



**SGX/MEDIA RELEASE
For Immediate Release**

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

Singapore and Australia
21 May 2017

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AUSGROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200413014R)

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

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of AusGroup Limited (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake an invitation to holders of its S\$110,000,000 7.95 per cent. Notes due 2018 (ISIN: SG6TF6000008) issued by the Company (the “**Notes**” and the “**Noteholders**”) to offer to exchange Notes for new ordinary shares in the capital of the Company (the “**New Shares**”), fractional entitlements to be disregarded (the “**Exchange Offer**”). Additionally, the Company is also proposing to undertake a capitalisation of the shareholder loan from Ezion Holdings Limited (“**Ezion**”) to the Company via the issuance of New Shares, fractional entitlements to be disregarded (the “**Ezion Loan Capitalisation**” and, together with the Exchange Offer, the “**Proposed Transactions**”).
- 1.2 The Company intends to seek the approval of its shareholders (the “**Shareholders**”) at an extraordinary general meeting of the Company to be convened (the “**Meeting**”) for the issue of New Shares to Ezion under the Ezion Loan Capitalisation (“**Resolution 1**”) and the issue of New Shares to Noteholders under the Exchange Offer (“**Resolution 2**”). In order to ensure equality of treatment between Ezion and Noteholders, the Company proposes for Ezion’s debt-to-equity conversion under the Ezion Loan Capitalisation to occur on substantially the same terms as Noteholders’ debt-to-equity conversion under the Exchange Offer and for Resolution 1 and Resolution 2 to be inter-conditional. This means that if Resolution 1 is not approved, Resolution 2 will not be passed, and *vice versa*.
- 1.3 Stuart Maxwell Kenny, the Non-Executive Chairman of the Company, and Faye Lorraine Kenny, who are together the beneficial owners of 8,908,896 Shares representing 1.20% of the

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Company's issued share capital as at the date of this announcement, and Barry Alfred Carson and Jennifer Margaret Carson, who together are the legal and beneficial owners of 20,651,518 Shares representing 2.79% of the Company's issued share capital as at the date of this announcement, have undertaken to vote in favour of Resolution 1 and Resolution 2 at the Meeting.

- 1.4 Additionally, pursuant to the Ezion Undertaking (as defined below), Ezion, who is the legal and beneficial owner of 132,055,541 Shares representing 17.83% of the Company's issued share capital as at the date of this announcement, has undertaken to vote in favour of Resolution 2 at the Meeting. However, as Ezion is an interested person of the Company under Chapter 9 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), Ezion must abstain from voting on Resolution 1.
- 1.5 The Company will make an application to the SGX-ST for the listing and quotation of the New Shares on the Main Board of the SGX-ST. The Company will make an appropriate announcement as soon as reasonably practicable after the receipt of approval in-principle from the SGX-ST.

2. RATIONALE FOR THE PROPOSED TRANSACTIONS

- 2.1. As a result of depressed oil and commodity prices, oil and gas companies, energy companies and mining companies have decreased capital expenditures and are expected to shift into operational expenditure where maintenance expenses dominate budgets. As a result, construction activities on such projects decreased significantly, with operational effectiveness being the main focus of these companies.
- 2.2. The Company has accordingly restructured its business and transitioned from predominantly serving and supporting capital expenditure expansion in the mining sector to catering to operational expenditure and maintenance services in the energy (predominantly Liquid Natural Gas ("**LNG**") processing), industrial and mining sectors (the "**Maintenance Business**"). Following the restructuring of the business, the Company's results for the financial third quarter ended 31 March 2017 ("**3Q2017**") have improved through the Company's core projects in the Northern Territory and Western Australia LNG sector. In particular, the 3Q2017 net profit of AU\$3.3 million represents a significant improvement from the loss of AU\$24.2 million from the results of the preceding financial third quarter ended 31 March 2016.
- 2.3. The Company also ventured into the onshore and off-shore marine services business via the acquisition of Port Melville and its associated assets and businesses (the "**Port**"). Previously, the commencement of full port operations had been delayed by ongoing environmental and regulatory approval processes. On 15 December 2016, the Company announced that Ezion Offshore Logistics Hub (Tiwi) Pty Ltd (now known as NT Port and Marine Pty Ltd), a wholly-owned subsidiary of the Company, had been approved to "operate a marine supply base at Port Melville, Melville Island, Northern Territory, for the shipment of equipment and supplies for

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projects such as the construction and operation of offshore oil and gas fields, up to a maximum of 233 vessel berths at Port Melville per annum (including pilot vessels)". Accordingly, the Company will now be able to develop its operations at the Port beyond the historical woodchip export activity.

