



Saunders International Limited

ACN 050 287 431

Rights Issue Offer Document

An offer to raise approximately \$5.8 million by way of
a non-renounceable pro rata offer of
1 New Share for every 8 Shares held at a price of \$0.50 per New Share

The Offer is fully underwritten by Taylor Collison Limited

The Offer opens on Tuesday, 19 September 2017

Valid acceptances must be received by 5pm on Monday, 9 October 2017

If you are an Eligible Shareholder, this is an important document that requires your immediate attention. It should be read in its entirety. If, after reading this document you have any questions about the securities being offered under it or any other matter, you should contact your stockbroker, solicitor, accountant or other professional adviser.

IMPORTANT NOTICES

This Offer Document is dated 8 September 2017.

This Offer is being made without a prospectus in accordance with section 708AA of the Corporations Act. This Offer Document is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. Accordingly, this Offer Document does not contain all of the information which a prospective investor may require to make an investment decision and it does not contain all of the information which would otherwise be required by Australian law or any other law to be disclosed in a prospectus. The information in this Offer Document does not constitute a securities recommendation or financial product advice.

This Offer Document is important and should be read in its entirety before deciding to participate in the Offer. This Offer does not take into account, and this Offer Document has been prepared without taking into account, the investment objectives, financial or taxation situation or particular needs or circumstances of any Applicant.

Before applying for New Shares, each Applicant should consider whether such an investment, and the information contained in this Offer Document, is appropriate to their particular needs, considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Neither Saunders, nor any other person guarantees the repayment of capital or the payment of income. Investors should note that the past Share price performance of Saunders provides no guidance to its future Share price performance.

By returning an Acceptance Form or otherwise arranging for payment for Top-Up Shares in accordance with the instructions on the Acceptance Form, you acknowledge that you have received and read this Offer Document, you have acted in accordance with the terms of the Offer detailed in this Offer Document and you agree to all of the terms and conditions as detailed in this Offer Document.

Eligibility

Applications for Shares by Eligible Shareholders, may only be made on an original Acceptance Form as sent out with this Offer Document. The Acceptance Form sets out an Eligible Shareholder's right to participate in this Offer.

Privacy

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

Saunders collects information about each Applicant provided on an Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Saunders.

By submitting an Acceptance Form, you will be providing personal information to Saunders (directly or through the Share Registry). Saunders collects, holds and will use that information to assess your Application. Saunders collects your personal information to process and administer your

Application and Shareholding in Saunders and to provide related services to you. If you do not complete the Acceptance Form in full, Saunders may reject your Application. Saunders may disclose your personal information for purposes related to your Application and shareholding, including to the Share Registry, Saunders' related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and regulatory bodies. You can obtain access to personal information that Saunders holds about you. To make a request for access to your personal information held by (or on behalf of) Saunders, please contact Saunders through the Share Registry.

No Overseas offering

This Offer Document and the accompanying Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. This Offer Document is intended to be distributed and made available only to existing Shareholders and is personal to each Shareholder to whom it has been delivered. In particular, this Offer Document does not constitute an offer to Ineligible Shareholders.

Having regard to the number of overseas Shareholders, the number and value of Shares to which those Shareholders would be entitled and the cost of complying with regulatory requirements in each relevant jurisdiction, it is not practicable for the Company to comply with the securities laws of overseas jurisdictions. Accordingly, the Offer is not being extended and Shares will not be issued to Shareholders with a registered address that is outside Australia or New Zealand.

You must also note that the distribution of this Offer Document in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

United States Shareholders

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The New Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act. These New Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the New Shares in the United States of America.

New Zealand Shareholders

The New Shares are not being offered to the general public within New Zealand. The New Shares are being offered only to existing Shareholders with registered addresses in New Zealand in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Nominees and custodians

Shareholders resident in Australia and New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Acceptance Form will be deemed by Saunders to constitute a representation that there has been no breach of those regulations.

Taxation

There may be tax implications associated with participating in the Offer and receiving New Shares. Saunders recommends that you consult your professional tax adviser in relation to the Offer.

Definitions, currency and time

Definitions of certain terms used in this Offer Document are contained in Section 7. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Forward-looking statements

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions, that as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or in the future to publish prospective financial information, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward looking statements are subject to various risk factors that could cause actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Offer Document.

Entire Agreement

The terms contained in this Offer Document constitute the entire agreement between Saunders and you as to the Offer and your participation in the Offer, to the exclusion of all prior representations, understandings and agreements between Saunders and you.

Governing law

This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation in connection with the Offer not contained in the Offer Document may not be relied upon as having been authorised by Saunders or any of its officers.

Questions

Enquiries regarding acceptance of the Offer or other shareholder related matters should be directed to the Company's Share Registry, Link Market Services Limited on +61 1300 794 935.

