

CIRCULAR DATED 13 OCTOBER 2018

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This Circular is issued by Falcon Energy Group Limited (the “**Company**”). If you are in any doubt about its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all of your ordinary shares in the capital of the Company, please forward this Circular, the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or to the transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected, for onward transmission to the purchaser or to the transferee.

The Singapore Exchange Securities Trading Limited takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.



FALCON ENERGY GROUP LIMITED

(Company Registration No. 200403817G)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

RATIFICATION OF THE DISPOSAL OF 217,800,000 ORDINARY SHARES REPRESENTING APPROXIMATELY 30.90 PER CENT. OF THE ISSUED AND PAID-UP SHARE CAPITAL OF CH OFFSHORE LTD. TO BT INVESTMENT PTE. LTD., A WHOLLY-OWNED SUBSIDIARY OF BAKER TECHNOLOGY LIMITED, FOR CASH OF S\$25,047,000

IMPORTANT DATES AND TIMES

- | | | |
|--|---|---|
| Last date and time for lodgement of Proxy Form | : | 28 October 2018 at 10.30 a.m. |
| Date and time of Extraordinary General Meeting | : | 30 October 2018 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place) |
| Place of Extraordinary General Meeting | : | TRN Centre, 10 Anson Road #19-14
International Plaza
Singapore 079903 |

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DEFINITIONS

The following definitions apply throughout this Circular unless otherwise stated:

“Announcement”	:	The announcement of the Disposal released by the Company on the Announcement Date
“Announcement Date”	:	26 July 2018, being the date of the Announcement
“Annual Report 2018”	:	The Company’s Annual Report for FY2018
“Board”	:	The board of Directors of the Company for the time being
“BTL”	:	Baker Technology Limited
“CDP”	:	The Central Depository (Pte) Limited
“CHO”	:	CH Offshore Ltd.
“CHO 3QFY2018 Financial Statements”	:	The unaudited consolidated financial statements of CHO for the third quarter ended 31 March 2018
“CHO FY2018 Financial Statements”	:	The audited consolidated financial statements of CHO for FY2018
“CHO Shares”	:	The ordinary shares in the issued and paid-up share capital of CHO
“CIMB”	:	CIMB Bank Berhad, Singapore Branch
“Circular”	:	This circular to Shareholders dated 13 October 2018
“Company”	:	Falcon Energy Group Limited
“Companies Act”	:	Companies Act (Cap. 50) of Singapore
“Completion”	:	The completion of the Disposal
“Consideration”	:	The sum of S\$25,047,000, being the sale consideration for the Disposal
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating practice of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the Company; or (b) in fact exercises Control over the Company
“Deed of Undertaking”	:	Has the meaning ascribed to it at paragraph 2.2 of this Circular
“Directors”	:	The directors of the Company as at the date of this Circular
“Disposal”	:	The disposal of the Sale Shares by the Vendor to the Purchaser, on the terms and conditions of the SPA
“EGM”	:	Extraordinary General Meeting

“EPS”	:	Earnings per share
“FEG 3QFY2018 Financial Statements”	:	The unaudited consolidated financial statements of CHO for the third quarter ended 31 March 2018
“FEG FY2018 Financial Statements”	:	The audited consolidated financial statements of the Group for FY2018
“FY2018”	:	The financial year ended 30 June 2018
“Group”	:	The Company and its subsidiaries as at the date of this Circular
“Latest Practicable Date”	:	4 October 2018, being the latest practicable date prior to the printing of this Circular
“Listing Manual”	:	The listing manual of the SGX-ST, as amended or modified from time to time
“NTA”	:	Net tangible assets
“Ordinary Resolution”	:	The ordinary resolution to be passed by Shareholders at the EGM to be convened for Shareholders to ratify, approve and confirm the Disposal
“Purchaser”	:	BT Investment Pte. Ltd.
“Ratification EGM”	:	Has the meaning ascribed to it at paragraph 8.1 of this Circular
“Repayment Sum”	:	Has the meaning ascribed to it at paragraph 4.1 of this Circular
“Sale Shares”	:	217,800,000 ordinary shares, representing approximately 30.90% of the issued and paid-up share capital of CHO
“SFA”	:	The Securities and Futures Act (Cap. 289) of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Charge”	:	Has the meaning ascribed to it at paragraph 8.2(c) of this Circular
“Shareholders”	:	The registered holders of the Shares as set out in the register of members of the Company, except where the registered depositor is CDP, the term “Shareholders” shall, where the context admits, mean the Depositors whose securities accounts are credited with the Shares
“Shares”	:	Ordinary shares in the issued and paid-up share capital of the Company
“TPT Undertaking”	:	Has the meaning ascribed to it at paragraph 8.3(c) of this Circular
“Substantial Shareholder”	:	A person (including a corporation) who holds directly or indirectly 5% or more of the total issued voting Shares of the Company
“SPA”	:	The sale and purchase agreement dated 26 July 2018 entered into between the Vendor and the Purchaser in relation to the Disposal
“Vendor”	:	Energian Pte. Ltd., a wholly-owned subsidiary of the Company

