
RECTIFICATION TO SGX-ST QUERIES DATED 16 JUNE 2020 AND 25 JUNE 2020

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 Response to the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) queries announcement dated 25 June 2020 and 26 June 2020 (“**Previous Announcements**”).

The Board refers to its responses to the SGX-ST’s queries dated 16 June 2020 and 25 June 2020 as set out in the Previous Announcements and wishes to inform shareholders of the Company (“**Shareholders**”) that there was an error to the following statements that were made in respect of the transactions entered into with Blue Water Malaysia (the “**Earlier Statements**”):

Responses to Question 1 of the SGX-ST’s queries dated 16 June 2020

*“Mr. Madhavan had entrusted Mr. Anthony Reudavey (“**Mr. Reudavey**”) to shut down the Company’s microalgae plant in Malaysia. Mr. Reudavey is the director of Blue Water Engineering (M) Sdn. Bhd. (“**Blue Water Malaysia**”), of which Mr. Madhavan has no interest in.”*

Responses to Question 3 of the SGX-ST’s queries dated 25 June 2020

*“Mr. Reudavey is also the director of Blue Water Engineering (M) Sdn. Bhd. (“**Blue Water Malaysia**”), of which Mr. Madhavan has repeatedly clarified that he has no interest in.”*

Responses to Question 1 of the SGX-ST’s queries dated 25 June 2020

*“Of the aforementioned payments, only the Service Agreement and the Professional Fees are deemed to be interested person transactions (“**IPTs**”) under Chapter 9 of the Catalist Rules.”*

Pursuant to further queries by the Sponsor and subsequent efforts made by Mr. Charles Madhavan (“**Mr. Madhavan**”) to verify the information, Mr. Madhavan wishes to clarify that he holds a 50% shareholding interest in Blue Water Asia Pacific Group Ltd (“**Blue Water BVI**”), which is the 100% holding company of Blue Water Malaysia.

Blue Water BVI is incorporated in the British Virgin Islands (“**BVI**”) as a BVI Business Company on 22 October 2009. Blue Water BVI is in the business of offshore marine business and currently has two shareholders: Mr. Reudavey and Mr. Madhavan, who each hold a 50% shareholding interest in Blue Water BVI.

In this regard, the Board wishes to rectify the Earlier Statements and clarify that:

- a) Mr. Madhavan does have an indirect interest in Blue Water Malaysia by virtue of his shareholding interest in Blue Water BVI, which is deemed to be an associate of Mr. Madhavan; and
- b) accordingly, Blue Water Malaysia is deemed to be an “interested person” and the transactions entered into between the Company (as an “entity at risk”) and Blue Water Malaysia, being the payment of S\$2,000 on a monthly basis to Blue Water Malaysia for the rental of its office premises, rental of director’s accommodations for Mr. Reudavey, and the provision of administrative services until the winding down of MMSB is completed, are deemed to be “interested person transactions” (“**IPTs**”) under Chapter 9 of the Catalist Rules.

Mr. Madhavan is not a director of Blue Water Malaysia and Blue Water BVI. The Company had appointed Mr. Reudavey as a director of MMSB on 21 January 2020 to manage the disposal of assets, which includes shutting down the microalgae plant and winding down MMSB. The Company is currently paying Mr. Reudavey a

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monthly fee of S\$5,000 as a director of MMSB. Mr. Reudavey is not an associate of Mr. Madhavan and is not deemed to be an Interested Person as defined under the Catalist Rules.

In the interest of full disclosure, the Company would like to list down the relevant details of all IPTs carried out as at the date of this announcement:

No.	Payments	Description	Interested Person	Nature of relationship	IPT Status	Fees charged on a recurring basis	Aggregate value of IPT as at 30 June 2020 (S\$)
1.	Blue Water Engineering (Malaysia) Sdn. Bhd.	Office rental and admin services for the period from 1 Feb 2020 to 30 Jun 2020	Charles Madhavan	Executive Director and Chief Executive Officer	Yes	RM6,000 monthly	S\$9,876.00 (RM30,000) ⁽¹⁾
2.	Blue Water Engineering Pte. Ltd. (Singapore)	Office rental for the period from 1 Feb 2020 to 30 Jun 2020	Charles Madhavan	Executive Director and Chief Executive Officer	Yes	S\$6,800 monthly	S\$34,000
3.	Christopher O'Connor	Professional fees and Director's fees for the period 9 Jan 2020 to 8 May 2020 ⁽²⁾	Christopher O'Connor	Former Independent Non-Executive Director	Yes	Not applicable	S\$40,000 ⁽³⁾

(1) Based on the exchange rates from The Business Times:

	RM	Exchange rate	SGD
Feb	6,000.00	0.3310	1,986.00
Mar	6,000.00	0.3310	1,986.00
Apr	6,000.00	0.3310	1,986.00
May	6,000.00	0.3280	1,968.00
Jun	6,000.00	0.3250	1,950.00
Total :	30,000.00		9,876.00

(2) The professional fees and director's fees paid to Christopher O'Connor fall under the exception of Rule 915(8) of the Catalist Rules and are not required to comply with, among others, the disclosure and aggregation requirements under Rules 905, 906 and 907 of the Catalist Rules. In the interest of full disclosure, the Company has disclosed the relevant details and aggregated it together with the rest of the IPTs.

