

**MAGNUS ENERGY GROUP LTD.**  
(Company Registration No. 198301375M)  
(Incorporated in the Republic of Singapore)

**MINUTES OF EXTRAORDINARY GENERAL MEETING**

**PLACE** : "Live" webcast via <https://agm.conveneagm.com/magnus>

**DATE** : Friday, 30 October 2020

**TIME** : 10.10 a.m.

**PRESENT** : As set out in the attendance records maintained by the Company.

**IN ATTENDANCE** : As set out in the attendance records maintained by the Company.

**CHAIRMAN** : Mr. Michael Grant Pixley

**QUORUM**

The Chairman sought the confirmation of the Company Secretary that a quorum was present and the Company Secretary confirmed that the quorum necessary for a general meeting as set out in the Constitution was present. Therefore, the Chairman declared the Extraordinary General Meeting ("**EGM**") open at 10.10 a.m.

**INTRODUCTION**

The Chairman introduced the Directors present.

**NOTICE OF EGM**

With the consent of the shareholders present, the notice of the EGM ("**Notice**") convening the meeting was taken as read.

**QUESTIONS FROM SHAREHOLDERS**

The Chairman highlighted that as mentioned in the Notice of this EGM and the accompanying announcement dated 15 October 2020, shareholders will not be able to ask questions at the live webcast EGM. However, the Company has already published its responses to substantial and relevant questions relating to the resolutions to be tabled for approval at the EGM, the Company's businesses and operations via SGXNet on 29 October 2020. A copy of the responses to the substantial and relevant questions from Shareholders is annexed hereto as **Appendix 1**.

**VOTING BY POLL**

The Chairman briefed that in view of the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 issued by the Minister of Law on 13 April 2020, shareholders will not be able to vote online at the EGM. Instead, shareholders that wish to exercise their votes must submit a proxy form to appoint the chairman of the EGM to

vote on their behalf. Proxy forms lodged have been checked and found to be in order.

The Chairman informed that all resolutions to be tabled at the EGM would be voted upon by way of poll. All the motions had been duly voted by the shareholders through the submissions of the Proxy Forms to the Share Registrar and the Scrutineer has verified the counting of all votes casted through the Proxy Forms.

RHT Corporate Advisory Pte. Ltd. was appointed as the Polling Agent and Agile 8 Advisory Pte Ltd as the Scrutineer for this EGM.

**ORDINARY BUSINESS:****1. THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS – RESOLUTION 1**

The meeting proceeded to approve the proposed diversification of the Group's business.

The results of Resolution 1 were as follows:

	Total Votes	Percentage of Total Votes
For the Resolution	4,155,196,716	65.99%
Against the Resolution	2,141,346,213	34.01%
Total	6,296,542,929	100%

Based on the above result, the Chairman declared the motion carried and it was **RESOLVED**:

"That:

- (a) approval be and is hereby given for the Company to diversify into, and undertake, the New Businesses, including entry by the Company into any contracts, agreements, arrangements and undertakings as the Directors may deem desirable, necessary or expedient to undertake, or relating to, the New Businesses;
- (b) subject to compliance with all applicable laws and regulations, the Company be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares/interests in any entity that is in the New Businesses on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to any such investment, purchase, acquisition or disposal; and
- (c) the Directors and each of them be and are hereby authorised to do all acts and things, and to approve, modify, ratify and execute such documents, acts and things as they or each of them deem desirable, necessary, or expedient to give effect to the diversification of the Group's business to include the New Businesses as they or each of them may in their or each of their absolute

discretion deem fit in the interests of the Company to give full effect to this Resolution.”

**CONCLUSION**

There being no other business, the Chairman declared the EGM of the Company closed at 10.14 a.m. and thanked everyone for their attendance.

**CONFIRMED AS A TRUE RECORD OF PROCEEDINGS HELD**

**MICHAEL GRANT PIXLEY  
CHAIRMAN OF THE MEETING**

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**RESPONSE TO QUESTIONS FROM SHAREHOLDERS**

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The Board of Directors of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the questions raised by shareholders of the Company (“**Shareholders**”) in respect of the following:

- (a) the annual report of the Company for the financial year ended 30 June 2020 (“**FY2020**”);
- (b) the Notice of annual general meeting (“**AGM**”) issued on 15 October 2020 informing Shareholders that the AGM will be convened and held by way of electronic means on 30 October 2020 at 10:00 a.m.; and
- (c) the accompany announcement in relation to the AGM (“**AGM Announcement**”)
- (d) the Notice of extraordinary general meeting (“**EGM**”) issued on 15 October 2020 informing Shareholders that the EGM will be convened and held of way of electronic means on 30 October 2020 at 10:30 a.m. or immediately after the conclusion or adjournment of the AGM of the Company to be held at 10:00 a.m. on the same day by way of electronic means; and
- (e) the accompany announcement in relation to the EGM (“**EGM Announcement**”).

