

## Summary of the Proposal

The following summary is derived from, and should be read in conjunction with, the section of this Consent Solicitation Statement entitled “*The Proposal—Terms of the Proposal*”.

**The Proposal .....** To seek approval to:

- amend the terms and conditions of the Notes (see below); and
- grant certain waivers to the Issuer (see below).

The amendments to the terms and conditions of the Notes (other than in relation to the Make-Whole Premium and the continued application of the existing Interest Rate and Interest Payment Dates until the Effective Date) shall be effective upon the Effective Date. The amendments to the Make-Whole Premium and the continued application of the existing Interest Rate and Interest Payment Dates until the Effective Date shall be effective immediately upon the passing of the Extraordinary Resolution.

For the purposes of this summary:

“**Effective Date**” means the date when the conditions precedent contained in the Third Supplemental Trust Deed (including the Recapitalisation Conditions) are satisfied.

“**Recapitalisation Conditions**” means the following conditions:

- each of the Shareholders’ Resolution(s) is passed on or prior to 18 December 2018; and
- the Subscription Shares are issued pursuant to the Placement.

### Amendments to Maturity

**Date.....**

#### Existing Terms

20 October 2018.

#### Proposed Amended Terms

Fourth anniversary of the Effective Date.

### Amendments to

**Instalment Payments .....**

#### Existing Terms

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed in two instalments,

- with the first instalment of S\$9,100 to be payable on the Interest Payment Date occurring on 20 November 2016, and
- with the second instalment amount equal to its remaining Redemption Amount plus the Make-Whole Premium on the Maturity Date.

#### Proposed Amended Terms

Unless previously redeemed or purchased and cancelled as provided below, each Note will be redeemed in at least two instalments as follows:

- the first instalment of S\$9,100 to be payable on the Interest Payment Date occurring on 20 November 2016;
- the second instalment of either:
  - (i) the Cash Instalment Amount; or
  - (ii) the Equity Redemption Amount, but only if and to the extent a Noteholder

elects for the Equity Redemption Payment Option on or prior to the last date that Voting Instruction Forms could be validly submitted with respect to the Extraordinary Resolution, and where the Issuer does not receive any such notice of election from any Noteholder on or prior to such date, such Noteholder will be deemed to have agreed to the Cash Instalment Option and, accordingly, the Cash Instalment Amount in subparagraph (A) shall be payable,

in each case by the Issuer giving no fewer than seven days' notice of such payment, such date of notice to be given no later than five days after the Recapitalisation Conditions are satisfied and such date of payment to occur on or prior to 31 December 2018 (the "**Second Instalment Date**");

- the last instalment equal to its remaining Redemption Amount (which is the Denomination Amount less the aggregate of all of the principal amounts paid from time to time upon any redemption on the Notes (including but not limited to the instalment payments as described in Condition 6(a)) to be payable on the Maturity Date.

For the purposes of the above:

"**Cash Instalment Amount**" means, in relation to each S\$250,000 Denomination Amount of each Note, the lower of the Redemption Amount and an amount calculated as follows:

$$S\$21,825,540 \div \frac{A}{S\$250,000}$$

where:

A = aggregate Denomination Amount of the Notes that would be outstanding after deducting the aggregate Denomination Amount of the Notes that are being repaid pursuant to the Equity Redemption Payment Option.

For the avoidance of doubt, if the Cash Instalment Amount that results from using the formula described above equals to more than the Redemption Amount, the Cash Instalment Amount to be paid shall be equal to such Redemption Amount. As of the date of the Consent Solicitation Statement, the Redemption Amount is S\$240,900 for each Note.

**“Equity Redemption Amount”** means the Redemption Amount, payable wholly in the form of Shares of the Issuer calculated by dividing the Redemption Amount as of the Second Instalment Date by the issue price of S\$0.042 per Share (rounding down). As of the date of the Consent Solicitation Statement, the Redemption Amount is S\$240,900 for each Note and the number of Shares to be issued for each Note is 5,735,714 Shares.

“Accrued Interest” means, in relation to each Note on any date fixed for redemption (including but not limited to the Maturity Date), the aggregate of (i) all interest accrued on the Notes from and including 20 October 2016 to but excluding the Interest Payment Date occurring immediately prior to such redemption date that have already been paid prior to such redemption date, and (ii) all interest accrued from and including the Interest Payment Date occurring immediately prior to such redemption date to but excluding such redemption date and payable on such redemption date.

Definition of “Accrued Interest” to be deleted.

“Make-Whole Premium” means, in relation to each Note, an amount equal to the difference between S\$47,250 and the Accrued Interest.

“Make-Whole Premium” means, in relation to each Note, S\$7,680.96. The Make-Whole Premium shall be payable on 20 October 2018, and (ii) the Make-Whole Premium shall not be payable in any other circumstances (including, but not limited to, upon payment of any other instalment amount nor pursuant to Condition 6(f), Condition 6(g) and Condition 6(l) of the Notes).

For the avoidance of doubt, Condition 7(g) provides that if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

Accordingly, because 20 October 2018 is not a business day, the Make-Whole Premium will only be paid on 22 October 2018, which is the next following business day after 20 October 2018 and Noteholders will not be entitled to any further interest or other payment in respect of any such delay, in accordance with Condition 7(g).

**Amendments to  
Rate of Interest and**

**Interest Payment Dates....**

**Existing Terms**

- 7.45 per cent. per annum from and including the Interest Commencement Date to but excluding 20 October 2016.
- 7.95 per cent. per annum from and including 20 October 2016 to but excluding 20 October 2017.
- 8.45 per cent. per annum from and including 20 October 2017 onwards.

**Proposed Amended Terms**

- 7.45 per cent. per annum from and including the Interest Commencement Date to but excluding 20 October 2016.
- 7.95 per cent. per annum from and including 20 October 2016 to but excluding 20 October 2017.
- 8.45 per cent. per annum from and including 20 October 2017 to but excluding 20 October 2018.
- 5.00 per cent. per annum from and including the Effective Date to but excluding the first

anniversary of the Effective Date.

- 6.00 per cent. per annum from and including the first anniversary of the Effective Date to but excluding the second anniversary of the Effective Date.
- 7.00 per cent. per annum from and including the second anniversary of the Effective Date onwards.

Until the Effective Date, the existing Interest Rate and Interest Payment Dates will continue to apply.

Interest is payable monthly in arrear on the 20th day of each calendar month in each year commencing from (and including) the Interest Payment Date occurring on 20 November 2016.

Interest is payable monthly in arrear on the 20th day of each calendar month in each year commencing from (and including) the Interest Payment Date occurring on 20 November 2016 until the Effective Date.

From the Effective Date, interest is payable monthly in arrear on the same numerical day of each calendar month in each year as the numerical day of the Effective Date.

**Replacement of Redemption at the Option of Noteholders Pursuant to Change of Shareholding Event .....**

**Existing Terms**

If a Change of Shareholding Event occurs, the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption.

A “Change of Shareholding Event” occurs when Ezion ceases to own (whether directly or indirectly) (1) (during the period commencing from the date of the Trust Deed up to 28 February 2015) at least five per cent. of the issued share capital for the time being of the Issuer and (2) (at any time on or after 1 March 2015) at least 15

**Proposed Amended Terms**

If a Change of Control Event occurs, the Issuer shall redeem all (but not some only) of the Notes at 101.0 per cent. of the Redemption Amount, together with interest accrued to the date fixed for redemption within 30 days from the occurrence of a Change of Control Event.

A “Change of Control Event” occurs when any “person”, together with any person(s) “acting in concert” with such person (as such terms are used in the Singapore Code on Take-Overs and Mergers), become the beneficial owner of more than 50.0 per cent. of the issued and outstanding ordinary shares of the Issuer.

per cent. of the issued share capital for the time being of the Issuer.”

**Amendment of Exception  
(i) to Negative Pledge:**

**Existing Terms**

The negative pledge does not apply to any security existing on the date of the Trust Deed which has been disclosed to the Trustee in writing on or prior to the date of the Trust Deed and any security to be created in connection with the extension or refinancing of the original indebtedness secured by such financing, provided that, in each case, the amount secured by any such security may not be increased except with the prior consent of the Noteholders by way of an Extraordinary Resolution.

**Proposed Amended Terms**

The negative pledge does not apply to any security existing on the date of the Trust Deed which has been disclosed to the Trustee in writing on or prior to the date of the Trust Deed and any security to be created in connection with the extension or refinancing of the original indebtedness secured by such financing, provided that, in each case, the amount secured by any such security shall not at any time exceed an aggregate of AU\$60,000,000 (provided that any indebtedness arising from a bank paying out on any bank guarantee under the Issuer’s existing bank guarantee facility shall not be deemed to be incorporated into the indebtedness calculation for the purpose of the negative pledge) except with the prior consent of the Noteholders by way of an Extraordinary Resolution.

**Reinstatement of  
Financial Covenants:**

The following two financial covenants (and the applicable definitions) that applied when the Notes were originally issued shall be reinstated in the Trust Deed and the Notes, with the ratios amended as follows:

- (i) the ratio of its Consolidated Secured Debt to its Consolidated Total Assets shall not at any time exceed 0.75:1; and
- (ii) the ratio of its Consolidated EBITDA to its Consolidated Interest Expense in respect of any Test Period shall not be less than 1.75:1 for that Test Period.

**Additional Redemption  
Options:**

The following additional redemption provisions shall be added in Condition 6 of the Notes:

- (i) on each Interest Payment Date that occurs immediately after each annual general meeting of Shareholders (commencing with the annual general meeting to be held to, inter alia, approve the FY2019 financial statements) but excluding the Interest Payment Date that occurs on the Maturity Date, if the Consolidated Profit After Tax of the Issuer is more than AU\$10.0 million, the Issuer shall redeem an amount of the outstanding principal amount of the Notes on a pro rata basis equal to the Singapore dollar

equivalent (based on the S\$/AU\$ exchange rate used in the relevant financial statements) of 50.0 per cent. of the Consolidated Profit After Tax (as defined in “*The Proposal—Terms of the Proposal*”) in excess of AU\$10.0 million (the “**CPAT Amount**”) (provided that the CPAT Amount is at least an aggregate amount that is sufficient to pay at least S\$1,000 per S\$250,000 Denomination Amount of each Note of all outstanding Notes (the “**Minimum Redemption Amount**”)), provided that if the Issuer has made any partial redemption of the Notes during the relevant fiscal year, the CPAT Amount shall be reduced by the amount of such instalment payment or partial redemption amounts already made during such fiscal year, subject to the Minimum Redemption Amount. For the avoidance of doubt, if the Consolidated Profit After Tax is more than AU\$10.0 million but the amount available for such redemption payment is less than the Minimum Redemption Amount, the Issuer will not make such redemption payment pursuant to this paragraph. The Issuer will be required to provide a certificate to the Trustee certifying the CPAT Amount for each fiscal year within five business days of publication of the relevant annual financial statements for such fiscal year;

- (ii) the Litigation Redemption Option, whereby if the Issuer receives in aggregate more than AU\$4.0 million (including any interest and legal costs) in respect of any single fully litigated claim in court pursuant to a court order (including trial and the final disposal of appeal (if any)), settlement or compromise relating to any legal proceedings that were commenced during the period from 1 May 2013 to 31 July 2013, the Issuer shall redeem an amount of the outstanding principal amount of the Notes equal to the Singapore dollar equivalent (based on the actual S\$/AU\$ exchange rate used to convert the amount in excess of the Litigation Redemption Amount) of 50.0% of the amount in excess of AU\$4.0 million (the “**Litigation Redemption Amount**”) (provided that the Litigation Redemption Amount is at least the Minimum Redemption Amount), by giving no fewer than seven days’ notice of such redemption, on the first Interest Payment Date occurring (A) no later than seven days after 30 June 2019, if the amount claimed is received by the Issuer on or prior to 30 June 2019 or (B) 10 business days after receipt by the Issuer of the amount claimed, if the amount claimed is received by the Issuer after 30 June 2019. For the avoidance of doubt, if the Issuer receives more than AU\$4.0 million but the Litigation Redemption Amount is less than the Minimum Redemption Amount, the Issuer will not redeem the Notes pursuant to the Litigation Redemption Option;
- (iii) the Rights Issue Redemption Option, whereby if each of the Shareholders’ Resolution(s) are passed by 18 December 2018 and the Issuer receives net cash proceeds of more than an aggregate of S\$39.0 million in respect of the Placement and the Rights Issue, the Issuer shall redeem an amount of the outstanding principal amount of the Notes equal to the amount in excess of S\$39.0 million (the “**Rights Issue Redemption Amount**”) (provided that the Rights Issue Redemption Amount is at least the Minimum Redemption Amount), by giving no fewer than seven days’ notice of such redemption, on the first Interest Payment Date occurring between seven days and 45 days after the issue of the Rights Shares. For the avoidance of doubt, (a) the conversion of the Ezion Loan (as defined below) into Shares pursuant to the Rights Issue

shall not be taken into account for the purposes of calculating the amount of net cash proceeds, and (b) if each of the Shareholders' Resolution(s) is passed by 18 December 2018 and the Issuer receives net cash proceeds of more than S\$39.0 million but the Rights Issue Redemption Amount is less than the Minimum Redemption Amount, the Issuer will not redeem the Notes pursuant to the Rights Issue Redemption Option; and

- (iv) the Issuer's Redemption Option, whereby the Notes may be redeemed at the option of the Issuer, in whole or in part, on any Interest Payment Date on giving no less than seven nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable). Where the Notes are to be redeemed in whole, such Notes shall be redeemed at their Redemption Amount, and where the Notes are to be redeemed in part, such Notes shall be redeemed pro rata to the amount available for such redemption, in each case together with interest on the Notes to be redeemed that have accrued up to and excluding the date fixed for redemption. For the avoidance of doubt, the Issuer's Redemption Option may be exercised more than once.

**Additional Covenants.....**

- (i) to limit the Issuer from paying dividends (even if interest is not overdue, payments on the Notes are not overdue or there is no breach of any of the Issuer's obligations under the Issue Documents), repurchase its Shares or prepay its subordinated debt (other than the conversion of such subordinated debt into Shares pursuant to the Rights Issue);
- (ii) to require the Issuer to convert the shareholder loans granted by Ezion Holdings Limited to it into a loan (the "**Ezion Loan**") at an interest rate of not more than 2.5% per annum (and if such interest is to be paid in cash, such interest shall not be paid earlier than 31 October 2023) with a maturity date of no earlier than 31 October 2023, and (if required under applicable law or the rules of the SGX-ST) to obtain the approval of the Shareholders for such loan, such loan to become effective on or prior to the Effective Date;
- (iii) to require the Issuer, if the Port Assets have not been sold by 1 April 2021, to appoint a reputable independent investment bank or advisory firm to commence the process of selling the Port Assets and to establish a timetable to provide for the completion of such sale to occur no later than 1 April 2022; and
- (iv) to require the Issuer to lodge the Offer Information Statement relating to the Rights Issue with the Monetary Authority of Singapore no later than 14 days after each of the Shareholders' Resolution(s) is passed.

