

**MAGNUS ENERGY GROUP LTD.**

(Incorporated in Singapore)

(Registration No. 198301375M)

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**UPDATES REGARDING NOTICE RECEIVED BY THE COMPANY FROM ELDAN LAW LLP AND REQUISITIONING SHAREHOLDERS**

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*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 announcements dated 29 October 2019, 12 November 2019, 13 November 2019, 19 November 2019, 4 December 2019 and 5 December 2019 (“**Previous Announcements**”).

**Letters & Notices As Of The Date Of This Announcement**

Referring to the Previous Announcements, the Requisitioning Shareholders have sent a requisition notice to the Company on 7 November 2019 (“**Requisition Notice**”), and have via their solicitors sent letters on 22 November 2019, 27 November 2019, 2 December 2019, 4 December 2019 and 5 December 2019 pertaining to the matters of the Requisition Notice and stating their disagreements with the Company’s position on requesting for a fresh requisition notice, the appropriateness of the proposed resolutions and alleging that the Company has failed to convene the proposed EGM within the statutory deadline.

The Company has responded accordingly by way of letters dated 19 November 2019, 4 December 2019, 6 December 2019, via email on 5 December 2019, of which announcements have been made pertaining to the Company’s responses on 19 November 2019, 4 December 2019 and 5 December 2019, and a letter dated 6 December 2019 to which this announcement relates.

**Company’s Response to the Requisitioning Shareholders’ Solicitors’ Letter dated 4 December 2019**

In the letter dated 6 December 2019, the Company has responded to the Requisitioning Shareholder’s solicitors, and the Company **quotes**:

- 1. We refer to your letters dated 22 November 2019, 27 November 2019, 2 December 2019, 4 December 2019 and 5 December 2019 and to the telephone conversation between our Mr Low Wai Cheong and your Ms Kong Seh Ping, Mr Lim Khoon and Ms Lee Shu Qing on 26 November 2019.*
- 2. We also refer to the email sent by your Ms Kong Seh Ping to Mr Bernard Lui (the “Sponsor”) on 4 December 2019 and time stamped 1.26 PM enclosing a draft Circular to Shareholders, a draft Notice of EGM and proxy form, which email was also copied to our Mr Low Wai Cheong.*
- 3. We wish to put on records that our letter dated 4 December 2019 was not a response to your email on 4 December 2019 circulating the draft Circular to Shareholders and draft Notice of EGM. Our Mr Low Wai Cheong was seeking clearance from our client on our letter dated 4 December 2019 at or around 1.37 PM on 4 December 2019 after having discussed the appropriate response to your clients’ proposed revised resolutions contained in your letter dated 27 November 2019. Your email dated 4 December 2019 enclosing the draft Circular to Shareholders and draft Notice of EGM was only forwarded by our Mr Low Wai Cheong to our client at 1.53 PM on 4 December 2019. In between the circulation of our draft letter to our client at 1.37 PM on 4 December 2019 and the eventual delivery of our letter dated 4 December 2019 to you at or around 3.31 PM on 4 December 2019 the only substantial change to the draft was on proposing to hold the EGM between 17 January 2020 to 21 January 2020 (inadvertently stated as 17 January 2019 to 21 January 2019 in our letter dated 4 December 2019) instead of on 17 January 2020 (inadvertently stated as 17 January 2019 in our original draft) after our client has requested that this change to cater to any contingency or delay arising from compliance with the regulatory process.*
- 4. We further refer to our client’s announcement on 30 October 2019 in respect of the cessation of auditors and the reference therein of our client’s intention to convene an EGM to re-consider and approve resolutions relating to the appointment of auditors of the Company. As made known by our Mr Low Wai*

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*Cheong to you during the telephone conversation on 26 November 2019, in the interest of saving costs our client intends to convene an EGM to consider and approve revised resolutions proposed by your clients that are compliant together with a resolution on the appointment of auditors and resolutions to re-elect or appoint directors proposed by our client. We have also indicated that our client will consider the appointment of Baker Tilly as proposed by your client favourably and would be willing to do so by way of a resolution proposed by the Company to avoid the need for your clients to serve a fresh notice of requisition if the Audit Committee recommends their appointment after reviewing their proposal and fee quote and comparing it with other candidates that our client is also considering.*