“Waiver”	:	The application by the Company to the SGX-ST on 29 June 2018 for a waiver of Rule 1014(2) of the Listing Manual which requires the prior approval of the Shareholders in relation to the Disposal
“Waiver Conditions”	:	Has the meaning ascribed to it at paragraph 8.3 of this Circular
“S\$” or “cents”	:	Singapore dollars and cents, respectively
“US\$”	:	United States dollars
“%” or “per cent.”	:	Percentage or per centum

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term “Subsidiary” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to any agreement or document shall include such agreement or document as amended, modified, varied, novated, supplemented or replaced from time to time.

Any reference in this Circular to shares being allotted to a person includes allotment to CDP for the account of that person.

Any reference to a time of day and to dates in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

LETTER TO SHAREHOLDERS

FALCON ENERGY GROUP LIMITED

(Incorporated in the Republic of Singapore)
Company Reg. No. 200403817G

Directors

Tan Pong Tyea (Chairman and Chief Executive Officer)
Cai Wenxing (Executive Director)
Lien Kait Long (Non-Executive and Lead Independent Director)
Mak Yen-Chen Andrew (Non-Executive and Independent Director)
Tan Sooh Whye (Alternate Director to Tan Pong Tyea)
Cai Wenting (Alternate Director to Cai Wenxing)

Registered Office

10 Anson Road
#33-15 International Plaza
Singapore 079903

To: The Shareholders of Falcon Energy Group Limited

Dear Sir/Madam

RATIFICATION OF THE DISPOSAL OF 217,800,000 ORDINARY SHARES REPRESENTING APPROXIMATELY 30.90 PER CENT. OF THE ISSUED AND PAID-UP SHARE CAPITAL OF CH OFFSHORE LTD. TO BT INVESTMENT PTE. LTD., A WHOLLY-OWNED SUBSIDIARY OF BAKER TECHNOLOGY LIMITED, FOR CASH OF S\$25,047,000

1. INTRODUCTION

1.1. Disposal. The Board refers to the Announcement in respect of the following matters:

- (i) the Company's wholly-owned subsidiary, the Vendor (Energian Pte. Ltd.), had on the Announcement Date entered into the SPA with the Purchaser (BT Investment Pte. Ltd.), a wholly-owned subsidiary of BTL, pursuant to which the Vendor has agreed to, *inter alia*, dispose of the Sale Shares out of its stake of 457,560,131 CHO Shares, a 64.91%-owned subsidiary of the Vendor, to the Purchaser. The Sale Shares represent approximately 30.90%¹ of the CHO Shares; and
- (ii) the SPA is unconditional and had been completed as at the Announcement Date by way of a married deal pursuant to the rules and regulations of SGX-ST and CDP. Upon the Completion, CHO ceased to be a subsidiary of the Company.