**Waivers to be Granted.....**

- Waiver of any requirement, covenant and term in the Trust Deed and the Notes that would be breached as a result of or arising in connection with the non-payment of the Redemption Amount of the Notes on the existing Maturity Date occurring on 20 October 2018 and waiver of the occurrence of any Event of Default or, as the case may be, Potential Event of Default that may have occurred or may occur in connection with such non-payment, such waiver to apply until the earlier of 31 December 2018 and the Effective Date; and
- Waiver of any requirement, covenant and term in the Trust Deed and the Notes that would be breached as a result of or arising in connection with the Recapitalisation and the transactions contemplated thereby and waiver of the occurrence of any Event of Default or, as the case may be, Potential Event of Default that may have occurred or may occur in connection with the Recapitalisation and the transactions contemplated thereby (including any Event of Default or Potential Event of Default that may have occurred or may occur as a result of the Extraordinary Resolution being passed at an adjourned Meeting taking place on or after 20 October 2018), provided that such waiver shall not remain effective following (A) an Event of Default not otherwise waived under the paragraph above or this paragraph, or (B) the Shareholders' Resolution(s) not being passed on or prior to 18 December 2018.

## **Risk Factors**

*You should consider carefully the following risks and all of the other information set forth in this Consent Solicitation Statement, before casting your vote in favour of or against the Extraordinary Resolution proposed at the Meeting. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, financial condition, results of operations and prospects of the Issuer or the Group or any decision in respect of the Proposal. Additional risks which the Issuer is currently unaware of may also impair the business, financial condition, results of operations and prospects of the Issuer or the Group. If one or more of the following risks actually occur, the business, financial condition, results of operations and prospects of the Issuer or the Group, or the Issuer's ability to make interest and/or principal payments, or redeem the Notes under the Proposal could be materially adversely affected. In that event, you may lose all or part of your investment in the Notes.*

*Noteholders should not rely on the information set out herein as the sole basis for any decision in relation to the Proposal but should seek appropriate and relevant advice concerning the appropriateness of a decision in relation to the Proposal for their particular circumstances.*

### **1 Risks if the Extraordinary Resolution and each of the Shareholders' Resolution(s) are Not Passed**

***The Issuer's ability to complete the Placement and Rights Issue is dependent on the passing of the Extraordinary Resolution and each of the Shareholders' Resolution(s); and if not passed the Issuer may default on the Notes and on all or substantially all of its other existing indebtedness.***

Under the principal terms of the Placement, the obligation of the Placees to subscribe for the Subscription Shares are conditional upon various conditions precedent, including the passing of the Extraordinary Resolution and each of the Shareholders' Resolution(s). In addition, under the principal terms of the Rights Issue, the consummation of the Placement and the passing of the Extraordinary Resolution and each of the Shareholders' Resolution(s) will be conditions precedent to the issuance of the Rights Shares. The Group expects to use the net cash proceeds of the Placement and the Rights Issue, together with the waivers and amendments in Extraordinary Resolution, to provide new working capital, make certain payments under the Notes, boost the Issuer's capital base and enhance the cash position of the Group so that it can conduct its business and improve its future prospects.

If Noteholders do not pass the Extraordinary Resolution, it is likely that the Placees will not subscribe for the Subscription Shares and the Rights Issue will not be completed. As a result, the Group's liabilities are likely to remain at unsustainable levels, and cashflows are likely to become insufficient to meet such liabilities in the near future. Accordingly, the Issuer may default on the Notes and on all or substantially all of its other existing indebtedness. If Noteholders do not pass the Extraordinary Resolution, or the Shareholders do not pass each of the Shareholders' Resolution(s), the Issuer may not be in a position to pay any interest on, or repay the principal of, any of the Notes. Such default may also trigger cross default and/or cross acceleration clauses in the Group's loan agreements relating to a substantial amount of the Group's other indebtedness that may allow the creditors to accelerate repayment on such other indebtedness, and enforce on the Group's assets that constitute those creditors' security for their respective indebtedness. In addition, the counterparties of the Group's material contracts may also be entitled to terminate such contracts, which would materially and adversely affect the Group's business, financial condition, results of operations and prospects. It is unclear whether Noteholders will be able to recover any or all of their investments in the Notes in such circumstances.

As mentioned above, secured creditors may enforce / foreclose on the assets over which security interests have been granted. Noteholders and other unsecured creditors may also commence litigation against the Issuer and its subsidiaries, which may adversely affect the Issuer's ability to meet its obligations under the Notes, and which could also materially and adversely affect the Group's business, financial condition, results of operations and prospects. Judgments obtained against the Issuer and its subsidiaries from such litigation could also be enforced against the unsecured assets of the Issuer and its subsidiaries.

The Issuer would also, in all likelihood, be unable to pay its debts as they fall due, and hence deemed insolvent. In addition to the abovementioned risks of default, acceleration, enforcement and litigation, the Issuer would also be susceptible to issuances of statutory demands from its creditors, as well as winding up or judicial management proceedings being taken out against it by those creditors.

***Noteholders may not realise any recovery if the Notes are accelerated.***

If the Notes are accelerated and a demand is made on the Issuer to make payment of all amounts due under the Notes, it is likely that the Issuer would not be able to make such payment. Consequently, if a judicial manager or a liquidator is appointed with respect to the Issuer, there are likely to be various consequences that would make it more likely for Noteholders to recover less than what Noteholders would have recovered if the Extraordinary Resolution and each of the Shareholders' Resolution(s) had been passed.

For example, it is likely that customers of the Group will begin to terminate contracts with the Group that are in effect, the Group would likely be subject to various liquidated damages, the Group would find it more difficult to collect its accounts receivables, and the Group's contingent liabilities would likely crystallise. In addition, it would be difficult to sell the Group's assets at commercially reasonable prices and terms.

Any appointment of a judicial manager or liquidator would also create a new class of creditors that do not currently exist, including financial advisory, banking, liquidation, accounting, legal and other professionals that would be involved in any judicial management and liquidation proceedings.

In addition, judicial management and liquidation proceedings may take a substantial time period to complete before payments to the creditors (if any) are declared, and there is no assurance that Noteholders would be able to recover in a reasonable time period all amounts, or a reasonable amount due to Noteholders, or at all.

***The possible returns to Noteholders resulting from the winding up of the Issuer and its subsidiaries is likely to be significantly less than the Proposal.***

Any of the Issuer's creditors may institute winding up proceedings to recover the debts owed to them. Most of the Issuer's secured lenders have granted various loans and other financings that are secured over various assets of the Issuer and its subsidiaries. Any secured lender may foreclose upon the security and sell or otherwise deal with such secured assets in accordance with the terms of the security documents governing such security. Any sale of such assets in these circumstances is likely to be at a lower amount than the amount a seller would have received were such sale to take place in circumstances where such seller is not in financial difficulties.

Therefore, it is unlikely for there to be significant surplus funds available for distribution to unsecured creditors (including Noteholders) in a winding up of the Issuer and its subsidiaries that would enable such creditors (including Noteholders) to recover in full all amounts owing to such creditors (including Noteholders).

The Issuer has not performed a formal liquidation analysis to compare the financial effects to Noteholders of the Proposal against the possible returns to Noteholders resulting from the winding up of the Issuer and its subsidiaries. Therefore, no comparison of the terms of the Proposal against a winding up of the Issuer and its subsidiaries is available.

***Noteholders may not be able to take any direct enforcement action against the Issuer.***

Condition 11 of the Notes provides that at any time after the Notes have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes. However, Condition 11 further provides that the Trustee is not bound to take any such proceedings unless (a) directed by an extraordinary resolution passed by Noteholders or the Trustee has been requested to do so in writing by holders of not less than 25 per cent. in principal amount of

the Notes outstanding, and (b) the Trustee has been indemnified and/or secured and/or pre-funded to its satisfaction.

Accordingly, if Noteholders wish to instruct the Trustee to institute proceedings against the Issuer to enforce the terms of the Trust Deed and the Notes, the requisite threshold of instruction by the Noteholders must be met. In addition, the Trustee may request Noteholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before the Trustee takes any action on behalf of Noteholders. Negotiating and agreeing to such an indemnity, security or pre-funding can be a lengthy process and may have an impact on when such action can be taken.

Condition 11 of the Notes also provide that Noteholders shall not be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

## **2 Risks if the Extraordinary Resolution and/or each of the Shareholders' Resolution(s) are Passed**

***The Extraordinary Resolution, if passed, will be binding on all Noteholders, including the waiver of all claims against the Issuer.***

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the Meeting and Noteholders who voted in a manner contrary to the majority.

Accordingly, if the Extraordinary Resolution is passed at the Meeting of Noteholders (or if applicable, any adjourned Meeting), the matters set out in such Extraordinary Resolution shall be binding upon all Noteholders whether present or not present at such Meeting and each Noteholder will be bound by that Extraordinary Resolution. This includes the waiver of all claims against the Issuer, including but not limited to claims resulting from any Event of Default or Potential Event of Default relating to the Notes as specified in the Extraordinary Resolution.

***The amendments approved by Noteholders are subject to the Issuer obtaining approval by Shareholders of each of the Shareholders' Resolution(s).***

Other than (a) certain waivers relating to the non-payment of the Notes on the original maturity date of 20 October 2018 and relating to the Recapitalisation, and (b) the amendments relating to the payment of the Make-Whole Premium to be payable on 20 October 2018 and the existing Interest Rate and Interest Payment Dates continuing to apply until the Effective Date, each of which is effective upon the passing of the Extraordinary Resolution, the effectiveness of the amendments relating to the Trust Deed and the Conditions of the Notes, if approved by the Noteholders, is subject to the satisfaction of the conditions precedent contained in the Third Supplemental Trust Deed (including each of the Shareholders' Resolution(s) having been passed by 18 December 2018). There can be no assurance that the Issuer's Shareholders will pass each of such Shareholders' Resolution(s) by 18 December 2018 or at all. If each of the Shareholders' Resolution(s) is not passed by 18 December 2018, such amendments to the Trust Deed and the Conditions of the Notes, as well as the Placement and the Rights Issue, will not become effective.

Accordingly, the Group may become in default on various other agreements that it may have, which may result in the Group being unable to pay its debts when due. See "*Risk Factors – Risks if the Extraordinary Resolution and each of the Shareholders' Resolution(s) are Not Passed – The Issuer's ability to complete the Placement and Rights Issue is dependent on the passing of the Extraordinary Resolution and each of the Shareholders' Resolution(s); and if not passed the Issuer may default on the Notes and on all or substantially all of its other existing indebtedness*" for further details of the risk of the Shareholders not passing each of the Shareholders' Resolution(s).

***Noteholders may be unable to transfer their existing Notes for an extended period of time.***

If a Noteholder submits a Voting Instruction Form, the Notes that are the subject of the Voting Instruction Form will be earmarked at CDP. Depending on the circumstances described in the section of this Consent Solicitation Statement entitled “*The Proposal—Procedures for Voting*”, the Earmarking Period could be for an extended period of time. For example, if the Extraordinary Resolution is approved by the Noteholders and if the Recapitalisation Conditions are satisfied, the Earmarking Period could last up to 31 December 2018. During such Earmarking Period, such a Noteholder will be unable to transfer his/her Notes.

***Noteholders may be required to hold the amended Notes for an extended period of time.***

One of the effects of the approval of the Extraordinary Resolution would be that, subject to the Recapitalisation Conditions being satisfied, the maturity date of the Notes will be extended to the fourth anniversary of the Effective Date. Therefore, if the Extraordinary Resolution and each of the Shareholders’ Resolution(s) are passed, Noteholders who do not opt for the Equity Redemption Payment Option may not receive the full Redemption Amount of the Notes until the fourth anniversary of the Effective Date. Accordingly, Noteholders will have to bear the risks associated with holding the amended Notes for such periods unless the amended Notes are sold or the Issuer exercises its option to redeem the amended Notes in accordance with the Conditions.

There can be no assurance that there will be a market in the amended Notes, whether before or after the Consent Solicitation, or that Noteholders will be able to sell their amended Notes or the Redemption Shares at a price that will not entail any losses to Noteholders or at all.

***Noteholders who do not make any election contained in the Voting Instruction Form by the relevant deadline or at all will automatically continue to hold the proposed amended Notes.***

If the Extraordinary Resolution and each of the Shareholders’ Resolution(s) are passed, and the Recapitalisation Conditions are satisfied, a Noteholder will continue to hold the proposed amended Notes unless such Noteholder elects in the Voting Instruction Form for the Equity Redemption Payment Option on or prior to the Expiration Time or, where the Meeting is adjourned for want of a quorum, the Adjournment Instruction Deadline.

If a Noteholder wishes to receive Redemption Shares pursuant to the Equity Redemption Payment Option, such Noteholder must submit a duly completed Voting Instruction Form on or prior to the Expiration Time or, where the Meeting is adjourned for want of a quorum, the Adjournment Instruction Deadline. If such a Noteholder does not submit a duly completed Voting Instruction Form by the relevant deadline or at all, such Noteholder will automatically continue to hold the proposed amended Notes and will not receive any Redemption Shares.

Noteholders who are Beneficial Owners whose Notes are held by a Direct Participant cannot make such election directly by submitting the Voting Instruction Form, but must instruct the broker, dealer, bank, custodian, trust company or other nominee to arrange for such Direct Participant through which they hold Notes to submit the Voting Instruction Form with such election.

***Noteholders who elect for the Equity Redemption Payment Option should understand that the higher the aggregate Redemption Amount of the Notes are subject to the Equity Redemption Payment Option, the more likely it is that Noteholders who do not make such an election are likely to be paid the aggregate Redemption Amount of the Notes in full and in cash.***

The Issuer is making available a maximum amount of S\$21,825,542 in cash to pay for the Cash Instalment Option, regardless of the number of Noteholders who elect for the Equity Redemption Payment Option. Therefore, the actual amount of the Cash Instalment Amount per Note is the lower of:

(1) the Redemption Amount; and

(2)  $\text{S\$}21,825,540 \div \frac{A}{\text{S\$}250,000}$

where:

A = aggregate Denomination Amount of the Notes that would be outstanding after deducting the aggregate Denomination Amount of the Notes that are being repaid pursuant to the Equity Redemption Payment Option.

As of the date of this Consent Solicitation Statement, there are 302 Notes outstanding ( $\text{S\$}75,500,000 \div \text{S\$}250,000$ ). Therefore, if no Noteholder elects for the Equity Redemption Payment Option and the Recapitalisation Conditions are satisfied, the Cash Instalment Amount per Note that will be paid will equal to  $\text{S\$}72,270$ . However, the more Notes that are subject to the Equity Redemption Payment Option, the more the Cash Instalment Amount will be.

