Mr. Madhavan felt that the existing team was not experienced enough to handle all the challenges during the takeover of the Board.</p> <p>Mr. Kuek had disagreed on the payment of the professional fees to Mr. O'Connor. Mr. Madhavan would like to highlight that Mr. Kuek had requested him for payment of professional fees to himself as well. Mr. Madhavan had agreed, provided that Mr. Kuek is able to provide justifications for the amount Mr. Kuek has requested. Mr. Kuek did not reply and the matter on Mr. Kuek's payment was left as it is.</p> <p>3. Mr. Madhavan had tasked the director of MEG Management Sdn. Bhd. ("<b>MMSB</b>"), Mr. Anthony Reudavey ("<b>Mr. Reudavey</b>"), to dispose the remaining assets and wind down MMSB which comprise the microalgae plant project that was undertaken by the previous Board of Directors and management. Mr. Reudavey is also the director of Blue Water Engineering (M) Sdn. Bhd. ("<b>Blue Water Malaysia</b>"), of which Mr. Madhavan has repeatedly clarified that he has no interest in. Mr. Madhavan has also confirmed that Blue Water Malaysia and BWEPL are two separate entities and are not affiliated.</p> <p>Mr. Kuek also noted that both Blue Water Malaysia and BWEPL bore the same name and was not convinced that Blue Water Malaysia and BWEPL were not associated with each other. He also disagreed on paying Mr. Reudavey for the work to dispose the remaining assets and wind down MMSB. More details on the payments to Mr. Reudavey can be found in the Company's response to SGX queries dated 16 June 2020 as above.</p>
3	At the EGM (in Jan 2020) requisitioned by shareholders, resolutions were passed which led to the appointment of 4 board members,	Mr. Ong Chin Yew had disagreed with two (2) of the transactions mentioned above, namely, the Service Agreement and the payments to Mr. Reudavey for



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<p>namely Mr. Charles Madhavan, Mr. Ong Chin Yew, Mr. Anthony Kuek and Mr. Christopher B. O'Connor. On 15 June 2020, Mr. Farooq Ahmad Mann was appointed as independent non-executive director. Since the EGM in Jan 2020 (5 months), 3 out of 4 board members appointed, save for Mr. Charles Madhavan, have resigned. Of the 3 who resigned, 2 have cited differences in opinion / irreconcilable differences with Mr. Charles Madhavan. Please elaborate on their differences and provide details of concerns raised.</p>	<p>work done. Detailed information on Mr Ong's resignation can be found in the Company's response to SGX queries dated 16 June 2020 as detailed above in this announcement.</p> <p>The details of the disagreements between Mr. Kuek and Mr. Madhavan are detailed above.</p>
<p>a. Is the Sponsor satisfied that there are no other reasons which have not been announced?</p>	<p>The Sponsor had held discussions with Mr. Madhavan and Mr. Kuek on 14 May 2020 with regards to the aforementioned transactions (including the IPTs), wherein the Sponsor had reminded the Company of the requirements under Chapter 9 of the Catalist Rules, including but not limited to, proper documentation, adherence to the Company's internal control procedures in respect of IPTs, as well as the Company disclosure and review obligations under the relevant Catalist Rules.</p> <p>Subsequently the Sponsor had also conducted an exit interview with Mr. Kuek on 25 June 2020, as well as sought further clarification from Mr. Madhavan on the same day with regards to the reasons for Mr. Kuek's cessation. Save as disclosed in (a) the Company's respective responses to the SGX Queries dated 16 June 2020 and 25 June 2020, and (b) the relevant announcements on 11 May 2020, 15 June 2020 and 24 June 2020 in respect of the cessations of Mr. O'Connor, Mr. Ong and Mr. Kuek respectively, the Sponsor is satisfied that there are no other reasons which have not been announced.</p>
<p>b. In the past 12 months, there have been 11 cessations of directors and key management in the Company. Are there concerns which should be brought to the attention of shareholders?</p>	<p>The Company would like to clarify that most of these cessations relate to the previous Board of Directors and management ("<b>Previous Cessations</b>"), and which took place prior to the EGM pursuant to which the proposed appointments of Mr. Madhavan, Mr. O'Connor, Mr. Ong and Mr. Kuek as Directors were approved by shareholders (the "<b>New Board</b>"). The circumstances and reasons for the Previous Cessations have been detailed in the respective announcements and public disclosures made by the Company. In respect of the New Board, the Company notes that Mr O'Connor's cessation was a result of unforeseen circumstances as detailed above, while Mr. Ong and Mr. Kuek had</p>

