

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

**PROPOSED ACQUISITION OF 100% OF THE ISSUED AND PAID UP SHARE CAPITAL OF EZION
OFFSHORE LOGISTICS HUB PTE LTD AND 90% OF THE ISSUED AND PAID UP SHARE
CAPITAL OF TERAS AUSTRALIA PTY LTD**

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of AusGroup Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refers to its announcement dated 23 July 2014 in relation to the proposed acquisition of 100% of the issued and paid up share capital of Ezion Offshore Logistics Hub Pte Ltd and 90% of the issued and paid up share capital of Teras Australia Pty Ltd (the “**Previous Announcement**”).

Unless otherwise defined, all capitalised terms used in this announcement shall bear the same meaning as ascribed to them in the Previous Announcement.

2. CHAPTER 9 OF THE LISTING MANUAL

The Company is an entity at risk within the meaning of Chapter 9 of the Listing Manual in relation to the Proposed Acquisition. The Vendor is a controlling shareholder of the Company. As such, the Vendor is an interested person falling within the meaning of Chapter 9 of the Listing Manual.

The value of the Proposed Acquisition is S\$55 million, and based on the Group’s audited NTA of S\$147,718,000 as at 30 June 2013, the value of the Proposed Acquisition is approximately 37% of the Group’s latest audited NTA.

As the value of the Proposed Acquisition exceeds 5% of the Group’s latest audited NTA, the Company will be seeking the approval of the shareholders for the Proposed Acquisition pursuant to Rule 906(1) of the Listing Manual at an extraordinary general meeting of the Company to be convened (“**EGM**”).

The Vendor will abstain, and has undertaken to ensure that its associates will abstain from voting on the resolutions approving the Proposed Acquisition, and from accepting any appointments as proxies unless specific instructions as to voting are given at the EGM.

Save for the Proposed Acquisition and the Subscription, there are no other interested person transactions with the Vendor or its associates for the current financial year of the Company to date. There are also no interested person transactions with other interested persons of the Company in the current financial year to date.

The Company will be appointing an independent financial adviser (the “**IFA**”) to the Audit Committee of the Company to opine on whether the financial terms of the Proposed Acquisition are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3. AUDIT COMMITTEE'S STATEMENT

The Company's Audit Committee will consider the opinion of the IFA when it issues its IFA opinion letter in due course and will form a view which will be set out in the circular setting out information on the Proposed Acquisition to be despatched to Shareholders.

4. FURTHER INFORMATION AND ACTION BY SHAREHOLDERS

The Company will make further announcements relating to the Proposed Acquisition as and when necessary. As there is no assurance that the aforementioned transactions will be completed, Shareholders are advised to refrain from taking any action which may be prejudicial to their interests before seeking advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers (as appropriate).

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Captain Larry Glenn Johnson and Eng Chiaw Koon, both non-executive non-independent directors of the Company, are currently the executive director and chief operating officer and the director of special projects of the Vendor respectively. The Vendor is also a controlling shareholder of the Company. The Vendor, Captain Larry Glenn Johnson and Eng Chiaw Koon hold 110 million options, 15 million options and 20 million options respectively in the Company, and which were issued to them pursuant to the shareholders' approval obtained at the extraordinary general meeting of the Company convened on 19 June 2014.

Save as disclosed, none of the Directors or substantial shareholders of the Company has any interest, directly or indirectly, in the Proposed Acquisition, other than in their respective capacity as Directors or Shareholders of the Company.

BY ORDER OF THE BOARD

Stuart Maxwell Kenny
CEO and Managing Director
21 August 2014