

**AUSGROUP LIMITED**  
**(UNDER INTERIM JUDICIAL MANAGEMENT)**  
(Incorporated in the Republic of Singapore)  
(Company Registration Number No. 200413014R)

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**DISPOSAL OF SHARES IN AUSGROUP COMPANIES PTY LTD**

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**1. INTRODUCTION**

- 1.1 AusGroup Limited (Under Interim Judicial Management) (the “**Company**”) was placed under interim judicial management on 30 November 2022, with Messrs Tan Wei Cheong, Matthew Stuart Becker and Lim Loo Khoon c/o Deloitte & Touche LLP appointed as interim judicial managers (“**IJMs**”).
- 1.2 Further to their appointment, the IJMs have called for and received expressions of interest from interested parties for a restructuring of the Company and its subsidiaries (“**Group**”). The IJMs have assessed that the restructuring of the Group would necessarily require the disposal of the shares of AusGroup Companies Pty Ltd (“**AGC**”) and/or the business/assets held thereunder (or part thereof). In furtherance thereof, the Company has entered into a sale and purchase agreement on 22 December 2022 (“**Agreement**”) for the Company to dispose all the shares (“**AGC Shares**”) held by it in AGC to Altrad Australia Pty Ltd (“**Buyer**”) (“**Share Disposal**”), and completed the Share Disposal on the same day. Following the completion of the Share Disposal, the Company ceases to hold any direct or indirect interest in AGC and AGC’s subsidiaries (“**AGC Group**”).
- 1.3 The Buyer is part of the Altrad Group which is headquartered in France and provides industrial services, generating high added value solutions principally for the oil & gas, energy, power generation, process, environment and construction sectors. The Buyer is not an interested person<sup>1</sup> vis-a-vis the Company, and neither the Buyer nor any of its director(s) and/or controlling shareholder(s) is related in any way to the Company, its director(s) and/or its substantial shareholder(s).

**2. INFORMATION ON ASSET TO BE DISPOSED OF**

AGC is a primary operating subsidiary of the Company and is incorporated in Australia. The AGC Group’s principal activities comprise the provision of access services and projects/fabrication & maintenance services. The AGC Group entities are parties to a number of active projects which require continual funding and funding commitments, which the Company is not presently in a position to provide.

**3. RATIONALE FOR AND BENEFIT OF THE SHARE DISPOSAL**

The IJMs have assessed that the Company is cash-flow insolvent and the cash flow of the Group is unable to support the repayment of the Company’s two significant debt obligations, namely (i) an amount of approximately Australian Dollars (AU\$) 44.2 million owed to noteholders for multi-currency notes secured over Port Melville, and (ii) an amount of approximately AU\$29.8 million owed to one of its substantial shareholders, Ezion Holdings Limited (under liquidation).

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<sup>1</sup> As defined in Rule 904(4) of the Listing Manual of the Singapore Exchange Securities Limited (“**SGX-ST**”) (Section A: Rules of Mainboard) (“**Mainboard Rules**”).

The Company is not in a position to contribute fresh funds to support or continue the projects under the AGC Group. There is limited and likely no external financing available given the Group's overall distressed state, and accounts receivable are insufficient to sustain the business of the AGC Group. The AGC Group is thus at risk of customers ceasing engagements, labour stoppages and cessation/suspension of supplies, inability to secure new projects or contracts, and a real and significant prospect of adverse deterioration of its financial position and its perceived value to potential buyers, further elaboration of which was announced by the Company on 16 December 2022. The Share Disposal would thus bring about a more advantageous realisation of the value of the AGC Group, and its proceeds can better position the Company to engage its creditors and pursue a restructuring deal which may comprise a possible injection of new businesses and/or assets and/or entry of white-knight investors.

The proceeds from the Share Disposal are to be utilised in accordance with the IJMs' proposal to achieve one or more statutory objectives of judicial management, namely seeking (a) the survival of the Company, or the whole or part of its undertaking, as a going concern; (b) the approval of a compromise or an arrangement between the Company and creditors and/or shareholders; and (c) a more advantageous realisation of the Company's assets or property than on a winding up, which proposal is to be approved by a majority of the Company's creditors and presented to the Singapore Court, and for transactional expenses and remuneration and expenses of the IJMs, in each case as approved by the Singapore Court where necessary.

