



2 December 2010

ASX ANNOUNCEMENT

Engin receives proposal to undertake selective capital reduction

Today, Engin Limited (**Engin**) received from Network Investment Holdings Pty Limited (**Network Investment**), a member's request under section 249D of the Corporations Act 2001 to call and arrange to hold shareholder meetings, and a proposal under which Engin would undertake a selective reduction of capital (**Proposal**). Network Investment is a wholly owned subsidiary of Seven Group Holdings Limited (**SGH**). Under the Proposal, all shares in Engin other than those owned by Network Investment will be cancelled in return for a cash payment of \$0.70 per Engin share to shareholders whose shares are cancelled.

Network Investment is a member of Engin with at least 5% of the votes that may be cast at a general meeting of Engin, currently holding 7,429,945 or 57.33% of the shares in Engin. If the Proposal is successfully implemented, Engin will become a wholly-owned subsidiary of SGH and an application will be made to have it delisted from the ASX.

Under the Proposal, Engin shareholders other than Network Investment (**Engin Minority Shareholders**) will receive \$0.70 per Engin share.

Under the Proposal, Engin will return capital totalling over \$3.87 million to Engin Minority Shareholders and will fund the entire amount of the capital reduction payment from cash reserves.

The Proposal is subject to:

- the independent expert concluding in its report that the Proposal is fair and reasonable to Engin's shareholders as a whole;
- tax advice on the Proposal confirming the treatment of distributions under the proposal as capital for tax purposes; and
- applicable Engin shareholder approvals.

Shareholder meetings

In accordance with section 249D of the Corporations Act, and subject to satisfaction of the other conditions, the Proposal will be put to a vote at an Extraordinary General Meeting (**EGM**) of Engin shareholders. A second separate meeting of Engin Minority Shareholders (**Special Meeting**) will follow. The Proposal will only proceed if:

- at least 75% of Engin shareholders voting at the EGM approve the Proposal (disregarding votes cast in favour of the resolution by Engin Minority Shareholders); **and**
- at least 75% of Engin Minority Shareholders attending voting at the Special Meeting approve the Proposal

The EGM and the Special Meeting are likely to be held towards the end of January 2011.

Notices of the meetings and an explanatory statement about the Proposal will be sent to all Engin shareholders in due course, together with a copy of the independent expert's report.

Independent Chairman

The Independent Chairman of Engin, Mr Ian Smith, is considering the Proposal and will appoint an independent expert to report to Engin's shareholders on the Proposal. An announcement will be made upon the appointment of an independent expert.

Additional information

Under the Proposal, Engin Minority Shareholders would not bear any brokerage or stamp duty costs on the disposal of their Engin shares.

For media queries or additional information, please contact:

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