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UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: CWX Global Limited (fka Loyz Energy)

Security: CWX Global Limited (fka Loyz Energy)

Meeting details:
Date: 26 October 2018
Time: 2.30 p.m.
Venue: 8 Wilkie Road #03-01 Wilkie Edge, Singapore 228095

Company Description

CWX Global Limited, an investment holding company, engages in the exploration, development, and production of oil and gas in the Asia-Pacific region. The company primarily holds 20% interest in three producing concessions, including SW1, L44/43, and L33/43 located in Phetchabun Basin, Thailand. It also engages in financial activities. The company was formerly known as Loyz Energy Limited and changed its name to CWX Global Limited in October 2017. CWX Global Limited was incorporated in 1999 and is based in Singapore.
(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=594)

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[**Comment:** As stated in the Letter to shareholders, the company changed its name to CWX Global to better reflect the group's new corporate identity and new business strategy. The proposed change in name was announced on 5 October 2017 and came into effect on 1 November 2017 following the approval by shareholders at the EGM.

The change in name took place following changes to the board composition. Mr. Cheong WeiXiong, Jeff joined the board as an independent director on 18 April 2017, and subsequently assumed the appointment of non-executive chairman of the board on 8 June 2017. Mr. Cheong was also appointed as a member of the audit committee (AC) and remuneration committee (RC) on 18 April 2017. He was appointed as chairman of the RC and a member of the nominating committee (NC) on 18 May 2017. He was appointed as chairman of the board and NC on 8 June 2017.

The company has stated that "**CWX**" was stands for "**C**ollectively **W**e **X**cel", signifying the group's vision for all its stakeholders, to excel and grow collectively, together with the group.

Would the company help shareholders understand why it had not chosen the name "CWE" instead, to stand for "Collectively We Excel"? This would be more meaningful and more intuitive for shareholders and for the market participants. Otherwise, shareholders might mistaken CWX to stand for **C**heong **W**ei**x**iong, the independent chairman.]

1. Despite the change in name and the strategic transformation that was started last year, the group still only derived revenue from the oil and gas segment. In FY2018, revenue decreased by 34.4% to US$5.9 million due to a reduction in the oil production volume from the oil concessions in Thailand.

(i) The group owns a 20% stake in the Phetchabun Basin oil concessions. The board and the management team do not posses deep expertise and experience in drilling and oil production. **What is the level of influence and oversight of the actual day-to-day operations and on the strategic direction of the operations? What is the value-add or the contribution by the group to the joint operators?**

In the Operations review, it was said that the production of oil was cut from 214,895 barrels in FY2017 to 107,980 barrels as a strategic move to capture higher price (page 6). However, in the section on "Concession overview" (page 8), it was stated that:

> *During the financial year ended 30 June 2018 ("FY2018"), oil production volume from the Oil Concessions reduced from 214,895 barrels in the financial year ended 30 June 2017 ("FY2017") to 107,980 barrels in FY2018 on the back of natural depletion.*

(ii) **Would the board clarify on the real reason for the decrease in oil production volume?**

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2. Would the company provide shareholders with better clarity on the operations of FIT Global Pte. Ltd., which is a strategic joint venture with Apostar Pte Ltd ("APL") (formerly known as Arctos Investments Pte Ltd)? Specifically:

(i) To help shareholders better understand the joint venture and the strategic partner, please disclose the websites of FIT Global and Apostar.

FIT Global's activities include bilateral trading and the provision of access and quotes for exchange-traded and over-the-counter markets to its counterparties.

(ii) Are the activities of FIT Global considered "regulated activities" by the Monetary Authority of Singapore?

(iii) Would FIT Global require a Capital Markets licence? Is Apostar Pte Ltd holding any Capital Markets licence?

As disclosed in Note 9 (page 101 – Investment in associate), FIT Global generated US$1,000 of revenue and reported a loss of US$(554,000).

(iv) Can management elaborate further on the growth prospects and the growth plans of FIT Global?

(v) What is the level of oversight and influence in the joint venture?

3. Would the board further comment on the following governance issues? Specifically:

(i) **Entrepreneurial leadership:** The primary function of the board is to provide entrepreneurial leadership so as to protect and enhance long-term value and returns for its shareholders. Please explain the company's business model as this is not clear on how the company will create long term value for stakeholders.

(ii) Nominating committee (NC): Would the NC elaborate further why no NC meeting was held in the year? It was disclosed that the assessment of the board's effectiveness and the performance and contribution of each individual director was conducted and circulated to the NC members. **Can the NC confirm that this was carried out over email? How effective was the NC in carrying out its duties? As telephonic attendance is allowed under the company's constitution, did the NC consider holding a teleconference?**

(iii) Attendance of directors: As shown in the table (page 35), Cheong Weixiong, Jeff, as non-executive chairman and independent director, was absent for one board meeting, one audit committee meeting and one remuneration committee meeting. No NC meeting was held during the year. **Can the company help shareholders understand if there were extenuating circumstances that led Mr Cheong to be absent for the board and board committee meetings? As the company's constitution allows telephonic attendance, did Mr Cheong call in to the board and the board committee meetings? Is the absence of**

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Mr Cheong due to his other commitment as group chief executive officer and executive director of another listed company?

(iv) Sustainability: Can management provide more details on the material issues in the Sustainability Report and help shareholders understand how these material issues fit into the corporate strategy?

A copy of the questions for the Annual Report for the financial year ended 30 June 2017 could be found here:

https://sias.org.sg/qa-on-annual-reports/?company=Loyz%20Energy%20Ltd

The company's response could be found here: -----