

LOYZ ENERGY LIMITED

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

- (1) **BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO A PROPOSED JOINT VENTURE WITH ARCTOS INVESTMENTS PTE. LTD.; AND**
 - (2) **PORPOSED DIVERSIFICATION OF THE CORE BUSINESS OF THE GROUP TO INCLUDE THE NEW BUSINESS**
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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**”) wishes to announce that the Company had, on 7 September 2017, entered into a binding memorandum of understanding (the “**MOU**”) with Arctos Investments Pte. Ltd. (“**AIPL**”, and together with the Company, the “**Parties**”) for the incorporation of a new joint-venture private company limited by shares in Singapore (the “**JV Company**”, and the incorporation of the JV Company, the “**JV**”). The JV Company shall be named as “FIT Global Pte Ltd”. The principal business of the JV Company shall be (a) investment, including private equity deals, pre-initial public offerings (mature stage), initial public offerings, fixed income and hybrid instruments, (b) trading, including the trading of equities, commodities and other financial instruments, including cryptocurrencies, (c) fund management and (d) market making for commodities (the “**New Business**”). Following the completion of the JV, the core business of the Group will include the New Business (the “**Proposed Diversification**”).

AIPL is a private company incorporated in the Republic of Singapore with a highly experienced team of investment and trading professionals led by an experienced management team. The business focus of AIPL is in trading of equities and commodities and private equity investments. The directors and shareholders of AIPL are individuals who are not related to the Directors or the substantial shareholders of the Company and their respective associates.

2. PRINCIPAL TERMS OF THE MOU AND THE JV

2.1 Details of the JV Company

(a) Issued and Paid-Up Capital

The JV Company shall have an issued and paid-up capital of S\$1,000,000, which the Company shall contribute S\$1,000,000 in cash while AIPL shall contribute by way of its network, team of investment and trading professionals and risk management expertise. As part of AIPL’s contribution, the Company shall also issue and allot such number of fully paid-up new ordinary shares in its capital (the “**AIPL Shares**”), at an issue price to be agreed, amounting to S\$1,000,000, to AIPL at no consideration (the “**AIPL Shares Issue**”).

(b) Number of Shares

The JV Company shall be incorporated with 100 ordinary shares. The Company shall hold 40 shares (representing 40% shareholding interest of the JV Company) while AIPL shall hold 60 shares (representing 60% shareholding interest of the JV Company). The JV Company shall have only one class of shares, i.e. ordinary shares.

(c) Board of Directors

The board of directors of the JV Company shall comprise three directors. The Company shall appoint one director while AIPL shall appoint two directors on the board of directors of the JV Company.

(d) Management and Employees

AIPL shall be responsible for appointing the management team of the JV Company, which shall include the trading team, the risk management team, as well as personnel in charge of accounting, system and business origination (collectively, the “**Management**”). The Management shall be responsible for providing the overall strategy and business plans of the JV Company, subject to the approvals of the board of directors of the JV Company. Monthly accounts will also be prepared by the Management and provided to the Company.

2.2 Fund management licence

AIPL, on behalf of the JV Company, shall be responsible for the application of a fund management licence to the Monetary Authority of Singapore (“**MAS**”).

2.3 Conditions Precedent

Completion of the JV shall be conditional upon the fulfillment or waiver, as the case may be, of the salient conditions precedent set out below:

(a) Due Diligence

The satisfactory completion of the due diligence conducted on (i) AIPL, by the Company; and (ii) the Group, by AIPL.

(b) Approvals from the Company’s shareholders

The approvals from the Company’s shareholders (“**Shareholders**”) being obtained for, among other things, the AIPL Shares Issue, the issuance of the AIPL Shares and the Proposed Diversification.

(c) Approvals from AIPL’s shareholders

The approvals from the AIPL’s shareholders being obtained for, among other things, the entry into the MOU and the underlying transactions, if necessary.

(d) Regulatory Approvals

The receipt and non-withdrawal of all other necessary consents, approvals and waivers required under any and all applicable laws from any regulatory body or authority of Singapore or elsewhere for the JV and to give effect to the transactions contemplated under the definitive agreements to be entered into between the Parties in due course.

(e) Non-prohibition

The JV not being prohibited by any statute, order, rule, regulation, direction or request promulgated or condition imposed by any legislative, executive or regulatory body or authority of Singapore or elsewhere applicable to any of the Parties.

(f) Any other conditions precedent to be agreed on by the Parties.

2.4 Long Stop Date

The Parties shall negotiate in good faith, and use reasonable endeavours to agree on the terms and conditions of the definitive agreements on or prior to 30 November 2017 or such other date as the Parties may agree in writing (the “**Long Stop Date**”).

2.5 Termination

The MOU shall be terminated and the Parties will have no further obligations to each other on the date on which the earliest of the following events occurs:

- (a) the Parties agree in writing to terminate the MOU;
- (b) AIPL notifies the Company that it is not reasonably satisfied with its due diligence review of the Group;
- (c) the Company notifies AIPL that it is not reasonably satisfied with its due diligence review of the AIPL;
- (d) the entry by the Parties into the definitive agreements as such definitive agreements would supersede the MOU;
- (e) the Parties have not entered into the definitive agreements on the Long Stop Date; or
- (f) any Party is in material breach of its obligations hereunder. Termination in such case will be at the option of the Party not in breach.