#### **4. PRINCIPAL TERMS OF THE AGREEMENT**

The following are some of the salient terms and conditions contained in the Agreement:

##### **4.1 Consideration for the Share Disposal**

The consideration for the Share Disposal (the "**Consideration**") is AU\$8,000,000. The pricing and other terms for the Share Disposal are contained in expressions of interest and/or offers made by interested parties, which are considered by the Company in relation to value, conditionality, timeline and ease of implementation, amongst others. The Consideration is thereafter negotiated and arrived at further to arm's length negotiations between the Company and the Buyer on a "willing buyer willing seller" basis. Having considered that the subject-matter of the Share Disposal is fast deteriorating and requiring a quick sale process for a more advantageous realisation of value, the lack of funds for a valuation, and that a valuation is unlikely to be meaningful in the context of a distressed sale (if there is no bid or offer received at the valuation price), an independent valuation has not been commissioned by the Company.

The Consideration represents a deficit of approximately AU\$47.59 million below the book value of AGC Shares of approximately AU\$55.59 million.

##### **4.2 Passing of Title and Risk**

Legal and beneficial ownership and risk in the AGC Shares and the AGC Group passed from the Company to the Buyer on Completion. The Buyer has agreed to assume responsibility for certain parent guarantees, indemnities, sureties or similar obligations given by the Company for the benefit of the AGC Group.

##### **4.3 Disposal on an "as-is" basis**

The Share Disposal is carried out on an "as-is" basis where limited warranties are given.

#### 4.4 Mutual Release and Discharge

As part of the Share Disposal, a mutual release and discharge has been agreed and effected whereby:

- (i) the AGC Group, on one part; and
- (ii) the Company and various other subsidiaries of the Group not forming part of the AGC Group, on the other part,

have agreed to a mutual release and discharge of, amongst others, claims and demands against, and indebtedness and other liabilities owed to, the other part (and vice versa).

#### 4.5 Buyer's Guarantor

Under the Agreement, the parent company of the Buyer, Altrad Investment Authority, unconditionally and irrevocably guarantees as a continuing obligation the proper and punctual performance of the Buyer's obligations under the Agreement, to the Company.

### 5. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE MAINBOARD RULES

5.1 The relative figures for the Share Disposal set out in paragraph 5.2 below are computed on the bases set out in Rule 1006 of the Mainboard Rules and the Group's audited consolidated financial statements for the financial year ended 30 June 2022 (the "**FY2022 Financial Statements**"), being the latest announced financial statements of the Group. For purposes of the computations, an exchange rate of S\$1.00 to AU\$1.08 ("**Illustrative Exchange Rate**") is adopted for illustrative purposes.

5.2 The relative figures are as follows:

Rule	Basis	Share Disposal (AU\$' million)	Group (AU\$' million)	Relative figures
1006(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	55.59 <sup>(Note 1)</sup>	6.25	889.44%
1006(b)	The net loss attributable to the assets disposed of, compared with the group's net losses.	(11.15)	(35.31)	31.58%

<b>Rule</b>	<b>Basis</b>	<b>Share Disposal (AU\$' million)</b>	<b>Group (AU\$' million)</b>	<b>Relative figures</b>
1006(c)	The aggregate value of the consideration received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	8.00	29.87 <sup>(Note 2)</sup>	26.78%
1006(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	-	-	Not applicable as the Share Disposal is not an acquisition.
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	-	-	Not applicable as the Share Disposal not a disposal of mineral, oil or gas assets by a mineral, oil and gas company.

**Notes:**

- (1) The net asset value of the AGC Shares includes AU\$33.42 million of net receivables from other Group entities that do not have the capacity to repay these loan funds resulting in an adjusted net asset position of AU\$55.59 million.

