

11 January 2013

## **Macmahon acknowledges Sembawang correspondence**

Attached is a further letter that Macmahon Holdings Limited (ASX:MAH) has received from Sembawang Engineers and Constructors Pte Ltd (Sembawang) today, and which Sembawang has published on its website.

Macmahon's independent directors note that Sembawang's proposals remain unsolicited, non-binding, incomplete and highly conditional. Accordingly, Macmahon is not in a position to respond to the latest proposal by the deadline of 5pm (Perth time) tomorrow described in the letter.

In the circumstances, Macmahon's independent directors propose to request further clarification from Sembawang to make a proper assessment of the merits of the proposals.

\*\*\* ENDS \*\*\*

For further information, please contact:

### **Investor Relations**

|                 |                         |                 |
|-----------------|-------------------------|-----------------|
| Theresa Mlikota | Chief Financial Officer | +61 407 470 859 |
|-----------------|-------------------------|-----------------|

### **Media Relations**

|                     |                                     |                 |
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### **About Macmahon**

*Macmahon is a leading Australian contract mining and construction company with major projects throughout Australia, in New Zealand, South East Asia and Africa.*

*An ASX listed company, Macmahon has played a major role in the delivery of many of Australia's largest multi-disciplinary mining and construction projects throughout its 49 year history.*

*Macmahon offers the full range of underground and surface mining services and comprehensive construction capabilities spanning transport, marine, water and resource infrastructure services.*

*With a commitment to providing end to end services, Macmahon's reputation for outstanding teamwork, integrity and commitment to the environment is underpinned by the company's core value - safety.*

Visit [www.macmahon.com.au](http://www.macmahon.com.au) for more information.

**Sembawang Australia Pty Ltd**

460 Alexandra Road, #27-01 PSA Building Singapore 119963

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11 January 2013

The Board of Directors  
Macmahon Holdings Limited  
Level 3  
27-31 Troode Street  
WEST PERTH WA 6005

**Attention: Ross Carroll, CEO & Managing Director**

Dear Sirs

**PROPOSED TRANSACTION - SEMBAWANG AUSTRALIA PTY LTD**

The purpose of this letter is to reiterate the previous offer made by Sembawang Australia Pty Ltd (**Sembawang**) for the construction businesses of Macmahon Holdings Limited (**Macmahon**) (the **Transaction**) and to outline, on a non-binding basis, Sembawang's proposal (the **Proposal**) for completing a Transaction and to establish a process which will allow Sembawang to conduct due diligence in respect of Macmahon to determine if the Transaction can be agreed upon.

This letter provides for a due diligence period (the **Due Diligence Period**) commencing on acceptance of this letter and ending on 31 January 2013. During the Due Diligence Period:

- (a) Sembawang will undertake due diligence in respect of Macmahon construction businesses, including their operations, assets, financial condition and affairs;
- (b) Sembawang and Macmahon will proceed with the negotiation and settlement of the terms of a binding sale and purchase agreement (the **Sale and Purchase Agreement**) in respect of the Transaction; and
- (c) upon execution of the Sale and Purchase Agreement, the Transaction will be jointly publicly announced.

**1. Transaction Terms**

The structure of the Transaction will be determined by mutual agreement of the parties. However, it is intended, at this stage, that Sembawang will acquire all of the issued and outstanding ordinary shares of the entities in the Macmahon group structure that own the construction businesses pursuant to a share sale arrangement.

The implementation of a share sale structure (as opposed to an asset sale structure) should simplify the process because all assets, liabilities, employees (and their entitlements), contracts and other matters relating to the construction businesses will move across with the corporate entities.

**Australian Business Number ACN 140 404 100**

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In the alternative, if a share sale structure cannot be implemented, Sembawang will proceed with an asset sale structure, which Sembawang expects will be consistent with the structure of the transaction with Leighton Holdings Limited (**Leighton**), albeit that different assets are being acquired.