If the number of Notes that are subject to the Equity Redemption Payment Option is at least 212 Notes, then the Cash Instalment Amount payable for the remaining of up to 90 Notes will be  $\text{S\$}240,900$  per Note. In such a case, Noteholders who elected for (or were deemed to have elected for) the Cash Instalment Option will end up receiving the full Redemption Amount equal to the Cash Instalment Amount in cash, whereas Noteholders who had elected for the Equity Redemption Payment Option will receive the full Redemption Amount in the form of Redemption Shares.

***Noteholders who elect for the Equity Redemption Payment Option should understand that no dividends will be paid on the Shares, and the Shares will not be repurchased, for as long as the Notes are outstanding.***

One of the proposed amendments to the covenant described in Clause 16.21 of the Trust Deed is to limit the Issuer from paying dividends (even if interest on the Notes is not overdue, payments on the Notes are not overdue or there is no breach of any of the Issuer's obligations under the Issue Documents) or repurchasing its Shares. Therefore, for so long as the Notes are outstanding (which could be until the fourth anniversary of the Effective Date), Noteholders who elect for the Equity Redemption Payment Option and the Issuer's other Shareholders will not receive any dividends on the Shares, and such Shares will not be repurchased by the Issuer.

***The proposed amended interest rate on the Notes will be significantly lower than the current interest rate on the Notes.***

The existing interest rate applicable to the Notes is 8.45% per annum. The proposed amended interest rate applicable to the Notes is 5.0% per annum from and including the Effective Date to but excluding the first anniversary of the Effective Date, 6.0% per annum from and including the first anniversary of the Effective Date to but excluding the second anniversary of the Effective Date and 7.0% per annum from and including the second anniversary of the Effective Date onwards, all of which are significantly lower than the current interest rate applicable to the Notes. Therefore, Noteholders will receive less interest on the proposed amended Notes than before the Consent Solicitation.

***The Issuer may not have the ability to raise the funds necessary to finance the redemption of the Notes upon the occurrence of a Change of Control as required by the Conditions of the Notes.***

Upon a Change of Control (as defined in the Conditions of the Notes), which may be outside the Issuer's control, the Issuer must redeem all outstanding Notes at 101% of their Redemption Amount plus accrued and unpaid interest, if any, up to the date of redemption. However, the Issuer may not have enough available funds at the time of any Change of Control to pay the Redemption Amount. The Issuer's failure to redeem the Notes would constitute an Event of Default. This Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause such other indebtedness to be accelerated after any applicable notice or

grace periods. If such other debt were accelerated, the Issuer may not have sufficient funds to redeem the Notes and repay the debt.

***The effect of the Extraordinary Resolution may be limited or voidable if a winding up application is made subsequent to the consummation of the Consent Solicitation.***

It is possible that creditors of the Issuer or its subsidiaries could commence winding up proceedings against the Issuer or its subsidiaries in Singapore or elsewhere after consummation of the Consent Solicitation, which could result in the consequences described below.

***Singapore.*** Singapore insolvency laws allow the liquidator of a debtor to void and seek a “claw-back” of transactions entered into by the debtor under certain circumstances during specified periods prior to a winding up of the debtor (i.e. transfer, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against the debtor).

- *Transaction at an undervalue* - Where a transaction is entered into by the debtor with another person where the consideration received by the debtor is significantly less than the value of the transaction. To be voidable, the undervalue transaction must be entered into within five years from the date of the winding up application.
- *Unfair preference* - Where a transaction is entered into by the debtor with one of its creditors which has the effect of putting that creditor in a position which, in the event of the debtor’s liquidation, will be better than the position that creditor would have been in if that transaction was not effected. To be voidable, the debtor must be shown to have been influenced by the desire to give the unfair preference, the debtor must be insolvent at the time of the unfair preference or insolvent as a consequence of the unfair preference, and the unfair preference must be given within six months from the date of the winding up application (two years if the recipient is an “associate” as defined by the applicable statutes).

Therefore, on the application of the liquidator or any creditor or contributory of the Issuer in a winding up proceedings, a Singapore court may, if it is satisfied that the affairs of the Issuer have been conducted in a manner which gave rise to an undervalue transaction or an unfair preference, and that it is just and equitable to do so, order the Trustee and/or the Noteholders to pay to the liquidator of the Issuer the whole or part of any payments or consideration received, and an unravelling of the said transaction so as to restore the position that the Issuer would have been in had it not entered into the said transaction.

A floating charge on the undertaking or property of the debtor created within six months of the commencement of a winding up of the debtor shall, unless it is proved that the debtor immediately after the creation of the charge was solvent, be invalid except to the amount of any cash paid to the debtor at the time of or subsequently to the creation of and in consideration for the charge together with interest on that amount at the rate of 5% per annum.

One of the consequences of a successful Consent Solicitation is that the Notes may be (at the election of a Noteholder) exchanged for the Redemption Shares and the Conditions relating to the Notes will be amended. We cannot assure you that the amendments contemplated by the Consent Solicitation, nor any payments made under the amended Notes, will not be deemed by a Singapore court to be a voidable transaction as highlighted above in the event of a subsequent winding up of the Issuer.

***Australia.*** Australian insolvency laws allow the liquidator of a debtor to void and seek a “clawback” of transactions entered into by the debtor under certain circumstances during specified periods prior to a winding up of the debtor (i.e. transfer, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against the debtor).

Unfair preferences are where:

- the transaction was between the company and a creditor;

- the company was insolvent at the time of the transaction;
- the transaction was entered into within the relation-back period; and
- the transaction resulted in the creditor receiving more than they would have, had the transaction been set aside and the creditor prove for the debt in the winding up (i.e., they were preferred).

The transaction must have occurred within the following dates prior to the relation-back day (the commencement of the winding up):

- six months for transactions with unrelated parties;
- four years for transactions with related entities; and
- 10 years where the purpose of the transaction was to defeat, delay or interfere with the rights of creditors.

Uncommercial transactions are where:

- the company was a party to transaction;
- it was an insolvent transaction; and
- a reasonable person in the position of the company would not have entered into the transaction.

To be voidable, an uncommercial transaction must have occurred during the two years prior to the liquidation. If a related entity is a party to the transaction, however, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is 10 years.

Therefore, on the application of the liquidator in a winding up proceeding, an Australian court may, if it is satisfied that the affairs of an Obligor have been conducted in a manner which gave rise to an uncommercial transaction or an unfair preference, order the Trustee and/or the Noteholders to pay to the liquidator of the Obligor the whole or part of any payments or consideration received, and unwind the said transaction so as to restore the position that the Obligor would have been in had it not entered into the said transaction.

A circulating security interest in property of the debtor created within six months of the relation-back day is, unless it is proved that the debtor immediately after the creation of the charge was solvent, void as against a liquidator except (relevantly) to the amount of any advance paid to the debtor at the time of or subsequently to the creation of and in consideration for the circulating security interest together with interest on that advance.

One of the consequences of a successful Consent Solicitation is that the Notes may be (at the election of a Noteholder) exchanged for the Redemption Shares and the Conditions relating to the Notes will be amended. We cannot assure you that the amendments contemplated by the Consent Solicitation, nor any payments made under the amended Notes, will not be deemed by an Australian court to be a transaction as highlighted above in the event of a subsequent winding up of the Issuer.

***Other jurisdictions.*** The insolvency laws of other countries may have similar provisions to those described above that may adversely affect Noteholders.

***Noteholders may not be able to rely on the exemption in Section 275(1A) of the SFA for future offers or sales of the Notes.***

Under the SFA, all offers of securities must, prima facie, be accompanied by a prospectus registered by MAS unless the offer is excluded or exempted from the prospectus requirements.

The Issuer has not registered any document as a prospectus with MAS. Accordingly, the Notes may not be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant

person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) in respect of offers where the minimum consideration is not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Breaches of the SFA could result in financial penalties and/or imprisonment of varying amounts and duration, depending on the offence.

If the consideration for any future offers or sales of Notes is below S\$200,000, whether or not such offers or sales take place before or after any partial repayment or partial redemption of the Notes resulting in the outstanding Redemption Amount of the Notes falling below S\$200,000, Noteholders will not be able to rely on the exemption from the prospectus requirements of the SFA accorded by Section 275(1A) of the SFA.

***Any amendment, addition, deletion and supplement to the Proposed Terms may be approved by one or more Noteholders holding as little as 5% in aggregate outstanding principal amount of the Notes, in which case any such amendment, addition, deletion and supplement to the Proposal will be binding on all Noteholders, whether or not such Noteholder agrees to amendment, addition, deletion and supplement.***

Documentation to effect the terms of the Extraordinary Resolution will be negotiated and finalised for execution by, among others, the Issuer. During the course of finalising such documentation, it may be necessary for one or more amendments, additions, deletions and supplements to the Proposal to be made in order to effect such terms. The Extraordinary Resolution authorises the Authorised Noteholders (comprising one or more Noteholders representing 5% or more of the outstanding principal amount of the Notes) to negotiate and approve (without any further or additional approvals by any other Noteholders, whether by way of another Extraordinary Resolution or otherwise) any amendments, additions, deletions and supplements to the Proposed Terms as the Authorised Noteholders may in their absolute discretion decide, approve or require for the purposes of, and in connection with, giving effect to the Proposed Terms and finalising the documentation to be entered into for that purpose.

See “*The Proposal—Terms of the Proposal*” for a fuller description of such authority to be granted to Authorised Noteholders. The Authorised Noteholders may have different interests from other Noteholders and may make decisions in a manner that is contrary to the interests of other Noteholders. Any decision the Authorised Noteholders make pursuant to its authority and power as provided for in the Extraordinary Resolution will result in all Noteholders being bound by such decision of such Authorised Noteholders, whether or not such Noteholder agrees with such decision.

### **3 Risks Relating to the Group**

***There may be a substantial doubt about the Group’s ability to continue as a going concern.***

The Issuer’s audited consolidated financial statements as of and for FY2018 have been prepared on the assumption that the Issuer will continue as a going concern.

The Issuer’s independent auditor did not express an opinion on the Issuer’s consolidated financial statements as of and for FY2018 and as of and for FY2017. Because of the significance of the matters described in the ‘Basis for disclaimer of opinion’ section of the auditor’s report for FY2018 and FY2017, the auditor was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on such financial statements. See “*Appendix F—Audited Consolidated Financial Statements of AusGroup Limited and its Subsidiaries for FY2018 and FY2017*” for an explanation of the auditor’s basis for the disclaimer of opinion for FY2018 and FY2017.

Notes 2(a) and 17 of the financial statements for FY2018 disclose conditions that indicate the existence of material uncertainties surrounding the continuing use of the going concern assumption in the preparation of the financial statements. There cannot be any assurance that the Issuer or the Group will be able to continue as a going concern.

***Any proceeds from the sale of the Port Assets may be insufficient to repay all amounts due under the Notes.***

As disclosed in the Issuer's audited consolidated financial statements as of 30 June 2018, the directors of the Issuer had determined the recoverable amount of the Port Assets to be AU\$87.9 million. The carrying amount of the Port and Marine cash generating unit as of 30 June 2018 was AU\$71.7 million.

Values for assets such as the Port Assets are inherently difficult to compute, and such valuations are based on various limitations and assumptions which, by their nature, are subjective and uncertain. There can be no assurance that such valuation (or any other valuation) will not be materially different from the sale price that may be obtained on the sale of the Port Assets, even in circumstances where such sale is not on a "fire sale" basis. There also cannot be any assurance that any future valuation of the Port Assets that such future valuation will not be substantially lower than the valuation by the directors of the Issuer. See Note 24 of the Issuer's audited consolidated financial statements as of and for FY2018 for a description of the key assumptions made in determining the recoverable amount and the carrying amount of the Port Assets.

Moreover, the Issuer may be required to make impairment provisions in its future financial statements relating to the Port Assets, based on any new valuation and/or circumstances existing at the relevant time, and any such provisions may be substantial.

In addition, any bank or financial institution that provides new funds in the form of loans may have a first ranking security over the Port Assets up to the amount of new funds lent (but subject to a limit of S\$20.0 million), while Noteholders will have a first ranking security over such Port Assets above S\$20.0 million. As a result, any enforcement proceeds will (after payment of all security agent costs and enforcement expenses) first be used to pay any lender (if any) who provides new funding to the Group, up to the amount of such new funding subject to a maximum limit of S\$20.0 million. Any remaining enforcement proceeds will next be used to pay all amounts due under the Notes. There is no assurance that the enforcement proceeds of the Port Assets will be sufficient to repay all amounts due under the Notes. If the enforcement proceeds are insufficient, any remaining balance will be unsecured debt, and Noteholders will rank equally with all of the Issuer's other unsecured creditors, based on any amounts remaining, in the remaining assets of the Issuer. See also "*Risks Relating to the Group — Claims of existing secured creditors of the Group will have priority with respect to their security over the claims of unsecured creditors to the extent of the value of the assets securing such indebtedness*" for additional information.

***The Issuer expects to be highly leveraged for the next several years and may not be able to generate sufficient cash flows to meet its debt service obligations, including payments under the Notes.***

The Issuer is highly leveraged and has significant short-term liquidity requirements. As of 30 June 2018, the Group had approximately AU\$85.8 million of current interest-bearing borrowings (including the Notes) and AU\$34.2 million in non-current interest-bearing borrowings. If the Issuer successfully implements the Recapitalisation, the Issuer will continue to have substantial indebtedness. In addition, the Issuer may incur additional bank borrowings.

This substantial indebtedness will have important consequences for the Issuer's creditors and shareholders. The Issuer will require substantial cash flow to meet its obligations under the refinanced indebtedness, including the Notes. Therefore, a substantial part of its cash flow from operations will not be available for its business. The Issuer's substantial indebtedness could adversely affect its results of operations and could have important consequences for Noteholders and for the Group, including but not limited to:

- (a) limiting the Group's ability to obtain necessary financing in the future for working capital, capital expenditures, debt service requirements or other purposes;
- (b) requiring a substantial portion of the Group's cash flow from operations to be used for payments on its debt and therefore reducing its ability to reinvest its cash flow from operations in its business;

- (c) limiting the Group's flexibility in planning for, or reacting to changes in its business and its ability to take advantage of future business opportunities;
- (d) placing the Group at a competitive disadvantage to certain of its competitors with less indebtedness or greater resources; and
- (e) limiting the Group's ability to react to changing market conditions, changes in the industries that it does business in or economic downturns.

The occurrence of any one of these events could have a material adverse effect on the Issuer's business, financial condition, results of operations, prospects, and its ability to satisfy its obligations under the Notes and any of its other indebtedness.

The Issuer's ability to service its debt will depend on its future performance, which, in turn, depends on the successful implementation of its strategy and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand and selling prices for the Group's services, costs of raw materials and other factors specific to industry or specific projects, many of which are beyond the Issuer's control. The Issuer may not be able to generate sufficient cash flow from operations and future sources of capital may not be available to the Issuer in an amount sufficient to enable it to service its indebtedness, including the Notes, or to fund its other liquidity needs.

