

FALCON ENERGY GROUP LIMITED
(Company Registration No.: 200403817G)
(Incorporated in the Republic of Singapore)

CLARIFICATION ON THE ANNOUNCEMENT DATED 7 APRIL 2017 – DISPOSAL OF SHARES IN CHO OFFSHORE LTD.

Unless the context otherwise requires, all capitalised terms used herein shall bear the same meanings ascribed to them in the announcement dated 7 April 2017 (“Announcement”).

1. Introduction

The Board of Directors of Falcon Energy Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) refers to the Announcement and wishes to make the clarifications set out below.

2. Information on the Vendor

The Vendor, Energian Pte. Ltd., is a wholly-owned subsidiary of the Company.

3. Value of the Sale Shares and Loss Attributable to the Sale Shares

The adjusted net asset value of the Company’s stake in CHO of approximately US\$197.45 million comprises 86.74% of US\$161.01 million as stated in the CHO’s unaudited financial statement ended 31 December 2016 with an adjustment for the uplift of vessels valuation of US\$57.79 million recorded in the Group accounts in Financial Year 2014/2015.

The adjusted net asset value of the Sale Shares as at 31 December 2016 of US\$49.68 million is calculated based on the number of Sale Shares of 153,846,150 divided by the Company’s initial stake of 611,406,281 shares in CHO multiplied by US\$197.45 million. The Company’s management has accounted for the loss on Disposal of approximately US\$35.37 million from the Disposal in the Statement of Changes in Equity – “Transactions with Owners of the Company” as against the aggregate consideration of US\$14.32 million (using the exchange rate of S\$1.3968 : US\$1.00).

4. Relative Figures computed based on Rule 1006 of the Listing Manual

The relative figure under Rule 1006(b) is 17.33% based on the unaudited net loss before income tax attributable to the Sale Shares for the financial period ended 31 December 2016 of approximately US\$63,080 compared with the Group’s unaudited net loss before income tax of approximately US\$364,000.

5. Material Conditions under the SPA

Right of First Refusal

Under the SPA, if the Vendor wishes to transfer any of the Remaining Energian Shares or any interest therein at any time and from time to time for the period of one (1) year from the completion date of the Disposal, it shall first offer all of those shares to be transferred to the Purchaser at no higher than a price per share in respect of the Sale Shares. Where the offer is declined or lapses, such offer shares may be offered by the Vendor for sale to any other third party transferee on terms and conditions not more favourable than those comprised in the offer to the Purchaser.

BY ORDER OF THE BOARD

Tan Pong Tyea
Chairman and Chief Executive Officer
9 April 2017