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## **GENERAL UPDATE**

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The Board of Directors of Magnus Energy Group Ltd (the "**Company**" and, together with its subsidiaries, the "**Group**") refer to the announcements dated 6 August 2018, 12 October 2018, 12 November 2018, 6 March 2019, 4 April 2019, 28 June 2019 and 23 August 2019 (the "**Previous Announcements**") and wishes to provide a general update on the ongoing affairs of the Group.

Save as otherwise defined, all capitalised terms shall have the same meaning as the Previous Announcements.

## **EXTERNAL REVIEW**

The full report of the External Review was published on 23 August 2019 (the "**External Review Report**"). The Board is in the midst of reviewing the issues raised and recommendations made by the External Review Report. Subsequently, the Board intends to oversee the implementation of the recommendations made by Provenance Capital, including the review of existing policies to strengthen the corporate governance, system of internal controls and risk management of the Group, and implementation of the recommendations. The Company is also considering to engage an external professional firm to assist the Board in this.

## **CAPITAL REDUCTION**

The Group is still in the process of realisation of our properties into cash. Out of the three properties in Australia, one sale has been completed. The other two properties in Australia and one in Singapore are still being marketed. No firm offers have been received yet. Out of the S\$5.589 million that the Company is to receive, the transfer of shares of MEI and MELLC of approximately S\$3.1 million have been completed as announced on 28 June 2019 and the balance of approximately S\$2.5 million shall be received in the form of cash. Due to the delays in the disposal of the said properties, approximately S\$0.7 million has been received to-date and the receipt of the balance expected cash distribution may be delayed till June 2020. The Company will provide updates to our shareholders when the cash distribution from the Capital Reduction exercise has been fully paid out to all shareholders of Mid-continent Equipment Group Pte Ltd.

## **MICROALGAE PROJECT**

Ever since the last unsuccessful attempt to start production in 2018, the Group has been unable to bring the plant into the production phase due to several reasons such as funding, contamination and low growth rates of the microalgae. As such, the Group had provided for an impairment loss of S\$12.9 million for the plant in the financial statements for the year ended 30 June 2019. The Company has received some proposals for the resolution of the contamination issues, however, as these are exploratory and require further funding, the Group continues to explore other options for the resolution of these issues.

## **UPDATE ON ACTIONS TAKEN TO RECOVER INVESTMENTS**

The Company is in the midst of seeking legal advice to recover our investments in the following;

### **1. Thames Capital**

Referring to Section 4 of the External Review Report (*Disposal of GCM Shares*), the Company has sent its written demands for the repayment of the outstanding balance of GBP1,195,000 owing to the Company in relation to the disposal of quoted equities in GCM Resources Limited.

### **2. Yangtze Investment Partners Limited**

Referring to the Section 7 of the External Review Report (*Joint Investment Agreement with Yangtze Investment Partners*), the Company has sent its written demands for the repayment of the outstanding

**MAGNUS ENERGY GROUP LTD.**

(Incorporated in Singapore)

(Registration No. 198301375M)

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balance of US\$1.2 million owing to the Company in relation to the investment in the quoted equities in Solopower Systems Inc.

**UPDATE ON LEGAL DISPUTES ON INDONESIAN CONTRACTOR, PT HANJUNGIN**

Our Indonesian legal advisor has provided an update to the Company on 19 September 2019 on the existing legal cases (as referred to in the Previous Announcements and referred to as Case No. 172 and Case No. 149 in the External Review Report):

**Case No.149**

The claimant in Case No.149 had, on 29 May 2019, filed an appeal, Appeal No.118/PDT/2019/PT KPG, to the High Court of Kupang. On 4 September 2019, the High Court of Kupang has issued the judgement for Appeal No.118/PDT/2019/PT KPG, declaring that the claimant's claim is inadmissible based on the *nebis in idem* principle<sup>1</sup>.

The High Court of Kupang has not notified the judgement to the parties. Under Indonesian law, once the judgement is disclosed and notified to the parties, any party (in particular the losing party) have the right to appeal to the Supreme Court of the Republic of Indonesia within 14 (fourteen) days from the time when such party received the notification. If none of the parties file an appeal or cassation to the Supreme Court, the judgement of the High Court of Kupang will become final and binding.

**Case No.172**

Our Indonesian legal advisor has advised the Company that on 7 May 2018, the District Court of Kupang had rendered the Judgement No.172/Pdt.G/2017/PN.Kpg, rejecting all the claimant's claims in entirety. On 18 May 2018, the claimant filed an appeal to the High Court of Kupang. A search by our Indonesian legal advisor has revealed that the claimants had, on 4 June 2018, withdrawn the appeal application. The Company has been advised by our Indonesian legal advisor that the District Court of Kupang's decision on 7 May 2018 not accepting the claimants' claim is final and binding.

**Update on the Director and Shareholder of PT Hanjungin**

The Company has been notified by our Indonesian legal advisor that it was reported by various local newspapers that Linda Liudianto, the director of PT Hanjungin has been arrested by the High State Attorney of East Nusa Tenggara. Linda Liudianto had been arrested in her capacity as the holder of power of attorney issued by PT Cipta Eka Puri in the case of construction of NTT Fair building. As of 19 September 2019, our Indonesian legal advisor has advised that they have been unable to obtain any further information on the detention of Linda Liudianto.

Our Indonesian legal advisor had also previously advised that as Linda Liudianto is the majority shareholder and sole director of PT Hanjungin, the arrest may have a material impact on the going concern of PT Hanjungin and affect the ability of PT Hanjungin to perform its obligations to the Company under the Debt Restructuring. Notwithstanding the foregoing, our Indonesian legal advisor has advised that the arrest of Linda Liudianto does not release PT Hanjungin's obligations to the Company under the Debt Restructuring.

The Company is currently in contact with the spouse of Linda Liudianto who is providing updates on the affairs of PT Hanjungin. The above situation has inadvertently delayed the negotiations with PT Hanjungin on the repayment of the owed amounts to the Company. In addition, the Company is in the midst of discussion with our Indonesian legal advisor on further actions to be taken to recover our investment in PT Hanjungin.

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<sup>1</sup> *Nebis in idem* principle is a legal doctrine to the effect that no legal action can be instituted twice for the same cause of action.

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The Company will continue to provide further updates as appropriate.

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the above, save for their interests arising by way of their respective shareholdings and/or directorships, as the case may be, in the Company (if any).

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the ongoing affairs of the Group, and the Board is not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Board has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**Shareholders and potential investors should exercise caution when trading in the shares of the Company, and where in doubt as to the action they should take, they should consult their financial, tax or other professional adviser immediately.**

**BY ORDER OF THE BOARD**

Magnus Energy Group Ltd.

Luke Ho Khee Yong  
Chief Executive Officer  
30 September 2019

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**About Magnus Energy Group Ltd. ([www.magnusenergy.com.sg](http://www.magnusenergy.com.sg))**  
**Listed since 04 August 1999**

Incorporated in 1983, SGX Catalist Board-listed Magnus Energy Group Ltd. ("**Magnus**") is an investment holding company with a diversified portfolio comprising oil and gas equipment distribution, renewable energy and property and infrastructure development.

Magnus aims to maximise shareholder value through strategic investments in profitable projects and acquisitions globally with the goal of broadening the Group's earnings base and shareholder value.

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*This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.*

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