1.2. Ratification Required. The Disposal constituted a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Disposal was to be subject to the approval of Shareholders at an EGM to be convened, unless waived or exempted by SGX-ST. As stated in the Announcement, the Company had made an application to SGX-ST to seek the Waiver, and sought the SGX-ST's approval for the Company to seek Shareholders' ratification of the Disposal at an EGM following Completion. SGX-ST granted the Waiver subject to certain conditions as more particularly described at paragraph 8.3 of this Circular. Accordingly, the Company is required to seek the approval of Shareholders for the Disposal by way of ratification.

1.3. Circular. The purpose of this Circular is to provide Shareholders with relevant information relating to the Disposal, including the rationale for the Disposal and the financial effects of the Disposal on the Group and to seek the approval of Shareholders for the Ordinary Resolution.

¹ In this Circular, all percentages with respect to the CHO Shares are based on CHO's total issued ordinary shares of 704,892,514 shares (excluding treasury shares) as at the Announcement Date. Any discrepancies between the listed percentages and the totals shown thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of figures that precede them.

2. THE DISPOSAL

2.1. Consideration

The consideration for the Sale Shares is S\$25,047,000, based on the price of S\$0.115 per Sale Share.

The Consideration was arrived at by agreement between the Vendor and the Purchaser at arm's length, on a "willing-buyer, willing-vendor" basis after taking into account, *inter alia*, the historical and prevailing market price of the CHO Shares and the historical financial position and performance of CHO. The consideration per Sale Share represents a 30.30% discount to the weighted average price for CHO Shares transacted for the six-month period ending on 25 July 2018, being the market day immediately preceding the Announcement Date. The consideration for the Sale Shares represents a 11.54% discount to the market value of the Sale Shares on the market day immediately preceding the Announcement Date of approximately S\$28.31 million.

2.2. Irrevocable Undertaking

In connection with the SPA, the Vendor had executed a deed of undertaking ("**Deed of Undertaking**"), pursuant to which the Vendor had, *inter alia*, undertaken, represented and warranted to the Purchaser that it shall not accept the mandatory unconditional cash offer to be made by or on behalf of the Purchaser and/or parties acting in concert with the Purchaser for the CHO Shares pursuant to the Singapore Code on Take-overs and Mergers, in respect of the remaining CHO Shares owned by the Vendor following the Completion.

3. INFORMATION ON CHO AND THE PURCHASER

3.1. CHO

CHO is a company incorporated in Singapore on 31 March 1976 and its shares are listed on the Main Board of the SGX-ST. CHO is an established offshore support service provider in the marine, and oil and gas sectors, and *inter alia*, operates a fleet of one Offshore Support Vessel (OSV) vessel and 15 Anchor Handling Tug Supply (AHTS) vessels as well as provides marine support services in Southeast Asia and internationally, including offshore construction support; support services to offshore drilling rigs and installations, such as towing, anchor-handling, supply of deck, liquid and dry bulk cargoes and supply of dangerous goods; and field support services comprising emergency response, rescue, fire-fighting and anti-pollution.

3.2. The Purchaser

The Purchaser is the wholly-owned subsidiary of BTL, a public company incorporated in Singapore and which shares are listed on the Main Board of the SGX-ST. BTL is a provider of specialised marine offshore equipment and services focused mainly on the offshore oil and gas industry.

4. RATIONALE FOR THE DISPOSAL AND USE OF NET PROCEEDS

4.1. Rationale

In light of the current global trend of decreasing oil prices and CHO's dependency on the oil and gas industry for its revenue, the Company considered the Disposal to be a strategic decision for the benefit of the Group as it will allow the Company to partially repay an outstanding loan of S\$43,608,698.87 (including interest) ("**Repayment Sum**") to CIMB, which was due and payable on 27 June 2018. As at the Latest Practicable Date, the Company is in discussions with CIMB to explore options such as the restructuring of the outstanding loan and extension of future repayment dates.

4.2. Use of Proceeds

The net proceeds from the Disposal were intended to be used to repay part of the Repayment Sum and to cover the transaction costs in relation to the Disposal. As at the Latest Practicable Date, S\$25,009,459.58 of the Repayment Sum has been repaid.