(collectively the “**Previous Announcements**”)

*Save as otherwise defined, all capitalised terms shall have the same meaning as the Previous Announcements*

In addition, the Company would like to thank Shareholders for their co-operation in submitting their queries in accordance to the deadline set out in the AGM and EGM Announcements. The Company sets out its responses to the relevant questions as follows:

<u>No.</u>	<u>Shareholders’ questions</u>	<u>Responses</u>
	<b><u>AGM Ordinary Business Resolution 1:</u></b>	
1	Has the value for investment in subsidiaries in Company level been reviewed and fairly stated?	Yes. During the financial year, the Company performed an impairment assessment to determine the recoverable amounts of the Company’s cost of investment in subsidiaries. The Company has assessed the recoverable amount of its investment in subsidiaries based on fair value less cost to sell and value-in-use of the investment in subsidiaries using the discounted cash flow method. The determination of fair value less cost to sell involves valuation of freehold and leasehold properties by independent valuers and estimation of the underlying fair value of the net assets of the subsidiaries taking into consideration the impact of the current COVID-19 pandemic. The use of the value-in-use calculations involves significant judgement and estimates in the cash flows forecast for the next five (5) years and terminal value. The value-in-use calculations also include assumptions on the discount rate and terminal year growth rate.

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		<p>These key inputs and assumptions were estimated based on prevailing market, economic and other conditions at the end of the reporting period, and based on the Board’s estimation of the expected revenue growth and recovery in business conditions amidst the current COVID-19 pandemic.</p>
	<b><u>AGM Ordinary Business Resolution 6:</u></b>	
2	<p>What’s your justification to increase this amount? Showed excellent performance? Why is it payable monthly instead of yearly?</p>	<p>In comparison to the Directors’ fees for the past three (3) years, there is no increase in the Directors’ fees for which approval is being sought. For example, the Directors’ fees for which Shareholders’ approval were sought for at the FY2019 AGM were S\$166,275 for FY2020 and additional fees of S\$11,000 for FY2019. The Company notes that the market reference average fees for a small sized company (by market capitalization) payable to its Non-Executive Directors were approximately S\$218,000 in 2018 (see The Singapore Report on Remuneration Practices Vol. 1, 2018, Page 47, by Professor Mak Yuen Teen and Chew Yee Hong)</p> <p>The Company believes that the Independent Non-Executive Directors’ fees commensurate with the active involvement of the three (3) non-executive independent Directors (“NEDs”) in respect of the Group’s proposed business diversification into the EPCC Business and the Drilling Business, the implementation of guidelines and corporate procedures in response to the recommendations by the Company’s internal auditors, and the preparation of documents to be submitted by the Company to the SGX-ST for approval to resume trading.</p> <p>It was further agreed by the Remuneration Committee to pay the Independent Non-Executive Directors’ fees monthly in arrears in line with the rest of the Company’s management team.</p>
	<b><u>AGM Special Business Resolution 8:</u></b>	
3	<p>What are the Company plans to raise funds?</p>	<p>As mentioned in the EGM circular dated 15 October 2020, the Company intends to fund the New Businesses through, among others, a combination of internal sources of funds and borrowings from financial institutions. As at 30 June 2020, the Group had cash and bank balances of approximately S\$3.0 million and aggregate borrowings of approximately S\$0.1 million. The</p>

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		<p>Group also recorded a positive working capital position of approximately S\$6.7 million.</p> <p>The Company also plans to divest its real property assets. Out of the two (2) properties located in Australia, one sale has been completed with the other still being marketed with no firm offer yet. As per the Company's announcement dated 21 August 2020, the Company has granted an option to purchase (the "<b>Option</b>") to Allmaster Pte. Ltd. (the "<b>Purchaser</b>") for the sale of Mid-Continent Equipment Group Pte. Ltd.'s entire interest in the property located at 32 Loyang Crescent Singapore 508992 (the "<b>Property</b>") for an aggregate consideration of S\$6,328,888 (the "<b>Sale Price</b>"). The Option has since been exercised on 22 September and a deposit of S\$253,155.52, being 5% of the Sale Price less the option fee of S\$67,719 (the "<b>Deposit</b>"), has been paid by the Purchaser. The Deposit will remain with our solicitors as stakeholders pending completion, in accordance to the terms of the Option.</p>
	<b><u>EGM Ordinary Business Resolution 1:</u></b>	
4	I am very concerned if someone move company money to his own pocket using this strategy.	<p>The Company is currently preparing the guidelines and corporate governance procedures to improve its internal controls, based on recommendations by its internal auditors. Moreover, the New Businesses are not "investments" in which the Group is expected to invest monies, and instead, they are expected to generate revenue for the Group in consideration of services rendered to unrelated third parties. The Board will not hesitate to report to the relevant authorities should there be substantial evidence on any misappropriation of funds.</p>

