

MAGNUS ENERGY GROUP LTD.

(Incorporated in Singapore)

(Registration No. 198301375M)

RESPONSE TO SGX-ST QUERIES – APPOINTMENT OF MR LEE CHONG PING AS INDEPENDENT DIRECTOR

The Board of Directors of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) wishes to respond to the following queries dated 28 November 2019 and 20 December 2019 from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) with regards to the appointment of Mr. Lee Chong Ping (“**Mr. Lee**”) as Independent Non-Executive Director (“**ID**”) of the Company as follows:

No.	Queries From SGX-ST	Response from the Company
1	How was Mr. Lee introduced to the company?	A minority shareholder of the Company introduced his business acquaintance, Mr. See Soon Hong (“ Mr. See ”) ¹ to the Chief Executive Officer of the Company, Mr. Luke Ho Khee Yong (“ Mr. Ho ”) in relation to filling the vacancy for the position of director, in particular, the position of the Chairman of Audit Committee (“ AC ”). However, as Mr. See does not have accounting and finance background, Mr. See then recommended Mr. Lee, a business acquaintance of his, to Mr. Ho for the role of ID and Chairman of the AC of the Company.
2	(i) Ms. Seet Chor Hoon (“ Ms. Seet ”) is the sole director on board assessing Mr. Lee. She represents to NC of the board. What were her assessment and considerations in assessing Mr. Lee’s suitability to be ID?	<p>(i) The Nominating Committee (“NC”) considered Mr. Lee’s professional qualifications such as his Degree in Technology (Management), his fellow membership of the Association of Chartered Certified Accountants, and that Mr. Lee is also a non-practising member of Institute of Singapore Chartered Accountants and non-practising member of Malaysian Institute of Accountants. The NC had also considered Mr. Lee’s past working experiences as chief financial officer as well as financial controller in various listed companies and considered his skills to be complementary to the skills of the Board as an Independent Director as well as the Chairman of the Audit Committee (“AC”).</p> <p>Ms. Seet had taken into consideration on Mr. Lee’s accounting and finance background and also the fact that Mr. Lee has experiences in various listed companies’ corporate actions, including:</p> <p>1) Oceanus Group Limited - Private placement and Taiwan Depository Receipt Listing;</p>

¹ Mr. See is not a shareholder of the Company and is not related to the Company and its subsidiaries or any of their respective directors, executive officer, substantial shareholders. Please see the circular issued by the Company and the requisitioning shareholders dated 18 December 2019 for more information on Mr. See.

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		<p>2) Patek Advisory Ltd - Private placement, acquisitions and disposals of assets;</p> <p>3) China Sky Chemical Fibre Co., Ltd – Assisting with provision of information to special auditors</p> <p>4) CFM Holdings Limited - internal restructuring, disposal of loss-making business, fund raising through rights issue exercise.</p> <p>Ms Seet is of the opinion that Mr. Lee has the relevant experience and will be able to guide the Company into the resumption of trading as well.</p>
	(ii) What were the Sponsor's assessment and consideration on suitability of Mr. Lee as ID?	(ii) Similarly, the Sponsor assessed Mr. Lee's professional qualifications and past working experiences. Independent checks were made and the Sponsor conducted an interview with Mr. Lee. From the interview, various follow-up queries were raised to Mr. Lee and addressed by him satisfactorily, including a confirmation that that he has no relation to the executive officers, directors and substantial shareholders of the Company. The Sponsor also requested for a separate announcement to be made by the Company (on 22 November 2019) to provide an explanation and background on the appointment of Mr. Lee to the shareholders for clarity.
3	<p>Mr. Lee Chong Ping was Financial Controller ("FC") of China Sky Chemical Fibre Co Ltd from Sep 2012 to May 2015. China Sky was the subject of a special audit during/around the period of his appointment.</p> <p>(i) Please provide details on the irregularities in China Sky and explain Mr. Lee's role and involvement in the irregularities and mentions of his involvement in the special audit report, if any.</p> <p>(ii) Further to the responses to question 2, how is the NC satisfied that Mr. Lee is suitable as a director of a listed company</p>	(i) The SGX-ST had on 16 November 2011, sent a directive to China Sky Chemical Fibre Co., Ltd (" China Sky "), to appoint a special auditor to perform a review of (i) certain interested party transactions between the Company and its Audit Committee Chairman, Lai Seng Kwoon, which were entered into between 2006 to 2010, (ii) the aborted acquisition and development of land in China where the Company made payments between December 2006 and January 2008; and (iii) certain repairs and maintenance costs which were incurred in the first quarter of 2009.

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	<p>given his prior appointment in China Sky? Please provide the basis for the views.</p> <p>(iii) How is the Sponsor satisfied that Mr. Lee is suitable as a director of a listed company? To provide all details and consideration.</p>	<p>(ii) Mr. Lee was appointed as the financial controller (“FC”) of China Sky in September 2012. His roles are primary in charge of the accounting and finance at the listed company level. Mr. Lee was appointed after the SGX-ST issued the special audit directive and was not involved in the transactions above. He facilitated the coordination between the special auditor and the management of the Company during the special audit. The NC considered Mr. Lee’s past working experiences as chief financial officer as well as FC in various listed companies and considered his skills to be complementary to the skills of the Board as an Independent Director as well as the Chairman of the AC.</p> <p>(iii) Please refer to Sponsor’s answer to 2(ii), and Company’s answers to 3(i) and 3(ii) above.</p> <p>To elaborate, the Sponsor reviewed the resume and declaration form of Mr. Lee. An independent check (comprising public searches and third party checks) were conducted on Mr. Lee and reviewed against the resume and declaration form provided. Further, an interview was conducted by the Sponsor with Mr. Lee and such interview minutes were confirmed by Mr. Lee. The Sponsor reviewed the background of Mr. Lee and it was noted that Mr. Lee had no prior experience as a director of the listed company. Notwithstanding, the Sponsor considered his financial experience in listed companies such as CFM Holdings limited, Transcorp Holdings Limited, China Sky Chemical Fibre Co., Ltd, Sen Yue Holdings Limited (FKA PNE Micron Holdings Ltd) and Oceanus Group Limited and that Mr. Lee will be undergoing 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 timeframe prescribed by the SGX-ST. After (i) review of the available documentation provided by Mr. Lee, independent checks on Mr. Lee and interview minutes with Mr. Lee in relation to his appointment, (ii) consultation with the internal Catalist committee of the Sponsor; and (iii) taking into consideration the</p>
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		circumstances of the Company, the Sponsor is not aware of any circumstance which will render Mr. Lee as an unsuitable candidate as an independent director of the Company.
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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

Magnus Energy Group Ltd.

Lee Chong Ping

Independent Non-Executive Director

24 December 2019

About Magnus Energy Group Ltd. (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.

*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.*

The contact person for the Sponsor is Mr. Bernard Lui.

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