If the Issuer is unable to generate sufficient cash flow and capital resources to satisfy its debt obligations or other liquidity needs, it may have to undertake alternative financing plans, which may not be available on commercially reasonable terms or at all. Therefore, the Issuer could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations. The Issuer's credit facilities and the Trust Deed relating to the Notes contain restrictions on the Issuer's ability to dispose of assets and the use of the proceeds of such disposition. The Issuer may not be able to consummate any dispositions or the proceeds from such disposition may not be adequate to meet any debt service obligations then due.

***Claims of existing secured creditors of the Group will have priority with respect to their security over the claims of unsecured creditors to the extent of the value of the assets securing such indebtedness.***

Claims of existing secured creditors of the Group will have priority with respect to their security over the claims of unsecured creditors to the extent of the value of the assets securing such indebtedness. Therefore, claims of the secured creditors of the Issuer will have priority with respect to the assets securing their indebtedness over the claims of Noteholders. Therefore, the Notes will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer to the extent of the value of the assets securing such indebtedness or other obligations.

In the event of a foreclosure, winding up, liquidation, judicial management, receivership or other insolvency proceedings of the Issuer, holders of secured indebtedness will continue to have prior claims to the assets of the Group that constitute their collateral. Noteholders will participate on a *pari passu* basis with all other holders of the unsecured indebtedness of the Issuer based on the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer.

If any of the secured indebtedness of the Issuer becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, the Issuer's assets remaining after repayment of that secured indebtedness may not be sufficient to repay all remaining amounts owing in respect of the Notes. As a result, Noteholders may receive less than holders of secured indebtedness of the Issuer.

***Forward looking statements may not be realised.***

This Consent Solicitation Statement contains forward-looking statements that relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These

forward-looking statements and information are based on the beliefs of the Issuer's management as well as assumptions made by and information currently available to it. These forward-looking statements may be identified by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words. However, it should be noted that these words are not the exclusive means of identifying forward-looking statements.

All statements regarding the Issuer's expected financial position, business strategy, debt refinancing, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to:

- (a) the Issuer's ability to continue operations as a going concern;
- (b) the Issuer's future revenue, profitability, results of operations and financial condition;
- (c) the Issuer's ability to attract new investors;
- (d) the Issuer's ability to successfully refinance its outstanding indebtedness and other liabilities;
- (e) the Issuer's plans, objectives or goals, including those related to products or services and those related to cost reductions;
- (f) expected growth in consumer demand, regional capacity and competition;
- (g) other expected industry trends, including trends in the pricing of the Group's services;
- (h) assumptions underlying such statements; and
- (i) other matters of a prospective nature discussed in this Consent Solicitation Statement or in announcements made through SGXNET and press releases relating to the Consent Solicitation,

are only predictions.

By their very nature, forward-looking statements involve known and unknown inherent risks, uncertainties and other factors, both general and specific, that may cause the Issuer's actual results, performance or achievements or events affecting the Group to be materially different from any future results, performance, achievements or events expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, among others, the following:

- (a) the effects of the refinancing of the Group's indebtedness and other liabilities and obligations on its business and operations;
- (b) actions of creditors and shareholders of the Issuer and its subsidiaries;
- (c) future claims and litigation which may be asserted against the Issuer and its subsidiaries;
- (d) changes in political, social and economic conditions and the regulatory environment in the jurisdictions in which the Group operates;
- (e) terrorist attacks;
- (f) changes in currency exchange rates;
- (g) growth strategies for and the success of the Group's marketing initiatives;
- (h) changes in market prices for the Group's services;

- (i) changes in the availability and prices of consumables or raw materials that the Group needs to provide its services;
- (j) changes in customer preferences;
- (k) changes in competitive conditions and the Group's ability to compete under these conditions;
- (l) changes in key members of the management team;
- (m) changes in the Group's future capital needs and the availability of financing and capital to fund these needs; and
- (n) other factors beyond the Issuer's control.

It should be noted that the foregoing list of important risks and uncertainties is not exhaustive. Given the risks and uncertainties that may cause the Issuer's actual future results, performance or achievements or events affecting the Issuer to be materially different than expected, expressed or implied by the forward-looking statements in this Consent Solicitation Statement, we advise Noteholders not to place undue reliance on those statements. There is no representation or warranty that the Issuer's actual future results, performance or achievements or expected events affecting the Group will be as discussed in those forward-looking statements. In addition, those forward-looking statements speak only as of the date on which they are made, and the Issuer does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

***The Group's business is subject to general risks associated with operating businesses outside Singapore.***

There are risks inherent in operating businesses overseas, which include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding the Group's liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. Any of these risks could adversely affect the Group's overseas operations and consequently, its business, financial condition, results of operations and prospects.

***The Group's ability to borrow in the bank or capital markets may be adversely affected by a financial crisis.***

The Group's ability to borrow in the bank or capital markets to meet its financial requirements is dependent on favourable market conditions. Financial crises in particular geographic regions, industries or economic sectors for example, the United States sub-prime mortgage crisis and the sovereign debt crisis in Europe and the United States, have, in the past, led and could in the future lead to sharp declines in the currencies, stock markets and other asset prices in those geographic regions, industries or economic sectors, in turn threatening affected companies, financial systems and economies.

Any market slowdown may adversely impact the Group's ability to borrow from the bank or capital markets and may significantly increase the costs of such borrowing. If sufficient sources of financing are not available in the future for these or other reasons, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, the Group cannot ensure that it will not continue to incur losses in the future, or that it will become profitable, in either case due to a potential increase in its operating and financing costs incurred to finance the Group's growth and expansion or lower than expected increase in revenues. This increase in operating and financing costs without a corresponding increase in revenues will have a negative impact on the Group's results of operations. In the event that any of the above events materialise, the Group's business, financial condition, results of operations and prospects will be adversely affected.

***The Group's business is exposed to potential liability arising from any damage, injury or death resulting from accidents or other causes.***

Due to the nature of the Group's business, the Group may be subject to the risk of accidents occurring either to its employees or to third parties who may be involved in accidents while on its premises. These accidents may occur as a result of fire, explosions or other incidents which may result in injury to persons, death or damage to property. The Group may be liable, whether contractually or under the law, for any or all of such loss or damage or injury to or loss of life. In addition, it may be liable for substantial fines and penalties imposed by the authorities of the relevant jurisdictions. Any of such events will disrupt the Group's business and lead to a reduction in revenue and profits and to increased costs of operations. In the event of an accident that is not covered by its insurance policies or the claims of which are in excess of its insurance coverage or are contested by the insurance companies, the Group's business, financial condition, results of operations and prospects will be adversely affected.

***If the Group is unable to accurately estimate the overall risks, revenues or costs on its contracts, or fail to agree to the pricing of work done pursuant to unapproved change orders, the Group may incur lower than anticipated profit or incur a loss on the contracts.***

Substantially all of the Group's contracts are either fixed price or fixed unit price contracts. The terms of these contracts require the Group to guarantee the price of its services on a fixed price or a fixed unit price basis and assume the risk that the costs associated with its performance will not be greater than it anticipated. As a result, the Group will only realise a profit on these contracts if it successfully estimates its project costs and avoid cost overruns. Cost overruns, whether due to inefficiency, inaccurate estimates or other factors, result in a lower profit or a loss on a project. The Group's project cost estimates are subject to a number of assumptions, including the indicative prices of its suppliers and sub-contractors.

Although the Group anticipates increased labour costs and materials and utilities costs in its tender submissions, the revenue, cost and gross profit realised on a fixed price or fixed unit price contract may vary from the estimated amounts because of many factors, including changes in job conditions, variations in labour and equipment productivity over the term of the contract and unexpected increases in costs of materials and labour. Unexpected discounts requested by customers may also result in the Group being unable to collect its full tender price. If the Group's estimates of the overall risk, revenues or costs prove inaccurate, unexpected discounts given, or circumstances change, the Group may incur a lower profit or a loss on its contracts, which could materially and adversely affect its business, financial condition, results of operations and prospects.

The Group is frequently required to perform extra or "change order" work as directed by the customer even if the customer has not agreed in advance on the scope or price of the work to be performed. This process may result in disputes over whether the work performed is beyond the scope of the work included in the original project plans and specifications or, if the customer agrees that the work performed qualifies as extra work, the price the customer is willing to pay for the extra work. Even when the customer agrees to pay for the extra work, the Group may be required to fund the cost of such work for a lengthy period of time until the change order is approved and funded by the customer. Also, these unapproved change orders, contract disputes or claims result in costs to the Group that cannot be billed for a period of time.

There can be no assurance that the Group will be able to invoice or recover the cost and profit margin for the extra or change order work in full or at all, which may lead to business disputes or may otherwise adversely affect the Group's business, financial condition, results of operations and prospects.

***The Group's results of operations depend on the timing of new contract awards and the timing of the performance of these contracts.***

At any point in time, the Group may derive a substantial portion of its revenues directly or indirectly from a limited number of large contracts. The amount of work to be done under a contract, and therefore the timing and amount of revenue that it recognises, varies depending on the project duration and on the stage of the construction that is being performed at any particular time. There is typically less work at the beginning and at the end of a project,

resulting in the Group recognising less revenues at these stages, compared with the amount of work that it performs in the middle of a project, when it recognises more revenues. Therefore, the Group's results of operations tend to fluctuate depending on the duration and stage of its contracts at any particular time and the composition of contracts within its portfolio at any one time. In addition, the timing of the revenues and cash flows from its projects can be delayed by a number of factors, including availability of labour, weather conditions, delays in receiving material and equipment from suppliers and changes in the scope of work to be performed. These delays, if they occur, could have an adverse effect on its operating results for a particular period. As a result of the foregoing, the Group's results of operations and cash flows can fluctuate significantly from period to period.

A substantial part of the Group's business is project-based and non-recurring. Thus, the Group has to continually and consistently secure new customers and projects. The Group cannot predict whether or when it will receive awards of new contracts as these contracts frequently involve a lengthy and complex bidding and selection process, which is affected by a number of factors, including market conditions, financing arrangements and governmental approvals. The Group's profitability and financial performance will depend on its ability to secure new projects that are profitable on a regular basis. If the Group is unable to do so for any reason, its business, financial condition, results of operations and prospects will be materially and adversely affected.

***The Group is dependent upon the availability and cost of labour and sub-contractors.***

Sub-contract works and labour costs account for a significant proportion of the Group's total costs. Labour costs accounted for 95.1%, 87.4% and 82.9% of the Group's cost of sales in FY2016, FY2017 and FY 2018, respectively. In addition, sub-contract works accounted for 3.5%, 1.0% and 1.0% of the Group's cost of sales in FY2016, FY2017 and FY2018, respectively.

The Group's ability to control labour costs and to manage large projects is dependent upon its ability to attract and retain qualified technical expertise with sufficient experience in the delivery of such projects. The Group has employed, and it expects to continue to employ, sub-contractors to perform some of the Group's construction activities. The Group and its sub-contractors are dependent upon the availability of workers, particularly when the level of activity in the industry is high. If there is a shortage of technical expertise and other workers in Australia, Singapore or Thailand, the Group may have difficulty hiring adequate numbers of skilled personnel and other workers, directly or through sub-contractors, in the future. There can be no assurance that the costs of retaining or employing skilled personnel or other workers will not exceed the Group's estimates, which may materially and adversely affect the Group's business, financial condition, results of operations and prospects. See "—The Group is affected by the performance and quality of its sub-contracted works" for a further discussion of the risks relating to the Group's sub-contract works.

***The Group is dependent on the availability of adequately skilled labour and specialised equipment.***

Due to the specialised nature of the Group's work, there is a limited supply of adequately skilled business unit managers, technical managers, tradesmen and experienced project delivery staff. The Group also requires certain specialised equipment to carry out its operations. If the Group fails to retain its skilled technical managers, tradesmen and project staff, or if it fails to acquire the necessary equipment to carry out its operations, its business, financial condition, results of operations and prospects will be materially and adversely affected. To ensure that the Group remains competitive, from time to time it recruits a number of foreign workers. If there is a shortage of foreign workers or restrictions are placed on the employment of foreign workers, or if the Group is unable to acquire the necessary equipment to carry out its operations, its operations and project schedule will be affected and its business, financial condition, results of operations and prospects will be materially and adversely affected. Furthermore, to the extent that the Group is unable to recruit the required number of skilled business unit managers, engineers, tradesmen and experienced project staff, whether locally or from overseas, to meet its increased business activities, its business, financial condition, results of operations and prospects will be materially and adversely affected.

***Maintaining good employee relations is important for the smooth operations of the Group's business.***

There can be no assurance that the Group will not experience incidences of work stoppages and labour disputes in its operations. If the Group encounters any material work stoppages and/or labour disputes or industrial actions in the future which causes significant disruptions to its operations, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

***The Group is affected by the performance and quality of its sub-contracted works.***

The Group sub-contracts certain types of work, such as detailed drawings, transportation, surface treatment, non-destructive testing, electrical work, machining and fabrication to third parties or subcontractors. It is exposed to the timely delivery and the quality required of the sub-contracted works. On a regular basis, the Group reviews its sub-contractors' performance and conducts due diligence assessments on the sub-contractors' previous projects and available manpower. It also places management supervision on site to manage the subcontractor and to ensure the sub-contractor performs at the level it requires. Although the Group holds retention monies for certain sub-contractors, if its subcontractors fail to adhere to the agreed specifications or default on their contractual obligations, the Group's ability to deliver the project on time will be compromised, and it may be exposed to liabilities under the main contracts with its customers. In addition, the Group may not be able to find alternative sub-contractors to complete the work in a timely fashion and it may be subject to higher costs from alternative subcontractors, which may materially and adversely affect its business, financial condition, results of operations and prospects.

***The Group is subject to delays in completion of projects and the risk of unanticipated or premature termination of projects or contracts.***

The Group's customers may delay the completion of projects due to unforeseen circumstances. Delays may also result from incomplete specifications or unanticipated difficulties in developing customized solutions for them. Customers may also terminate their projects or contracts with the Group due to changes in its business plans, insufficient funding or dissatisfaction with the progress.

Although the Group's contracts with some of its customers may be long-term contracts that may last for up to five years, under the terms of such contracts, its customers may terminate those contracts before the end of the full term. The unanticipated termination of any projects or contracts in progress or any decisions by its customers not to proceed with a contracted project may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group faces competitive pressures and it cannot assure investors that it will be able to compete successfully with its competitors.***

The Group's business is competitive and it faces competition from other Australian engineering and construction companies in the market such as Civmec Limited, Kaefer Group, UGL Limited and Monadelphous Group Ltd, who are able to provide services that are similar to the Group's and who compete with it on key attributes including scale and capacity of production, pricing, brand name, timely delivery and customer service within its individual suite of services.

Competition could increase as a result of new market entrants, or the Group's competitors may be able to price their products and services more attractively, or may utilise equipment that is more advanced than the Group's equipment. In addition to local competitors, the Group also faces competition from foreign companies, which may have access to better financial, equipment and other resources than the Group does. There is no assurance that the Group will be able to compete successfully in the future. Any failure by the Group to remain competitive would materially and adversely affect its business, financial condition, results of operations and prospects.

