

## LOYZ ENERGY LIMITED

(Incorporated in the Republic of Singapore)  
(Company Registration No. 199905693M)

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### BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED JOINT VENTURE WITH ARCTOS INVESTMENTS PTE. LTD.

#### - PROPOSED ALLOTMENT AND ISSUANCE OF 76,628,352 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.01305 PER NEW ORDINARY SHARE

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## 1. INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of Loyz Energy Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s announcement on 8 September 2017 (the “**Announcement**”) whereby the Company entered into a binding memorandum of understanding (“**MOU**”) in relation to a proposed joint venture (“**Joint Venture**”) with Arctos Investments Pte. Ltd. (“**AIPL**”, and together with the Company, the “**Parties**”). Please refer to the 8 September Announcement for further details of the Joint Venture.

*Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning as ascribed to them in the Announcement.*

As provided under the MOU and as disclosed in section 3.1 of the Announcement, the Company will issue and allot to AIPL, such number of AIPL Shares at an issue price to be agreed amongst the Parties. Further to the Announcement, the Board wishes to announce that the Parties have agreed on an issue price of S\$0.01305 per AIPL Share (“**Issue Price**”). Accordingly, an aggregate of 76,628,352 AIPL Shares will be allotted and issued by the Company to AIPL at no consideration as part of AIPL’s contribution to the Joint Venture (“**Proposed AIPL Shares Issue**”), being the contribution of its network, team of investment and trading professionals and risk management expertise. For the avoidance of doubt, there will be no proceeds raised by the Company from the Proposed AIPL Shares Issue.

## 2. THE ISSUE PRICE

The Issue Price of S\$0.01305 represents a discount of 10.0% to the volume weighted average price (“**VWAP**”) of S\$0.0145 per share of the Company (“**Share**”), based on trades done on the Catalist board of the SGX-ST (“**Catalist**”) on 28 September 2017, being the full market day on which the Shares were traded prior to the determination and agreement of the Issue Price between the Parties. The Issue Price was arrived at pursuant to discussions between the Parties, taking into account, among others, the VWAP of the Shares quoted on Catalist on 28 September 2017.

## 3. THE AIPL SHARES

As at the date of this announcement, the Company has an issued and paid-up share capital of 1,526,527,683 Shares and has no treasury Shares.

As of the date of this announcement, AIPL does not hold any Shares, direct or deemed, in the Company. The 76,628,352 AIPL Shares represent approximately 5.02% and 4.78% of the existing and enlarged issued and paid-up share capital of the Company, respectively.

Pursuant to Rule 803 of the Catalist Rules, the Company has confirmed that it would not, pursuant to the Proposed AIPL Shares Issue, issue the AIPL Shares to transfer a controlling interest in the Company without prior approval of Shareholders in general meeting. The directors and shareholders of AIPL are individuals who are not related to the Directors or substantial shareholders of the Company and their respective associates.

Pursuant to Rule 805 of the Catalist Rules (except as provided in Rule 806 of the Catalist Rules), the Company must obtain the prior approval of Shareholders in general meeting for, among others, the issue of Shares or the grant of options carrying rights to subscribe for Shares. Accordingly, the Company will be seeking Shareholders' approval at the EGM to be convened for the Proposed AIPL Shares Issue and the proposed allotment and issuance of the 76,628,352 AIPL Shares pursuant to Rule 805 of the Catalist Rules.

The AIPL Shares, when issued and fully-paid, shall be free from all claims, charges, liens and other encumbrances whatsoever and shall rank *pari passu* in all respects with the Shares as at the date of issue of the AIPL Shares save that they will not rank for any dividend, rights, allotments or other distributions, the record of which falls on or before the date of completion of the allotment and issuance of the AIPL Shares.

The Company will make an application to its sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), and the SGX-ST for the dealing in, listing of and quotation for the AIPL Shares to be issued pursuant to the Proposed AIPL Shares Issue on Catalist.

The AIPL Shares are to be issued to AIPL pursuant to Section 275 of the SFA. Hence, no prospectus or offer information statement in connection with the Proposed AIPL Shares Issue will be issued by the Company and lodged with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore.

