

**70,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF
FALCON ENERGY GROUP LIMITED (THE "SUBSCRIPTION")**

1. INTRODUCTION

The board of directors ("**Directors**") of Falcon Energy Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company had on 9 May 2018 entered into a conditional share subscription agreement (the "**Subscription Agreement**") with Mr Wong Fong Fui (the "**Investor**").

2. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

Pursuant to the terms and conditions of the Subscription Agreement, the Company has agreed to allot and issue an aggregate of 70,000,000 new ordinary shares ("**Shares**") in the capital of the Company (the "**Subscription Shares**"), and the Investor agreed to subscribe and pay for the Subscription Shares to be subscribed by him at the price of approximately S\$0.028 per Subscription Share (the "**Subscription Price**") for an aggregate of S\$1,960,000 ("**Subscription Consideration**"). The Subscription Price represents a 3.704% premium to the volume weighted average price of S\$0.027, based on trades done on 7 May 2018 and 8 May 2018, being the two immediately preceding market days before the Subscription Agreement was signed. No placement agent will be appointed for the purposes of this Subscription.

The Subscription Shares shall be issued free from all claims, charges, liens and other encumbrances whatsoever and shall rank, *pari passu*, in all respects with the existing Shares save that they will not rank for any dividend, rights, allotments or other distributions, the Record Date of which falls on or before the Completion Date (as defined in the Subscription Agreement) (if any) acceptable to the Investor ("**SGX Approval**"). For purposes of this announcement, "Record Date" means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

Conditions Precedent

The obligations of the Parties under the Subscription Agreement are conditional upon the performance by the Company of its obligations under the Subscription Agreement and also upon the following:

- (a) in-principle approval for the Additional Listing Application for the listing and quotation of the Subscription Shares on the SGX-ST being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that any conditions for the listing and quotation of the Subscription Shares on the SGX-ST are required to be fulfilled on or before Completion Date, they are so fulfilled;
- (b) the exemption under Section 274 and 275 of the Securities and Futures Act (Cap. 289 of Singapore) being applicable to the Subscription under the Subscription Agreement;
- (c) the allotment, issue and subscription of the Subscription Shares not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreement by any legislative, executive or regulatory body or authority of Singapore or any other jurisdiction, which is applicable to the Company;
- (d) the representations, warranties and undertakings in the Subscription Agreement remaining true and correct in all material respects as at the Completion Date and the Company having performed all of its obligations under the Subscription Agreement to be performed on or before the Completion Date.

If any of the conditions set out above has not been satisfied on or before the Cut-Off Date (as defined in the Subscription Agreement), the Subscription Agreement shall terminate and shall be of no further effect and neither the Company nor the Investor hereto shall be under any liability to the other in respect of this Agreement.

3. THE INVESTOR

The Investor is Mr Wong Fong Fui. The Investor was identified by the Company in the ordinary course of business dealings and at corporate networking events. The Investor is not a director or a substantial shareholder of the Company, or any other person in the categories set out in Rule 812(1) of the SGX-ST Listing Manual.

4. RATIONALE

The Company is proposing to undertake the Subscription as it will result in an injection of funds into the Company, enabling the Company to increase its working capital and resources available so as to improve its cash flow and to allow it to pursue acquisition and/or business opportunities as part of its strategic objectives as and when they arise.

5. MANDATE FOR THE ISSUE OF THE SUBSCRIPTION SHARES

The Subscription Shares will be issued pursuant to the general mandate given by the shareholders of the Company at the annual general meeting of the Company held on 29 December 2017 for the Directors of the Company to issue shares, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into ordinary shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit ("**Share Issue Mandate**").

As at the date of the annual general meeting held on 29 December 2017 and the date of this announcement, the Company has 806,631,475 Shares (excluding treasury shares). The Subscription Shares, when allotted and issued in full, will represent approximately eight per cent (8%) of the total number of issued shares in the capital of the Company as at 29 December 2017 and the date of this announcement and approximately eight per cent (8%) of the enlarged issued and paid-up share capital upon completion of the Subscription (assuming that no further Shares are issued on or prior to the completion of the Subscription).

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Subscription, other than their respective interests in the Shares (if any). None of the Directors or substantial shareholders of the Company or their respective associates have any connection (including business relationship) with the Investor.

7. FINANCIAL EFFECTS

As at the date of this announcement, the issued and paid-up capital of the Company is S\$297,546,480 divided into 806,631,475 Shares. When completed, the Subscription will increase the existing issued and paid-up share capital of the Company by S\$1,960,000, divided into 876,631,475 Shares.

The loss per Share ("**LPS**") and the net asset value ("**NAV**") per Share of the Group based on the audited accounts of the Group as at June 30, 2017 and the existing issued Shares of 806,631,475 were 15.10 US cents and 16.16 US cents respectively. The LPS and NAV per Share of the Group for the financial year ended June 30, 2017, after adjusting for the issue of the Subscription Shares, will be 13.90 US cents and 15.04 US cents respectively (on the basis of an exchange rate of US\$1:S\$1.32).

8. USE OF NET PROCEEDS

The proceeds from the Subscription after deducting expenses incurred in connection with the Subscription is expected to amount to approximately S\$1,960,000. It will be used for working capital and other general funding requirements (including coupon payment(s) relating to the Company's existing multicurrency term note programme).

The Company will make an announcement as to the use of the proceeds from the Subscription as and when such proceeds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. Where there is any material deviation from the stated use of proceeds, the Company will announce the reasons for such deviation.

Pending the deployment of the proceeds from the Subscription, such proceeds may be placed as deposits with financial institutions or invested in short term money markets or debt instruments or for any other purposes on a short term basis as the Directors may deem fit, from time to time.

9. GENERAL

None of the Subscription Shares will be placed with any person or groups of persons disallowed by the SGX-ST as set out under Rule 812 of the Listing Manual of the SGX-ST.

The Subscription will result in a transfer of controlling interest in the Company to the Investor.

None of the Subscription Shares will be placed with the Directors or substantial shareholders of the Company or any of their respective related parties.

None of the Directors of the Company have any interest, direct or indirect, in the Subscription. The Directors are not aware of any substantial shareholder of the Company having any interest, direct or indirect, in the Subscription and has not received any notification of any interest in this transaction from any substantial shareholder of the Company.

None of the Directors of the Company have, and the Directors, to the best of their knowledge, are not aware of any substantial shareholder of the Company having, any connection (including business relationship) with the Investor, its directors and/or substantial shareholders.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Subscription will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board

Tan Pong Tyea
Chairman and Chief Executive Officer
9 May 2018