- 5. Instead of allowing our client to go through the proper process of having the Audit Committee review the proposed appointment of Baker Tilly and to propose the eventual appointment of the auditor as a resolution proposed by the Company, your clients have sought to pre-empt this by proposing their appointment as an additional Resolution 7 in your letter dated 27 November 2019.*
- 6. In the premises, our client has no choice but to consider your letter dated 27 November 2019 as a fresh requisition notice as Resolution 7 is clearly not contained in the Requisition Notice dated 7 November 2019 and our client could not propose the same without going through the due process and having Baker Tilly's appointment considered by the Audit Committee. We note that your clients have included the appointment of Baker Tilly as auditors of the Company as resolution 9 in the draft Notice of EGM circulated to us on 4 December 2019.*
- 7. In our letter dated 4 December 2019, we have also set out our client's remaining concerns on Resolutions 1 and 6 proposed in your letter dated 27 November 2019 but nonetheless expressed our client's willingness to convene an EGM to put all the 7 resolutions proposed by your clients as per your letter dated 27 November 2019 together with such other resolutions that our client may wish to propose before the shareholders in the EGM to be convened.*
- 8. In our letter dated 4 December 2019, we have also informed you that to facilitate the proper convening of the EGM and to mitigate the risks of Resolution 1 and Resolution 6 being challenged, our client has obtained certain agreements and undertakings from the existing Directors relating to Resolution 1 and Resolution 6 if the procedure as described in our letter dated 4 December 2019 is followed. Ms Seet Chor Hoon has agreed to waive her right to challenge Resolution 1 if this is passed in the EGM convened by the Directors following the procedure set out in our letter dated 4 December 2019 and has further agreed to resign from any and all appointments (whether as director, corporate representative or otherwise) with the Company, its related and/or associated companies including all its subsidiaries if Resolution 1 is passed. Mr Lee Chong Ping has agreed to waive his right to challenge Resolution 6 if this is passed in the EGM convened by the Directors following the procedure set out in our letter dated 4 December 2019. We also informed you that the existing Directors have indicated that they reserve their rights to challenge Resolution 1 and Resolution 6 as originally proposed by your clients or if your clients proceed to convene an EGM on their own.*
- 9. Notwithstanding our client's position that our client would treat your letter dated 27 November 2019 as a fresh requisition, our client is not seeking to delay the holding of the EGM, the last day permitted under section 176 of the Companies Act which would have been 27 January 2020 but our client is proposing an EGM to be held between 17 January 2020 and 21 January 2020. You would note that the time table proposed by our client in our letter dated 4 December 2019 is both reasonable and realistic, albeit very demanding on the professionals involved as the timeline is very tight.*
- 10. We have in our correspondences with you informed you of the reservations that our client has on the propriety of the resolutions proposed by your clients to be placed before the shareholders and categorically reiterated our client's position that they are willing to convene a shareholders' meeting to put forth*

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*properly drafted resolutions so that they comply with the provisions of the Companies Act and the Company's Constitution, as well as not being an usurpation of the powers of the directors. This was meant to avoid putting the Company or shareholders through unnecessary and avoidable dispute subsequently and the incursion of unnecessary costs as a result. Our client has even go to the extent of proposing suggestions on how your clients could cure the defects in the proposed resolutions contained in the Requisition Notice dated 7 November 2019 in our letter dated 19 November 2019, which we note that your clients have substantially adopted save for Resolution 1 and Resolution 6 as proposed in your letter dated 27 November 2019. Although our client continues to have reservations on Resolution 1 and Resolution 6 as proposed in your letter dated 27 November 2019, with a view to facilitating the holding of the EGM and mitigating the risks of Resolution 1 and Resolution 6 being challenged, our client has again gone out of its way to seek waiver and agreement from the affected directors as described in paragraph 8 above and in paragraph 7 of our letter dated 4 December 2019 instead rejecting these 2 resolutions outright or engaging you in further prolonged discussion that would only result in delays in the preparation of the circular to shareholders.*

- 11. If your clients wish to requisite for an EGM pursuant to section 176 of the Companies Act to be convened at the Company's costs and expenses, the directors of the Company clearly have a duty to ensure that the resolutions are proper resolutions to be placed before shareholders and to mitigate any risks that these may invite future challenges by disgruntled shareholders. We do not agree with your clients' contentions set out in paragraph 3 of your letter dated 22 November 2019 or in paragraph 5 of your letter dated 5 December 2019. Section 176 of the Companies Act is not a carte blanche for shareholders to make frivolous requisitions to place before shareholders defective resolutions at the Company's cost and expense. If shareholders wish to do so and risk legal challenges to their proposed resolutions subsequently, they can do so at their own cost and expense under section 177 of the Companies Act.*
- 12. Further, and in any event, it would be clear from all our previous letters to you that our client was doing its very best to accommodate your clients' requisition notwithstanding the clear defects in some of their proposed resolutions and that our client will be convening an EGM to propose, amongst others, the appointment and/or re-appointment of the external auditor and the re-election of any director(s) that our client may appoint to fill vacancies prior to such general meeting. We have proposed as early as our letter dated 19 November 2019 that in the interest of time, costs and expediency that your client serve a fresh requisition notice on our client as soon as possible proposing proper resolutions that our client may put to the general meeting for a vote so that these can be included in the draft shareholders' circular that we have been instructed to prepare.*
- 13. We believe that the defects of, and the risks of potential legal challenges to, the original proposed Resolutions contained in your clients' Requisition Notice dated 7 November 2019 are not lost on your clients as we note that the proposed wordings of the resolutions and the ordering of these resolutions as set out in the draft Notice of EGM circulated on 4 December 2019 did not revert to the original text or order of the resolutions contained in the Requisition Notice dated 7 November 2019 notwithstanding your clients' position that they are convening an EGM pursuant to the Requisition Notice dated 7 November 2019.*
- 14. Our client is therefore of the view that the statement in the draft Notice of EGM circulated on 4 December 2019 that the Notice of EGM is given pursuant to the exercise of rights by the Requisitioning Shareholders under section 176(3) of the Companies Act is misleading as other than Resolution 5 (which was renumbered from Resolution 1 in the Requisition Notice dated 7 November 2019) none of the other resolutions are the same as those proposed in the Requisition Notice dated 7 November 2019, and Resolutions 6, 8 and 9 in the draft Notice of EGM circulated on 4 December 2019 are wholly new resolutions for which no requisition notice has been given as your clients have insisted that your letter dated 27 November 2019 is not a requisition notice and Resolution 9 was only first proposed by you on behalf of your client on 27 November 2019. We would also like to set it for the records that Resolutions 6 and 8 in the draft Notice of EGM*

