

**SGX/MEDIA RELEASE
For Immediate Release**

Company Registration Number 200413014R
15 Hoe Chiang Road, #12-05 Tower Fifteen, Singapore 089316

Singapore and Australia
12 June 2017

**PROPOSED INVITATION TO NOTEHOLDERS TO OFFER TO EXCHANGE OUTSTANDING NOTES HELD
BY THE NOTEHOLDERS TO THE COMPANY FOR NEW ORDINARY SHARES IN THE COMPANY**

PROPOSED CAPITALISATION OF THE LOAN FROM EZION HOLDINGS LIMITED TO THE COMPANY

- RESULTS OF EXCHANGE OFFER

- ENTRY INTO SUBSCRIPTION AGREEMENT BY EZION

1 INTRODUCTION

The board of directors (the “**Board**”) of AusGroup Limited (the “**Company**”) refers to the Company’s announcements in relation to the Exchange Offer and the Ezion Loan Capitalisation dated 21 May 2017 (the “**Opening Announcement**”), 31 May 2017, 1 June 2017 (the “**Extension of Offer Announcement**”) and 2 June 2017. All capitalised terms used in this announcement shall bear the meanings ascribed to them in the Opening Announcement, unless the context requires otherwise.

2 RESULTS OF EXCHANGE OFFER

- 2.1 The Board refers to Paragraph 3.2 of the Opening Announcement (“**Offer Period and Settlement Date**”) and Paragraph 2.2 of the Extension of Offer Announcement (“**Extension of Offer Period**”), which together state that the Exchange Offer will expire at 5:00 p.m. (Singapore time) on 9 June 2017.
- 2.2 The Board wishes to announce that the Offer Period has closed and that the Company has received offers to exchange from Noteholders of 116 Notes with an aggregate principal amount equal to S\$27,944,400, representing 26.36% of the outstanding Notes. Based on the foregoing, the Exchange Consideration is S\$28,005,265.20 (the “**Noteholder Exchange Sum**”).
- 2.3 Accordingly, pursuant to the Exchange Offer, the Company proposes to issue an aggregate of 482,849,304 Shares to Noteholders who have validly participated in the Exchange Offer in satisfaction of the Noteholder Exchange Sum (the “**Exchange Shares**”). If issued, the Exchange Shares will represent 65.21% of the Company’s issued share capital as at the date of this announcement and 35.40% of the Company’s enlarged share capital following completion of the Proposed Transactions.

3 ENTRY INTO SUBSCRIPTION AGREEMENT BY EZION

- 3.1 The Board refers to Paragraph 5.1 of the Opening Announcement (“**Principal Terms of the Ezion Loan Capitalisation – Introduction**”) and Paragraph 3.1 of the Extension of Offer Announcement (“**Extension of Date for Entry into Subscription Agreement by Ezion**”), which together state that

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Ezion will notify the Company of the amount of the Shareholder Loan which Ezion will capitalise into new Shares and enter into the Subscription Agreement on or before 10 June 2017.

- 3.2 Ezion is a controlling Shareholder of the Company, holding 132,055,541 Shares representing 17.83% of the Company's issued share capital as at the date of this announcement (the "**Existing Shares**").
- 3.3 The Board wishes to announce that the Company has today entered into the Subscription Agreement with Ezion. Under the Subscription Agreement, the Company proposes to issue 140,766,195 Shares (the "**Capitalisation Shares**") to Ezion pursuant to capitalisation of US\$5,903,000.00 (equivalent to S\$8,164,439.30 based on the exchange rate as at 9 June 2017 of US\$1 : S\$1.3831) (the "Ezion Capitalisation Sum") of the Shareholder Loan. If issued, the Capitalisation Shares will represent 19.01% of the Company's issued share capital as at the date of this announcement and 10.32% of the Company's enlarged share capital following completion of the Proposed Transactions. The Capitalisation Shares will, together with the Existing Shares, represent 20.0% of the Company's enlarged share capital following completion of the Proposed Transactions.
- 3.4 Assuming completion of the Ezion Loan Capitalisation on the expected Settlement Date of 30 June 2017, the amount outstanding under the Shareholder Loan (which includes both principal and interest) will be reduced from US\$30,505,342.07 (equivalent to S\$42,191,938.62 based on the exchange rate as at 9 June 2017 of US\$1 : S\$1.3831) to US\$24,602,342.07 (equivalent to S\$34,027,499.32 based on the exchange rate as at 9 June 2017 of US\$1 : S\$1.3831).