Enquiries regarding the Offer or the Company and its operations should be directed to the Company Secretary on +612 9929 4177 or by email to: sdadich@thpartners.com.au.

Contents

SECTION 1	DESCRIPTION OF THE OFFER.....	9
1.1	Overview.....	9
1.2	Size of the Offer.....	9
1.3	No Rights trading.....	9
1.4	Placement.....	9
1.5	Applying for more than your Entitlement – Top-Up Facility.....	9
1.6	Closing Date.....	9
1.7	Use of Funds.....	10
1.8	Underwriting.....	10
SECTION 2	YOUR CHOICES.....	11
2.1	Taking up all of your Entitlement.....	11
2.2	Taking up all of your Entitlement and applying for additional Shares under the Top-Up Facility 11	
2.3	Allocation of Top-Up Shares.....	11
2.4	Taking up part of your Entitlement and allowing the balance to lapse.....	12
2.5	Allow all of your Entitlement to lapse.....	12
2.6	Payment.....	12
2.7	Acceptance Form is binding.....	13
2.8	Brokerage and stamp duty.....	13
SECTION 3	PURPOSE AND EFFECT OF THE OFFER.....	14
3.1	Background.....	14
3.2	Purpose.....	14
3.3	Use of Funds.....	14
3.4	Continuous disclosure and reporting obligations.....	14
3.5	Cleansing Notice.....	15
3.6	Taxation.....	15
3.7	Capital structure.....	15
3.8	Underwriting.....	15
3.9	Directors' Interests and Participation.....	16
3.10	Effect of the issue of New Shares on control and voting power in the Company.....	16
3.11	Market Price of Shares.....	17
3.12	Pro Forma Consolidated Statement of Financial Position.....	17
3.13	Enquiries concerning Offer Document.....	19
SECTION 4	ASX QUOTATION AND ALLOTMENT OF NEW SHARES.....	20
SECTION 5	RISKS.....	21
5.1	Introduction.....	21
5.2	Key business risks.....	21
5.3	General Investment risks.....	23
5.4	Investment speculative.....	24
SECTION 6	GENERAL.....	25

6.1	Taxation	25
6.2	Underwriting	25
6.3	No cooling off rights	28
6.4	Rounding	28
6.5	Not investment advice	28
6.6	Withdrawal of the Offer	28
6.7	Governing Law	28
6.8	Privacy	29
SECTION 7	DEFINITIONS	30
SECTION 8	CORPORATE DIRECTORY	32

INDICATIVE TIMETABLE

Event	Date
Announcement of Offer	Wednesday, 6 September 2017
Lodgment of Appendix 3B, Offer Document and Cleansing Notice with ASX	Friday, 8 September 2017
Dispatch of notices to Shareholders informing them of the Offer	Monday, 11 September 2017
Shares quoted on ex-entitlement basis	Thursday, 14 September 2017
Record Date for determining Entitlements	7pm, Friday 15 September 2017
Offer opens – dispatch of Offer Document and Acceptance Form	Tuesday, 19 September 2017
Closing Date	5pm, Monday, 9 October 2017
Shares quoted on deferred settlement basis	Tuesday, 10 October 2017
Company notifies the ASX of under-subscriptions	Wednesday, 11 October 2017
Allotment and issue of New Shares	Monday, 16 October 2017
Trading of New Shares on ASX expected to commence	Tuesday, 17 October 2017
Dispatch of holding statements	Wednesday, 18 October 2017

Dates are indicative only and are subject to change. Saunders reserves the right, subject to the Listing Rules, to amend this indicative timetable. For example, Saunders reserves the right to extend the Closing Date, accept late Applications under the Offer (either generally or in particular cases) and to vary the Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of New Shares under the Offer. The last date to extend the Closing Date is Wednesday, 4 October 2017. Saunders will consult with the Underwriter in relation to any change to this indicative timetable and any such change will require the consent of the Underwriter.

The Directors reserve the right not to proceed with the whole or part of the Offer any time prior to allotment and issue of the New Shares. In that event, any payments received for Applications will be returned in full without interest.

CHAIRMAN'S LETTER

8 September 2017

Dear Shareholder

As a valued shareholder of Saunders International Limited, I am pleased to offer you the opportunity to participate in a 1 for 8 fully underwritten, non-renounceable pro rata rights issue of new fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.50 per New Share, (**Offer Price**) to raise approximately \$5.8 million (**Offer**).

The Offer is fully underwritten by Taylor Collison Limited.

On 6 September 2017, Saunders announced that it had completed a placement of Shares at \$0.50 each to institutional and sophisticated investors to raise \$2.750 million (before costs) (**Placement**). The Shares to be issued as a result of the Placement will be eligible to participate in the Offer.