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		<p>resigned due to the aforementioned differences in opinion / irreconcilable differences with Mr. Madhavan.</p> <p>In this regard, the Company confirms that there are no concerns which should be brought to the attention of shareholders.</p>
	c. What is the impact of the cessations on the Group, its operations and businesses?	<p>There is no impact on the daily operations of the Group and its businesses. The recent cessations are in respect of non-executive directors who are not part of management and do not participate in the day-to-day affairs.</p> <p>However the Company is aware of the possible impact on the Company's reputation and public perception, including but not limited to, its search for new replacement director candidates.</p>
	d. How was Mr. Farooq Ahmad Mann introduced to the Company?	<p>Mr. Farooq Mann ("<b>Mr. Mann</b>") was introduced to the Company by Mr. Madhavan. through Mr. Madhavan's brother as a mutual acquaintance.</p> <p>Mr. Mann has confirmed in his interview with the Sponsors and declaration that he has no prior/current relationships or business dealings with the Company, its related companies or any of the Directors or substantial shareholders and their respective associates.</p> <p>His appointment was reviewed by Mr. Ong and Mr. Kuek, as members of the Nominating Committee then, who subsequently recommended his appointment to the Board of Directors which was approved.</p>
4	Following the appointment of the new Board in Jan 2020, the new board, led by Mr Charles Madhavan shared that its business plans and direction for the Group going forward. Please provide updates on such plans and how the frequent board changes have and will impact the execution of such plans.	<p>The Company had announced that it had entered into a non-binding Heads of Agreement on 10 June 2020 with AREA Energy Inc ("<b>AEI</b>") in relation to a possible collaboration between the Company, Oriental EPC Private Limited ("<b>Oriental EPC</b>") or a designated subsidiary / entity of Oriental as a joint venture partner of the Company, and AEI to jointly pursue projects in the Australasian region.</p> <p>Mr Madhavan is also currently negotiating with Oriental EPC to go into partnerships for a few projects in Indonesia, subject to further due diligence and technical evaluation to be conducted.</p>

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		More details will be provided to the Sponsors and shareholder once they are confirmed.
5	What is the status of the Company's search for new directors? Who will assess the suitability of the new directors?	The Company is currently considering a few candidates to serve as replacements for Mr. Ong and Mr. Kuek. The remaining Board members, Mr. Farooq Mann and Mr. Madhavan, will collectively assess the suitability of the new directors, which will also be subject to the Sponsor's evaluation and assessment.
6	Can the Board confirm that the Group is able to operate as a going concern? Please provide basis.	<p>The Board has taken into consideration the following:</p> <p>(a) As at 1 June 2020, the Company has available cash of slightly over \$1 million in the bank. At the Group level, the Group had approximately S\$3.6 million in cash and bank deposits, and recorded a positive working capital position of approximately S\$7.2 million as at 31 March 2020 as announced in the 3Q2020 Results;</p> <p>(b) the properties in Singapore and Australia are currently classified as assets held for sale of approximately S\$4.6 million on the consolidated balance sheet of the Group. The Company is in the midst of seeking potential buyers for these properties;</p> <p>(c) Mr. Madhavan has represented that he has already made plans in the event if the properties have yet to be sold or if the Company is unable to obtain funds from new projects to be assessed at the end of August 2020, he would consider undertaking a cost-reduction exercise comprising, but not limited to, accruing (i) half his CEO salary, (ii) the amounts to be paid under the Service Agreement, and (iii) the amounts to be paid to Mr. Anthony Reudavey for the work performed in respect of MMSB, until such time that the Company is able to improve and stabilise its cash flow requirements.</p> <p>(d) based on the Company's internal projections, and assuming the aforementioned proposed measures to be implemented under the cost-reduction exercise will commence from 1 September 2020, the Company has sufficient financial resources to sustain its working capital requirements at the company level until 31 May 2021 solely based on the existing cash and bank balances; and</p>