***Activities in the Group's business can be dangerous and can cause injury to people or property in certain circumstances.***

The Group's business activities are subject to hazards associated with the construction, operation, handling, storage and transportation of oil and gas and mineral materials and projects, including pipeline leaks and ruptures, explosions, fires, inclement weather and natural disasters, mechanical failure, unscheduled downtime, labour difficulties, transportation interruptions, remediation complications, discharges of toxic substances and environmental risks. These hazards can cause personal injury and loss of life, severe damage to or destruction of property and equipment, environmental damage, fines and liabilities, which could have a material adverse effect on the Group's reputation, and on its business, financial condition, results of operations and prospects.

Damage to the Group's assets caused by these hazards will result in downtime of its assets because they may be subject to extensive rebuilding, servicing or repairs instead of being utilised for its operations. If insurance coverage is insufficient to compensate for losses suffered as a result of natural disasters, the Group will incur substantial losses or be required to make material compensation payments, which may have a material adverse impact on its business, financial condition, results of operations and prospects.

***The Group's insurance coverage may not adequately protect the Group against the risks associated with its business operations***

A variety of risks are associated with the Group's operational activities, including damage to its facilities, environmental pollution, damage to products in transit, transportation delays and risks posed by natural disasters, among others. Any or all of these risks may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects. The Group maintains insurance which it believes is typical in its industries and in amounts which it believes to be commercially appropriate.

However, the Group may become subject to liabilities, including liabilities for pollution or other hazards, against which it has not insured adequately or at all, or cannot insure. The Group's insurance policies contain certain exclusions and limitations on coverage which may result in its claims not being honoured to the extent of losses or damages suffered by it. In addition, the Group's insurance policies may not continue to be available at economically acceptable premiums, or at all. The occurrence of a significant adverse event, the risks of which are not fully covered or honoured by such insurers, could have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Group's inability to obtain performance guarantees and other financing could limit the number of projects it is able to pursue***

It is customary in the Group's industry, and the Group is typically required, to provide performance guarantees to bid for and to secure the Group's performance under its contracts. The Group's ability to obtain performance guarantees from financial institutions and banks primarily depends upon its capitalisation, working capital, past performance, management expertise and other external factors, including the overall financial capacity of the financial institutions and banks. Financial institutions and banks consider these factors in relation to their risk management policies and underwriting standards, which may change from time to time. There can be no assurance that the Group will continue to be able to obtain the performance guarantees required for it to operate its business either on a secured or unsecured basis, on commercially reasonable terms or at all, which would materially and adversely affect the Group's business, financial condition results of operations and prospects.

For most of the Group's projects, it is paid accordance to work done on a progressive basis. The Group may also require additional financing to provide needed additional working capital to finance start-up costs of projects (including the purchase of materials and equipment and the payment of labour costs) before it receives payment under a contract. The Group's ability to arrange for financing will depend, in part, upon factors outside its control, such as a financial institution's lending policy and prevailing market conditions, as well as upon its business, financial condition, results of operations and prospects. The Group's inability to obtain adequate financing to fund its working capital requirements could adversely affect its ability to perform its obligations under existing

contracts and its ability to obtain new contracts, which could material adverse effect on the Group's business, financial condition and prospects.

***Global and national political, economic, regulatory or social conditions may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.***

The Group's business and future growth are dependent on the political, economic, regulatory and social conditions in globally and in each of the countries that it operates or in which it intends to expand its business and operations. Any global or national economic downturn or changes in policies implemented by the governments in these countries, currency and interest rate fluctuations, capital controls or capital restrictions, labour laws, changes in duties and taxation and limitations on imports and exports may materially and adversely affect its business, financial condition, results of operations and prospects.

A prolonged global economic downturn may have an adverse effect on the Group's business, financial condition, results of operations and prospects. In addition, a prolonged global economic downturn could have a material adverse effect on the ability of banks to meet their financial obligations, including, the repayment of their customers' deposits. To the extent any of the Group's cash have been deposited with any of such banks, the Group may lose all or part of its cash deposits, which would have a material adverse effect on its business, financial condition, results of operations and prospects.

***The Group is dependent on its key management personnel.***

The continued success of the Group is dependent to a large extent on its ability to retain its key management personnel, in particular, its chief executive officer and executive management team. There is no assurance that the Group will be able to retain, its chief executive officer and executive management team. In addition, there is no assurance that the Group will be able to recruit and retain suitable replacements for its chief executive officer and executive management team if they leave. The loss of the Group's chief executive officer and executive management team without suitable replacements may have a material and adverse impact on its ability to achieve its objectives as well as on its business, financial condition, results of operations and prospects.

***The Group may incur additional costs or liquidated damages in the event of disputes, claims, defects or delays.***

From time to time, the Group encounters disputes with its customers in relation to non-compliance with contract specifications, defects in workmanship and materials used. See "Business—Legal Proceedings" for a summary of the Group's ongoing disputes. There is no assurance that these and any future disputes and claims will not result in protracted litigation, which may have a material and adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group usually provides warranty periods for 12 months from the contractual delivery date. During this period, it is required to rectify defects for which it is responsible free of charge. If the Group is required to rectify defects during the warranty period which result in substantial additional costs being borne by it, the profitability of the particular project will be reduced. If the Group's customers suffer loss and damage due to the defects, they may also claim against the Group, thereby materially and adversely affecting its business, financial condition, results of operations and prospects.

Contracts for the Group's projects usually contain provisions for payment of liquidated damages by it if the hand-over of its projects is delayed. If the Group's projects are delayed, whether due to its fault or the fault of its suppliers or sub-contractors, it may be liable to pay liquidated damages, which may be substantial because they are calculated based on the period of delay. If such liquidated damages are significant, the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

***The Group is subject to various international and local environmental protection laws and regulations.***

The Group is subject to various environmental protection laws and regulations in the jurisdictions in which it operates. Such laws and regulations are complex, subject to frequent changes and have tended to become more stringent over time. Therefore, compliance may become increasingly difficult and costly. These environmental laws and regulations, and their interpretations, are constantly evolving and it is impossible to predict accurately the effect that changes in these laws and regulations, or their interpretation, may have upon the Group's business, financial condition, results of operations or prospects. If environmental laws and regulations, or their interpretation, become more stringent, the costs of compliance could increase. If the Group cannot pass along future costs to its customers, any increases could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Like most countries, Singapore and Australia have laws and regulations regarding environmental matters including disturbance, rehabilitation and the discharge of hazardous waste and materials. Such laws and regulations can increase the cost of planning, designing, installing and operating industrial facilities for use by operators. Some of these laws and regulations may expose the Group to liability for the conduct of or conditions caused by others, or for the Group's acts, even if such acts had complied with all applicable laws at the time of performance, and the Group may be required to pay significant fines and penalties for noncompliance. Some environmental laws impose joint and several "strict liability" for cleaning up spills and releases of oil and hazardous substances, regardless of whether the Group was negligent or at fault.

Environmental protection laws and regulations may also have the effect of curtailing exploration, development and production activities by the Group's customers. This may reduce the demand for the Group's services, which would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group may be exposed to losses from natural disasters, terrorism or other unforeseen events which may not be sufficiently covered by its insurance.***

The occurrence of natural disasters, terrorism or other catastrophes or other acts of God such as severe weather conditions or epidemic diseases in the Group's areas of operation may materially and adversely disrupt its operations. Such developments may also affect the ability of the Group's customers to meet their payment obligations to the Group, which could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Terrorist activities, anti-terrorist efforts, piracy or other armed conflict involving Singapore, Asia or Australia or their interests abroad may adversely affect the Singaporean, Asian, Australian and global economies. If events of this nature occur and persist, the associated political instability and societal disruption could reduce overall demand for oil and gas potentially putting downward pressure on prevailing oil and gas prices and adversely affect the Group's activities. Oil and gas production facilities, transportation systems and storage facilities could be direct targets of terrorist attacks, and the Group's business, financial condition, results of operations and prospects could be materially and adversely affected if any infrastructure or property integral to its operations is destroyed or damaged by such an attack. Insurance coverage may become more difficult to obtain, if available at all.

These factors, which are not within the Group's control, may potentially have significant effects on its operations and production facilities, and the operations of its customers and suppliers. As a result, the occurrence of natural or other catastrophes, severe weather conditions or other acts of God may adversely affect the Group's business, financial condition, results of operations and prospects.

***The Group's products are subject to stringent quality codes and standards and certification for quality control and it is exposed to potential liability arising from damages, injury or death due to accidents.***

The Group's products are commonly used for the oil and gas, mining and other industries, such as the infrastructure, utilities, industrial, chemical and power industries. As such products function in harsh conditions,

the Group's products must meet the necessary standards with respect to corrosion prevention, chemical tolerance, stress tolerance and safety. To ensure that the Group's products meet the necessary standards, it is required to ensure that its products comply with stringent quality control codes and standards prescribed by the relevant international professional bodies and institutions. The Group's customers may re-evaluate its capabilities or it may be prohibited by its customers from carrying out certain services if it fails to comply with such codes and standards or if it loses or is unable to renew its certifications and accreditations. This may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

Furthermore, due to the nature of the Group's operations, there is a risk of accidents occurring either to its employees or to third parties while on its premises or its customers' premises. These accidents may occur as a result of fire, explosions or other incidents. If the Group encounters a significant number of accidents during its operations, its customers may re-evaluate its capabilities, or the Group's customers may prohibit it from carrying out certain services. This may have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.

#### **4 Risks Relating to the Redemption Shares**

***Holders converting the Notes into Shares may experience substantive dilution in the future, and the sale or possible sale of a substantial number of Shares in the public market could adversely affect the price of the Shares.***

If the Recapitalisation Conditions are satisfied and all of the Notes are converted into Redemption Shares at an issue price of S\$0.042 per Redemption Share, assuming the Subscription Shares are issued and all Shareholders exercise their rights in the Rights Issue and the Rights Shares are issued to such Shareholders, Noteholders will hold approximately 34.37% of the total enlarged share capital of the Issuer, based on the existing share capital of the Issuer as of the Latest Practicable Date.

The Issuer plans to issue up to 1,050,000,000 Subscription Shares to the Placees at a subscription price of S\$0.035 per Subscription Share and 752,402,733 Rights Shares to its existing Shareholders at a subscription price of S\$0.035 per Rights Share. The issue of the Subscription Shares and the Rights Shares in full will result in the Placees and the existing Shareholders owning 31.75% and 68.25%, respectively, of the total enlarged share capital of the Issuer. As a result, Noteholders converting the Notes into Shares may experience substantial dilution in the future.

In addition, the sale of a significant number of the Issuer's Shares in the public market after the completion of the Recapitalisation, or the perception that such sales may occur, could cause the price of the Shares to fall, and Shareholders could lose part or all of their investment in the Shares. The sale of a large number of Shares could also make it more difficult for the Issuer to offer Shares in the future at a time and price that the Issuer deems appropriate.

***The Issuer may not be able to pay dividends in the future.***

The Issuer may not be able to pay dividends in the future if it is unable to successfully implement its strategies or if there are adverse developments to its business as a result of competitive, regulatory, general economic conditions, demand and other factors specific to its industry, many of which are beyond its control.

Any future determination as to the declaration and payment of dividends will be at the discretion of the Issuer's board of directors and will depend on factors that the Issuer's board of directors deems relevant, including (among others) the business, financial condition, cash requirements, results of operations, prospects and financing arrangements of the Group.

The Issuer is a holding company and its investments in its operating subsidiaries, joint ventures and associated companies constitute substantially all of its assets. The Issuer does not have significant independent operations,

and operates its business primarily through such subsidiaries, joint ventures and associated companies. Therefore, the availability of funds to the Issuer to pay dividends to Shareholders depends on dividends received from these subsidiaries, joint ventures and associated companies. The ability of such subsidiaries, joint ventures and associated companies to pay dividends or make other advances or transfers of funds will depend on their respective results of operations and may be restricted by, among other things, the availability of funds, the terms of the various credit arrangements entered into, as well as statutory and other legal restrictions of the respective jurisdictions of incorporation or establishment of these entities. For example, the Issuer may not pay dividends while any interest on the Notes is overdue and unpaid or while any of the Notes which has become payable has not been paid off or if it is in breach of any of its other obligations under any of the Issue Documents.

Under Singapore law and the Issuer's constitution, all dividends must be paid out of the Issuer's profits available for distribution. The availability of profits is assessed on the basis of the standalone financial statements of the Issuer, and not from the Issuer's consolidated financial statements. The Issuer currently has accumulated losses in its standalone balance sheet as of 30 June 2018 and the Issuer expects to record accumulated losses in its standalone balance sheet as of 30 September 2018 and 31 December 2018.

***There may not be an active or liquid market for the Shares.***

There can be no assurance as to the liquidity of any market that may develop for the Notes, an investor's ability to sell its Notes or the prices at which it would be able to sell its Notes. The Notes could trade at prices that may be lower than their initial offering price depending on many factors, including prevailing interest rates, the Group's financial condition and results of operations and the market for similar securities. The Issuer does not have any obligation to make a market in the Notes. In addition, the market for debt securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. There can be no assurance that the markets for the Notes, if any, will not be subject to similar disruptions. Any disruptions in these markets may have a material adverse effect on your investment in the Notes.

An active public market for the Shares may not be sustained. The Issuer cannot assure you that the trading market for the Shares will develop further or that there will be continued liquidity of that market for the Shares. Although it is currently intended that the Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Shares. For example, the Issuer may not continue to satisfy the listing requirements for listed companies. A failure to maintain the Issuer's listing on the SGX-ST, or other securities markets, could adversely affect the market value of the Shares.

***The market price of the Notes and the Shares may decline after this Consent Solicitation.***

The trading price of the Notes and the Shares will depend on many factors, including:

- the perceived prospects of the Group's business and the offshore vessel market;
- differences between the Group's actual financial and operating results and those expected by prospective investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of the Group's assets;
- the perceived attractiveness of the Shares and the Notes against those of other equity or debt securities, including those not in the same or similar industry as the Issuer and its subsidiaries;
- the balance between buyers and sellers of the Shares and the Notes;

- the future size and liquidity of the Singapore equity and debt markets;
- any future changes to the regulatory system, including the tax system, both generally and specifically in relation to Singapore companies;
- the ability on the Issuer's part to implement successfully the Group's investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including weakness of the debt and equity markets and increases in interest rates.

For these reasons, among others, the Notes may trade at prices that are higher or lower than their Redemption Amounts outstanding, and Shares may trade at prices that are higher or lower than the net asset value per Share. In addition, to the extent that the Issuer retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of the Issuer's underlying assets, may not correspondingly increase the market price of the Shares. Any failure on the Issuer's part to meet market expectations with regard to future earnings and cash distributions may adversely affect the market price for the Notes and the Shares. The Notes and the Shares are not capital-safe products and, if the market price of the Notes and the Shares declines, there is no guarantee that holders of the Notes and Shareholders can regain the amount originally invested. If the Issuer is terminated or liquidated, it is possible that investors may lose all or a part of their investment in the Notes and the Shares. In addition, the SGX-ST and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of the Notes and the Shares.