- 2.4. Following from the Company's transition in relation to the Maintenance Business and the resolution of approvals for the Port, the Company is now able to explore various business opportunities, such as organic growth or a realisation of certain of its assets or business units.
- 2.5. The purpose of the Proposed Transactions is to build on the success of the Company's business restructuring, and includes the following commercial objectives:
- (a) to improve the Company's net asset position on its balance sheet by reducing debt and increasing paid-up capital;
 - (b) to reduce interest costs as a result of reduced debt;
 - (c) to improve the Company's ability to raise funds from financial markets due to a healthier balance sheet;
 - (d) to improve the Company's ability to win new contracts from potential customers; and
 - (e) to improve the perception and confidence of the Company's customers, suppliers, employees and other stakeholders.
- 2.6. In the event of the Maximum Exchange and Maximum Capitalisation Scenario (as defined in Paragraph 8 of this announcement), the Proposed Transactions will reduce the Company's interest costs by approximately S\$12.1 million per annum. In the event of the Minimum Exchange and Minimum Capitalisation Scenario (as defined in Paragraph 8 of this announcement), the Proposed Transactions will reduce the Company's interest costs by approximately S\$1.2 million per annum.

3. PRINCIPAL TERMS OF THE EXCHANGE OFFER

3.1 Introduction

In 2014, in an effort to diversify its business operations and to create new income streams, the Company ventured into the onshore and off-shore marine services business via the acquisition of Port Melville and its associated assets and businesses (the "**Port**"). Subsequently, the Company issued the Notes and proceeds from the Notes were used for the acquisition of the Port, as well as for the construction of additional facilities such as fuel storage tanks for the Port to support oil and gas exploration and extraction activities in the region.

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As at the date of this announcement, the aggregate principal amount of outstanding Notes is S\$105,996,000 (the “**Aggregate Outstanding Principal**”). Based on the Aggregate Outstanding Principal, the aggregate Accrued Interest (as defined in Paragraph 3.3 of this announcement) is S\$230,868 (the “**Aggregate Accrued Interest**”). Assuming all outstanding Notes are offered and accepted for exchange by the Company on the Settlement Date (as defined in Paragraph 3.2 of this announcement), the maximum sum involved in the Exchange Offer is the sum of the Aggregate Outstanding Principal and the Aggregate Accrued Interest, being S\$106,226,868 (the “**Maximum Exchange Sum**”). Pursuant to the Exchange Offer, the Company may potentially issue up to 1,831,497,724 New Shares to Noteholders in satisfaction of the Maximum Exchange Sum.

The Company is proposing to invite all Noteholders (subject to offer restrictions) to offer to exchange any or all of their Notes (but not part of a Note) which are outstanding for New Shares.

Shareholders should note that the description of the principal terms of the Exchange Offer contained in this announcement is indicative only and that the terms of the Exchange Offer are subject to such changes as the Company may deem fit.

The final terms of the Exchange Offer will be contained in an exchange offer memorandum to Noteholders and its accompanying documents (the “**Exchange Offer Memorandum**”), the principal terms of which will be contained in the Company’s circular to Shareholders (the “**Circular**”). Subject to satisfaction of the Minimum Offer Condition (as defined in Paragraph 3.4 of this announcement), the Circular will be despatched to Shareholders in due course.

3.2 Offer Period and Settlement Date

The Exchange Offer will commence at 9:00 a.m. (Singapore time) on 22 May 2017 (the “**Commencement Date**”) and expire at 5:00 p.m. (Singapore time) on 8 June 2017 (the “**Expiration Deadline**”, and the period between the Commencement Date and the Expiration Deadline, the “**Offer Period**”), unless amended, extended, re-opened, terminated or withdrawn by the Company in accordance with the Exchange Offer Memorandum.