5. FINANCIAL INFORMATION

5.1. Book Value

Based on the FEG FY2018 Financial Statements, the book value attributable to the Sale Shares is approximately US\$20.76 million (equivalent to approximately S\$28.30 million)².

5.2. NTA

Based on the CHO FY2018 Financial Statements, the NTA attributable to the Sale Shares as at 30 June 2018 is approximately US\$29.86 million (equivalent to approximately S\$40.70 million)².

5.3. Latest Available Open Market Value

As stated in the Announcement, the latest available open market value of the Sale Shares prior to the Announcement Date was approximately S\$28.31 million, being the weighted average price attributable to the Sale Shares transacted on 25 July 2018 (which is the last market day preceding the Announcement Date).

5.4. Deficit of Consideration over Book Value

Based on the book value of the Sale Shares as set out at paragraph 5.1 of this Circular, the amount of deficit of the Consideration over the said book value is approximately US\$2.39 million (equivalent to approximately S\$3.26 million)².

5.5. Loss on Disposal

Based on the CHO FY2018 Financial Statements, the net asset value of the Sale Shares is approximately US\$29.86 million (equivalent to approximately S\$40.70 million)². The amount of loss on disposal is approximately US\$11.48 million (equivalent to approximately S\$15.65 million)². The net loss attributable to the Sale Shares is approximately US\$7.56 million.

6. FINANCIAL EFFECTS

6.1. Illustrative Nature of Financial Effects

The financial effects of the Disposal on the NTA per share and EPS of the Group, prepared based on the FEG FY2018 Financial Statements, 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.

6.2. NTA

Assuming the 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 Disposal	After the Disposal
NTA (US\$ million)	97.01	0.39
No. of issued ordinary shares ('000)	876,631	876,631
NTA per share (US cents)	11.07	0.04

² Unless expressly stated to the contrary, any reference to the Singapore dollar equivalent of a United States dollar amount is based on an exchange rate of S\$1.3632 to US\$1.00, being the exchange rate for 25 July 2018 (being the market day preceding the Announcement) extracted from the Business Times dated 26 July 2018.

6.3. EPS

Assuming the 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 Shareholders and the financial effects on the EPS of the Group for FY2018 would be as follows:

	Before the Disposal	After the Disposal
Profit/(Loss) attributable to Shareholders (US\$ million)	(76.44)	(51.96)
Weighted average no. of ordinary shares – Basic ('000)	832,289	832,289
EPS/(Loss Per Share) (US cents) – Basic	(9.18)	(6.24)

7. CHAPTER 10 OF THE LISTING MANUAL

7.1. Major Transaction

Rule 1014 of the Listing Manual provides that where any of the relative figures as computed on the bases set out at Rule 1006 of the Listing Manual exceeds 20%, the transaction is classified as a major transaction and requires the approval of Shareholders.

7.2. Relative Figures

The relative figures in relation to the Disposal, computed on the applicable bases set out in Rule 1006 of the Listing Manual, are as follows:

Rule 1006	Bases	Percentage (%) ⁽¹⁾	Percentage (%) ⁽²⁾
(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	21.22% ⁽³⁾	30.77 ⁽⁴⁾
(b)	The net profits attributable to the assets disposed of (i.e. the Sale Shares), compared with the Group's net profits	7.76% ⁽⁵⁾	8.09 ⁽⁶⁾
(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	74.41% ⁽⁷⁾	74.41% ⁽⁷⁾
(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	Not Applicable

Notes:

- (1) The relative figures set out in this column are calculated based on comparing the CHO 3QFY2018 Financial Statements against the FEG 3QFY2018 Financial Statements.
- (2) The relative figures set out in this column are calculated based on comparing the CHO FY2018 Financial Statements against the FEG FY2018 Financial Statements.
- (3) Computed based on the net asset value of the Sale Shares of US\$35.93 million, compared to the Company's net asset value of US\$169.27 million.
- (4) Computed based on the net asset value of the Sale Shares of US\$29.86 million, compared to the Company's net asset value of US\$97.01 million.
- (5) Computed based on the net loss attributable to the Sale Shares of US\$1.53 million, compared to the Company's net loss of US\$19.69 million.

