



**SGX/MEDIA RELEASE
For Immediate Release**

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

Singapore and Australia
11 September 2017

This Announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

AUSGROUP LIMITED

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

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

1. INTRODUCTION

- 1.1 The board of directors (the “**Board**” or “**Directors**”) of AusGroup Limited (the “**Company**” together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing to undertake an invitation to holders of its S\$110,000,000 7.95 per cent. Notes due 2018 (ISIN: SG6TF6000008) issued by the Company (the “**Notes**” and the “**Noteholders**”) to offer to exchange Notes for new ordinary shares in the capital of the Company (the “**New Shares**”), fractional entitlements to be disregarded (the “**Exchange Offer**”).
- 1.2 The Company will make an application to the SGX-ST for the listing and quotation of the New Shares on the Main Board of the SGX-ST. The Company will make an appropriate announcement as soon as reasonably practicable after the receipt of approval in-principle from the SGX-ST.

2. RATIONALE FOR THE EXCHANGE OFFER

- 2.1. As a result of depressed oil and commodity prices, oil and gas companies, energy companies and mining companies have decreased capital expenditures and are expected to shift into operational expenditure where maintenance expenses dominate budgets. As a result, construction activities on such projects decreased significantly, with operational effectiveness being the main focus of these companies.
- 2.2. The Company has accordingly restructured its business and transitioned from predominantly serving and supporting capital expenditure expansion in the mining sector to catering to operational expenditure and maintenance services in the energy (predominantly Liquid Natural Gas (“**LNG**”) processing), industrial and mining sectors (the “**Maintenance Business**”). Following the restructuring of the business, the Company’s results for the financial fourth quarter ended 30 June 2017 (“**4Q2017**”) have improved through the Company’s core projects in the Northern Territory and Western Australia LNG sector. In particular, the 4Q2017 net profit of

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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.

- 2.3. The Company also ventured into the onshore and off-shore marine services business via the acquisition of Port Melville and its associated assets and businesses (the “**Port**”). Previously, the commencement of full port operations had been delayed by ongoing environmental and regulatory approval processes. On 15 December 2016, the Company announced that Ezion Offshore Logistics Hub (Tiwi) Pty Ltd (now known as NT Port and Marine Pty Ltd), a wholly-owned subsidiary of the Company, had been approved to “operate a marine supply base at Port Melville, Melville Island, Northern Territory, for the shipment of equipment and supplies for projects such as the construction and operation of offshore oil and gas fields, up to a maximum of 233 vessel berths at Port Melville per annum (including pilot vessels)”. Accordingly, the Company will now be able to develop its operations at the Port beyond the historical woodchip export activity.
- 2.4. Following from the Company’s transition in relation to the Maintenance Business and the resolution of approvals for the Port, the Company is now able to explore various business opportunities, such as organic growth or a realisation of certain of its assets or business units.
- 2.5. The purpose of the Exchange Offer is to build on the success of the Company’s business restructuring, and includes the following commercial objectives:
 - (a) to improve the Company’s net asset position on its balance sheet by reducing debt and increasing paid-up capital;
 - (b) to reduce interest costs as a result of reduced debt;
 - (c) to improve the Company’s ability to raise funds from financial markets due to a healthier balance sheet;
 - (d) to improve the Company’s ability to win new contracts from potential customers; and
 - (e) to improve the perception and confidence of the Company’s customers, suppliers, employees and other stakeholders.
- 2.6. In the event of that the Maximum Number of Notes are validly offered under the Exchange Offer by the Expiration Deadline which are accepted by the Company, the Exchange Offer will reduce the Company’s interest costs by approximately S\$0.5 million per annum. In the event the Minimum Number of Notes are validly offered under the Exchange Offer by the Expiration Deadline which are accepted for exchange by the Company, the Exchange Offer will reduce the Company’s interest costs by approximately S\$0.2 million per annum.