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		<p>(e) MMSB is already in the process of winding down but because of the Malaysia Movement Control Order, the winding down process was delayed. The Company hopes to finish the winding down as soon as possible so that there will be no more cost to the Company arising from MMSB.</p> <p>Based on the above, Mr. Madhavan is of the reasonable opinion that the Group is still able to operate as a going concern and that the working capital available to the Company and the Group is sufficient for the present requirements and for the next 12 months. Mr. Farooq Mann is unable to comment as he was only appointed to the Board on 15 June 2020 after the events took place.</p>
7	<p>Can the Sponsor confirm that the Group is able to operate as a going concern? Please provide basis.</p>	<p>The Sponsor has considered the following representations from the Company:</p> <p>(a) The Company's representation of its available cash balance of approximately S\$1.0 million, as well as approximately S\$3.6 million in cash and bank deposits and the positive working capital position of approximately S\$7.2 million recorded by the Group as at 31 March 2020 based on the 3Q2020 Results;</p> <p>(b) the internal projections on the burn rate prepared by the Company for the next 12 months, including among others the assumption that the aforementioned proposed measures to be implemented under the cost-reduction exercise will commence from 1 September 2020; and</p> <p>(c) Mr. Madhavan's representations that he would consider undertaking the cost-reduction exercise as detailed in the Company's response to question 6 above.</p> <p>Based on the above and bearing any unforeseen circumstances, the Sponsor is of the view that the Group is able to operate as a going concern and that the working capital available to the Company and the Group would be sufficient for the present requirements and for the next 12 months.</p>
8	<p>Please provide details on the scope of the review by the internal auditor to be appointed.</p>	<p>The Company intends to commission an internal audit of the Group to, among others, (i) provide governance and risk management advisory services as part of the annual internal audit review for the</p>

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		<p>financial year ending 30 June 2020 (the “<b>Internal Audit Review</b>”), and (ii) the assessment of existing controls relating to the findings highlighted in the review report prepared by Provenance Capital Pte Ltd on selected transactions dated 21 August 2019 (the “<b>Provenance Report</b>”).</p> <p>Such scope of review would also include making revisions/updates to the existing operational and financial policies and procedures of the Company based on the recommendations of the internal auditor. The Company hopes to put in place a robust set of operational and financial policy and practices with strengthened internal controls and risk management, delineation of role, responsibilities and coordination of Board and management and on delegation of authority, management control and override, investment processing, approval and supervision/monitoring.</p> <p>The Provenance Report would form the basis for the above undertakings. The revisions should align with how the Company can effectively address these lapses and “close gaps” to assure business viability, sustainability and regulatory compliance.</p> <p>As part of the Internal Audit Review, the internal auditor shall also (a) review whether the Company has adhered to the relevant guidelines and procedures in entering into the abovementioned transactions (including the IPTs) and to make the necessary recommendations based on its findings; and (b) check that the relevant policies and procedures (including roles and responsibilities) on compliance with Listing Rules and the Code of Corporate Governance 2018 are established and adhered to.</p>
9	Which IA firm has the Company approached? What is the status of such appointment?	<p>Pursuant to a meeting with the Audit Committee on 11 June 2020 and subsequent to further deliberations, the Company is looking to appoint Nexia TS Risk Advisory Pte. Ltd. (“<b>Nexia</b>”) as the internal auditor and is awaiting to receive the letter of engagement from Nexia in respect of its appointment.</p> <p>Such appointment is also subject to the concurrent evaluation and assessment of the Sponsor.</p>
10	Has the Sponsor assessed suitability of the professional firm to be appointed?	<p>The Sponsor was notified on 25 June 2020 that the Company had shortlisted Nexia and is waiting to receive Nexia’s LOE. Meanwhile the Sponsor is in the</p>

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		midst of conducting its assessment on the suitability and competence of Nexia, as well reviewing the scope of Nexia’s engagement as the proposed IA. Such assessment and review is being conducted in accordance with the relevant compliance guidelines issued by SGX Listing Compliance on 16 July 2019 entitled “Assessing the Suitability and Competence, and Reviewing the Scope of Engagement and Reports and Opinions of Professionals / Consultants and Their Firms”.
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Shareholders are advised to exercise caution when dealing with the Company’s securities. Shareholders should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions that they should take.

**BY ORDER OF THE BOARD**

Charles Madhavan  
Executive Director and Chief Executive Officer  
25 June 2020

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

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

*The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.*

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