The funds raised under the Placement and this Offer will enable the Company to hold the cash reserves required for its ongoing initiatives over the medium term and will be used to:

- replenish the cash used for the acquisition of, and the provision of working capital in, the recently acquired Civilbuild Business (approx. \$6 million);
- provide working capital for new business growth (approx. \$1 million);
- fund capital expenditure to upgrade existing plant and equipment and to facilitate the geographical expansion of the Civilbuild Business (approx. \$1 million); and
- pay the costs of the Placement and the Offer (approx. \$0.5 million).

Participation in the Offer will enable Eligible Shareholders on the Record Date of Friday, 15 September 2017 to acquire New Shares at the Offer Price (\$0.50 per New Share). This is the same price as the abovementioned Placement price and represents the following discounts:

- 12% discount to the closing price of the Company's Shares on 1 September 2017, which was \$0.57;
- 15% discount to the volume weighted average price of the Company's Shares in respect of the last 5 days on which trades in Saunders took place (being the period 23 August - 1 September 2017 inclusive)¹; and
- 11% discount to the theoretical ex-rights price (TERP)² of \$0.562².

The number of New Shares for which you are entitled to subscribe under the Offer is set out in your personalised Acceptance Form attached to this Offer Document.

Each of the directors of the Company together with Desmond Bryant, the largest substantial Shareholder, have committed to take up their Entitlements in full. Their combined Entitlements represent approximately 4.3 million Rights being 37% of the Offer. This is a strong endorsement of the Offer and of their belief in the Company, its management and outlook. As described in more detail in this Offer Document, the Offer is non-renounceable and therefore there will be no trading of Rights. A Top-Up Facility is offered to Eligible Shareholders. New Shares in respect of Entitlements not

¹ Adjusted for the 1.0 cent per share dividend to which Saunders Shares were entitled prior to 1 September 2017

² The theoretical ex-rights price (TERP) is calculated by reference to Saunders' closing price of \$0.57 per share on 1 September, 2017, being the last trading day prior to the announcement of the Offer. TERP is a theoretical calculation only and the actual price at which Saunders' Shares trade immediately after the ex-date of the Offer will depend on many factors and may not approximate TERP.

taken up may be issued to other Eligible Shareholders who apply for additional New Shares under the Top-Up facility. In the event that any available New Shares are not fully taken up under the Top-Up Facility, the Underwriter will, pursuant to the Underwriting Agreement, subscribe for any shortfall.

Other information

This Offer Document includes:

- instructions on how to participate in the Offer;
- a personalised Acceptance Form which details your entitlement;
- instructions on how to take up all or part of your Entitlement and participate in the Top-Up Facility and make payment via BPAY® or cheque.

This Offer closes at 5.00pm on Monday, 9 October 2017.

Please read in full the details on how to submit your Acceptance Form. For further information regarding this Offer, please call Link Market Services on 1300 794 935 at any time from 8.30am to 5.00pm (Sydney time) on Monday to Friday, during the Offer period.

You should also consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions regarding whether or not to participate in the Offer. In particular, you should read and carefully consider Section 5 of this Offer Document, which outlines some of the key risks associated with an investment in Saunders.

On behalf of the Saunders' Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully

Tim Burnett
Chairman

SECTION 1 DESCRIPTION OF THE OFFER

1.1 Overview

Saunders is seeking to raise approximately \$5.8 million by way of a non-renounceable Offer to Eligible Shareholders of 1 New Share for every 8 Shares held on the Record Date at a price of \$0.50 per New Share. The Offer is fully underwritten by Taylor Collison (see Section 1.8).

Fractional entitlements will be rounded up to the nearest whole number of New Shares. An Acceptance Form setting out your entitlement to New Shares accompanies this Offer Document. If you do not take up your Entitlement, your shareholding in Saunders will be diluted.

Eligible Shareholders should be aware that an investment in Saunders involves risks and Eligible Shareholders should consider the investment in the context of their individual risk profile, investment objectives and individual financial circumstances (see Section 5).

1.2 Size of the Offer

Up to 11.6 million New Shares will be issued to raise approximately \$5.8 million. Subject to rounding, if all New Shares are taken up and including the Shares issued under the Placement referred to below, there will be approximately 104.337 million Shares on issue following the Offer.

As at the date of this Offer Document, the Company has 1.605 million unlisted Shares issued to Saunders Employee Share Plan Pty Ltd as trustee for the Employee Share Trust. The Trustee holds the shares on behalf of employees of the Company allocated Shares under the Employee Share Trust.

Under the rules of this Trust, those employees are entitled to participate in the Offer and may instruct the Trustee to exercise their Rights on their behalf.

