

CIRCULAR DATED 12 OCTOBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Loyz Energy Limited (the "**Company**") held through The Central Depository (Pte) Limited ("**CDP**"), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should immediately forward this Circular together with the Notice of Annual General Meeting and the accompanying Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

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.



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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

**THE PROPOSED CHANGE OF AUDITORS
FROM BDO LLP TO CROWE HORWATH FIRST TRUST LLP**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	25 October 2016 at 11 a.m.
Date and time of Annual General Meeting (" AGM ")	:	27 October 2016 at 11 a.m.
Place of AGM	:	8 Wilkie Road #03-01 Wilkie Edge Singapore 228095

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

"2016 AGM"	:	The AGM to be held on 27 October 2016 at 11 a.m. at 8 Wilkie Road #03-01 Wilkie Edge, Singapore 228095, notice of which is set out in the Annual Report
"AGM"	:	The annual general meeting of the Company
"ACRA"	:	The Accounting and Corporate Regulatory Authority of Singapore
"Annual Report"	:	The annual report of the Company for the financial year ended 30 June 2016
"Audit Committee"	:	The audit committee of the Company, comprising Mr Teo Choon Kow @ William Teo, Mr Ong Beng Chye and Mr Lee Chye Cheng, Adrian, as at the Latest Practicable Date
"Auditors"	:	The auditors of the Company for the time being
"BDO"	:	Messrs BDO LLP
"Board"	:	The board of Directors of the Company as at the Latest Practicable Date
"Catalist"	:	The Catalist board of the SGX-ST
"Catalist Rules "	:	Section B: Rules of Catalist of the SGX-ST Listing Manual, as amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 12 October 2016
"Company"	:	Loyz Energy Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore as amended, modified or supplemented from time to time
"Crowe Horwath"	:	Messrs Crowe Horwath First Trust LLP
"Directors"	:	The directors of the Company as at the Latest Practicable Date
"Group"	:	The Company and its subsidiaries
"Proposed Change of Auditors"	:	The proposed change of auditors of the Company from BDO to Crowe Horwath
"Latest Practicable Date"	:	30 September 2016, being the latest practicable date prior to the printing of this Circular
"Securities Account"	:	Securities accounts maintained by Depositors with CDP, but not including a securities sub-account maintained with a Depository Agent

- "SGX-ST" : Singapore Exchange Securities Trading Limited
- "Shareholders" : Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares
- "Shares" : Ordinary shares in the capital of the Company

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

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

Directors

Mr Teo Choon Kow @ William Teo
(*Independent Director and Chairman*)
Mr Pang Kee Chai (Peng Qicai)
(*Chief Executive Officer and Executive Director*)
Mr Lee Chye Cheng, Adrian
(*Non-Executive Director*)
Mr Ong Beng Chye
(*Independent Director*)

Registered Office

8 Wilkie Road
#03-01 Wilkie Edge
Singapore 228095

12 October 2016

To: The Shareholders of Loyz Energy Limited

Dear Sir/Madam

1 INTRODUCTION

On 30 September 2016, the Company announced the Proposed Change of Auditors from BDO to Crowe Horwath.

The Board proposes to seek the approval of Shareholders at the 2016 AGM for the Proposed Change of Auditors as further explained below.

The purpose of this Circular is to provide Shareholders with the relevant information relating to, and explaining the rationale for, the Proposed Change of Auditors. The notice of the 2016 AGM is set out on pages 127 to 131 of the Annual Report.

2 THE PROPOSED CHANGE OF AUDITORS

2.1 Background and Rationale

The Company's current auditors, BDO, have been the Auditors since the financial year ended 30 June 2011 and were last re-appointed at the AGM held on 30 October 2015, to hold office until the conclusion of the next AGM.

To further strengthen the corporate governance processes of the Company, the Board is of the view that it would be timely to effect a change of Auditors. The Proposed Change of Auditors would also enable the Company to benefit from fresh perspectives and views of another professional audit firm, and thus, enhance the value of the audit.

In this regard, BDO will not be seeking re-appointment at the forthcoming AGM. Crowe Horwath had, on 29 September 2016, given their consent to be appointed as the new Auditors, subject to the approval of Shareholders at the 2016 AGM.

Pursuant to Section 205(15) of the Companies Act, the retirement of BDO and the appointment of Crowe Horwath will take effect upon approval by the Shareholders at the 2016 AGM. Upon the appointment, Crowe Horwath will hold office until the conclusion of the next AGM.

The Directors wish to express their appreciation for the past services rendered by BDO.