- (2) The market capitalisation of the Company is approximately S\$27.66 million (approximately AU\$29.87 million based on the Illustrative Exchange Rate), which is determined by multiplying the 3,073,230,431 issued shares in the Company by S\$0.009, being the weighted average price of the Company's shares transacted on 9 November 2022, being the last full market day preceding the suspension of trading of the Company's shares on the SGX-ST.
- 5.3 The relative figures computed above exceed 20%, therefore the Share Disposal constitutes a "major transaction" which is discloseable for the purposes of Chapter 10 of the Mainboard Rules. As such, the Share Disposal is subject to prior approval of the shareholders, unless waived by the SGX-ST.
- 5.4 The Company has previously submitted an application to the SGX-ST on 13 December 2022 for the purpose of seeking a waiver from the foregoing requirement, to enable the Company to complete the Share Disposal without obtaining such shareholders' approval and obtained said waiver from SGX-ST on 16 December 2022, as announced accordingly.

## **6. ILLUSTRATIVE FINANCIAL EFFECTS OF THE SHARE DISPOSAL**

### **6.1 Assumptions**

The pro forma financial effects as set out below are prepared purely for illustrative purposes only and do not reflect the actual financial position of the Company following the Share Disposal. These pro forma financial effects have been prepared based on the latest announced audited consolidated accounts of the Company for the financial year ended 30 June 2022.

- 6.2 The book value and the net tangible asset ("NTA") value of the AGC Shares as at 30 June 2022 (based on the FY2022 Financial Statements) are as follows:

	<b>AGC Shares (AU\$)</b>
<b>Book Value</b>	55.59 million
<b>NTA Value</b>	40.66 million

- 6.3 Based on the FY2022 Financial Statements, the Group would expect to realise an attributable net loss on disposal and a deficit of the proceeds below the aggregate book value of the AGC Shares as follows:

	<b>AGC Shares (AU\$)</b>
<b>(Loss) on Disposal</b>	(47.59)million

- 6.4 The illustrative financial effects analysis of the Share Disposal as set out in paragraphs 6.5 and 6.6 below have been prepared on the following key bases and assumptions:

- (i) the financial effects of the Share Disposal on the NTA per share of the Company ("Share") and earnings per Share ("EPS") of the Company are prepared based on the FY2022 Financial Statements;
- (ii) for the purposes of illustrating the financial effects of the Share Disposal on the NTA per Share, it is assumed that the Share Disposal was completed on 30 June 2022; and
- (iii) for the purposes of illustrating the financial effects of the Share Disposal on the EPS of the Company, it is assumed that the Share Disposal was completed on 30 June 2022.

## 6.5 NTA per Share

Based on the bases and assumptions set out in paragraph 6.4 above, the illustrative financial effects of the Share Disposal on the NTA per share of the Company's consolidated financial position (which is in a net tangible liability position) are as follows:

	Before the Share Disposal	After the Share Disposal
<b>NTA (AU\$'000)</b>	(13.99)	(61.58)
<b>NTA per share (AU\$)</b>	(0.005)	(0.020)

## 6.6 Profits and EPS

Based on the bases and assumptions set out in paragraph 6.4 above, the illustrative financial effects of the Share Disposal on the Company's consolidated profits and EPS are as follows:

	Before the Share Disposal	After the Share Disposal
<b>(Loss) after tax and minority interests attributable to shareholders (AU\$'000)</b>	(31.68)	(79.27)
<b>(Loss) per Share (AU\$)</b>	(0.01)	(0.03)

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the knowledge of the Company, none of the directors or controlling shareholders of the Company or their respective associates has any interest, direct or indirect, in the Share Disposal other than through their respective directorships and/or shareholding interests in the Company.

## 8. DIRECTORS' SERVICE CONTRACTS

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

## 9. DOCUMENTS FOR INSPECTION

The Agreement is available for inspection during normal business hours at the registered office of the IJMs at 6 Shenton Way #33-00 OUE Downtown 2, Singapore 068809, for a period of three (3) months from the date of this announcement.

## 10. FURTHER ANNOUNCEMENTS

Further announcements on the Agreement will be made in due course as and when there are material developments.

### **Submitted by the Interim Judicial Managers**

For and on behalf of the Company  
Tan Wei Cheong  
Joint and Several Interim Judicial Manager  
22 December 2022