- (6) Computed based on the net loss attributable to the Sale Shares of US\$7.56 million, compared to the Company's net loss of US\$93.45 million.
- (7) Computed based on the Consideration, compared to the market capitalisation of the Company on 25 July 2018, being the last market day preceding the Announcement Date, of approximately S\$33.66 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 25 July 2018, being the last market day preceding the Announcement Date.

7.3. Shareholder Approval Required

As the relative figures computed on the bases set out at Rules 1006 (a) and (c) of the Listing Manual exceed 20%, the Disposal constitutes a major transaction under Chapter 10 of the Listing Manual and is therefore subject to the approval of Shareholders at an EGM, unless waived or exempted by the SGX-ST.

8. WAIVER APPLICATION

8.1. Waiver of Rule 1014(2) of the Listing Manual

As stated in the Announcement and at paragraph 1.2 of this Circular, the Company made an application to the SGX-ST to seek the Waiver, and sought the SGX-ST's approval for the Company to seek Shareholders' ratification of the Disposal at an EGM following Completion ("**Ratification EGM**").

8.2. Reasons for the Waiver Application

The Company sought the Waiver for the following reasons:

- (a) the Company had sought approval for the Disposal from its Controlling Shareholder, Mr. Tan Pong Tyea, who, as at the date of the Waiver application and the Announcement Date, had a direct and deemed shareholding interest of approximately 57.76% in the Company. Mr. Tan Pong Tyea had agreed to undertake to vote in favour of the resolution at the Ratification EGM to approve the Disposal;
- (b) with such undertaking to vote by Mr. Tan Pong Tyea, minority Shareholders will not be prejudiced if the Company does not seek Shareholders' prior approval to effect the Disposal as the result of the Shareholders' votes will be the same whether the Shareholders' approval is sought before or after the Completion. In addition, as the Company will ratify the Disposal after the Completion, the minority Shareholders would not be denied of an opportunity to discuss their views of the Disposal; and
- (c) as some of the Company's outstanding bank borrowings had become due and payable, the Company required the Disposal to complete as soon as possible so as to have the necessary funds to meet its pressing loan repayment obligations. In particular, one of the Company's lenders, CIMB, had demanded repayment of the Repayment Sum from the Company. The loan from CIMB was secured by 412,180,175 CHO Shares charged to CIMB ("**Share Charge**"). In this regard, CIMB may enforce its rights under the Share Charge if the Repayment Sum was not repaid in a timely manner. If this occurs, there will be a knock-on impact on the other financial facilities of the Company and a major loss of value to the minority Shareholders.

8.3. SGX-ST Waiver

On 4 July 2018, SGX-ST advised that it had no objection to the Company's application for the Waiver, subject to the following conditions ("**Waiver Conditions**"):

- (a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 107 of the Listing Manual and if the Waiver Conditions have been satisfied. If the Waiver Conditions have not been met on the Announcement Date, the Company must make an update announcement when the Waiver Conditions have all been met;

- (b) the Company seeking Shareholders' ratification of the Disposal at an EGM to be held by 30 October 2018; and
- (c) the submission of an irrevocable undertaking ("**TPT Undertaking**") from the Company's Controlling Shareholder, Chairman and Chief Executive Officer, Mr. Tan Pong Tyea, who holds approximately 57.76% of the Shares to:
 - (i) vote in favour of approving the Disposal by the Company at the Ratification EGM; and
 - (ii) maintain a shareholding of more than 50% in the Company from the date of the grant of the Waiver by the SGX-ST until after the Ratification EGM.

8.4. Fulfillment of Waiver Conditions

Pursuant to the above, the Company had stated in the Announcement that:

- (a) the Company had submitted the TPT Undertaking to the SGX-ST; and
- (b) the Company intends to convene the Ratification EGM to seek Shareholders' ratification of the Disposal by 30 October 2018.