3. PRINCIPAL TERMS OF THE EXCHANGE OFFER

3.1 Introduction

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

Assuming the Maximum Number of Notes are validly offered for exchange under the Exchange Offer by the Expiration Deadline and are accepted for exchange by the Company on the Settlement Date (as defined in Paragraph 3.2 of this announcement), the maximum sum involved in the Exchange Offer is S\$5,551,561 (the “**Maximum Exchange Sum**”), which includes interest accrued and unpaid on Notes accepted for exchange by the Company, from and including 20 September 2017, being the immediately preceding interest payment date prior to the Settlement Date, up to (but excluding) the Settlement Date (“**Accrued Interest**”). Pursuant to the Exchange Offer, the Company may potentially issue up to 95,716,570 New Shares to Noteholders in satisfaction of the Maximum Exchange Sum without exceeding the General Share Issue Mandate (as defined in paragraph 3.4(a)(iii)).

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

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

The final terms of the Exchange Offer will be contained in a letter to Noteholders and its accompanying documents (the “**Letter to Noteholders**”).

3.2 Offer Period and Settlement Date

The Exchange Offer will commence at 9:00 a.m. (Singapore time) on 11 September 2017 (the “**Commencement Date**”) and expire at 5:00 p.m. (Singapore time) on 28 September 2017 (the “**Expiration Deadline**”), and the period between the Commencement Date and the Expiration Deadline, the “**Offer Period**”), unless amended, extended, re-opened, terminated or withdrawn by the Company in accordance with the Letter to Noteholders.

The settlement date of the Exchange Offer is expected to be 29 September 2017 (the “**Settlement Date**”), on which date the Exchange Consideration (as defined in Paragraph 3.3 of

this announcement) will be issued to Noteholders who have validly participated in the Exchange Offer.

Shareholders should note that the Exchange Offer is conditional upon satisfaction of the Exchange Offer Conditions (as defined in Paragraph 3.4 of this announcement).

3.3 Exchange Consideration and Exchange Amount

The consideration payable to each Noteholder is such number of New Shares equivalent in value to the sum of (i) the aggregate principal amount of Notes offered for exchange pursuant to the Exchange Offer (the “**Offered Notes**”) accepted for exchange by the Company and (ii) the interest accrued and unpaid on such Offered Notes accepted for exchange by the Company, from and including 20 September 2017, being the immediately preceding interest payment date prior to the Settlement Date, up to (but excluding) the Settlement Date, based on the Issue Price, fractional entitlements to be disregarded (the “**Exchange Consideration**”). The “**Issue Price**” of each New Share is S\$0.058 and represents a premium of approximately 17.9% above the volume-weighted average price (“**VWAP**”) of S\$0.0492 per Share for trades done on the SGX-ST over the 30 market days preceding the date of this announcement. The New Shares will be traded on the SGX-ST in a minimum board lot size of 100 New Shares.

The Issue Price of S\$0.058 represents a premium of 21.8% above the VWAP of S\$0.0476 per Share for trades done on the SGX-ST on 7 September 2017, being the immediately preceding full market day on which the Exchange Offer is announced (there were no trades of the Shares done on the SGX-ST on 8 September 2017).

The terms of the Exchange Offer were arrived at by the Company after taking into consideration, *inter alia*, the rationale for the Exchange Offer as set out in Paragraph 2 of this announcement, the terms of the Company’s previous invitation to Noteholders to offer to exchange Notes for new ordinary shares in the Company (which exchange exercise was completed on 30 June 2017 and announced by the Company accordingly) and the need to balance the interests of various stakeholders of the Company.

For illustrative purposes only, the Exchange Consideration for one Note is 4,161,590 New Shares.

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

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

The New Shares will not be issued to transfer a controlling interest of the Company under Rule 803 of the Listing Manual and the Company will, if necessary, scale down the applications for exchange by any of the Noteholders to avoid the same. Additionally, the New Shares will not be issued to any person who falls within the class of restricted persons under Rule 812 of the Listing Manual and the Company will reject applications for exchange by such Noteholders.