***Singapore laws contain provisions that could discourage a take-over of the Issuer.***

The Singapore Code on Take-overs and Mergers and Sections 138, 139 and 140 of the SFA (collectively, the "Singapore Take-over Provisions") contain certain provisions that may delay, deter or prevent a future take-over or change in control of the Issuer. Under the Singapore Take-over Provisions, any person acquiring an interest, either individually or with parties acting in concert, in 30% or more of the voting rights in the Issuer, may be required to extend a take-over offer for the Issuer's remaining voting rights in the Issuer in accordance with the Singapore Take-over Provisions. A take-over offer may also be required to be made if a person holding between 30% and 50% (both inclusive) of the voting rights in the Issuer, either individually or in concert, acquires an additional 1% of the voting rights in the Issuer in any six-month period. While the Singapore Take-over Provisions seek to ensure an equality of treatment among Shareholders, its provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of the Issuer that may benefit Shareholders and, as a result, may adversely affect the market price of the Shares and the ability to realise any potential benefit from a potential change of control.

***Foreign Shareholders may not be permitted to participate in future rights issues by the Issuer.***

If the Issuer offers to its Shareholders rights to subscribe for additional Shares or any right of any other nature, it will have discretion as to the procedure to be followed in making the rights available to its Shareholders or in disposing of the rights for the benefit of its Shareholders and making the net proceeds available to its Shareholders. For example, the Issuer may, in its absolute discretion, elect not to extend an offer of Shares under a rights issue to those Shareholders whose addresses are outside Singapore. The rights or entitlements to the Shares to which such Shareholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Issuer may determine. The proceeds of any such sale, if successful, will be paid to Shareholders whose rights or entitlements have been thus sold. The shareholding of the relevant Shareholder in the Issuer may be diluted as a result of such sale.

## The Proposal

### 1. Background to the Proposal

The Issuer is an integrated multi-disciplinary service provider to the energy, mineral and industrial sectors in Australia and South-East Asia.

The Issuer's businesses include:

- maintenance services including long-term specialist support, campaign shutdowns/turnarounds, and management of all maintenance services;
- construction services including design, structural, mechanical, piping, painting, insulation, fireproofing and engineering procurement and construction;
- access services including scaffolding, engineering and design, labour supply, stock control, logistics, transportation and rope access systems;
- fabrication services including manufacturing, fabrication, testing and precision machining; and
- port and marine services including logistics services through marine supply bases, port services, fuel supply and provision of accommodation.

In 2014, in an effort to diversify its business operations and to create new income streams, the Issuer 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 Issuer 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.

The Issuer also restructured its business and transitioned to delivering capital expenditure expansion in the mining and oil and gas sectors and partnering to support lifecycle operational expenditure and maintenance services in the energy (predominantly Liquefied Natural Gas ("**LNG**") processing), industrial and mining sectors (the "**Maintenance Business**"). The Issuer ceased operations in the fabrication services business in Singapore in the fiscal year ended 30 June 2017.

In 2016, the Issuer anticipated that it may have had difficulty in making the payment of the outstanding principal amount of the Notes due on the original maturity date of 20 October 2016. Therefore, in September 2016, the Issuer conduct a consent solicitation of Noteholders and, in October 2016, obtained the approval of Noteholders to make certain amendments to the Trust Deed and the Notes (including, but not limited to, the deletion of the financial covenants) as well as to undertake certain additional obligations to Noteholders in consideration for an extension of the maturity date of the Notes until 20 October 2018.

Following the restructuring of the business and the 2016 consent solicitation, the Issuer's results for the fiscal fourth quarter ended 30 June 2017 ("**4Q2017**") improved through the Group's core projects in the Northern Territory and Western Australia LNG sector. In particular, the 4Q2017 net profit of AU\$2.4 million represents a significant improvement from the loss of AU\$165.1 million from the results of the preceding financial fourth quarter ended 30 June 2016.

Following from the Issuer's transition in relation to the Maintenance Business and the commissioning and commercialisation of the Port, the Issuer is able to explore various business opportunities, such as organic growth or a realisation of certain of its assets or business units. In order to build on the success of the Issuer's business restructuring, and to achieve the following commercial objectives:

- (a) improve the Issuer's net asset position on its balance sheet by reducing debt and increasing paid-up capital;
- (b) reduce interest costs as a result of reduced debt;
- (c) improve the Issuer's ability to raise funds from financial markets due to a healthier balance sheet;
- (d) improve the Issuer's ability to win new contracts from potential customers; and
- (e) improve the perception and confidence of its customers, suppliers, employees and other stakeholders,

on 21 May 2017, the Issuer announced that it was making an offer to Noteholders to exchange all of the outstanding Notes plus accrued interest for Shares at an issue price of S\$0.058 per Share. When the exchange offer closed, Noteholders holding Notes with an aggregate Denomination Amount of S\$29,000,000 (with an aggregate Redemption Amount of S\$27,944,400) had tendered such Notes in the exchange offer and the Issuer completed the allotment and issue of 482,849,304 new Shares to such tendering Noteholders on 30 June 2017.

On 11 September 2017, the Issuer announced that it was making another exchange offer to Noteholders to exchange a minimum aggregate of S\$2,409,000 and a maximum aggregate of S\$5,551,561 in Redemption Amount of the Notes plus accrued interest for Shares at an issue price of S\$0.058 per Share. When the second exchange offer closed, Noteholders holding Notes with an aggregate Denomination Amount of S\$5,500,000 (with an aggregate Redemption Amount of S\$5,299,800) had tendered such Notes in the exchange offer and the Issuer completed the allotment and issue of 91,554,980 new Shares to such tendering Noteholders on 29 September 2017.

In April 2018, port operations commenced and the Port is dispensing fuel to the local community, wood chipping, logging operations and to the Royal Australian Navy, Australian Border Force, oil & gas drilling support vessels and fishing fleets.

## 2. **The Recapitalisation**

The Issuer intends to further improve its net asset position on its balance sheet by reducing debt and increasing paid-up capital by undertaking the proposed Recapitalisation. The proposed Recapitalisation comprises the Rights Issue, the Placement and the Proposal.

The Issuer intends to use the net proceeds from the proposed Placement and Rights Issue (i) to make partial instalment and redemption payments in cash pursuant to the proposed amended terms of the Notes and (ii) to fund the general corporate and working capital requirements of the Group. The Issuer may also be able to increase its paid-up capital if, instead of having the Issuer make partial instalment and redemption payments in cash, Noteholders elect to have the Issuer pay the full outstanding Redemption Amount of each Note in the form of Redemption Shares.

### ***The Rights Issue***

On 29 March 2018, the Issuer also announced the undertaking of the proposed Rights Issue of up to 752,402,733 Rights Shares at the issue price of S\$0.035 for each Rights Share, on the basis of one Rights Share for every two existing Shares held by Shareholders. The Rights Issue is not being underwritten, but the Issuer has obtained Irrevocable Undertakings from various Shareholders, as defined and described below.

As at the Latest Practicable Date, the existing share capital of the Issuer consists of 1,504,805,466 Shares (the "**Existing Share Capital**"). The Issuer does not have any outstanding treasury shares. Based on the Existing Share Capital as at the Latest Practicable Date, and assuming that the maximum amount of Subscription Shares is issued pursuant to the terms of the Placement:

- (a) assuming that none of the entitled shareholders except for the Undertaking Shareholders subscribe and pay for their pro rata entitlements to the Rights Shares under the Rights Issue pursuant to the Irrevocable Undertakings, and none of the Noteholders elect for the Equity Redemption Payment Option, the Issuer will issue:
- (i) 277,817,605 Rights Shares to the Undertaking Shareholders;
  - (ii) 750,000,000 Subscription Shares to AOC pursuant to the Placement;
  - (iii) 200,000,000 Subscription Shares to BT pursuant to the Placement; and
  - (iv) 100,000,000 Subscription Shares to MP pursuant to the Placement,
- (the “**Minimum Subscription Scenario**”).

Upon the completion of the allotment and issuance of the Rights Shares and Subscription Shares pursuant to the Minimum Subscription Scenario, the Enlarged Share Capital of the Company will increase to 2,832,623,071 Shares; and

- (b) assuming that all entitled shareholders subscribe for their respective pro rata entitlements to Rights Shares under the Rights Issue, and all of the Noteholders elect for the Equity Redemption Payment Option, the Company will issue:
- (i) 752,402,733 Rights Shares;
  - (ii) 1,732,185,628 Redemption Shares to the Noteholders;
  - (iii) 750,000,000 Subscription Shares to AOC pursuant to the Placement;
  - (iv) 200,000,000 Subscription Shares to BT pursuant to the Placement; and
  - (v) 100,000,000 Subscription Shares to MP pursuant to the Placement,
- (the “**Maximum Subscription Scenario**”). Upon the completion of the allotment and issuance of the Rights Shares, Subscription Shares and Redemption Shares pursuant to the Maximum Subscription Scenario, the Enlarged Share Capital of the Company will increase to 5,039,393,827 Shares.

Pursuant to the Irrevocable Undertakings described below, Asdew will hold an aggregate of 68,326,974 Shares after subscribing and paying for all of its provisional allotments under the Rights Issue, being 22,775,658 Rights Shares. For illustrative purposes only, under the Minimum Subscription Scenario, AOC will subscribe for 750,000,000 Subscription Shares, and will collectively with Asdew hold 818,326,974 Shares representing approximately 28.89% of the Enlarged Share Capital pursuant to the Rights Issue and Placement that will result in 2,832,623,071 Shares being issued. For further illustrative purposes, under the Maximum Subscription Scenario, AOC will subscribe for 750,000,000 Subscription Shares, and will collectively with Asdew hold 818,326,974 Shares representing approximately 16.24% of the Enlarged Share Capital pursuant to the Rights Issue, proposed Placement and the Equity Redemption Payment Option that will result in 5,039,393,827 Shares being issued.

### ***The Irrevocable Undertakings***

As at the Latest Practicable Date, the number of Shares and the percentage proportion in the Existing Share Capital of the Issuer of the following Shareholders (collectively, the “**Undertaking Shareholders**” and each an “**Undertaking Shareholder**”) that have provided Irrevocable Undertakings to the Issuer to, *inter alia*, fully subscribe for their Rights Shares are as follows:

- (a) Asdew, who directly holds 45,551,316 Shares, representing approximately 3.0% of the Existing Share Capital;

- (b) BT, who directly holds 104,062,350 Shares, representing approximately 6.9% of the Existing Share Capital;
- (c) MP, who directly holds 133,199,808 Shares, representing approximately 8.9% of the Existing Share Capital; and
- (d) Ezion Holdings Limited, who directly holds 272,821,736 Shares, representing approximately 18.1% of the Existing Share Capital.

As at the Latest Practicable Date, the Undertaking Shareholders collectively hold an aggregate of 555,635,210 Shares, representing approximately 36.9% of the Existing Share Capital (the “**Relevant Shares**”). Accordingly, the Undertaking Shareholders will be entitled to subscribe for an aggregate of 277,817,605 Rights Shares.

To demonstrate its support for the Rights Issue and their commitment to and confidence in the Issuer, each of Asdew, BT and MP has provided irrevocable undertakings dated 29 March 2018 (together with the irrevocable undertaking from Ezion Holdings Limited as described below, the “**Irrevocable Undertakings**”) in favour of the Issuer that, *inter alia*:

- (a) as at the books closure date for the Rights Issue, each of the Undertaking Shareholders will own no fewer than the following number of Shares;
  - (i) Asdew owns not less than 45,551,316 Shares;
  - (ii) BT owns not less than 104,062,350 Shares; and
  - (iii) MP owns not less than 133,199,808 Shares;
- (b) each of Asdew, BT and MP will, directly and/or through one or more of its nominee(s), in accordance with the terms and conditions of the Rights Issue and in any case not later than the closing date of the Rights Issue, subscribe and pay for its respective entitlement of Rights Shares, totalling 141,406,737 Rights Shares; and
- (c) that none of the Shares held by each of the Undertaking Shareholders as of the Latest Practicable Date are sold, transferred or otherwise disposed of during the period commencing from the date of the Irrevocable Undertakings until the date of issue and listing of the Rights Shares on the SGX-ST.

Pursuant to a letter of commitment dated 17 November 2016, Ezion Holdings Limited provided an irrevocable undertaking in favour of the Issuer to subscribe for its pro rata entitlement of Rights Shares under the Rights Issue, subject to the size of the Rights Issue and the scaling down of subscription to avoid having to make a general offer for the Shares.

#### ***The Placement***

In addition, on 29 March 2018, the Issuer also announced that it had entered into three conditional subscription agreements dated 28 March 2018 (collectively, the “**Subscription Agreements**” and each a “**Subscription Agreement**”) with each of Asdew, BT and MP for the proposed placement of up to 750,000,000, 200,000,000 and 100,000,000 new Shares, respectively, at the issue price of S\$0.035 per Subscription Share. Asdew subsequently novated its rights and obligations under its Subscription Agreement to AOC.

Subject to the terms and conditions of the Subscription Agreements, the Issuer agreed to allot and issue:

- (a) 750,000,000 Subscription Shares to AOC for an aggregate consideration of S\$26,250,000, provided that the aggregate number of Subscription Shares to be held collectively by Asdew and AOC and their concert parties does not exceed 29.9% of the Enlarged Share Capital;

- (b) 200,000,000 Subscription Shares to BT for an aggregate consideration of S\$7,000,000; and
- (c) 100,000,000 Subscription Shares to MP for an aggregate consideration of S\$3,500,000.

The proposed Placement is subject to various conditions, including:

- (a) Noteholders passing the Extraordinary Resolution;
- (b) Shareholders passing the Shareholders' Resolution(s);
- (c) Asdew, BT, MP and Ezion Holdings Limited undertaking to subscribe for all the Rights Shares to which they are entitled pursuant to the Rights Issue;
- (d) the concurrent completion of the subscription of an aggregate 1,050,000,000 Subscription Shares by all of the Placees;
- (e) Ezion Holdings Limited giving a written undertaking to vote in favour of the Shareholders' Resolution(s);
- (f) Ezion Holdings Limited entering into an agreement with the Issuer pursuant to which the term of its existing loan to the Issuer of US\$25,225,775 as at 28 February 2018 is to be extended by a minimum of five years; and
- (g) approval in-principle from the SGX-ST for the listing and quotation of the Subscription Shares and the Rights Shares on the Mainboard of the SGX-ST.

## Appendix D

### Information Memorandum Relating to the Issuer and the Group

#### Overview

The Issuer is an integrated multi-disciplinary service provider to the energy, mineral and industrial sectors in Australia and South-East Asia.

