
SUBSCRIPTION OF 2,533,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF MAGNUS ENERGY GROUP LTD AT S\$0.0009 FOR EACH SUBSCRIPTION SHARE TO RAISE GROSS PROCEEDS OF S\$2,279,700

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Magnus Energy Group Ltd (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that it has entered into four (4) subscription agreements dated 05 July 2018 (each a “**Subscription Agreement**”, and collectively, the “**Subscription Agreements**”) with Lee Thiam Seng (“**Lee**”), Ong Boon Tiong Daniel (“**Ong**”), Low Chin Yen (“**Low**”) and Liu Bin (“**Liu**”) (each a “**Subscriber**”, and collectively, the “**Subscribers**”) pursuant to which the Subscribers will subscribe for, and the Company will allot and issue to the Subscribers, an aggregate of 2,533,000,000 new ordinary shares in the capital of the Company (the “**Subscription Shares**”) at the issue price of S\$0.0009 for each Subscription Share (“**Issue Price**”), to raise aggregate gross proceeds of S\$2,279,700 (“**Subscription**”), in the following proportions:

Name of Subscriber	Number of Subscription Shares Subscribed	Value of Shares Subscribed (S\$)	As a percentage of the existing issued share capital ⁽¹⁾	As a percentage of the enlarged issued share capital ⁽²⁾
Lee Thiam Seng	1,200,000,000	1,080,000	9.50	7.91
Ong Boon Tiong Daniel	500,000,000	450,000	3.96	3.30
Low Chin Yen	500,000,000	450,000	3.96	3.30
Liu Bin	333,000,000	299,700	2.63	2.19
Total	2,533,000,000	2,279,700	20.05	16.70

Notes:

- (1) Based on the existing issued share capital of 12,632,507,107 shares of the Company (“**Shares**”) as of the date of this announcement
- (2) Based on the enlarged issued share capital of 15,165,507,107 Shares after the issuance and allotment of the 2,533,000,000 Subscription Shares

There is no placement agent appointed for the Subscription. No introducer fee or placement commission has been paid or will be payable by the Company in connection with the Subscription.

The Subscription will be undertaken pursuant to a private placement exemption under Section 272B of the Securities and Futures Act (Chapter 289) of Singapore. As such, no prospectus or offer information statement will be issued by the Company in connection with the Subscription.

2. INFORMATION ON THE SUBSCRIBERS

Lee, Ong, Low and Liu are private investors who have expressed their interest in taking up new shares in the Company for investment purposes.

The Subscribers were introduced to the Company by business associates of the Company.

As of the date of this announcement, the Subscribers do not have any shareholdings in the Company. Save as disclosed, to the best of the Company’s knowledge, the Subscribers do not have any connection (including business dealings) with the Group, the controlling Shareholders or Directors, and are not persons to whom the Company is prohibited from placing its Shares to under Rule 812 of the

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Catalist Rules. The Subscribers are subscribing for their respective proportions of the Subscription Shares for investment purposes and will not be holding the Subscription Shares on trust or as a nominee.

3. THE SUBSCRIPTION

The Subscribers propose to subscribe for an aggregate of 2,533,000,000 Subscription Shares for an aggregate consideration of S\$2,279,700 at an Issue Price of S\$0.0009. The consideration will be satisfied in cash.

3.1 The Issue Price

The Issue Price represents a discount of approximately 10% to the volume weighted average price of S\$0.001 for trades done on the Shares on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 28 June 2018 (being the last full market day with trade preceding the date on which the Subscription Agreement was signed).

3.2 The Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the general share issue mandate (the “**Share Issue Mandate**”) approved and granted by shareholders of the Company (“**Shareholders**”) at the annual general meeting held on 30 October 2017 (“**AGM**”). Pursuant to the Share Issue Mandate, Directors have the authority to issue Shares and/or make or grant offers, agreements, or options (collectively, “**Instruments**”) that might or would require Shares to be issued, such that the aggregate number of Shares to be issued (including Shares to be issued pursuant to the Instruments, made or granted) does not exceed 100% of the total number of issued Shares (excluding treasury shares) as at the date of the AGM, of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares) as at the date of the AGM.

As at the date of the AGM, the total number of issued Shares (excluding treasury shares) was 11,322,507,107 Shares. Accordingly, the total number of Shares that may be issued pursuant to the Share Issue Mandate is 11,322,507,107 Shares, of which the maximum number of Shares that can be issued other than on a pro rata basis is 5,661,253,553 Shares. As at the date of this announcement, 1,310,000,000 Shares have been issued pursuant to the Share Issue Mandate. The 2,533,000,000 Subscription Shares that may be issued pursuant to the Subscription falls within the limits of the Share Issue Mandate.

The Subscription Shares represent approximately 20.05% of the total number of issued Shares in the share capital of the Company as of the date of this announcement. Assuming that all of the 2,533,000,000 Subscription Shares are issued on completion of the Subscription, the Company’s issued and paid-up share capital (excluding treasury shares) will increase from 12,632,507,107, as at the date of this announcement, to 15,165,507,107 Shares. Such number of Subscription Shares represents approximately 20.05% of the existing issued and paid-up share capital (excluding treasury shares) of the Company as at the date of this announcement and approximately 16.70% of the enlarged issued and paid-up share capital (excluding treasury shares) of the Company after the Subscription.