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5	<p>What is the investment quantum required for the proposed business? What due diligence has been conducted for the proposed business?</p>	<p>The Company does not intend to invest in any of the transactions under the EPCC Business and/or the Drilling Business that it is proposing to undertake. Instead, the Company envisions that will undertake the role of a contractor and/or consultant in providing chargeable services to clients.</p> <p>The Board will engage qualified advisors, as necessary, to handle the relevant documentation in respect of the projects to be entered into in connection with the EPCC and/or the Drilling Businesses. Prior to execution of the relevant documentation, the Board will conduct, as guided by advisors, the necessary due diligence on all potential clients and then assess the risks and liabilities of the Group in undertaking any such projects.</p>
<p><b><u>General Questions</u></b></p>		
6	<p>What is the collective independent directors' view on the IPTs that occurred during the 9 months, which appeared to have been paid out without approval?</p>	<p>The IPTs in question took place before the current Independent Directors were appointed to office, accordingly they are not able to provide their view on said transactions. Notwithstanding, the Company is working to improve its policies and procedures for the identification, approval and monitoring of transactions with interested persons based on recommendations by Nexia TS Risk Advisory Pte Ltd ("<b>Nexia</b>").</p> <p>The current Independent Directors wish to emphasise that all IPTs, regardless of the amount, are subject to review by the Audit Committee before the approval of the respective IPT is given. In FY2020, there were no interested person transactions exceeding S\$100,000 that had come to the Independent Directors' attention.</p>
7	<p>How has the business or bottom line been since the last change of board and management?</p>	<p>The Board is confident that the business / bottom line of the Group will improve. The COVID-19 pandemic has inevitably created some delays in the Group's ability to execute the pipeline projects.</p> <p>As disclosed in the Company's annual report for FY2020, net loss after tax was approximately S\$2.5 million for FY2020 as compared to S\$17.5 million for FY2019. The improvement for the period was mainly due to the decrease in other operating expense and administrative expense of</p>

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	<p>2 directors have resigned due to irreconcilable differences, what happened?</p>	<p>approximately S\$13.6 million and S\$0.4 million respectively, which was partially offset by a decrease in gross profit and other operating income of approximately S\$0.4 and S\$0.5 million respectively as well as an increase in tax expense of approximately S\$0.2 million. The current Board and Management are cognizant that the Company's revenue for the FY2020 is slightly lesser compared to FY2019 and will continue to endeavour to be more prudent with expenditures, while striving to enhance the revenue streams available to the Company through the Proposed Diversification and the potential business ventures.</p> <p>The current board and management are aware of the previous failed investments and the current lack of funds for investment in the Company. Therefore, the board and management has decided that the Company will undertake the role of a contractor and/or consultant in providing chargeable services to clients instead.</p> <p>Charles Madhavan, the Executive Director and CEO of the Company introduced the Company to Oriental EPC, one of the top EPC companies in India and which primarily provides EPC services to major organizations in the chemical processing plant, effluent treatment plant, metallurgical, mini refinery, thermal and nuclear power, oil terminal operations, organic and inorganic chemicals and basic infrastructure sectors. The Company is currently negotiating with Oriental EPC to finalise the terms of a joint venture in relation to a few projects in Indonesia. Going forward, these projects are expected to contribute positively to the revenue for the Group.</p> <p>The Company had previously disclosed the reasons for the resignations of the two (2) directors namely Mr. Ong Chin Yew and Mr. Kuek Eng Chye Anthony. Please refer to the announcements released on SGXNet dated 25 June 2020 and 2 July 2020 for more details on their resignations which were mainly due to differences in opinion.</p>
8	<p>What is the direction of the board or the management in order to turn around the business?</p>	<p>With reference to the EGM circular dated 15 October 2020 in relation to the New Businesses:</p> <p>(a) the Company would like to diversify into the Drilling Business which represents an opportunity to establish a new and</p>