The settlement date of the Exchange Offer is expected to be 30 June 2017 (the “**Settlement Date**”), on which date the Exchange Consideration (as defined in Paragraph 3.3 of this announcement) will be issued to Noteholders who have validly participated in the Exchange Offer.

Shareholders should note that the Exchange Offer is conditional upon satisfaction of the Exchange Offer Conditions (as defined in Paragraph 3.4 of this announcement) and that the Settlement Date will fall on a date after the Meeting.

3.3 Exchange Consideration and Exchange Amount

The consideration payable to each Noteholder is such number of New Shares equivalent in value to the sum of (i) the aggregate principal amount of Notes offered for exchange pursuant to the Exchange Offer (the “**Offered Notes**”) accepted for exchange by the Company and (ii) the interest accrued and unpaid on such Offered Notes accepted for exchange by the Company, from and including 20 June 2017, being the immediately preceding interest payment date prior to the Settlement Date, up to (but excluding) the Settlement Date (the “**Accrued Interest**”¹), based on the Issue Price, fractional entitlements to be disregarded (the “**Exchange Consideration**”). The “**Issue Price**” of each New Share is S\$0.058 and represents a premium of approximately 6.03% above the volume-weighted average price (“**VWAP**”) of S\$0.0547 per Share for trades done on the SGX-ST over the 30 market days preceding the date of this announcement. The New Shares will be traded on the SGX-ST in a minimum board lot size of 100 New Shares.

The Issue Price of S\$0.058 represents a premium of 6.62% above the VWAP of S\$0.0544 per Share for trades done on the SGX-ST on 18 May 2017, being the immediately preceding full market day on which the Exchange Offer is announced.

The terms of the Exchange Offer were arrived at by the Company after taking into consideration, *inter alia*, the rationale for the Proposed Transactions as set out in Paragraph 2 of this announcement and the need to balance the interests of various stakeholders of the Company.

For illustrative purposes only, the Exchange Consideration for one Note² is 4,162,494 New Shares.

Noteholders who wish to participate in the Exchange Offer may only do so in respect of the whole and not part only of a Note, or integral multiples of a whole Note.

The New Shares to be issued under the Exchange Offer will, when allotted and issued, be credited as fully-paid Shares free from any and all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the Shares in issue as at the Settlement Date, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the New Shares.

The New Shares will not be issued to transfer a controlling interest of the Company under Rule 803 of the Listing Manual and the Company will, if necessary, scale down the applications for exchange by any of the Noteholders to avoid the same. Additionally, the New Shares will not be

¹ For the avoidance of doubt, interest payable on the Notes on the interest payment date of 20 June 2017 in respect of the preceding interest payment period will be paid by the Company in cash.

² The Exchange Consideration for one Note is based on the principal amount of one Note of S\$240,900.00 and the Accrued Interest of one Note of S\$524.70.

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issued to any person who falls within the class of restricted persons under Rule 812 of the Listing Manual and the Company will reject applications for exchange by such Noteholders.

The New Shares will be subject to a moratorium on trading for 3 calendar months commencing from the date on which they are listed on the SGX-ST. On the Settlement Date, the New Shares will be issued into moratorium accounts with The Central Depository (Pte) Limited (“**CDP**”) in accordance with its procedures and the Exchange Offer Memorandum.

Subject to satisfaction of the Minimum Offer Condition (as defined in Paragraph 3.4 of this announcement), following the Expiration Deadline and the final results of the Exchange Offer, the Company will determine the specific number of New Shares to be issued under the Exchange Offer, and proposes to seek Shareholders’ approval to issue the same at the Meeting.

3.4 Conditions of the Exchange Offer

In addition to the general conditions relating to the Exchange Offer to be set forth in the Exchange Offer Memorandum (the “**General Conditions**”), the Exchange Offer is conditional on, *inter alia*, the Company obtaining the requisite approvals from Shareholders and applicable regulatory authorities for the Exchange Offer (the “**Approval Condition**”) and valid offers for exchange being received and accepted from Noteholders of Notes with an aggregate principal amount equal to or exceeding S\$10,599,600, representing 10% of the outstanding Notes (the “**Minimum Offer Condition**”, and together with the Approval Condition and the General Conditions, the “**Exchange Offer Conditions**”).

