

AUSGROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200413014R)

PROPOSED PRIVATE PLACEMENT OF AN AGGREGATE OF 96,100,000 NEW ORDINARY SHARES IN THE CAPITAL OF AUSGROUP LIMITED (THE "PROPOSED PLACEMENT")

1. INTRODUCTION

The Board of Directors (the "**Directors**" or the "**Board**") of AusGroup Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company has today entered into a placement agreement (the "**Placement Agreement**") with DBS Bank Ltd. (the "**Placement Agent**"), pursuant to which the Company has agreed to issue, and the Placement Agent has agreed to use its best efforts to procure the subscription and payment for, an aggregate of 96,100,000 new ordinary shares in the capital of the Company (the "**Placement Shares**") at an issue price of S\$0.168 per Placement Share (the "**Issue Price**"), amounting to an aggregate consideration of approximately S\$16.1 million.

The Proposed Placement is to be undertaken by way of a private placement pursuant to Section 272B of the Securities and Futures Act of Singapore ("**SFA**"). As such, no prospectus or offer information statement will be lodged with the Monetary Authority of Singapore in connection with the issuance of the Placement Shares.

2. CERTAIN PRINCIPAL TERMS OF THE PROPOSED PLACEMENT

2.1 Issue Price

The Issue Price represents a discount of approximately 8.5% from the weighted average price of the Company's shares (the "**Shares**") of S\$0.1836 based on trades done on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 30 December 2013 (being the last full market day preceding the date of signing of the Placement Agreement) up to the time the Placement Agreement was signed. Pursuant to the Company's request, trading in the Company's Shares was halted on 31 December 2013 at 9.35 a.m..

2.2 Placement Shares

The Placement Shares are to be issued by the Company free from all charges, liens and other encumbrances and shall rank *pari passu* in all respects with the Shares existing as at the date of issue of the Placement Shares.

The Placement Shares are to be issued pursuant to the general mandate granted to the Directors of the Company to issue Shares passed by way of an ordinary resolution by the shareholders of the Company at the annual general meeting of the Company held in October 2013. The Placement Shares represent approximately 19.9% of the total number of issued Shares of the Company as at the date of this Announcement.

2.3 Identity of the placees

Pursuant to the Placement Agreement, the Placement Agent has undertaken that, to the best of its knowledge and belief, *inter alia*, it has not placed and will not place any of the

Placement Shares to persons who are known to it to be persons falling within the categories listed in Rule 812 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

2.4 Placement Commission

A placement commission of S\$700,000 (exclusive of goods and services tax) is payable by the Company to the Placement Agent.

2.5 Conditions Precedent

Completion of the Proposed Placement (“**Completion**”) is conditional upon, *inter alia*:-

- (a) approval in-principle for the listing and quotation of the Placement Shares on the Official List of the Main Board of the SGX-ST (on conditions, if any, acceptable to the Placement Agent and the Company, each acting reasonably and to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before the Completion Date (as defined below), they are so fulfilled) having been obtained and such approval being in full force and effect;
- (b) the transactions contemplated by the Placement Agreement (including but not limited to the issue and subscription of the Placement Shares) not being prohibited or restricted by any statute, order, rule, regulation, ruling, direction, directive, guideline or request, whether or not having the force of law, and whether promulgated or made by any legislative, executive or regulatory body or authority of Singapore (including the SGX-ST, the Monetary Authority of Singapore and the Securities Industry Council) or of any other jurisdiction;
- (c) the Shares remaining listed on the SGX-ST;
- (d) (i) the representations, warranties and undertakings by the Company in the Placement Agreement remaining true and accurate in all material respects as at the Completion Date with reference to the facts and circumstances existing on the Completion Date; (ii) the Company having performed in all material respects all of its undertakings and obligations hereunder to be performed on or before the Completion Date; and (iii) there being no material breach of any of the obligations or undertakings of the Company under the Placement Agreement;
- (e) the delivery of a Completion certificate from a Director of the Company dated the Completion Date confirming, *inter alia*, that the representations, warranties and undertakings by the Company contained in the Placement Agreement are true and accurate in all material respects with reference to the facts and circumstances existing as at the date of the certificate; and
- (f) the delivery to the Placement Agent of a legal opinion from the legal counsel to the Company dated the Completion Date, in or substantially in the form set out in the Placement Agreement.