9. DIRECTORS' SERVICE CONTRACTS

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

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

10.1. Interests in the Company

Shares

The interests of the Directors and Substantial Shareholders in the Shares as at the Latest Practicable Date are as follows:

	Direct interest		Deemed interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Directors				
Tan Pong Tyea	417,960,700	47.68	88,393,051 ⁽²⁾	10.08
Cai Wenxing ⁽³⁾	–	–	70,933,592 ⁽⁴⁾	8.09
Lien Kait Long	75,000	0.0086	–	–
Tan Sooh Whye ⁽⁵⁾	10,000,000	1.14	4,209,500 ⁽⁶⁾	0.48
Cai Wenting ⁽⁷⁾	23,716,216	2.71	–	–
Substantial Shareholders (other than Directors)				
Ruben Capital Ventures Limited	48,338,997 ⁽⁸⁾	5.51	–	–
Wong Fong Fui	70,000,000	7.99	–	–

Notes:

- (1) The percentage shareholding interest is based on the total issued and paid-up share capital of 876,631,475 Shares.
- (2) Mr Tan Pong Tyea's deemed interest in the 88,393,051 Shares comprises:
 - (a) his deemed interest in the 48,338,997 Shares held by KGI Securities (Singapore) Pte. Ltd. by virtue of his 79.21% equity interest in Ruben Capital Ventures Limited;

- (b) his deemed interest in the 22,594,595 Shares held by Longzhu Oilfield Services Limited by virtue of his 100% equity interest in Real Trek Pacific Limited which holds 50% equity interest in Longzhu Oilfield Services Limited; and
 - (c) his deemed interest in the 17,459,459 Shares held by Camelot Capital Consultants Ltd by virtue of his 100% shareholding interest in Camelot Capital Consultants Ltd.
- (3) Mr Cai Wenxing holds share options in relation to 250,000 Shares.
- (4) Mr Cai Wenxing's deemed interest in the 70,933,592 Shares comprises:
- (a) his deemed interest in the 22,594,595 Shares held by Longzhu Oilfield Services Limited by virtue of his 50% equity interest in Longzhu Oilfield Services Limited; and
 - (b) his deemed interest in the 48,338,997 Shares held by KGI Securities (Singapore) Pte. Ltd. by virtue of his 20.79% equity interest in Ruben Capital Ventures Limited.
- (5) Ms Tan Sooh Whye has a deemed interest in the share options in relation to 150,000 Shares held by Wong Cheung Chai who is her spouse.
- (6) Ms Tan Sooh Whye's deemed interest in the 4,209,500 Shares comprises:
- (a) her deemed interest in the 3,209,500 Shares held by Mr Wong Cheung Chai who is her spouse; and
 - (b) her deemed interest in the 1,000,000 Shares held by Axapointe Ltd, a company controlled by her spouse, Wong Cheung Chai.
- (7) Ms Cai Wenting holds share options in relation to 150,000 Shares.
- (8) Ruben Capital Ventures Ltd's direct interest in the 48,338,997 Shares are held in the name of KGI Securities (Singapore) Pte Ltd.

10.2. Interests in the Disposal

As at the Latest Practicable Date, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Disposal.

11. DIRECTORS' RECOMMENDATION

Having considered and reviewed, amongst others, the terms of the SPA, the rationale for and the financial effects of the Disposal, and all other relevant facts set out in this Circular, the Directors are of the opinion that the Disposal was in the interest of the Company. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution set out in the Notice of EGM.

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 12 of this Circular, will be held at TRN Centre, 10 Anson Road #19-14, International Plaza, Singapore 079903 on Tuesday, 30 October 2018 at 10.30 a.m. (as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing the Ordinary Resolution set out in the Notice of EGM.

13. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf must complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the Company's registered office at 10 Anson Road, #33-15 International Plaza, Singapore 079903 not less than 48 hours before the time fixed for the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 72 hours before the EGM.

14. DIRECTORS RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

15. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 10 Anson Road, #33-15 International Plaza, Singapore 079903, during normal business hours from the date of this Circular up to the date of the EGM:

- (a) the Constitution of the Company;
- (b) the Annual Report FY2018;
- (c) the SPA; and
- (d) the Deed of Undertaking.