(3) Comprises S\$10,000 pro-rated director's fees and S\$30,000 professional fees for services rendered.

The aggregate value of the above IPTs entered into during the second half-year financial period from 1 January 2020 to 30 June 2020 amounts to approximately S\$84,000 (the "**Aggregate Value**"). There were no other IPTs carried out in the first half of the financial year, i.e. 1 July 2019 to 31 December 2019. The Company notes that the Aggregate Value is less than 3% of the latest audited net tangible assets of the Group as at 30 June 2019 being S\$10,267,959, and is also below the S\$100,000 threshold under Chapter 9 of the Catalist Rules.

Notwithstanding that an announcement in respect of the IPTs is not required pursuant to Catalist Rule 905, the Company has made the relevant disclosures in the interest of full disclosure and in response to queries from the SGX-ST and the Sponsor.

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(Incorporated in Singapore)

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In respect of the aforementioned IPTs, the Company wishes to inform Shareholders of the following measures to be implemented:

- a) the office rental and admin services payable to Blue Water Malaysia will be terminated from 1 July 2020 onwards. However, the office space and admin services will still be provided by Blue Water Malaysia at no cost to the Company until the completion of MMSB's winding down and disposal process;
- b) the payment of fees to Mr. Reudavey will continue until MMSB is completely wound up. The Company anticipates the closure of MMSB to complete before November 2020 or earlier unless Malaysia implements another Movement Control Order ("MCO") or other similar controls which will affect normal business; and
- c) the Service Agreement with BWEPL will be terminated from 1 July 2020 onwards. Notwithstanding, Mr. Madhavan will continue to allow the Company's employees to use the office of BWEPL at no charge to the Company for the employees' conveniences.

There were no further payments made to Mr. Christopher O'Connor due to his cessation as an Independent Non-Executive Director of the Company from 8 May 2020 as announced on SGXNET on 11 May 2020.

Mr. Madhavan would like to apologise for the erroneous information provided that was due to an oversight on his part. Mr. Madhavan had been under the impression that Blue Water Malaysia was held entirely by Mr. Reudavey and was only just made aware on 29 June 2020 that Mr. Reudavey had transferred the ownership of Blue Water Malaysia entirely to Blue Water BVI. Mr. Madhavan had resigned as a director of Blue Water BVI on 12 December 2019 so that he could concentrate on the matters raised at the extraordinary general meeting of the Company held on 9 January 2020 and to focus on the affairs of the Company upon taking over as the Executive Director and Chief Executive Officer on 10 January 2020.

Nevertheless, the Company and Mr. Madhavan understand that such oversight is unacceptable and in order to prevent any such re-occurrence:

- a) the Company will seek to conduct further verification through obtaining confirmation and documentations from the appropriate parties and equivalent government sources such as the Accounting and Corporate Regulatory Authority and Suruhanjaya Syarikat Malaysia (whenever possible) to avoid misrepresentations and inaccurate information in its future announcements. The finance manager of the Company currently prepares, maintains and monitors all IPTs. The Company will work with the Internal Auditor to strengthen the guidelines and review procedures for IPTs.
- b) notwithstanding that Mr. Madhavan has had prior experience as a director of a listed issuer, he has registered for and will undergo training at the upcoming Listed Entity Directors Programme ("LED") Core Modules 1 – 4 to be conducted by the Singapore Institute of Directors in July 2020, in order to re-familiarise himself with the roles and responsibilities expected of him as a Director of the Company. To avoid any addition strain on the Company's financial resources and in view of the circumstances that have resulted in the oversight, Mr. Madhavan will bear the costs of undergoing the above training requirements on his own; and
- c) the aforementioned IPTs (including the transactions entered into with Blue Water Malaysia), as well as all other transactions carried out by the Company since the new Board was reconstituted on 10 January 2020, will be included as part of the internal audit review scope by the Internal Auditor, namely to assess (a) whether the Company has adhered to the relevant guidelines and procedures in entering into the transactions (including the IPTs) and to make the necessary recommendations based on its findings; and (b) to check that the relevant policies and procedures (including roles and responsibilities) on compliance with the Catalist Rules and the Code of Corporate Governance 2018 are established and adhered to.

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BY ORDER OF THE BOARD

Charles Madhavan
Executive Director and Chief Executive Officer
30 June 2020

*This announcement has been prepared by the Company and reviewed by the sponsor, Novus Corporate Finance Pte. Ltd. (the “**Sponsor**”), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

This 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.

The contact person for the Sponsor is Mr Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.