Subject to the outcome of Sembawang's due diligence investigations and based on information currently publicly available in connection with Macmahon, the indicative purchase price is **AUD\$38 million**.

The exact nature of the assets to be acquired can not be determined until such time as Sembawang has completed its due diligence, however, Sembawang reiterates that it intends to acquire the construct businesses as 'going concerns' (meaning that all assets and liabilities will be acquired or assumed by Sembawang).

Sembawang is aware that the transaction with Leighton Holdings Limited will result in equipment to the value of approximately \$40 million being retained by Macmahon and Sembawang is willing to work with Macmahon to ensure that the Transaction is superior to that with Leighton (which may mean some equipment from the construction businesses being retained by Macmahon). This will, of course, be the subject of future negotiations.

**2. Conditions Precedent**

The completion of the Transaction shall be subject to the following conditions precedent for the sole and exclusive benefit of Sembawang being fulfilled or waived, at or prior to the end of the Due Diligence Period or, where applicable, the dates specified below:

- (a) **Sembawang being satisfied with its due diligence review of Macmahon prior to the end of the Due Diligence Period;**
- (b) **Sembawang's board of directors formally approving the undertaking of the Transaction by Sembawang;**
- (c) **the receipt of any necessary third party approvals or consents;**
- (d) **there not having occurred any material adverse change in the business, financial condition or results, operations or affairs of the Macmahon construction businesses;**
- (e) **Macmahon must not be in default, in any material respect, of any of its obligations under Sale and Purchase Agreement or any other material contract relating to the construction businesses;**
- (f) **the parties have entered into the Sale and Purchase Agreement on or prior to 15 February 2013; and**

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- (g) the transaction with Leighton Holdings Limited (Leighton) announced to ASX by Macmahon on 12 December 2012 being terminated (without cost or liability to Macmahon or its subsidiaries) on or prior to 15 February 2013.**

**3. Sale and Purchase Agreement**

Prior to the end of the Due Diligence Period, Sembawang and Macmahon will negotiate, prepare, execute and deliver the Sale and Purchase Agreement relating to the Transaction. The Sale and Purchase Agreement shall include customary provisions including, without limitation, conditions to completion of the Transaction, a break fee payable to Sembawang in certain circumstances, a right of Sembawang to match any superior proposals from third parties, lock-up arrangements including notification, no shop, no talk and no due diligence restrictions, restrictions on Macmahon's interim operations, the requirement for Macmahon's board to unanimously recommend the Transaction and representations, warranties, indemnities and covenants in respect of Macmahon and its properties and assets which are customary in transactions of this type.

Sembawang expects that the Sale and Purchase Agreement will be no more onerous to Macmahon than the current Asset Purchase Agreement entered into with Leighton.

**4. Due Diligence**

During the Due Diligence Period, Macmahon will provide Sembawang and its representatives and advisors with reasonable access to, and copies of, all books, records, files and documents in its possession as reasonably requested in order that Sembawang may satisfy itself as to all matters relating to the business, assets and operations and liabilities of Macmahon's construction businesses. Macmahon will provide Sembawang and its representatives and advisors all reasonable assistance in undertaking due diligence.

**5. Confidential Information**

Sembawang will agree to keep in strict confidence all confidential information disclosed to it during the Due Diligence Period. For this purpose, Sembawang is willing to execute a confidentiality agreement with Macmahon on standard commercial terms.

**6. General**

- (a) This letter agreement shall be governed by the laws of Western Australia.**
- (b) Each party shall be responsible for its own respective costs and expenses incurred in connection with the Transaction.**
- (c) It is acknowledged and agreed that the Proposal is not a binding offer to enter into the Transaction, which will only be set forth in the terms of a mutually agreeable Sale and Purchase Agreement and that Sembawang is not obligated to proceed with the Transaction except as may be provided in the Sale and Purchase Agreement and**

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related agreements. Notwithstanding the foregoing, the parties agree that paragraphs 5 and 6 shall be binding obligations of the parties.

- (d) This letter agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties. Except as otherwise provided herein, this letter agreement may be amended or modified only in writing as executed by both parties.