Yours faithfully
For and on behalf of the Board

Tan Pong Tyea
Chairman and Chief Executive Officer
Falcon Energy Group Limited

FALCON ENERGY GROUP LIMITED

(Company Registration No. 200403817G)
(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“EGM”) of **FALCON ENERGY GROUP LIMITED** (“Company”) will be held at TRN Centre, 10 Anson Road #19-14, International Plaza, Singapore 079903 on Tuesday, 30 October 2018 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

ORDINARY RESOLUTION:

RATIFICATION OF THE DISPOSAL OF 217,800,000 ORDINARY SHARES REPRESENTING APPROXIMATELY 30.90 PER CENT. OF THE ISSUED AND PAID-UP SHARE CAPITAL OF CH OFFSHORE LTD. TO BT INVESTMENT PTE. LTD., A WHOLLY-OWNED SUBSIDIARY OF BAKER TECHNOLOGY LIMITED, FOR CASH OF S\$25,047,000

That:

- (a) the entry by the Company into the SPA (as defined in the circular to shareholders dated 13 October 2018 (“**Circular**”)) in relation to the Disposal (as defined in the Circular), on the terms and subject to the conditions set out in the SPA, the performance by the Company of its obligations under the SPA and the completion of the Disposal in accordance with the SPA be and are hereby approved, ratified and confirmed; and
- (b) the Directors of the Company be and are hereby authorised to do all acts and things (including executing such documents as may be required) as they may consider expedient or necessary or in the interest of the Company, in connection with the Disposal, or the transactions contemplated by the Disposal, or to give effect to this Ordinary Resolution.

By Order of the Board
Falcon Energy Group Limited

Peh Lei Eng
Company Secretary
Singapore
13 October 2018

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the EGM of the Company is entitled to appoint a proxy or proxies to attend and vote in his stead. A shareholder of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a shareholder of the Company.
- (2) Where a shareholder (other than a Relevant Intermediary*) appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing such proxy, failing which, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (3) A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

- (4) The instrument appointing a proxy must be duly deposited at the registered office of the Company at 10 Anson Road, #33-15 International Plaza, Singapore 079903 not later than 48 hours before the time appointed for the holding of the EGM.
- (5) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (6) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

FALCON ENERGY GROUP LIMITED

(Company Registration No. 200403817G)
(Incorporated in the Republic of Singapore)

PROXY FORM EXTRAORDINARY GENERAL MEETING

Important:

1. For investors who have used their CPF monies to buy the Falcon Energy Group Limited shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

*I/We _____ (Name) _____ (NRIC/Passport Number)

of _____ (Address)

being a shareholder/shareholders* of Falcon Energy Group Limited (“**Company**”) hereby appoint:

Name	NRIC/ Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or

Name	NRIC/ Passport Number	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Extraordinary General Meeting (“**EGM**”) of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at TRN Centre, 10 Anson Road #19-14, International Plaza, Singapore 079903 on Tuesday, 30 October 2018 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held on the same day and at the same place), and at any adjournment thereof.

Resolution	Number of Votes For**	Number of Votes Against**
To ratify, approve and confirm (i) the Disposal as defined in the Circular to Shareholders dated 13 October 2018 and (ii) the completion of the Disposal which has been completed on 26 July 2018		

* Delete accordingly

** If you wish to exercise all your votes “For” or “Against”, please indicate an “X” within the box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM

Dated this _____ day of _____ 2018

Total number of Shares held:

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in 81SF of the Securities and Futures Act (Cap. 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one (1) or two (2) proxies to attend and vote in his/her/its stead. A proxy need not be a shareholder of the Company.
3. Where a member (other than a Relevant Intermediary*) appoints two (2) proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. A Relevant Intermediary may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 10 Anson Road #33-15 International Plaza Singapore 079903 not less than 48 hours before the time appointed for the EGM.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM.
9. The submission of an instrument or form appointing a proxy by a shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
11. Terms not defined herein shall have the meanings ascribed to them in the Company's Circular to the Shareholders dated 13 October 2018.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.