#### **4. FINANCIAL EFFECTS**

The proforma financial effects of the Proposed AIPL Shares Issue are presented for illustration purposes only and are not intended to be indicative or reflect the actual future financial situation of the Company and the Group after the completion of the Proposed AIPL Shares Issue.

The proforma financial effects of the Proposed AIPL Shares Issue have been computed based on the unaudited consolidated financial statements of the Group for the financial year ended 30 June 2017 ("**FY2017**") as well as the following assumptions:

- (i) the financial effect on the consolidated net asset value ("**NAV**") per Share is computed based on the assumption that the Proposed AIPL Shares Issue was completed on 30 June 2017;
- (ii) the financial effect on the earnings per Share ("**EPS**") is computed based on the assumption that the Proposed AIPL Shares Issue was completed on 1 July 2016;
- (iii) expenses relating to the Proposed AIPL Shares Issue of approximately US\$10,000; and
- (iv) the exchange rate used for the computation of the proforma financial effects was US\$1.00: S\$1.36.

#### Share capital and NAV per Share

	<b>Before the Proposed AIPL Shares Issue</b>	<b>After the Proposed AIPL Shares Issue</b>
Number of Shares as at 30 June 2017	1,526,527,683	1,603,156,035
Share capital (US\$'000)	124,343	125,068
NAV attributable to Shareholders (US\$'000)	50,400	51,125
NAV per Share (US cents)	3.30	3.19

#### Earnings per Share

	<b>Before the Proposed AIPL Shares Issue</b>	<b>After the Proposed AIPL Shares Issue</b>
Net profit attributable to Shareholders in FY2017 (US\$'000)	12,882	12,882
Weighted average number of Shares	1,188,963,622	1,265,591,974
Earnings per Share (US cents)	1.08	1.02

#### Gearing

	<b>Before the Proposed AIPL Shares Issue</b>	<b>After the Proposed AIPL Shares Issue</b>
Total borrowings (US\$'000)	22,529	22,529
Total shareholders' funds (US\$'000)	50,400	51,125
Gearing ratio <sup>(1)</sup>	31%	31%

**Note:**

(1) Computed based on total borrowings over the sum of total borrowings and total shareholders' funds.

## **5. CIRCULAR TO SHAREHOLDERS**

The Proposed AIPL Shares Issue shall be subject to Shareholders' approval by way of ordinary resolution at an EGM to be convened. As provided under the MOU and as disclosed in section 2.3(b) of the Announcement, the completion of the Joint Venture is conditional upon, *inter alia*, the approval from the Shareholders for, amongst other things, the Proposed AIPL Shares Issue and the Proposed Diversification. Accordingly, the ordinary resolution on the Proposed AIPL Shares Issue is conditional on, the passing of the ordinary resolution on the Proposed Diversification, to be tabled to Shareholders for approval at an EGM to be convened. Please refer to the Announcement for further details on the Proposed Diversification. A circular containing, *inter alia*, further details of the Proposed AIPL Shares Issue, together with a notice of the EGM in connection therewith, will be despatched to Shareholders in due course.

## **6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Other than interests held through the Company as Shareholders, none of the Directors or Substantial Shareholders and their respective associates has any interest, direct or indirect, in the Proposed AIPL Shares Issue.

## 7. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the Shares in relation to this announcement as there is no certainty that the Proposed AIPL Shares Issue will be completed as it is subject to the, among others, approvals from Shareholders and the listing and quotation notice being obtained from the SGX-ST for the listing of and quotation for the AIPL Shares on Catalist. When in doubt as to the action they should take, Shareholders and potential investors should consult their financial, tax or other advisers.

## 8. ANNOUNCEMENTS

Further announcement on the Proposed AIPL Shares Issue, including the receipt of the listing and quotation notice from the SGX-ST and the despatch of the Shareholders' circular, will be made in due course as and when appropriate.

## 9. 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 Proposed AIPL Shares Issue, 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 this 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.

By order of the Board

Jeffrey Pang  
Chief Executive Officer and Executive Director  
30 September 2017

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*This announcement has been prepared by Loyz Energy Limited (the "**Company**") and its contents have been reviewed by the Sponsor, for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

*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 Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.*