**RESPONSE TO QUESTIONS FROM SHAREHOLDERS**

		<p>complementary business segment for the Group that is synergistic with Mid-Con’s oil and gas equipment distribution business. Mid-Con is one of the leading distributors of pumps, valves, drill pipes, casings and tubings for the drilling of oil wells, heavy weight drill pipes, drill collars and accessories. The Group will be able to rely on Mid-Con to supply the necessary equipment for the Drilling Services, and leverage on Mid-Con’s knowledge of, and global network in, the oil &amp; gas and marine industries.</p> <p>(b) Given the Company’s initial roots of being an engineering and construction company, and the Group’s more recent exposure to construction projects, the EPCC Business will be synergistic with the Group’s existing businesses. Further, the Group will be able to leverage on Mr. Madhavan’s 40-years of managerial, technical and on-shore, off-shore field operations experience with major global oil and gas corporations in various parts of the world, as well as his extensive network and business contacts to embark on transactions relating to the EPCC Business.</p>
9	<p>What’s the achievable goals next year? When can Magnus be re-listed into SGX?</p>	<p>Achievable Goals for 2020/2021:</p> <p>(a) <u>Grow the EPCC Business and Drilling Business:</u> The Group will continue to seek and engage our business partners in potential overseas opportunities in preparation for when we are able to resume some normality in the overall business and social environment overseas.</p> <p>(b) <u>Improve fiscal prudence:</u> The Group will continue to manage our financial resources prudently.</p> <p>(c) <u>Improve corporate governance:</u> The review of the issues raised in the Provenance Report is an essential step to address the concerns that led to the suspension of the Company’s shares and would have a material impact on any proposal submitted by the Company for a resumption of trading. The Company has therefore engaged Nexia to review the findings of the Provenance Report and expects to submit the first draft report on its findings and recommendations on or around 6 November 2020. The Company will use its</p>

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		<p>best efforts to fully implement all relevant recommendations by Nexia.</p> <p>With regards to the resumption of trading of the Company's shares, the Company is working towards submitting a resumption of trading proposal to the SGX-ST by 11 December 2020.</p>
10	How does the Board of Directors deal with all IPT issues of the CEO?	The Company will work with the Internal Auditor to implement guidelines and review procedures for IPTs. The Board will thereafter ensure compliance with such guidelines.

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**

Charles Madhavan  
Executive Director and Chief Executive Officer  
29 October 2020

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*This announcement has been prepared by the Company and reviewed by the Company's 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.*

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**CLARIFICATION OF RESPONSES TO QUESTIONS FROM SHAREHOLDERS**

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The Board of Directors of Magnus Energy Group Ltd (the “**Company**” and, together with its subsidiaries, the “**Group**”) refers to the previous announcement dated 29 October 2020 on questions raised by shareholders of the Company (“**Shareholders**”).

*Save as otherwise defined, all capitalised terms shall have the same meaning as the Previous Announcement.*

The Board would like to clarify the responses for the following question raised by shareholders:

What is the collective independent directors' view on the IPTs that occurred during the 9 months, which appeared to have been paid out without approval?

The Company’s additional responses to the above question are as follow:

Rule 719(1) of the Catalist Rules requires an issuer to have adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. In respect of the IPTs that occurred between January 2020 to June 2020, the current Independent Directors note that the Company was in breach of Rule 719(1) of the Catalist Rules as it did not have in place adequate and effective systems of internal controls and risk management systems to ensure that processes are in place to oversee the entry into IPTs. The Company’s lack of internal procedures had resulted in, *inter alia*, the following:

- (a) Mr. Charles Madhavan, as an interested person, did not abstain from the review and approval process of the Company’s transactions with his associates, Blue Water Engineering Pte. Ltd. and Blue Water Engineering (M) Sdn. Bhd.;
- (b) no review was performed to ensure that the IPTs were on normal commercial terms and on arm’s length basis; and
- (c) the IPTs were not updated in the IPT register in a timely fashion.

The SGX-ST had informed the Board of, among others, its views on the IPTs via a letter dated 29 October 2020 and the steps that the Board should be taking.

As stated in the Company’s annual report for FY2020, the Company had appointed Nexia TS Risk Advisory Pte Ltd (“**Nexia**”) to conduct the annual internal audit review and to assist in the review and implementation of recommendations highlighted in the External Review Report. Based on the reports of the internal auditor and the actions taken by management, the on-going review and continuing efforts in improving internal controls and processes and assurances by the management, the Board, with the concurrence of the Audit Committee, is of the opinion that the adequacy and effectiveness of the Company’s internal controls (including financial, operational, compliance and information technology controls) and risk management systems can be improved. The recommendations by Nexia, in addressing, among others, issues in relation to the Company’s financial, operational, compliance, information technology controls and risk management systems throughout the financial year and up to the date of the annual report, are being implemented.

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**CLARIFICATION OF RESPONSES TO QUESTIONS FROM SHAREHOLDERS**

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The Board and Audit Committee will continue to review the internal controls so as to satisfy itself that the controls are in compliance with Rule 719(1) of the Catalist Rules.

**BY ORDER OF THE BOARD**

Charles Madhavan  
Executive Director and Chief Executive Officer  
30 October 2020

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