2.2 Information on Crowe Horwath

Crowe Horwath is a member firm of Crowe Horwath International and is one of the leading mid-tier accounting and advisory service firms in Singapore. The firm was recently awarded the 2016 Best Practice Award (Large Practice Category) by the Institute of Singapore Chartered Accountants. In addition, Crowe Horwath is registered with Accounting and Corporate Regulatory Authority.

Mr Goh Sia will be the engagement partner assigned to the Company. He is currently a partner leading the assurance and risk advisory teams in Crowe Horwath. He has more than 20 years of extensive experience in the audit and consulting services, providing audit and financial consulting services to a broad range of growing clientele in technology, manufacturing and trading, publishing and education as well as engineering companies.

2.3 Compliance with Rule 712 of the Catalist Rules

The Audit Committee has reviewed and deliberated, and after taking into consideration the suitability of Crowe Horwath and compliance with the Catalist Rules, has recommended the Proposed Change of Auditors.

The Board, having taken into account the recommendation of the Audit Committee, and having considered various factors including, *inter alia*, the fee structure, the size and complexity of the Group, the adequacy of the resources and experience of Crowe Horwath, the experience of the engagement partner and the number and expertise of the supervisory and professional staff to be assigned to the audit of the financial statements of the Company and the Group, other audit engagements of Crowe Horwath and Crowe Horwath proposed audit arrangements for the Group, is of the opinion that Crowe Horwath will be able to meet the audit requirements of the Company and that Rule 712 of the Catalist Rules has been complied with. Accordingly, the Board has recommended the Proposed Change of Auditors.

In accordance with the requirements of Rule 712(3) of the Catalist Rules:

- (a) BDO has confirmed to Crowe Horwath that it is not aware of any professional reasons why Crowe Horwath should not accept the appointment as Auditors of the Company;
- (b) the Company confirms that there were no disagreements with BDO on accounting treatments within the last 12 months from the date of this Circular;
- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which has not been disclosed in this Circular;
- (d) the reasons for the Proposed Change of Auditors are as disclosed in section 2.1 of this Circular; and
- (e) the Company confirms that it is in compliance with Rules 712 and 715 of the Catalist Rules in relation to the appointment of Crowe Horwath as its new Auditors.

2.4 Compliance with Rule 715 of the Catalist Rules

Following Shareholders' approval of the Proposed Change of Auditors, Crowe Horwath will be the Auditors of the Company and the Company's subsidiaries incorporated in Singapore. The Company does not have any foreign-incorporated subsidiaries or significant associated companies.

3 AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the rationale for, and the terms of, and has recommended, the

Proposed Change of Auditors, after taking into account the suitability and independence of Crowe Horwath to meet audit requirements of the Company, the various factors set out in this Circular and compliance with the requirements of the Catalist Rules.

4 DIRECTORS' RECOMMENDATIONS

Having considered the Audit Committee's recommendation and various other factors including, among others, the rationale for and benefits of the Proposed Change of Auditors, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Change of Auditors at the 2016 AGM.

In giving the above recommendations, the Directors have not had regard to the general or specific investment objectives, financial situation, tax position or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, the Directors recommend that any individual Shareholder who may require specific advice in relation to his investment portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers immediately.

5 ANNUAL GENERAL MEETING

The notice of the 2016 AGM ("**Notice**") is set out on pages [•] to [•] of the Annual Report, and the 2016 AGM will be held at 8 Wilkie Road #03-01 Wilkie Edge Singapore 228095 on 27 October 2016 at 11 a.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the ordinary resolution as set out in the Notice.

A Depositor shall not be regarded as a Shareholder entitled to attend the 2016 AGM and to speak and vote thereat unless he/she is shown to have Shares entered against his/her name in the Depository Register, as certified by CDP as at 72 hours before the 2016 AGM.

6 ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders will find enclosed with this Circular and the Annual Report, the Notice and a Proxy Form. If a Shareholder is unable to attend the 2016 AGM and wishes to appoint a proxy to attend and vote on his/her behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 8 Wilkie Road, #03-01 Wilkie Edge, Singapore 228095 not later than 11 a.m. on 25 October 2016. Completion and return of the Proxy Form by a Shareholder will not prevent him/her from attending and voting at the 2016 AGM if he/she so wishes.

7 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

8 DOCUMENTS FOR INSPECTION

Copies of the following documents are 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 a period of three (3) months from the date of this Circular:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Annual Report;
- (c) the letter of acceptance to be appointed as Auditors of the Company from Crowe Horwath dated 29 September 2016; and
- (d) the letter of professional clearance from BDO to Crowe Horwath.

Yours faithfully
For and on behalf of
the Board of Directors of
LOYZ ENERGY LIMITED

Mr Teo Choon Kow @ William Teo
Independent Director and Chairman