Completion of the Proposed Placement is to take place on the third business day after the date on which the last in time of the conditions to the completion of the Proposed Placement (except for the conditions under sub-paragraphs (d), (e) and (f) above) is satisfied (or waived) or such other date as the Company and the Placement Agent may agree in writing (“**Completion Date**”).

In the event that any of the conditions is not satisfied (or waived) on or before 14

February 2014 or such later date as the Company and the Placement Agent may agree in writing, the Placement Agreement shall terminate and the parties thereto shall be released and discharged from their respective obligations thereunder and neither party shall have any claim whatsoever against the other party, save for antecedent breaches.

The Placement Agreement also provides, *inter alia*, that the Placement Agent may terminate the Placement Agreement by written notice to the Company at any time prior to Completion, if certain force majeure events and other events occur.

2.6 Additional Listing Application

The Company will be submitting an application to the SGX-ST for the listing and quotation of the Placement Shares on the Main Board of the SGX-ST.

3. PURPOSE OF ISSUE AND USE OF PROCEEDS

The Company is undertaking the Proposed Placement to raise funds for the Group's additional working capital requirements. The enlarged capital base following completion of the Proposed Placement strengthens the Group's financial position.

The Company expects to raise estimated net proceeds (the "**Net Proceeds**") of approximately S\$15.2 million (after deducting expenses). The Company intends to use the Net Proceeds from the Proposed Placement as follows:

- (a) approximately 50% to support the collateralization for the Group's future bonding requirements; and
- (b) approximately 50% for the Group's general working capital purposes.

Pending the deployment of the Net Proceeds for the purposes mentioned above, such Net Proceeds may be deposited with banks and/or financial institutions or invested in shortterm money markets and/or marketable securities, or for any other purpose, as the Directors of the Company may in their absolute discretion deem fit.

4. CERTAIN FINANCIAL EFFECTS

Based on the issued share capital of the Company of S\$81,324,693.68 as at the date of this Announcement and assuming that none of the outstanding options under the AGL Employees' Share Option Scheme 2007 and the AGL Share Option Scheme 2010 and all outstanding share rights under the AGL Share Scheme 2010 as at the date of this Announcement are exercised and that all the 96,100,000 Placement Shares are issued, on completion of the Proposed Placement, the issued share capital of the Company will increase to S\$97,469,493.68 comprising 578,276,475 issued Shares, and the Placement Shares will represent approximately 19.9% of the total number of issued Shares of the Company as at the date of this Announcement and approximately 16.6% of the total number of issued Shares of the Company immediately after the completion of the Proposed Placement.

Based on the unaudited consolidated financial statements of the Company for the 3-month period ended 30 September 2013 announced on 12 November 2013, the Group's net asset value per Share was approximately S\$0.36 as at 30 September 2013. Assuming the completion of the Proposed Placement on or before 30 September 2013 and that all the 96,100,000 Placement Shares are issued, the Group's net asset value

per Share, after adjusting for the issue of the Placement Shares, would be approximately S\$0.33.

5. INTERESTS OF DIRECTORS

None of the Directors of the Company has any interest, direct or indirect, in the Proposed Placement. As at the date of this Announcement, based on information in the Register of Substantial Shareholders maintained by the Company pursuant to Section 137C of the Securities and Futures Act, the Company does not have any substantial shareholders.

BY ORDER OF THE BOARD
Dr Chew Kia Ngee
Chairman

3 January 2014