The New Shares will be subject to a moratorium on trading for 3 calendar months commencing from the date on which they are listed on the SGX-ST (the “**Moratorium**”). On the Settlement Date, the New Shares under the Exchange Offer will be issued to Noteholders in scrip form (the “**Scrip Shares**”). Given that the Scrip Shares will be subject to the Moratorium, Noteholders will not be able to deposit the Scrip Shares with The Central Depository (Pte) Limited (“CDP”) before the expiry of the Moratorium. After the expiry of the Moratorium, Noteholders who wish to deposit the Scrip Shares with CDP and have New Shares in scripless form credited to their securities accounts maintained with CDP must deposit their original share certificates, together with duly executed instruments of transfer in favour of CDP, with CDP, in accordance with its procedures and the Letter to Noteholders.

Subject to satisfaction of the Maximum Offer Condition (as defined in Paragraph 3.4 of this announcement) and (unless waived by the Company) the Minimum Offer Condition (as defined in Paragraph 3.4 of this announcement), following the Expiration Deadline and the final results of the Exchange Offer, the Company will determine the specific number of New Shares to be issued under the Exchange Offer.

3.4 Conditions of the Exchange Offer

- (a) In addition to the general conditions relating to the Exchange Offer to be set forth in the Letter to Noteholders (the “**General Conditions**”), the Exchange Offer is conditional on, *inter alia*:-
- (i) the Company obtaining the requisite approvals from applicable regulatory authorities for the Exchange Offer (the “**Approval Condition**”);
 - (ii) (subject to paragraph 3.4(c)) valid offers for exchange being received and accepted in respect of not less than **ten (10)** (the “**Minimum Number**”) Notes (the “**Minimum Offer Condition**”); and
 - (iii) valid offers for exchange being received and accepted in respect of not more than **twenty-three (23)** (the “**Maximum Number**”) Notes with an aggregate principal amount equal to S\$5,540,700, which, together with the Accrued Interest, would amount to the Maximum Exchange Sum. The exchange of the Maximum Number of Notes for the New Shares would result in the issuance of New Shares **not** exceeding the general share issue mandate obtained at the

Annual General Meeting of the Company held on 15 December 2016 to issue shares other than on a pro rata basis to shareholders of the Company (the “**General Share Issue Mandate**”) (the “**Maximum Offer Limit**”). It is a condition of the Exchange Offer that the Maximum Offer Limit must not be exceeded on or before the Expiration Deadline (the “**Maximum Offer Condition**”, and together with the Minimum Offer Condition, the Approval Condition and the General Conditions, the “**Exchange Offer Conditions**”).

- (b) **The Company will make an appropriate announcement as soon as reasonably practicable after fulfilment of the Approval Condition and the Minimum Offer Condition, and if the Maximum Offer Condition has been breached at any time prior to the Expiration Deadline.**

- (c) If the Maximum Offer Condition is not satisfied by the Expiration Deadline (i.e. if more than 23 Notes have been validly offered for exchange under the Exchange Offer), the Exchange Offer will terminate immediately. If the Minimum Offer Condition is not satisfied by the Expiration Deadline (i.e. less than 10 Notes have been validly offered for exchange under the Exchange Offer), the Company shall be entitled, in its sole discretion to elect to either:
 - (i) proceed with the Exchange Offer, by receiving and accepting from the relevant Noteholders, offers to exchange validly made under the Exchange Offer, in respect of such number of Notes in accordance with the terms of the Letter to Noteholders (the “**Sub-Minimum Notes**”), notwithstanding that such number of Sub-Minimum Notes is less than the Minimum Number; or

 - (ii) terminate the Exchange Offer,

such election to be made and announced by the Company, and notified by the Company to the relevant Noteholders (who made valid offers to exchange) upon the close of the Offer Period.