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*circulated on 4 December 2019 were never ever proposed or requisited and they remain to date in draft form and have not been formally proposed to our client. Further, we would like to remind your clients that special notice in respect Resolution 6 in the draft Notice of EGM circulated on 4 December 2019 is required pursuant to section 152(2) of the Companies Act read with section 185 of the Companies Act.*

- 15. Our client is also of the view that the re-ordering of Resolution 1 in the Requisition Notice dated 7 November 2019 as Resolution 5 in the draft Notice of EGM and the proposition to table the removal of Mr Lee Chong Ping as Resolution 6 in the draft Notice of EGM has certain legal implications that have not been adequately disclosed in the draft Notice of EGM or the draft Circular to Shareholders, particularly in connection with a situation where none of Resolutions 1 to 4 in the draft Notice of EGM are carried. We would also like to highlight that Mr Lee Chong Ping would be deemed to have retired at the next following general meeting as his appointment was pursuant to Regulation 83 of the Constitution of the Company and his re-election would be necessary if he is to remain as a director.*
- 16. Given the above, our client categorically refute any suggestion that our client has no intention to call the EGM requisitioned by your clients. In fact, the above clearly demonstrated the our client has been proactively and constructively seeking to organise the EGM requisited by your clients and to put forth resolutions that would meet your clients' substantive intention as discerned by our client from the text of the resolutions proposed in the Requisition Notice dated 7 November 2019, which would have advanced both the Company's and your clients' interest as these proposals would mitigate the risk of subsequent legal challenges if these resolutions are carried in the EGM to be held.*
- 17. In light of our letter dated 4 December 2019, your clients' refusal to engage with our client to organise the proposed EGM is perplexing, especially when our client is proposing an EGM to be held between 17 January 2020 and 21 January 2020 and your clients are proposing to hold an EGM on 13 January 2020, which our client considers unrealistic as your clients are requiring the Sponsor to give clearance to a draft Circular to Shareholder and draft Notice of EGM circulated on 4 December 2019 by 6 December 2019, and for which we have highlighted above contained numerous defects.*
- 18. In the interest of the Company and in the interest of all shareholders, our client urge your client to work together with our client to organise the EGM so that shareholders would have an opportunity to consider and chose a new board from amongst potential candidates proposed by your clients as well as ours. Our client intends to propose Mr Lee Chong Ping for re-election and to propose Mr See Soon Hong, Mr Wong Ann Chai and Mr Lam Kuet Keng Steven John to be appointed as new directors of the Company in the EGM and for these individuals to constitute the new board.*

**-End of Quote-**

**Shareholders' and Company's Interests**

Referring to pointers 16, 17 and 18 in the Company's solicitors' responses to the Requisitioning Shareholders' solicitors, the Company wishes to highlight that the interest of the Company and all shareholders must be taken into account in convening an EGM.

**Proposed EGM Date**

Pursuant to various discussions, the Company believes it has reached an agreement with the Requisitioning Shareholders to convene the proposed EGM on 9 January 2020. However, shareholders are to note that the parties are currently still in discussions for the issue of the notice of proposed EGM and the drafting of the circular. In the event that the Requisitioning Shareholders wish to proceed with their proposed EGM on their own, the Company will still be committed to hold a separate proposed EGM. It must be noted that a

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reasonable time frame must be given to the Company's Sponsor to review in compliance to the Catalist Rules and provide their comments on the notice of the proposed EGM and the circular.

The Directors wishes to reiterate that they believed that they have proposed a framework and a procedure that would be in the best interests of the shareholders.

The Company shall provide further updates to the Shareholders when there are material developments on the proposed EGM.

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**

Magnus Energy Group Ltd.

Luke Ho Khee Yong  
Chief Executive Officer  
11 December 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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