The Company will make an appropriate announcement as soon as reasonably practicable after fulfilment of the Approval Condition and the Minimum Offer Condition.

A Meeting will be convened by the Company in order for the Shareholders to, *inter alia*, consider and, if thought fit, pass Resolution 2 for the issue of New Shares to Noteholders under the Exchange Offer. The Meeting is expected to take place on or around 28 June 2017.

The Meeting will only be convened if the Minimum Offer Condition is satisfied by the Expiration Deadline. If the Minimum Offer Condition is not satisfied by the Expiration Deadline, the Meeting will not be convened and the Exchange Offer will terminate immediately. Accordingly, the Ezion Loan Capitalisation will also not proceed if the Minimum Offer Condition is not satisfied by the Expiration Deadline.

On the date of the Meeting, or as soon as reasonably practicable thereafter, the Company will announce the results of the Meeting.

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3.5 Continued Trading and Continuing Rights

Notwithstanding the Exchange Offer, Notes may continue to be traded, save that Offered Notes will be earmarked by CDP in accordance with its procedures and the Exchange Offer Memorandum. Save for restrictions following from earmarking by CDP, Noteholders of Offered Notes will continue to enjoy all other rights and benefits under the Notes up to (but excluding) the Settlement Date.

3.6 Governing Law and Contact Information

The Exchange Offer will be governed by and construed in accordance with Singapore law.

4. ELIGIBILITY OF NOTEHOLDERS TO PARTICIPATE IN THE EXCHANGE OFFER

4.1. Entitled Noteholders

The Company proposes to make the Exchange Offer to all Noteholders who are eligible to participate in the Exchange Offer (the “**Entitled Noteholders**”).

“**Entitled Noteholders**” are Noteholders who have registered addresses in Singapore as at the Commencement Date or, at least three (3) market days prior to the Commencement Date, provided CDP with addresses in Singapore for the service of notices and documents.

“**Entitled Noteholders**” also include persons who are not Noteholders at the Commencement Date, but who subsequently acquire Notes and thereby become a Noteholder during the Offer Period, provided always that such persons have registered addresses in Singapore as at the Commencement Date or, at least three (3) market days prior to the Commencement Date, provided CDP with addresses in Singapore for the service of notices and documents.

Entitled Noteholders should note that notwithstanding the Exchange Offer, Notes may continue to be traded, save that Offered Notes will be earmarked by CDP in accordance with its procedures and the Exchange Offer Memorandum. Save for restrictions following from earmarking by CDP, Noteholders of Offered Notes will continue to enjoy all other rights and benefits under the Notes up to (but excluding) the Settlement Date.

Accordingly, during the Offer Period, Entitled Noteholders will be at liberty, in respect of Notes held as at the Commencement Date, to (a) offer for exchange pursuant to the Exchange Offer or (b) trade on the SGX-ST. Additionally, Entitled Noteholders will also be at liberty to purchase additional Notes on the SGX-ST, whether in order to offer the same for exchange pursuant to the Exchange Offer or otherwise.

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The procedures for, and the terms and conditions applicable to, offers for exchange pursuant to the Exchange Offer will be contained in the Exchange Offer Memorandum and the accompanying exchange application form (the “**Exchange Application Form**”).

4.2. Foreign Noteholders

The Exchange Offer Memorandum and its accompanying documents relating to the Exchange Offer have not been and will not be distributed, lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Exchange Offer Memorandum and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Exchange Offer Memorandum and its accompanying documents have not been and will not be despatched to Noteholders who have registered addresses outside Singapore as at the Commencement Date and who have not, at least three (3) market days prior to the Commencement Date, provided CDP with addresses in Singapore for the service of notices and documents (the “**Foreign Noteholders**”).

Accordingly, Foreign Noteholders will not be entitled to participate in the Exchange Offer. No purported application by Foreign Noteholders will be valid.

