



18 January 2019

## **Letter to Shareholders**

Dear Shareholders,

The oil and gas industry has been in a prolonged downturn since late 2014 and operating conditions were progressively more challenging over the last 4 years. While recent market consensus points to a positive sentiment as crude oil prices continue to trade around US\$60 a barrel as at mid-January 2019, propped up by a positive supply/demand fundamental. Recent OPEC+ oil cuts continue to support Brent crude, via reduced inventory. There have been positive signs of improvement in the oil services market.

Over the last 4 years, we have swiftly implemented measures to rein in costs, including reduction of operating and corporate expenses across the Group. However, the Group operated in an environment that continued to be plagued by protracted industry weakness.

In the second half of 2017, we commenced discussions with our major creditors to review and restructure the Company's capital structure. We have held several informal meetings to engage our Noteholders in relation to the Series 001 S\$50,000,000 Notes due on 19 September 2017 (ISIN: SG6SJ3000005) ("the Notes") issued under the S\$500,000,000 Multicurrency Medium Term Note Programme, whereby the Company has successfully completed the Consent Solicitation in connection with the Notes and extended the maturity date to 19 September 2020.

We have also made significant headway in our recent discussions with our other major creditors regarding the terms of the restructuring. We will now press ahead to engage the broader stakeholder groups on a full restructuring including banks, Noteholders and other creditors.

In view of the aforementioned developments, the Company has decided to suspend the trading of its shares on a voluntary basis to protect the interest of each stakeholder group as well as to ensure that no person trades the shares and related securities of the Company without sufficient information required to make an informed decision. We will seek to lift the trading suspension at the appropriate juncture.

We believe the industry is starting to show signs of improvement and our business model is viable, supported by our highly experienced management team with proven track record. We are confident Falcon Energy will emerge an even stronger entity post-restructuring.

I would like to take this opportunity to express my sincere gratitude to all fellow shareholders as well as our long-term partners for their support and continued trust in us. My team and I reiterate our commitment to work towards the long-term sustainability of the Group and strive for the best outcome for stakeholders.

Tan Pong Tyea  
Chairman and Chief Executive Officer

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