3.5 Continued Trading and Continuing Rights

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

3.6 Governing Law and Contact Information

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

4. ELIGIBILITY OF NOTEHOLDERS TO PARTICIPATE IN THE EXCHANGE OFFER

4.1. Entitled Noteholders

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

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

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

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

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

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

4.2. Foreign Noteholders

The Letter to Noteholders and its accompanying documents relating to the Exchange Offer have not been and will not be distributed, lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Letter to Noteholders and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the Letter

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to Noteholders and its accompanying documents have not been and will not be despatched to Noteholders who have registered addresses outside Singapore as at the Commencement Date and who have not, at least three (3) market days prior to the Commencement Date, provided CDP with addresses in Singapore for the service of notices and documents (the “**Foreign Noteholders**”).

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

5. ILLUSTRATIVE FINANCIAL EFFECTS

Assuming the Maximum Number of Notes are validly offered for exchange under the Exchange Offer by the Expiration Deadline which are accepted for exchange by the Company, the maximum sum involved in the Exchange Offer is S\$5,551,561 (the “**Maximum Exchange Sum**”). Pursuant to the Exchange Offer, the Company may potentially issue up to 95,716,570 New Shares to the Noteholders in respect of the exchange of the Maximum Number of Notes without exceeding the General Share Issue Mandate and the Company’s interest payments will be reduced by approximately S\$0.5 million per annum.

6. APPLICATION FOR IN-PRINCIPLE APPROVAL

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

7. INDICATIVE TIMETABLE OF KEY EVENTS

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

Expected Dates and (if relevant) Times	Events
11 September 2017, 9:00 a.m.	Commencement of the Offer Period Exchange Offer announced. Letter to Noteholders is sent to each person who is shown in the records of CDP as a holder of the Notes.
28 September 2017, 5:00 p.m.	End of the Offer Period Expiration Deadline. Last date and time for receipt of all Exchange Application Forms.

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29 September 2017

Settlement⁽¹⁾

Settlement Date for the Exchange Offer.
Cancellation of Notes accepted for exchange pursuant to the Exchange Offer and issuance of the New Shares.
Debiting of the Notes and crediting of the New Shares by CDP.

2 October 2017, 9:00 a.m.

Listing and Quotation of the New Shares⁽¹⁾

Listing and quotation of the New Shares.
Announcement of listing and quotation of the New Shares.

Note:

- (1) If the Maximum Offer Condition is not satisfied by the Expiration Deadline, the Exchange Offer will terminate immediately. If the Minimum Offer Condition is not satisfied by the Expiration Deadline, the Company shall be entitled, in its sole discretion to elect to either:
- a. proceed with the Exchange Offer, by receiving and accepting from the relevant Noteholders, offers to exchange validly made under the Exchange Offer, in respect of the Sub-Minimum Notes, notwithstanding that such number of Sub-Minimum Notes is less than the Minimum Number; or
 - b. terminate the Exchange Offer,

such election to be made and announced by the Company, and notified by the Company to the relevant Noteholders (who made valid offers to exchange) upon the close of the Offer Period.

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

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial Shareholders has any interests, direct or indirect, in the Exchange Offer, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

9. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Exchange Offer, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and



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correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**By Order of the Board
AusGroup Limited**

Eng Chiaw Koon
Managing Director
11 September 2017

IMPORTANT NOTICE

This announcement is for information only and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any New Shares or any securities of the Company in any jurisdiction in which such an offer or solicitation is unlawful. No person should acquire any New Shares except on the basis of the information contained in the Letter to Noteholders.

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

The distribution of this announcement, the Letter to Noteholders and the Exchange Application Form into jurisdictions other than Singapore may be restricted by law. Persons into whose possession this announcement and such other documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction. Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this announcement.

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

Ends



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Issued by AusGroup Limited.

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ABOUT AUSGROUP LIMITED (Bloomberg Ticker: AUSG.SP)

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