5. PRINCIPAL TERMS OF THE EZION LOAN CAPITALISATION

5.1. Introduction

Pursuant to a novation and amendment agreement dated 30 June 2016 between Teras Australia Pty Ltd (“**TAPL**”), Teras Offshore Pte Ltd (“**TOPL**”), Ezion Offshore Logistics Hub Pte. Ltd. (“**EOLH**”), Ezion and the Company (the “**Agreement**”), the liabilities and obligations of TAPL and EOLH, both of which are subsidiaries of the Company, under certain loan agreements with Ezion were novated to the Company and the benefits and rights of TOPL, which is a wholly-owned subsidiary of Ezion, under a loan agreement with the Company were assigned to Ezion (the “**Novation**”). Following the Novation, the loans under the relevant loan agreements became owed by the Company directly to Ezion (the “**Shareholder Loan**”). Additionally, the Agreement amended the interest rate under the Shareholder Loan from 8.0% per annum to 5.0% per annum with effect from 1 July 2016.

Pursuant to an undertaking dated 19 May 2017 by Ezion (the “**Ezion Undertaking**”), in addition to the voting undertaking described in paragraph 1.4 of this announcement, Ezion also undertook to capitalise an amount of the Shareholder Loan, subject to the following:

- (a) satisfaction of the Minimum Offer Condition;

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- (b) the approval in-principle of the SGX-ST for the listing and quotation of the New 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; and
- (c) the approval by Shareholders having being obtained at an extraordinary general meeting to be duly convened for the resolutions in relation to the Proposed Transactions and such other transactions in connection therewith and incidental thereto.

The amount of the Shareholder Loan to be capitalised under the Ezion Loan Capitalisation shall be an amount which will result in Ezion's shareholding in the Company being not less than 20.0% but not more than 29.9% of the enlarged share capital of the Company following completion of the Proposed Transactions.

Ezion will notify the Company of the amount of the Shareholder Loan which Ezion will capitalise into New Shares in accordance with the Ezion Loan Capitalisation (the "**Capitalisation Shares**") and enter into a share subscription agreement with the Company for such number of Capitalisation Shares on the terms of the Proposed Transactions and terms that are customary to a standard subscription agreement on or before 9 June 2017 (the "**Subscription Agreement**"). In the event that the Ezion Loan Capitalisation is not completed on or before 31 July 2017, the Ezion Undertaking will lapse.

Assuming completion of the Ezion Loan Capitalisation on the Settlement Date and based on the Maximum Exchange Sum, the maximum amount of the Shareholder Loan (which includes both principal and interest) to be capitalised under the Ezion Undertaking is S\$42,513,155³ (the "**Maximum Capitalisation Sum**"). Pursuant to the Ezion Loan Capitalisation, the Company may potentially issue up to 732,985,435 New Shares to Ezion pursuant to capitalisation of the Maximum Capitalisation Sum.

The principal terms of the Ezion Loan Capitalisation will be contained in the Circular. Subject to satisfaction of the Minimum Offer Condition (as defined in Paragraph 3.4 of this announcement) and Ezion's entry into the Subscription Agreement, the Circular will be despatched to Shareholders in due course.

³ Based on the expected Settlement Date of 30 June 2017 and assuming an exchange rate of US\$1 : S\$1.39382.

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5.2. Other Principal Terms of the Ezion Undertaking

The New Shares under the Ezion Loan Capitalisation shall be issued to Ezion at the same Issue Price as the New Shares issued to Noteholders under the Exchange Offer, fractional entitlements to be disregarded.

The Issue Price of S\$0.058 represents a premium of 6.62% above the VWAP of S\$0.0544 per Share for trades done on the SGX-ST on 18 May 2017, being the immediately preceding full market day on which the Ezion Undertaking was signed.

The terms of the Ezion Undertaking were arrived at between the Company and Ezion after taking into consideration, *inter alia*, the rationale for the Proposed Transactions as set out in Paragraph 2 of this announcement and the need to ensure that Ezion's debt-to-equity conversion under the Ezion Loan Capitalisation occurs on substantially the same terms as Noteholders' debt-to-equity conversion under the Exchange Offer, so as to achieve the Company's objective of equality of treatment between Ezion and Noteholders.