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The issuance and allotment of the Subscription Shares will not result in a transferring of controlling interest of the Company. There is no moratorium imposed on the Subscription Shares.

The Subscription Shares, when issued and delivered, shall rank *pari passu* with and shall carry all rights similar to the Shares except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the completion of the Subscription.

3.3 Conditions

Completion of the Subscription is conditional upon, among others:

- (a) listing and quotation notice for the listing and quotation of the Subscription Shares on the Catalist of the SGX-ST being obtained from the SGX-ST and not revoked or amended as at the date of completion of the Subscription (the “**Completion Date**”) and, where such approval is subject to conditions, such conditions being reasonably acceptable to the Subscriber;
- (b) the Share Issue Mandate being valid, subsisting and adequate for the purposes of the issue of the Subscription Shares as at the Completion Date;
- (c) the issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore;
- (d) there having been no occurrence of any event or discovery of any fact rendering any of the warranties in the Subscription Agreement untrue or incorrect in any material respect as at the Completion Date as if they had been given again on the Completion Date; and
- (e) the Company and the Subscriber not being in breach of any of the undertakings and the covenants in the Subscription Agreement at the Completion Date.

If any condition is not satisfied or otherwise waived on or before one (1) month from the date of the Subscription Agreement (or such later date as the parties may agree in writing), the Subscription Agreement shall terminate and the provisions thereunder shall cease and be of no further effect (save for certain clauses).

3.4 Additional Listing Application

The sponsor of the Company, Stamford Corporate Services Pte Ltd, will be submitting an application for and on behalf of the Company to the SGX-ST for the listing of and the quotation for the Subscription Shares on the Catalist of the SGX-ST. The Company will make the necessary announcement(s) when the listing and quotation notice for the Subscription Shares on the Catalist of the SGX-ST has been obtained from the SGX-ST.

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4. RATIONALE AND USE OF PROCEEDS

The Company's rationale for the Subscription is that the Subscription will strengthen its financial and working capital position.

Assuming that all the Subscription Shares are successfully allotted and issued, the Subscription will raise gross proceeds of S\$2,279,700 and net proceeds of approximately S\$2,259,700 (after deducting estimated expenses of approximately S\$20,000) ("**Net Proceeds**"). The Company intends to use the Net Proceeds in the following proportions:

Use of Proceeds	Percentage Allocation (%)
General working capital for corporate expenditures	Approximately 0% to 50%
Acquisitions and microalgae oil cultivation project	Approximately 50% to 100%

Pending the deployment of the Net Proceeds from the Subscription for the abovementioned intended purposes, the Net Proceeds may be placed as deposits with banks and/or financial institutions and/or invested in short-term money markets or debt instruments or for any other purposes on a short-term basis as the Board may deem fit in the interest of the Group.

The Company will make periodic announcements on the utilisation of the Net Proceeds from the Subscription as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in the its interim and full-year financial statements issued under Rule 705 of the Catalist Rules and its annual report. Where the Net Proceeds have been used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied. Where there is any material deviation from the stated use of Net Proceeds, the Company will announce the reasons for such deviation.

5. DIRECTOR'S CONFIRMATION

The Directors are of the opinion that, after taking into consideration the Company's present bank facilities, the working capital available to the Group is sufficient to meet its present requirements. The Directors are also of the opinion that after taking into the consideration the Net Proceeds, the working capital available to the Group will be sufficient to meet its present requirements. Notwithstanding the foregoing, the Directors are of the opinion that the Net Proceeds will further strengthen and supplement the Group's financial position and capital base.

6. FINANCIAL EFFECTS OF THE SUBSCRIPTION

Based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2017:

- (a) assuming the Subscription was completed on 1 July 2016 with all the Subscription Shares being in issue during the period, the net loss per share of the Group (after adjustment for the Subscription Shares) will decrease from S\$0.001 to S\$0.0008; and

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- (b) assuming the Subscription was completed on 30 June 2017, the net asset value per share of the Group after adjusting for the Subscription Shares and the net Proceeds will decrease from S\$0.0038 to S\$0.0031.

The financial effects of the Subscription set out above are for illustrative purposes only and are therefore not indicative of the actual financial performance or position of the Group after the completion of the Subscription.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Subscription, save for their interests (if any) by way of their shareholdings and/or directorships, as the case may be, in the Company.

8. 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 Subscription, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors 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.

9. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. There is no certainty or assurance as at the date of this announcement that the proposed allotment and issuance of the Subscription Shares will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

10. DOCUMENTS FOR INSPECTION

A copy of the Subscription Agreement is available for inspection at the registered office of the Company at 76 Playfair Road #02-02 LHK 2 Building Singapore 367996 during normal business hours for a period of three (3) months from the date of this announcement.

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BY ORDER OF THE BOARD

Magnus Energy Group Ltd.

Luke Ho Khee Yong
Chief Executive Officer
5 July 2018

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, coal and gas assets, oil and gas equipment distribution, renewable energy and natural resources trading, property and infrastructure development, and industrial waste water treatment.

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 prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

The 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.

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