4 PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

- 4.1 In accordance with the Ezion Undertaking, Ezion has entered into the Subscription Agreement on the terms of the Proposed Transactions and terms that are customary to a standard subscription agreement. For further information on the terms of the Proposed Transactions, please refer to the Opening Announcement.
- 4.2 The Subscription Agreement is also subject to the following conditions (the "**Conditions Precedent**"):
- (a) the approval in-principle of the SGX-ST for the listing and quotation of the Capitalisation Shares on the Main Board of the SGX-ST having been obtained (and such approval not having been withdrawn or revoked on or prior to completion of the Ezion Loan Capitalisation), and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
 - (b) the approval by Shareholders having being obtained at an extraordinary general meeting of the Company to be duly convened for the resolution in relation to the Ezion Loan Capitalisation;
 - (c) the issue and subscription of the Capitalisation Shares not being prohibited by any statute, order, rule or regulation promulgated after the date of the Subscription Agreement by any applicable legislative, executive or regulatory body or authority of Singapore; and
 - (d) there having been no occurrence of any event or discovery of any fact rendering any of the warranties given by the Ezion or the Company untrue or incorrect in any material respect as at completion as if they had been given again on completion.

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4.3 On 1 June 2017, the Company announced that it had received approval-in-principle from the SGX-ST for the listing and quotation of the Capitalisation Shares and the Exchange Shares on the Main Board of the SGX-ST. Accordingly, in the event approval-in-principle from the SGX-ST is not withdrawn or revoked on or prior to completion of the Ezion Loan Capitalisation and the conditions thereof are fulfilled by the Company, Condition Precedent (a) will be satisfied.

4.4 Additionally, in the event Resolution 1 and Resolution 2 are passed at the Meeting, Condition Precedent (b) will be satisfied.

5 THE EZION LOAN CAPITALISATION AS AN INTERESTED PERSON TRANSACTION

5.1 The Board refers to Paragraph 6 of the Opening Announcement (“**The Ezion Loan Capitalisation as an Interested Person Transaction**”), which describes the details of the interested person, the materiality thresholds under Chapter 9 and the total value of the IPTs, and Paragraph 7 of the Opening Announcement (“**Audit Committee’s Statement and Independent Financial Adviser**”), which states that the Audit Committee’s view on the Ezion Loan Capitalisation will be set out in the Circular.

5.2 The Company wishes to update Shareholders that based on the Ezion Capitalisation Sum, the value at risk to the Company for the purposes of Chapter 9 of the Listing Manual is the Ezion Capitalisation Sum of S\$8,164,439.30, being the aggregate value of the Capitalisation Shares to be issued to Ezion pursuant to capitalisation of the Ezion Capitalisation Sum.

5.3 Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016, the Group’s latest audited NTL as at 30 June 2016 was approximately S\$66,009,000. Based on the foregoing, the value at risk amounts to approximately 12.37% of the Group’s latest audited NTL. As the value at risk is more than 5.0% of the Group’s latest audited NTL, pursuant to Rule 906 of the Listing Manual, the Company will be seeking the approval of the Shareholders for the Ezion Loan Capitalisation at the Meeting.