The Issuer's businesses include:

- maintenance services including long-term specialist support, campaign shutdowns/turnarounds, and management of all maintenance services;
- construction services including design, structural, mechanical, piping, painting, insulation, fireproofing and engineering procurement and construction;
- access services including scaffolding, engineering and design, labour supply, stock control, logistics, transportation and rope access systems;
- fabrication services including manufacturing, fabrication, testing and precision machining; and
- port and marine services including logistics services through marine supply bases, port services, fuel supply and provision of accommodation.

In 2014, in an effort to diversify its business operations and to create new income streams, the Issuer 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 Issuer 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.

The Issuer also restructured its business and transitioned to delivering capital expenditure expansion in the mining and oil and gas sectors and partnering to support lifecycle operational expenditure and maintenance services in the energy (predominantly Liquefied Natural Gas ("**LNG**") processing), industrial and mining sectors (the "**Maintenance Business**"). The Issuer ceased operations in the fabrication services business in Singapore in the fiscal year ended 30 June 2017.

In 2016, the Issuer anticipated that it may have had difficulty in making the payment of the outstanding principal amount of the Notes due on the original maturity date of 20 October 2016. Therefore, in September 2016, the Issuer conducted a consent solicitation of Noteholders and, in October 2016, obtained the approval of Noteholders to make certain amendments to the Trust Deed and the Notes (including, but not limited to, the deletion of the financial covenants) as well as to undertake certain additional obligations to Noteholders in consideration for an extension of the maturity date of the Notes until 20 October 2018.

Following the restructuring of the business and the 2016 consent solicitation, the Issuer's results for the fiscal fourth quarter ended 30 June 2017 ("**4Q2017**") improved through the Group's core projects in the Northern Territory and Western Australia LNG sector. In particular, the 4Q2017 net profit of AU\$2.4 million represents a significant improvement from the loss of AU\$165.1 million from the results of the preceding financial fourth quarter ended 30 June 2016.

Following from the Issuer's transition in relation to the Maintenance Business and the commissioning and commercialisation of the Port, the Issuer is able to explore various business opportunities, such as organic growth or a realisation of certain of its assets or business units. In order to build on the success of the Issuer's business restructuring, and to achieve the following commercial objectives:

- (a) improve the Issuer's net asset position on its balance sheet by reducing debt and increasing paid-up capital;
- (b) reduce interest costs as a result of reduced debt;
- (c) improve the Issuer's ability to raise funds from financial markets due to a healthier balance sheet;
- (d) improve the Issuer's ability to win new contracts from potential customers; and
- (e) improve the perception and confidence of its customers, suppliers, employees and other stakeholders,

the Issuer conducted two separate exchange offers to Noteholders to exchange the outstanding Notes plus accrued interest for Shares at an issue price of S\$0.058 per Share. When the exchange offers closed, Noteholders holding Notes with an aggregate Denomination Amount of S\$34,500,000 (with an aggregate Redemption Amount of S\$33,244,200) had tendered such Notes in the exchange offer and the Issuer completed the allotment and issue of 574,404,284 new Shares to such tendering Noteholders.

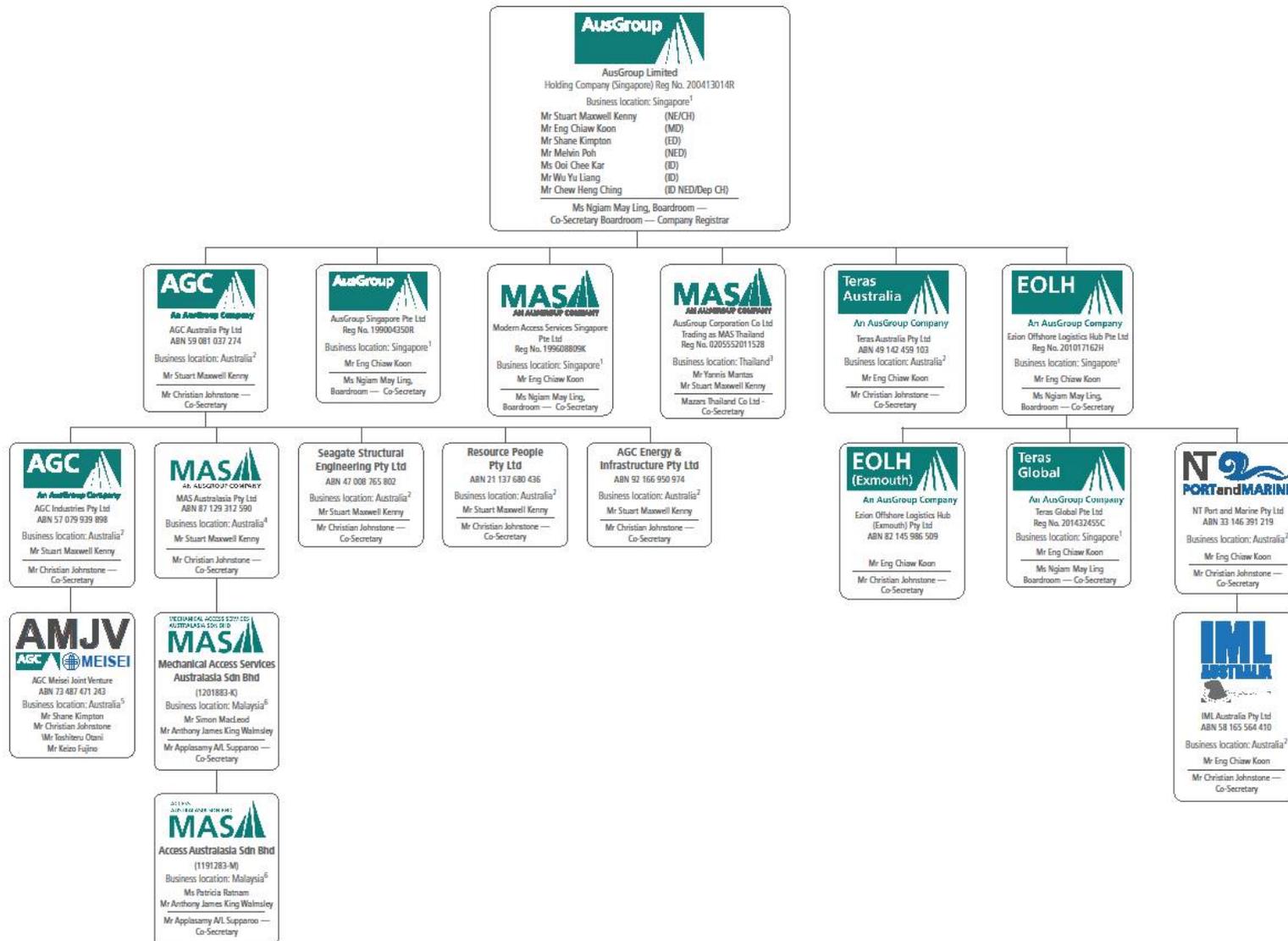
In April 2018, port operations commenced and the Port is dispensing fuel to the local community, wood chipping, logging operations and to the Royal Australian Navy, Australian Border Force, oil & gas drilling support vessels and fishing fleets.

The Issuer intends to further improve its net asset position on its balance sheet by reducing debt and increasing paid-up capital by undertaking the proposed Recapitalisation. The proposed Recapitalisation comprises the Rights Issue, the Placement and the Proposal.

The Issuer intends to use the net proceeds from the proposed Placement and Rights Issue (i) to make partial instalment and redemption payments in cash pursuant to the proposed amended terms of the Notes and (ii) to fund the general corporate and working capital requirements of the Group. The Issuer may also be able to increase its paid-up capital if, instead of having the Issuer make partial instalment and redemption payments in cash, Noteholders elect to have the Issuer pay the full outstanding Redemption Amount of each Note in the form of Redemption Shares.

### **Corporate Structure**

The Issuer is an investment holding company conducting its business through its operating subsidiaries. A summary description of its principal subsidiaries can be found in Note 11(b) of the Issuer's audited consolidated financial statements for the financial year ended 30 June 2017. The chart below shows the Group's corporate structure (excluding its dormant companies) as at the Latest Practicable Date.



## **Engineering Services Business**

### ***Integrated Maintenance***

The Group's integrated maintenance business unit provides maintenance services by combining a comprehensive suite of specialised and integrated support solutions, complementing other services provided by the Group. The diverse range of integrated services that the Group provides are tailored to meet the operational needs of the Group's clients and encompasses everything from planned and emergency shutdowns, onshore and offshore asset maintenance services, mechanical, industrial and cryogenic insulation and cladding, specialised coatings and linings, refractory linings, corrosion protection, passive fire protection, offshore hook-up and commissioning services, hazardous area equipment inspections, electrical and instrumentation services and the provision of large-scale scaffolding. The Group provides such services through its subsidiaries, AGC and MAS Australasia.

The Group's integrated services business is supported by the Group's fabrication and manufacturing facilities. This allows the Group to access labour quickly from its workforce and equipment pool, provides the Group with round-the-clock fabrication services and provides access to other support services for projects that require a fast turnaround.

### ***Projects***

The Group provides construction services for greenfield and brownfield capital projects in the mineral resources, oil and gas and infrastructure industries through its subsidiaries, AGC and MAS Australasia. AGC and MAS Australasia have worked with many clients to develop landmark energy and resource projects throughout Australia. As a multi-skilled contractor, the Group's extensive suite of services allows it to offer its clients a variety of options, with purpose-built solutions. The Group is able to combine its construction and fabrication capabilities to deliver small to large projects that require construction only, through to full turnkey style contracts. The Group's core construction services include:

- supply and installation of piping, mechanical and structural works;
- supply and erection of scaffolding and temporary access;
- application of surface protection, fire proofing and all types of insulation; and
- provision of construction plant and equipment.

The Group's track record demonstrates its standing as a leading Australian contractor, with projects delivered onshore and offshore in Australasia.

### ***Fabrication and Manufacturing***

The Group supplies a wide range of fabrication and manufacturing services for the oil and gas, mineral resources and chemical processing industries as well as for infrastructure projects. The Group also carries out major project work and support for large industrial shutdowns. The Group specialises in the fabrication of heavy steel / mechanical structures (including material handling equipment), process piping and pressure vessels and tanks. The Group is able to fabricate products from all grades of carbon steels (including low temperature and boiler plates), all grades of stainless steels and products containing exotic metals (such as special high chrome or nickel alloys, super duplex, alloy 31 and 59 and a large range of titanium and copper alloys).

In relation to the oil and gas industry, the Group in Australia is able to fabricate and manufacture wellhead platforms and jackets, preassembled pipe racks and modular frames, processing modules and skids, subsea modules, pipe spools, piles and risers, and pressure vessels and storage tanks. In relation to the mineral resources industry, the Group is able to fabricate and manufacture iron ore rail car dumpers, conveyors, and stackers, reclaimers and ship loaders.

The Group has also established facilities in Thailand, where the Group can assemble, fit-out and commission modularised structures, which the Group can deliver by barge to the relevant project site. The Group believes this has the potential to be a key differentiator in the future as it expects that the industry will move increasingly towards this pre-constructed delivery model in an effort to drive down total costs of ownership for its customers.

The principal fabrication, manufacturing and regional depots of the Group are located in Australia.

## Port and Marine Services Business

AusGroup’s Port and Marine services business comprises two main operating centres providing unique and individual services, namely: Port Melville and the Darwin East Arm Supply Base.

### Port Melville

#### General

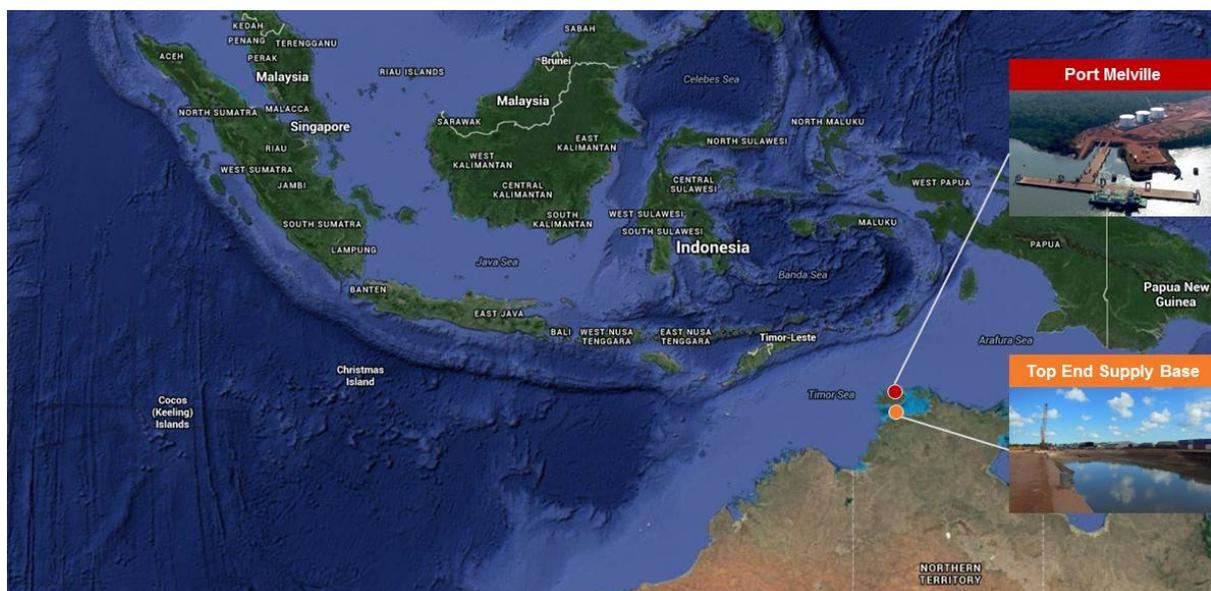
Port Melville is a marine supply base on Melville Island of the coast of Darwin, Australia, and provides services such as fuel distribution, port services, storage and logistics support to various vessels, including those from oil and gas projects in the region, wood chip and logging. Port Melville enhances the Group’s capacity to provide integrated delivery capabilities, covering all components of the asset supply chain, including the fabrication and manufacturing of equipment, painting vessels, structural, mechanical and piping construction services, maintenance, and marine logistics.

The completion and commissioning of the Port Melville fuel facility occurred in July 2015. However the commencement of full port operations was delayed due to longer than expected environmental and regulatory approval processes. On 15 December 2016, the Issuer announced that Ezion Offshore Logistics Hub (Tiwi) Pty Ltd (now known as NT Port and Marine Pty Ltd (“NTPM”)), a wholly owned subsidiary of the Issuer, had been approved to “operate a marine supply base at Port Melville, Melville Island, Northern Territory, for the shipment of equipment and supplies for 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 Issuer is able to develop its operations at the Port beyond the historical woodchip export activity.

In November 2017, NTPM received its first low sulphur diesel fuel parcel and the facility was fully commissioned and in April 2018 commenced fuel sales to a variety of customers which include the Royal Australian Navy, Australia Border Force, wood chipping operations, fishing fleets and the local Tiwi communities.