Completion of the Ezion Loan Capitalisation shall occur on the same date as settlement of the Exchange Offer.

The New Shares to be issued under the Ezion Loan Capitalisation will, when allotted and issued, be credited as fully-paid Shares free from any and all encumbrances and shall rank *pari passu* in all respects with and carry all rights similar to the Shares in issue as at the Settlement Date, except that they will not rank for any dividend, right, allotment or other distributions, the record date for which falls on or before the date of issue of the New Shares.

The New Shares issued to Ezion under the Ezion Loan Capitalisation shall also be subject to a moratorium on trading for 3 calendar months commencing from the date on which they are listed on the SGX-ST.

Subject to satisfaction of the Minimum Offer Condition (as defined in Paragraph 3.4 of this announcement) and Ezion's entry into the Subscription Agreement, the Company proposes to seek Shareholders' approval to issue the Capitalisation Shares at the Meeting.

6. THE EZION LOAN CAPITALISATION AS AN INTERESTED PERSON TRANSACTION

6.1. Details of the Interested Person

The Ezion Loan Capitalisation is an interested person transaction ("IPT") as Ezion is an "interested person" for the purposes of Chapter 9 of the Listing Manual. 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.

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6.2. Materiality thresholds under Chapter 9

Under Chapter 9 of the Listing Manual, Shareholders' approval is required for an IPT of a value equal to, or exceeding, 5.0% of the Group's latest audited net tangible assets (“**NTA**”) or, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or exceeding, 5.0% of the Group's latest audited NTA.

Assuming a Maximum Exchange Sum, the value at risk to the Company for the purposes of Chapter 9 of the Listing Manual will be the Maximum Capitalisation Sum of S\$42,513,155, being the aggregate value of the New Shares at the Issue Price to be issued to Ezion pursuant to capitalisation of the Maximum Capitalisation Sum.

Based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2016, the Group's latest audited net tangible liabilities (“**NTL**”) as at 30 June 2016 was approximately S\$66,009,000. Based on the foregoing, the value at risk amounts to approximately 64.4% of the Group's latest audited NTL. Accordingly, 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.

Pursuant to Rule 919 of the Listing Manual, Ezion and its associates will not vote on Resolution 1 relating to the Ezion Loan Capitalisation, nor accept appointments as proxies unless specific instructions as to voting are given.

6.3. Total value of the IPTs

The aggregate value of all IPTs with Ezion for the current financial year up to the date of this announcement is approximately AU\$1,395,291⁴, representing approximately 2.2% of the Group's latest audited NTL of approximately S\$66,009,000 as at 30 June 2016. There were no IPTs with any other interested persons for the current financial year up to the date of this announcement.

7. AUDIT COMMITTEE'S STATEMENT AND INDEPENDENT FINANCIAL ADVISER

The audit committee of the Company (the “**Audit Committee**”) will form its view as to whether the Ezion Loan Capitalisation is on normal commercial terms and is not prejudicial to the interests of the Company and the minority Shareholders after considering the independent financial adviser's opinion to be obtained in due course. The Audit Committee's view on the Ezion Loan Capitalisation will be set out in the Circular.

⁴ Equivalent to approximately S\$1,467,009, assuming an exchange rate of AU\$1 : S\$1.0514

Provenance Capital Pte. Ltd. has been appointed as the independent financial adviser to the independent Directors who are deemed independent of the Ezion Loan Capitalisation in connection with the Ezion Loan Capitalisation.