5.4 As at the date of this announcement, the aggregate value of all interested person transactions with Ezion for the current financial year is approximately AU\$1,508,486.84 (equivalent to S\$1,572,144.99 based on the exchange rate as at 9 June 2017 of AU\$1 : S\$1.0422), representing approximately 2.38% of the Group’s latest audited NTL of approximately S\$66,009,000 as at 30 June 2016. As at the date of this announcement, there were no interested person transactions with any other interested persons during the current financial year.

6 FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The *pro forma* financial effects of the Proposed Transactions, based on the unaudited consolidated financial statements of the Group for 3Q2017, are set out below. The information presented below has been prepared based on the following:

- (a) the issued share capital of the Company as at the date of this announcement of 740,432,016 Shares;
- (b) the Ezion Capitalisation Sum of S\$8,164,439.30 and the Capitalisation Shares comprising 140,766,195 Shares;

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- (c) the Noteholder Exchange Sum of S\$28,005,265.20 and the Exchange Shares comprising 482,849,304 Shares; and
- (d) all expenses in connection with the Proposed Transactions have been disregarded.

The *pro forma* financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Company or the Group after completion of the Proposed Transactions.

6.1 Share Capital

Assuming that the Proposed Transactions had been completed on 31 March 2017, the effect on the share capital of the Company as at 31 March 2017 will be as follows:

| | Before the Proposed Transactions | After the Proposed Transactions |
|--|---|--|
| Issued and paid-up share capital (S\$'000) | 153,181 | 189,351 ¹ |
| Number of Shares | 740,432,016 | 1,364,047,515 |

6.2 NTA/NTL per Share

Assuming that the Proposed Transactions had been completed on 31 March 2017, the effect on the NTA/NTL per Share of the Company as at 31 March 2017 will be as follows:

| | Before the Proposed Transactions | After the Proposed Transactions |
|---|---|--|
| NTA / (NTL) attributable to owners of the Company (S\$'000) | (59,222) | (23,053) |
| Number of Shares | 740,432,016 | 1,364,047,515 |
| NTA / (NTL) per Share (cents) | (8.00) | (1.69) |

6.3 Earnings/Loss per Share

Assuming that the Proposed Transactions had been completed on 1 July 2016, the effect on the Earnings/Loss per Share of the Company as at 31 March 2017 (for the nine month financial period from 1 July 2016 to 31 March 2017) will be as follows:

¹ Based on the Issue Price of S\$0.058.

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| | Before the Proposed Transactions | After the Proposed Transactions |
|---|---|--|
| Net profit / (loss) attributable to owners of the Company (S\$'000) | 2,494 | 4,632 |
| Number of Shares | 740,432,016 | 1,364,047,515 |
| Earnings / (Loss) per Share (cents) | 0.336 | 0.339 |

6.4 Gearing

Assuming that the Proposed Transactions had been completed on 31 March 2017, the effect on the gearing of the Company as at 31 March 2017 will be as follows:

| | Before the Proposed Transactions | After the Proposed Transactions |
|------------------------|---|--|
| Total debt (S\$'000) | 181,964 | 145,794 |
| Total equity (S\$'000) | (7,327) | 28,842 |
| Gearing ratio | (24.8) | 5.1 |

7 DESPATCH OF SHAREHOLDER CIRCULAR

The Company will in due course despatch the Circular containing information relating to the Exchange Offer and the Ezion Loan Capitalisation, in order to seek approval for the same at the Meeting to be convened.

8 RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Exchange Offer, the Ezion Loan Capitalisation, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.



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By Order of the Board
AusGroup Limited

Eng Chiaw Koon
Managing Director
12 June 2017

Ends

Issued by AusGroup Limited.

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ABOUT AUSGROUP LIMITED (Bloomberg Ticker: AUSG.SP)

Main board-listed, AusGroup Limited is an energy and resources specialist providing fabrication, precision machining, construction and integrated services to natural resource development companies. The Company also provides access services for construction and maintenance contracts through MAS Australasia Pty Ltd (MAS). AusGroup has an established operations network strategically positioned throughout Australasia. For more information visit www.agc-ausgroup.com