This Proposal is open for acceptance by Macmahon in writing until **5:00pm (Perth time) on 5pm Perth time on 12 January 2013**, and may be executed in counterpart. In the event that this letter agreement is not executed by Macmahon on or before the above time, then it shall be null and void.

If the terms of this letter agreement are acceptable please indicate your acceptance below.

**SEMBAWANG AUSTRALIA PTY LTD**

  
Richard Francis Grosvenor –  
Director, President and CEO

Agreed and accepted this                      day of January 2013

**MACMAHON HOLDINGS LIMITED**

  
Ross Carroll, CEO & Managing  
Director

Director, President & CEO

Australian Business Number ACN 140 404 100



**Press Release Issued by Sembawang Engineers and Constructors Pte. Ltd.**

**For More Information Please Contact:**

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**Corporate Communications**  
**Sembawang Engineers and Constructors Pte. Ltd.**  
**Tel: (+65) 6305 8634**  
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### **About Sembawang Engineers and Constructors**

Sembawang Engineers and Constructors Pte. Ltd. (Sembawang) is one of the leading engineering, procurement and construction groups in South-east Asia. Sembawang has a global presence, with offices in Malaysia, Indonesia, the Hong Kong SAR, the People's Republic of China, India, the United Arab Emirates, Bahrain and Australia.

Sembawang specialises in handling a diverse spectrum of technologically challenging and complex projects in the niche areas of mega infrastructures, high-rise buildings and utility works, such as power and water plants. The group has world-class competency across a full range of engineering disciplines and is an established leading turnkey contractor capable of providing technology-based solutions and quality products and services. It is also able to undertake projects under the build-own-operate and the build-own-operate-transfer bases.

Sembawang is a subsidiary of Punj Lloyd Limited, a leading engineering and construction group based in New Delhi and listed on the National and Bombay stock exchanges of Mumbai. The Punj Lloyd Group, with a global network spanning five continents, provides integrated design, engineering, procurement, construction and project-management services for the energy, infrastructure and petrochemical sectors.

## **Expertise and Accomplishments**

Sembawang has received many accolades for its projects across Asia Pacific and the Middle East. It has been involved in many projects and has played a key role in the national development of Singapore. This includes the construction of Singapore's Changi International Airport, the Mass Rapid Transit Systems, the Light Rail Transit Systems, iconic buildings, leisure and industrial developments.

Landmark projects include:

- Singapore's Marina Bay Sands and Resorts World Sentosa integrated casino resorts, Singapore
- Kallang Paya Lebar Expressway, Singapore
- Changi Water Reclamation Plant, Singapore, one of the world's largest waste-water complexes
- Bayfront MRT station (Downtown Line Stage 1) in Marina Bay, Singapore
- Jumeirah Islands Villas, a high-end residential project, Dubai
- The Exchange, a mixed commercial development in Tianjin, People's Republic of China.

Sembawang has won recognition from various industry authorities and has an established integrated Health, Safety, Environment and Quality system recognised by the Building and Construction Authority of Singapore. Sembawang has been certificated to ISO 9001 (Quality), ISO 14001 (Environmental), OHSAS 18001 (Safety).

For more information please visit [www.sembawangenc.com](http://www.sembawangenc.com) and [www.wavebreakisland.com](http://www.wavebreakisland.com) or email [bd@sembawangenc.com](mailto:bd@sembawangenc.com) or telephone (+65) 6305 8788.

## **About Punj Lloyd Group**

Punj Lloyd Group is a globally diversified conglomerate providing engineering, procurement and construction services in the energy and infrastructure sectors along with engineering and manufacturing capabilities in the defence sector.

Known for its capabilities in delivering mega projects on time, thereby ensuring repeat customers, the Group possesses a rich experience of successfully delivered projects, while maintaining the highest standards of health, safety, environment and quality.

Further information about the Group is available at [www.punjlloydgroup.com](http://www.punjlloydgroup.com)