

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

DISPOSAL OF AN ASSOCIATE COMPANY

Introduction

The Board of Directors of Magnus Energy Group Ltd (the "**Company**" and, together with its subsidiaries, the "**Group**") wishes to announce the disposal of an associate company Mid-continent Environmental Protection Waste Management Sdn Bhd ("**MEPWM**") by the board immediately preceding 9 January 2020.

Associate company

MEPWM is a 50% joint venture of Mid-continent Environmental Protection Pte Ltd ("**MEP**"), a wholly owned subsidiary of Mid-continent Equipment Group Pte Ltd ("**Mid-con**").

MEPWM had a negative equity of RM63,756 as at 30 June 2019 and RM24,214 as at 30 September 2019, and net loss of RM17,818.00 (adjusted for extraordinary items) for the full year ended 30 June 2019 and RM5,459 (adjusted for extraordinary items) for three months ended 30 September 2019.

The net interest of the Company in MEPWM was 27.95%.

Vendor

MEP had on 30 December 2019 completed its disposal of its entire stake in MEPWM for the consideration of RM1.00 to the existing director of MEPWM, Ms Chong Yen Yee ("**Ms Chong**"), who is a Malaysian based in Malaysia ("**Disposal**"). Save for her directorship in MEPWM, Ms Chong is not a shareholder of MEPWM and the Company, nor is she related to any shareholders or directors of the Company. Mid-con is a 55.89% direct subsidiary of the Company.

Pursuant to the Disposal, MEPWM ceased to be an associate of the Group and the Group has no remaining shareholding interest in MEPWM. MEPWM is now held by Ms Chong and the other shareholder, being Mr Lim Sau Sen ("**Mr Lim**"). Ms Chong¹ and Mr Lim, as the remaining shareholders, are to administer the completion of the strike off and deregistration process.

Clarification with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")

The Company refers to the notice of compliance issued by the SGX-ST on 3 January 2020 in relation to this Disposal.

This Disposal was completed on 30 December 2019 by the board immediately preceding 9 January 2020, and completion of the Disposal was only notified to the SGX-ST and the Sponsor after such completion. The Company has since sought clarification from the SGX-ST (through the Sponsor) to obtain confirmation of its treatment of the Disposal as a non-discloseable transaction under Rule 1007(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**"). Pursuant to the amendments to the Catalist Rules on 7 February 2020 and paragraphs 4.4(c) and (e) of Practice Note 10A, the Disposal is a non-discloseable transaction that does not require an announcement nor shareholders' approval.

Rationale

The disposal of MEPWM is part of the winding down process of the oil and gas equipment supplies and services segment of the Group. The transfer of the shares of MEPWM to Ms Chong was to enable the Group the exit from its loss making associate company and also to facilitate the statutory process to strike off and deregister the associate company in Malaysia. The Company believes that the Disposal will allow an expedient exit as the

¹ Ms Chong is an employee of Buler Engineering Sdn Bhd ("**Buler**") where Mr Lim is the general manager. The shareholders of Buler are Mr Lim's brother, Mr Lim Yong Huat and Mr Ramli Bin Hassan.

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striking-off and deregistration process may take up to a year and this process can be handled by Ms Chong and Mr Lim efficiently, being both based in Malaysia.

Information pursuant to Rule 706A(1)(b) of the Catalist Rules

This announcement is made pursuant to Rule 706A(1)(b) as the Disposal results in MEPWM ceasing to be an associated company of the issuer.

Pursuant to Rule 706A(2)(a), the consideration of RM1.00 was agreed upon after (a) waiver of the shareholders' loan of RM1,010,850 pursuant to the determination of and provision for, in relation to MEPWM, the outstanding expenses to be paid including the remaining expenses in relation to tax and strike off and deregistration expenses, and (b) the distribution of remaining cash of RM214,000 in MEPWM equally to the shareholders of MEPWM.

Pursuant to Rule 706A(2)(b), the net liabilities value of MEPWM as at 30 September 2019 is RM24,214 (S\$7,965) and there is no valuation performed for transaction. MEPWM does not hold any assets.

Additional information under the Catalist Rules

Additionally, for the information of the shareholders of the Company, the table below sets out the relative figures under Rule 1006 of the Catalist Rules:

Rule 1006	Relative Figures (%)
(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	-0.08% ⁽¹⁾
(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	0.37% ⁽²⁾
(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.00% ^{(3),(4)}
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N/A
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	N/A

Notes:

- (1) Based on the net liabilities value of MEPWM of RM24,214 (S\$7,965) as of 30 September 2019 and net assets value of the Company of S\$9.675 million, as of 30 September 2019.
- (2) Based on the net losses attributable to MEPWM of RM5,459 (S\$1,796) (adjusted for extraordinary items) for the three months period ended 30 September 2019 and net losses of the Group of S\$487,000 for the three months period ended 30 September 2019.
- (3) Based on the aggregate consideration of RM1.00 (S\$0.33).
- (4) Based on the market capitalization of the Company of S\$12,632,507, determined by multiplying 12,632,507,107 ordinary shares in issue by the volume weighted average price of the shares of approximately S\$0.001 per share on 16 August 2019, being the last traded full market day immediately preceding the date of completion, due to the trading halt on 19 August 2019 and thereafter, suspension.

Pursuant to the figures above, as the relative figures computed on the bases as set out under Rule 1006 (a) to (c) in respect of the Disposal (i) involve negative figures; (ii) do not exceed 5%; (iii) involve the disposal of a loss-making asset by an issuer (where either or both the asset or the issuer has negative asset value, and

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whether the issuer is profitable or loss-making); and (iv) there was no gain or loss on the disposal, the Disposal falls under paragraphs 4.4(c) and (e) of Practice Note 10A, and hence constitutes a non-discloseable transaction within the meaning of Chapter 10 of the Catalist Rules.

Nevertheless, as the Disposal involved a sale of shares resulting in MEPWM ceasing to be an associated company of the Company, the Company is making an announcement on the Disposal.

Interests in Disposal

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).

Directors' Responsibility Statement

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 Disposal, 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.

BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Charles Madhavan
Chief Executive Officer
16 March 2020

*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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