

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

PROPOSED DISPOSAL OF SHARES IN DICTAMISMO S. DE R.L. DE C.V.

1. INTRODUCTION

- 1.1. The Board of Directors ("**Board**") of Falcon Energy Group Limited ("**Company**" and together with its subsidiaries, "**Group**") wishes to announce that the Company's indirect subsidiaries, Innovest Resources Limited and Astanient S.A. DE C.V. (collectively, "**Vendor**"), have on the date of this announcement ("**Announcement Date**") entered into a sale and purchase agreement ("**SPA**") with Grupo Evya, S.A.P.I. DE C.V. ("**Purchaser**"), pursuant to which the Vendor has agreed to, *inter alia*, dispose of the Vendor's two shares ("**Sale Shares**") in the issued and paid-up share capital of Dictamismo S. DE R.L. DE C.V. ("**Dictamismo**"), a 50%-owned joint-venture company with the Purchaser, to the Purchaser ("**Proposed Disposal**"). The Sale Shares represent approximately 50% of the issued and paid-up share capital of Dictamismo.

2. THE PROPOSED DISPOSAL

2.1. Consideration

The consideration for the Sale Shares is US\$2,250,000 ("**Consideration**") (equivalent to approximately S\$3,112,000¹).

The Consideration was arrived at by agreement between the Vendor and the Purchaser at arm's length, on a "willing-buyer, willing-vendor" basis.

3. INFORMATION ON DICTAMISMO AND THE PURCHASER

3.1. Dictamismo

Dictamismo is a limited liability company established under the laws of Mexico. Dictamismo's principal activities are those of owning, chartering of vessels and other related services.

3.2 The Purchaser

The Purchaser is a stock corporation established under the laws of Mexico which was founded in 2009. Its line of business includes building and repairing ships, barges and lighters.

4. RATIONALE FOR THE PROPOSED DISPOSAL AND USE OF NET PROCEEDS

4.1 Rationale

With the outlook for the industry expected to remain significantly unchanged from the current uncertainty, the Company considers the sale of Dictamismo to be potentially a strategic decision for the benefit of the Group as it raises liquidity available to the Group.

¹ Unless expressly stated to the contrary, any reference to the Singapore dollar equivalent to a United States dollar amount is based on an exchange rate of S\$1.3830 to US\$1.00, being the exchange rate for 12 November 2018 (being the market day preceding the Announcement) extracted from the Business Times dated 13 November 2018.

4.2 Use of Proceeds

The net proceeds from the Proposed Disposal are intended to be used for the Company's working capital purposes.

5. MATERIAL CONDITIONS UNDER THE SPA

5.1 Conditions Precedent

Completion of the Proposed Disposal is conditional upon, *inter alia*, following conditions precedent having fulfilled or waived:

- (a) Approval by the Board of Directors of the Purchaser of the SPA and the transactions contemplated hereby;
- (b) Execution and signature of the Supplemental Facility Letter for the extension of the payment term of the existing facility, for 18 (eighteen) monthly instalments, effective as of November 2018;
- (c) Delivery of the documents by Vendor and/or Purchaser, respectively namely (i) proxy letter signed by the Vendor in favour of the Purchaser, to represent Vendor in the Partners Meeting of Dictamismo; (ii) the final, signed record entries in the corporate book of Partners Registry of Dictamismo; and (iii) the final, signed resignation letters of all members of the board of directors of Dictamismo; and
- (d) Full payments and satisfaction of the Supplemental Facility so that all sums owed to the bank are fully paid and the bank discharges and returns the Company's Corporate Guarantee and the Ship Mortgage.

6. FINANCIAL EFFECTS

6.1. Illustrative Nature of Financial Effects

The financial effects of the Proposed Disposal on the NTA per share and earnings per share ("EPS") of the Group, prepared based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2018 ("FY2018") are set out below. The financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after completion of the Proposed Disposal.

6.2. NTA

Assuming the Proposed Disposal had been completed on 30 June 2018, being the end of the most recently completed financial year of the Group, the financial effects on the NTA per share of the Group would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
NTA (US\$ million)	97.01	97.01
No. of issued ordinary shares ('000)	876,631	876,631
NTA per share (US cents)	11.07	11.07

6.3. EPS

Assuming the Proposed Disposal had been completed on 1 July 2017, being the beginning of the most recently completed financial year of the Group, the profit attributable to the shareholders of the Company ("**Shareholders**") and the financial effects on the EPS of the Group for FY2018 would be as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Profit/(Loss) attributable to the Shareholders (US\$ million)	(76.44)	(76.44)
Weighted average no. of ordinary shares – Basic ('000)	832,289	832,289
EPS/(Loss Per Share) (US cents) – Basic	(9.18)	(9.18)

7. CHAPTER 10 OF THE LISTING MANUAL

7.1 Relative Figures

The relative figures in relation to the Proposed Disposal, computed on the applicable bases set out in Rule 1006 of the Listing Manual of the SGX-ST ("**Listing Manual**"), are as follows:

Rule 1006	Bases	Percentage (%) ⁽¹⁾
(a)	The net asset value of the assets to be disposed of (i.e. the Sale Shares), compared with the Group's net asset value	2.32% ⁽²⁾
(b)	The net profits attributable to the assets disposed of (i.e. the Sale Shares), compared with the Group's net profits	-0.80% ⁽³⁾
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	11.83% ⁽⁴⁾
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not Applicable

Notes:

- (1) The relative figures set out in this column are calculated based on FY2018 Financial Statements.
- (2) Computed based on the net asset value of the Sale Shares of US\$2.25 million, compared to the Company's net asset value of US\$97.01 million.
- (3) Computed based on the net profit attributable to the Sale Shares of US\$747,000, compared to the Company's net loss of US\$93.45 million.

- (4) Computed based on the Consideration, compared to the market capitalisation of the Company on 12 November 2018, being the last market day preceding the Announcement Date, of approximately S\$26.30 million. The market capitalisation is calculated on the basis of a total number of 876,631,475 the Company's shares in issue multiplied by the weighted average price of such shares transacted on 12 November 2018, being the last market day preceding the Announcement Date.

As the relative figures computed on the basis set out in Rule 1006(c) exceeds 5% but does not exceed 20%, the Proposed Disposal constitutes a disclosable transaction under Chapter 10 of the Listing Manual.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or the controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal, apart from through their shareholdings in the Company.

9. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA will be available for inspection during normal business hours at the registered office of the Company at 10 Anson Road, #33-15 International Plaza, Singapore 079903 for a period of three (3) months from the Announcement Date.

BY ORDER OF THE BOARD

Peh Lei Eng
Company Secretary
13 November 2018