8. ILLUSTRATIVE FINANCIAL EFFECTS

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 assumptions:

- (a) the assumptions of the following scenarios:
 - (i) Maximum Exchange and Maximum Capitalisation Scenario, which assumes that (i) under the Exchange Offer, all outstanding Notes are offered and accepted for exchange by the Company and (ii) under the Ezion Loan Capitalisation, the Shareholder Loan is capitalised such that Ezion's shareholding in the enlarged share capital of the Company following completion of the Proposed Transactions is 29.9%;
 - (ii) Maximum Exchange and Minimum Capitalisation Scenario, which assumes that (i) under the Exchange Offer, all outstanding Notes are offered and accepted for exchange by the Company and (ii) under the Ezion Loan Capitalisation, the Shareholder Loan is capitalised such that Ezion's shareholding in the enlarged share capital of the Company following completion of the Proposed Transactions is 20.0%;
 - (iii) Minimum Exchange and Maximum Capitalisation Scenario, which assumes that (i) under the Exchange Offer, only 10% of outstanding Notes are offered and accepted for exchange by the Company and (ii) under the Ezion Loan Capitalisation, the Shareholder Loan is capitalised such that Ezion's shareholding in the enlarged share capital of the Company following completion of the Proposed Transactions is 29.9%;
 - (iv) Minimum Exchange and Minimum Capitalisation Scenario, which assumes that (i) under the Exchange Offer, only 10% of outstanding Notes are offered and accepted for exchange by the Company and (ii) under the Ezion Loan Capitalisation, the Shareholder Loan is capitalised such that Ezion's shareholding in the enlarged share capital of the Company following completion of the Proposed Transactions is 20.0%;
- (b) the issued share capital of the Company as at the date of this announcement of 740,432,016 Shares; and

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(c) 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.

8.1. 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:

Maximum Exchange and Maximum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Issued and paid-up share capital (S\$'000)	153,181	301,920
Number of Shares	740,432,016	3,304,915,175

Maximum Exchange and Minimum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Issued and paid-up share capital (S\$'000)	153,181	287,127
Number of Shares	740,432,016	3,049,842,749

Minimum Exchange and Maximum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Issued and paid-up share capital (S\$'000)	153,181	175,726
Number of Shares	740,432,016	1,129,138,727

Minimum Exchange and Minimum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Issued and paid-up share capital (S\$'000)	153,181	167,621
Number of Shares	740,432,016	989,407,809

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8.2. 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:

Maximum Exchange and Maximum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
NTA / (NTL) attributable to owners of the Company (S\$'000)	(59,222)	89,287
Number of Shares	740,432,016	3,304,915,175
NTA / (NTL) per Share (cents)	(8.00)	2.70

Maximum Exchange and Minimum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
NTA / (NTL) attributable to owners of the Company (S\$'000)	(59,222)	74,493
Number of Shares	740,432,016	3,049,842,749
NTA / (NTL) per Share (cents)	(8.00)	2.44

Minimum Exchange and Maximum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
NTA / (NTL) attributable to owners of the Company (S\$'000)	(59,222)	(36,700)
Number of Shares	740,432,016	1,129,138,727
NTA / (NTL) per Share (cents)	(8.00)	(3.25)

Minimum Exchange and Minimum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
NTA / (NTL) attributable to owners of the Company (S\$'000)	(59,222)	(44,804)
Number of Shares	740,432,016	989,407,809
NTA / (NTL) per Share (cents)	(8.00)	(4.53)

8.3. 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:

Maximum Exchange and Maximum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Net profit / (loss) attributable to owners of the Company (S\$'000)	2,494	11,118
Number of Shares	740,432,016	3,304,915,175
Earnings / (Loss) per Share (cents)	0.34	0.34

Maximum Exchange and Minimum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Net profit / (loss) attributable to owners of the Company (S\$'000)	2,494	10,610
Number of Shares	740,432,016	3,049,842,749
Earnings / (Loss) per Share (cents)	0.34	0.35

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Minimum Exchange and Maximum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Net profit / (loss) attributable to owners of the Company (S\$'000)	2,494	3,636
Number of Shares	740,432,016	1,129,138,727
Earnings / (Loss) per Share (cents)	0.34	0.32

Minimum Exchange and Minimum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Net profit / (loss) attributable to owners of the Company (S\$'000)	2,494	3,332
Number of Shares	740,432,016	989,407,809
Earnings / (Loss) per Share (cents)	0.34	0.34

8.4. 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:

Maximum Exchange and Maximum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Total debt (S\$'000)	181,964	33,455
Total equity (S\$'000)	(7,327)	149,806
Gearing ratio	(24.8)	0.22

