



16 May 2011

## **ANNOUNCEMENT TO THE ASX**

### **Engin receives proposal to undertake selective capital reduction**

Engin Limited (**Engin**) has received from Network Investment Holdings Pty Limited ACN 078 448 512 (**Network Investment**), a member's request under section 249D of the Corporations Act 2001 to call and arrange to hold shareholder meetings to consider a proposal under which Engin would undertake a selective reduction of capital so that Engin shareholders other than Network Investment (**Engin Minority Shareholders**) will receive \$0.90 per Engin share and the shares of those shareholders will be cancelled (**Proposal**).

Network Investment is a member of Engin with at least 5% of the votes that may be cast at a general meeting of Engin, and is a wholly owned subsidiary of Seven Group Holdings Limited (**SGH**).

The Proposal is subject to approval by applicable Engin shareholders.

Shareholders will be aware that on 2 December 2010, Engin received a similar proposal (**Previous Proposal**) under which Engin Minority Shareholders would receive \$0.70 per Engin share. However, the Previous Proposal was withdrawn in January 2011.

### **Shareholder meetings**

In accordance with section 249D of the Corporations Act 2001, 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.

Notices of the meetings and an explanatory statement about the Proposal will be sent to all Engin shareholders in due course.

### **Independent Chairman and Independent Expert**

The Independent Chairman of Engin, Mr Ian Smith, will consider the Proposal and will appoint an independent expert to report on the Proposal. As the Proposal is almost identical to the Previous Proposal, and an Independent Expert's Report was prepared in relation to the Previous Proposal, the Independent Expert will be requested to provide a report by way of an update to the report of the Independent Expert's Report prepared in relation to the Previous Proposal. The Proposal will only proceed if Mr Smith, as Engin's Independent Chairman, considers that he can recommend the Proposal to Engin Minority Shareholders following receipt and consideration of the updated report of the Independent Expert. An announcement will be made upon the appointment of the 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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