#### Location and Description

The map below shows the location of Port Melville.



The Port is a sheltered, natural deep water port on Melville Island (one of the Tiwi Islands), 80 nautical miles north of Darwin.

In particular, Port Melville has unparalleled strengths, given its strategic location on Melville Island, namely:

- the most Northern Port in Australian waters close to the Barossa and other oil and gas fields;
- it is the only gazetted natural deep water international port, situated 80 nautical miles north of Darwin;
- it is the closest point in Australia to strategic shipping lanes connecting Australia to Asia;
- it is relatively remote, has highly restricted access and is out of the public eye, yet only 30 minutes by air from Darwin;
- it is a port of refuge (sheltered from cyclones);
- Port Melville is a security regulated port approved by the Commonwealth Government of Australia, with a 220 metre floating concrete wharf and covering 32 hectares of land; and
- the port is fully operational and offers port services (berthage, pilotage, towage, stevedoring, cargo management), fuel supplies and storage facilities, and other port-related services.

Port Melville is the closest point in Australia to strategic shipping lanes connecting Australia to Asia. The Commonwealth Government is committed to the development of Northern Australia which has generated an economic growth significantly higher than the Australian average in the past decade. Port Melville consists of an accommodation village with a designed capacity of 160 persons, fuel facility of three vertical storage tanks with a storage capacity of 30 million litres, a 220-m long dock face and approximately 32 hectares of land.

The fuel farm also has a motor control centre room, dispensing pump skid, metering skid, a waste water system, slops tank, fire protection system and a light vehicle refuelling system.

The accommodation village has a category 5 cyclone rating and has 12.5-square metre rooms, each with *ensuite* shower facilities, a double bed, a flat-screen TV with local channels, a mini-fridge and a writing desk. Other facilities include a common area for guests, a 250-person dining area, laundry facilities, a recreation area, an outdoor barbecue and 200 square metres of office space.

### ***Darwin East Arm Supply Base***

The supply base supports Port Melville and primarily performs the receiving, storage and onward distribution of cargo from Port Melville. Recent improvements have been made to the base, including a new 50-metre wide, 80-metre deep steel sheet pile slipway. Other facilities include a 3.5-hectare laydown yard, a large warehouse, and a fabrication and repair shop for local vessels.

### **Order Book**

The Group uses its order book as a general indicator of its level of work to be completed. The order book represents the Group's estimate of its contract value of work that remains to be completed at any given time under its executed project contracts. The contract value of a project represents the amount that the Group expects to receive under the terms of the contract if the contract is performed in accordance with its terms. The Group includes a project in its order book when it has executed the construction contract for that project and decreases its order book as it

recognise revenues in relation to each contract. For a variety of reasons, amounts included in the Group's order book may not be realised as revenues, or, if realised, may not result in profits.

The Group's order book at the end financial years FY2016, FY2017 and FY2018 was AU\$ 239.7 million, AU\$419.6 million and AU\$230.2 million respectively.

### **Litigation**

From time to time, the Group may be involved in other legal proceedings arising from its business operations, including disputes with its customers, contractors, suppliers and the tax authorities.

There are various legal proceedings that are currently in progress, which are further described in Note 35 to the Issuer's FY2017 audited consolidated financial statements. The Issuer does not believe that such proceedings will materially affect the Group's business, financial condition, results of operations or prospects. Other than as so described, the Group is not involved in any legal, arbitration or other proceedings that may materially affect its business, financial condition, results of operations or prospects.

### **Board of Directors**

The Issuer's board of directors is responsible for protecting and enhancing shareholder value and the financial performance of the Group. Its duties include the management of the Issuer's business, the review and approval of the Issuer's corporate strategies and annual budgets, the appointment of key executives, major financing plans and investment proposals and the review and monitoring of the Issuer's financial performance. The Issuer's articles of association provide that its board of directors must consist of no fewer than two directors. As of the Latest Practicable Date, the Issuer's board of directors comprises seven directors, comprising two executive directors, one non-independent non-executive director and four independent non-executive directors as set out in the table below.

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mr. Stuart Maxwell Kenny .....	66	Non-Executive Chairman
Mr. Eng Chiaw Koon.....	56	Managing Director and Executive Director
Mr. Shane Francis Kimpton.....	57	Chief Executive Officer and Executive Director
Mr. Chew Heng Ching.....	67	Independent Non-Executive Director
Ms. Ooi Chee Kar .....	63	Independent Non-Executive Director
Mr. Wu Yu Liang .....	58	Independent Non-Executive Director
Mr. Poh Boon Kher Melvin .....	46	Independent Non-Executive Director

**Mr. Stuart Maxwell Kenny** is the Non-Executive Chairman of the Issuer. Mr Kenny has almost 50 years of experience in commercial, mining, and oil & gas construction, gaining extensive experience at all levels within project organisations including as senior project manager on large resource construction projects. He has managed major construction contracts both within Australia and wider Asia, receiving clients' commendation for his emphasis on project quality, team management and workforce safety. Mr Kenny has been a member of the Board of Directors of the Issuer since December 2004, and was appointed to the position of executive board chair in November 2014. Mr Kenny held the position of CEO and managing director of AusGroup Limited for over 13 years collectively, returning to the role in an acting capacity from October 2013 until April 2015.

**Mr. Eng Chiaw Koon** is the Managing Director and Executive Director of the Issuer. Mr Eng has over 25 years of senior management, business development and mergers & acquisitions experience in various industries. Mr Eng was previously director, special projects with Ezion Holdings Limited. Prior to that, he was the chief executive officer of Aqua-terra Supply Co. Ltd., where he grew and led the company to be listed on the Singapore Exchange, and was the chief operating officer of KS Distribution Pte Ltd, a subsidiary of KS Energy Limited. With a background in the electronics industry specialising in process audit, vendor quality and management, Mr Eng set up Aero-Green technology (S) Pte Ltd in 1996 to pioneer the commercialisation of aeroponic technology, with the company winning the first Asian Innovation Award from the Far Eastern Economic Review in 1998 and

a UN Urban Agriculture Award in 2000. Mr Eng holds a Diploma in Mechanical Engineering from the Singapore Polytechnic.

**Mr. Shane Francis Kimpton** is the Chief Executive Officer and Executive Director of the Issuer. Mr Kimpton has over 30 years' experience working in the resources sector in Australia and overseas. He has been responsible for Brownfields engineering, operations & maintenance, capital projects delivery, commissioning and shutdowns across the onshore and offshore oil and gas, LNG, chemicals, power generation and mining sectors. Mr Kimpton has held senior executive roles for leading operators and contractors including UGL, Transfield Services and ExxonMobil, working in a number of locations across some of the world's largest oil and LNG projects. He has a demonstrated track record of strategic and operational leadership, delivering outstanding long-term business and EBIT growth and improved HSE performance. Mr Kimpton graduated in Engineering at Swinburne University of Technology and is a member of the Asset Management Council of Australia.

**Mr. Chew Heng Ching** is an Independent Non-Executive Director of the Issuer. Mr Chew has more than 30 years' senior management experience in both the public and private sectors. He serves as non-executive director at Bonvest Holdings Ltd, Pharmesis International Ltd, Spindex Industries Ltd and Sinopipe Holdings Limited. Mr Chew was the founding president of the Singapore Institute of Directors, chairman of its Governing Council and council member of Singapore Business Federation. He served on the Board of the Singapore International Chamber of Commerce and was chairman from 2005 to 2007. Former Deputy Speaker of the Singapore Parliament and Member of Parliament, Mr Chew graduated in Industrial Engineering (Honours Class One) and Economics from the University of Newcastle, Australia and also received an honorary PhD.

**Ms. Ooi Chee Kar** is an Independent Non-Executive Director of the Issuer. Ms Ooi brings more than 30 years of professional experience in Singapore and the United Kingdom. Ms Ooi is currently an independent director of Pacific Radiance Ltd., Singapore Eye Research Institute, Tokyo Marine Life Insurance Singapore Ltd., Tokyo Marine Insurance Singapore Ltd., Singapore Pools (Private) Limited and honorary secretary and audit committee chair for the National Council of Social Services. Qualified as a UK chartered accountant, Ms Ooi's experience covers a wide range of industries from financial services to shipping and oil trade. She was an audit partner at PricewaterhouseCoopers, Singapore until 2012 where she was a lead partner of a number of large audit clients across the Asia-Pacific region and beyond. Ms Ooi is a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a fellow of the Institute of Singapore Chartered Accountants (ISCA).

**Mr. Wu Yu Liang** is an Independent Non-Executive Director of the Issuer. Mr Wu brings more than 30 years of professional experience, advising a broad spectrum of corporate and commercial issues, ranging from the establishment of joint ventures and other investment vehicles to advising on corporate and debt restructuring. He advises both local and foreign clients on suitable investment structures and is well versed in the mechanics, regulatory and practical aspects of the securities industry. Mr Wu is an independent director of Jiutian Chemical Group Limited and Pan Asian Holdings Limited.

**Mr. Poh Boon Kher Melvin** is an Independent Non-Executive Director of the Issuer. Mr Poh has more than 20 years of experience in land development across both the public and private sectors. He is currently managing director and owner of Fission Group, a property development company. Mr Poh also has real estate investments in Malaysia, Cambodia and Vietnam. With experience in all aspects of real estate development and construction, Mr Poh has particular expertise in contract administration and claims negotiation. Mr Poh holds an honours degree in Estate Management and a Post-graduate Diploma in Business Administration from the National University of Singapore.

## Executive Management Team

As of the Latest Practicable Date, details of the Executive Management Team are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Mr. Christian Johnstone.....	45	Chief Financial Officer
Mr. Daniel Kennedy .....	45	Chief Operating Officer – AGC & NTPM
Mr. Nathan Pike.....	43	Executive General Manager HSEQ
Mr. Simon MacLeod .....	58	Chief Operating Officer MAS Australasia
Mr. Matt Prendergast.....	48	Executive General Manager – Business Services
Mrs. Jennifer McIlveen.....	44	Group General Manager Strategy and Development

**Mr. Christian Johnstone** is the Chief Financial Officer of the Issuer. Mr Johnstone has over 20 years of finance and corporate advisory experience including a number of years in senior finance roles for publicly listed companies. He has extensive experience spanning the mining, gas and industrial sectors, having previously worked as chief financial officer for Iron Ore Holdings Ltd for over four years, and Wesfarmers Limited for over six years in its business development department and its industrial gas subsidiary in a senior finance role. Prior to Wesfarmers Limited, Mr Johnstone worked for KPMG Corporate Finance in Australia and Asia, and KPMG in Scotland for over 10 years. Mr Johnstone is a member of the Institute of Chartered Accountants of Scotland and a Fellow of the Financial Services Institute of Australasia. He holds a Bachelor of Accountancy (Hons), a Graduate Diploma in Applied Finance & Investment and an (Executive) Master of Business Administration.

**Mr. Daniel Kennedy** is the Chief Operating Officer – AGC & NTPM of the Issuer. Mr Kennedy has over 24 years' experience working in the resources sector across Australia. He has successfully led a range of large maintenance contracts and construction projects for a number of major resource companies. Starting his career as a project engineer, Mr Kennedy has worked on remote sites across Western Australia, the Northern Territory, New South Wales and Queensland. As an accomplished leader, Mr Kennedy has a track record in delivering a culture of excellence, driving safety, growth and improvement within organisations.

**Mr. Nathan Pike** is the Executive General Manager HSEQ. Mr Pike has more than 20 years' experience in the oil & gas, utilities and mining & mineral processing industries in Australia and internationally. With a Masters of Business Administration and Diplomas in Work Health & Safety, Human Resources and Environmental Management, Nathan brings a wealth of knowledge and experience to the Group. Throughout his career, Mr Pike has been responsible for the successful delivery and implementation of HSEQ strategy across complex and large multi-disciplinary businesses.

**Mr. Simon MacLeod** is the Chief Operating Officer MAS Australasia of the Issuer. Mr MacLeod has over 35 years of construction and maintenance experience in the oil and gas and natural resource industries across Australia. He has been involved in projects from the tender preparation phase through to negotiation and project management. With a focus on client relationships and delivering projects to the highest standard, Mr MacLeod has successfully completed a number of high risk projects with zero lost time injuries. While maintaining project schedules, Mr MacLeod ensures his teams develop and implement the best standards for work. Mr MacLeod has worked as a project director, project manager, site manager and superintendent for a number of challenging projects including; INPEX-operated Ichthys Project, Pluto LNG Project, Karratha Gas Plant, Sino Iron Ore Project, Burrup Fertilisers Project and Woodside Domestic Gas Plant.

**Mr. Matt Prendergast** is the Executive General Manager – Business Services of the Issuer. Mr Prendergast has over 25 years of experience across the energy, industrial and infrastructure sectors within Australia. He has held senior commercial and support services management roles with some of the industry's largest contractors, working on landmark projects. With a background in commercial and project management, Mr Prendergast has extensive experience in contract development, project financial reporting and support services. He has demonstrated effective leadership through the development of high-performing business support service teams. Mr Prendergast is responsible for the Group's support service teams including; human resources, industrial relations, legal and risk, commercial management, recruitment, business systems and project controls.

*Mrs. Jennifer McIlveen* is the Group General Manager of the Issuer. Mrs McIlveen has over 20 years of project management, strategic and business development experience across the engineering, maintenance and construction industries. As a commercially focused senior executive, Mrs McIlveen has spent over 15 years in engineering management consulting, with a specific focus on providing maintenance and strategic infrastructure asset management advice. With a track record of delivering effective business improvement across a number of complex engineering environments, Mrs McIlveen has also provided strategic business advice to a number of executive teams regarding organisational design, asset management improvements and business planning. Mrs McIlveen holds a Bachelor of Engineering, Master of Business Administration (MBA), is a Chartered Professional Engineer and a Fellow of the Institution of Engineers Australia.

### **Appointment and Remuneration**

The Group may terminate the service contracts of any of the executives, if among other things, the executives commit any serious and persistent breach of the provision of the service contracts, become of unsound mind, become bankrupt or found guilty of conduct with the effect of bringing themselves or the Group into disrepute. The service contracts cover the terms of employment, specifically salaries and bonuses. Executives are also entitled to participate in any short-term incentive scheme program established by the Group during their term of service.

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by each executive in the process of discharging his or her duties on behalf of the Group will be borne by the Group.

Other than the Issuer's Managing Director, no service contract exists between the Issuer and any of its directors (including independent non-executive directors). Such directors have no fixed term of service but are subject to retirement by rotation and re-election at the Issuer's Annual General Meeting in accordance with the Issuer's articles of association.

The Issuer's remuneration and human capital committee decides on the remuneration policy for directors and executive management team, taking into account the Issuer's performance and profitability and individual contribution.

The aggregate amount of salaries or other compensation, discretionary bonuses, other allowances and benefits-in-kind paid by the Issuer to its directors was AU\$0.55 million in FY2016, AU\$1.31 million in FY2017 and AU\$0.94 million in FY2018.