Maximum Exchange and Minimum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Total debt (S\$'000)	181,964	48,249
Total equity (S\$'000)	(7,327)	134,504
Gearing ratio	(24.8)	0.36

Minimum Exchange and Maximum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Total debt (S\$'000)	181,964	159,442
Total equity (S\$'000)	(7,327)	16,337
Gearing ratio	(24.8)	9.76

Minimum Exchange and Minimum Capitalisation Scenario

	Before the Proposed Transactions	After the Proposed Transactions
Total debt (S\$'000)	181,964	167,546
Total equity (S\$'000)	(7,327)	7,929
Gearing ratio	(24.8)	21.13

9. APPLICATION FOR IN-PRINCIPLE APPROVAL

The Company will make an application to the SGX-ST for the listing and quotation of the New Shares on the Main Board of the SGX-ST. Admission of the New Shares to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Company or the New Shares. The Company will make an appropriate announcement as soon as reasonably practicable after the receipt of approval in-principle from the SGX-ST.

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10. INDICATIVE TIMETABLE OF KEY EVENTS

An indicative timetable listing certain important dates and times relating to the Exchange Offer is set out below. All dates and times referred to below are Singapore dates and times.

Expected Dates and (if relevant) Times	Events
22 May 2017, 9:00 a.m.	<p>Commencement of the Offer Period</p> <p>Exchange Offer announced. Exchange Offer Memorandum is sent to each person who is shown in the records of CDP as a holder of the Notes.</p>
8 June 2017, 5:00 p.m.	<p>End of the Offer Period</p> <p>Expiration Deadline. Last date and time for receipt of all Exchange Application Forms.</p>
13 June 2017	<p>Notice of Meeting⁽¹⁾</p> <p>Despatch of Circular and Notice of Meeting to Shareholders.</p>
28 June 2017, 10:00 a.m.	<p>Meeting⁽¹⁾</p> <p>Meeting held. Announcement of result of Meeting as soon as reasonably practicable thereafter.</p>
30 June 2017	<p>Settlement</p> <p>Settlement Date for the Exchange Offer. Cancellation of Notes accepted for exchange pursuant to the Exchange Offer and issuance of the New Shares. Debiting of the Notes and crediting of the New Shares by CDP.</p>
3 July 2017, 9:00 a.m.	<p>Listing and Quotation of the New Shares</p> <p>Listing and quotation of the New Shares. Announcement of listing and quotation of the New Shares.</p>

Note:

- (1) The Meeting will only be convened if the Minimum Offer Condition is satisfied by the Expiration Deadline. If the Minimum Offer Condition is not satisfied by the Expiration Deadline, the Meeting will not be convened and the Exchange Offer will terminate immediately.

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The above timetable is indicative only and is subject to change.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Ezion is interested in the Ezion Loan Capitalisation as it is a controlling Shareholder of the Company.

Save for Ezion, none of the Directors and substantial Shareholders has any interests, direct or indirect, in the Exchange Offer or the Ezion Loan Capitalisation, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

12. 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.

13. 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.

By Order of the Board
AusGroup Limited

Eng Chiaw Koon
Managing Director
21 May 2017

IMPORTANT NOTICE

This announcement is for information only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any New Shares or any securities of the Company in any



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jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any New Shares except on the basis of the information contained in the Exchange Offer Memorandum.

The information contained in this announcement is not for release, publication or distribution to persons in the United States and should not be distributed, forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of applicable securities laws or regulations. The acquisition or purchase of the New Shares is subject to specific legal or regulatory restrictions in certain jurisdictions. The Company assumes no responsibility in the event there is a violation by any person of such restrictions.

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This announcement is not an offer for sale of securities in the United States or elsewhere. New Shares are not being registered under the Securities Act, and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from registration under the Securities Act. There will be no public offering of securities in the United States.

Ends

Issued by AusGroup Limited.

For more information, please contact Romil Singh
T +65 6438 2990 | F +65 6438 0064 | E romil@financialpr.com.sg

For further information in Australia, please contact Christian Johnstone
T +61 8 6210 4500 | E christian.johnstone@agc-ausgroup.com

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