3. AIPL SHARES ISSUE

3.1 Overview

As provided under the MOU, the Company will issue and allot the AIPL Shares at an issue price to be agreed per AIPL Share (the “**Issue Price**”) to AIPL. For the avoidance of doubt, no proceeds will be raised by the Company in connection with the AIPL Shares Issue.

The Parties are currently negotiating on the Issue Price and appropriate announcement will be made by the Company in due course once the Issue Price has been determined. The Issue Price will be subject to Shareholders’ approval at an extraordinary general meeting of the Company to be convened (the “**EGM**”) and it will be in compliance with all relevant rules of the SGX-ST Listing Manual Section B: Rule of the Catalyst (the “**Catalist Rules**”).

The AIPL Shares are to be issued to AIPL pursuant to Section 275 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”). Hence, no prospectus or offer information statement in connection with the AIPL Shares Issue will be issued by the Company and lodged with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) acting as agent on behalf of the MAS.

3.2 AIPL Shares

Pursuant to Rule 805 of the Catalyst Rules (except as provided in Rule 806 of the Catalyst Rules), the Company must obtain the prior approval of its Shareholders in a general meeting for, *inter alia*, the issue of shares in the capital of the Company (“**Shares**”) or the grant of options carrying rights to subscribe for Shares. Accordingly, the Company will be seeking Shareholders’ approval for the AIPL Shares Issue and the allotment and issuance of the AIPL Shares at the EGM pursuant to Rule 805 of the Catalyst Rules.

Pursuant to Rule 803 of the Catalist Rules, the Company must not issue securities to transfer a controlling interest without prior approval of its Shareholders in a general meeting. As of the date of this announcement, AIPL does not hold any Shares, direct or deemed, in the Company. Depending on the Issue Price to be agreed between the Parties, the allotment and issuance of the AIPL Shares may result in a transfer of controlling interest in the Company to AIPL. In such event, the AIPL Shares Issue and the allotment and issuance of the AIPL Shares shall be subject to Shareholders' approval at the EGM pursuant to Rule 803 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 and the SGX-ST for the dealing in, listing of and quotation for the AIPL Shares to be issued pursuant to the AIPL Shares Issue on the Catalist board of the SGX-ST ("**Catalist**").

3.3 Rationale for the JV

The Board believes that the JV is in the best interests of the Company as it will further the Company's intention to carry out the New Business in connection with the Proposed Diversification, the rationale for which has been set out in Section 4.2 below.

3.4 Proforma Financial Effects

The proforma financial effects of the AIPL Shares Issue shall be provided once the number of, and the Issue Price of, the AIPL Shares are determined.

4. THE PROPOSED DIVERSIFICATION

4.1 Information regarding the New Business

The Proposed Diversification will involve the Group expanding its existing core business of exploration and production for Oil and Gas (the "**Original Business**") to include the New Business, which is an entirely new business area, and is substantially different from its Original Business. This will change the existing risk profile of the Group. Pursuant to the Catalist Rules, shareholders' approval is required for the Proposed Diversification. Accordingly, the Company will convene an EGM in due course to seek Shareholders' approval for the Proposed Diversification.

4.2 Rationale for the Proposed Diversification

(a) Reducing reliance on the Original Business

With the continuing weakness and volatility in the oil price environment which has persisted since 2014, this has caused global concerns to both oil and gas producers as well as oilfield services operators resulting in a worldwide reduction in all activities in the exploration, development and production of oil and gas. As a result of which, the Group expects the conditions for the Original Business to remain challenging for some time. The Proposed Diversification would reduce the Group's reliance on the Original Business by diversifying its revenue stream, as well as improve future prospects and better support the growth of the Group, so as to enhance Shareholders' value for the Company.

(b) The Proposed Diversification will give the Group the flexibility to enter into transactions relating to the New Business in the ordinary course of business

Once the Shareholders approve the Proposed Diversification, the Group may, in the ordinary course of business, enter into transactions relating to the New Business without having to seek Shareholders' approval. This can be done as long as such transactions do not change the Group's risk profile, and will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the New Business arise. This will allow the Group greater flexibility to pursue business opportunities which may be time-sensitive in nature, and will substantially reduce the expenses associated with the convening of general meetings from time to time.

5. CIRCULAR TO SHAREHOLDERS

The circular containing further details of the JV, the AIPL Shares Issue and the Proposed Diversification, together with a notice of the EGM in connection therewith, will be despatched to Shareholders in due course.

6. INTERESTS OF DIRECTORS AND CONTROLLING 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 MOU, the JV, the AIPL Shares Issue and the Proposed Diversification.

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 JV and the Proposed Diversification 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 announcements on the JV, the AIPL Shares Issue and the Proposed Diversification, 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 JV, the AIPL Shares Issue, the Proposed Diversification, 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.

10. DOCUMENT FOR INSPECTION

A copy of the MOU is available for inspection by Shareholders during normal business hours at the registered address of the Company at 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 for three months from the date of this announcement.

By order of the Board

Jeffrey Pang
Chief Executive Officer and Executive Director
8 September 2017

*This announcement has been prepared by Loyz Energy Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor (the “**Sponsor**”), ZICO Capital Pte. Ltd., for compliance with the SGX-ST Listing Manual Section B: Rules of Catalyst. 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.

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