As at the date of this Offer Document Mark Benson, the Managing director of Saunders holds 1.307 million performance rights (**Performance Rights**). The Performance Rights do not qualify to participate in the Offer unless the Board resolves that they should participate. The Board has not yet passed, and does not intend to pass, any such resolution.

There are no other options or other convertible securities on issue.

1.3 No Rights trading

The Offer is non-renounceable. There will be no trading of Rights on the ASX and Rights may not be sold, assigned or transferred to any other person.

1.4 Placement

As announced by the Company on 6 September 2017, the Company has undertaken a placement of Shares to institutional and sophisticated investors to raise \$2.750 million.

Participants in the Placement are eligible to participate in the Offer.

1.5 Applying for more than your Entitlement – Top-Up Facility

You may subscribe for additional New Shares under the Top-Up Facility in excess of your Entitlement. Please refer to Sections 2.2 and 2.3 for details. Please note that there is no guarantee that you will receive any Top-Up Shares.

1.6 Closing Date

The Closing Date for acceptance of Entitlements is **5pm on Monday 9 October 2017**. Subject to the Listing Rules, Saunders may vary this date without prior notice. Applications completed incorrectly or received after 5pm on the Closing Date may be rejected in the absolute discretion of

Saunders. Saunders reserves the right not to proceed with the whole or part of the Offer at any time prior to allotment and issue of the New Shares.

1.7 **Use of Funds**

The funds raised under the Placement and this Offer will enable the Company to hold the cash reserves required for its ongoing initiatives over the medium term and will be used to:

- replenish the cash used for the acquisition of, and provision of working capital in, the acquired Civilbuild Business (approximately \$6 million);
- provide working capital for business growth (approximately \$1 million);
- fund capital expenditure to upgrade existing plant and equipment and to facilitate the geographical expansion of the business of Civilbuild (approximately \$1 million); and
- pay the costs of the Placement and the Offer (approximately \$0.5 million).

1.8 **Underwriting**

The Offer is fully underwritten by Taylor Collison.

The terms of the underwriting agreement are set out in section 6.

SECTION 2 YOUR CHOICES

If you are an Eligible Shareholder, you may do any ONE of the following:

- take up your Entitlement in full (**see Section 2.1**);
- take up all of your Entitlement and apply for additional Shares under the Top-Up Facility (**see Sections 2.2 and 2.3**).
- take up part of your Entitlement and allow the balance to lapse (**see Section 2.4**); or
- allow all of your Entitlement to lapse (**see Section 2.5**).

2.1 Taking up all of your Entitlement

If you wish to take up all of your Entitlement, you must complete the Acceptance Form in accordance with its instructions and attach your cheque, or arrange payment by BPAY®, for the amount indicated on the Acceptance Form. Note that payment must be received by 5pm on Monday 9 October 2017. If not, your Acceptance Form will be disregarded and you will be deemed to have allowed your Entitlement to lapse.

2.2 Taking up all of your Entitlement and applying for additional Shares under the Top-Up Facility

In addition to taking up all of your Entitlement, you may also apply for additional New Shares (at the same price) under the Top-Up Facility. The Top-Up Facility allows the Company to place the available Top-Up Shares with Eligible Shareholders.

If you wish to take up any Top-Up Shares, you must apply AT THE SAME TIME as you apply for your Entitlement by indicating in the appropriate section of your Acceptance Form the number of Top-Up Shares in addition to the Entitlement for which you wish to subscribe. You must attach your cheque, or arrange payment by BPAY®, for the aggregate amount payable for all New Shares for which you have applied – i.e. the aggregate of your Entitlement and the number of Top-Up Shares for which you are applying. There is no limit as to the amount of Top-Up Shares for which you may apply.

The Application Amount is calculated as follows:

$$\text{Application Amount} = \text{Number of Top-Up Shares applied for} \times \$0.50 + \text{Full Entitlement Amount shown on Acceptance Form}$$

2.3 Allocation of Top-Up Shares

The following rules apply to the allocation of Top-Up Shares:

- (a) Top-Up Shares will only be allocated to Eligible Shareholders if available. There is no guarantee that any participating Shareholder will receive Top-Up Shares under the Top-Up Facility. However, all participating Shareholders will receive at least their Entitlement for which they have applied;
- (b) the Board reserves its right to scale back applications for Top-Up Shares and the Board's decision is final; and
- (c) the Board may allocate some or all of the Top-Up Shares to Eligible Shareholders or to the Underwriter.

All New Shares to be issued pursuant to Entitlements and any Top-Up Shares are expected to be issued on or about Monday, 16 October 2017.

Until the allocation and issue of New Shares under the Offer, all Application Amounts will be deposited in a separate bank account and held on trust. Surplus Application Amounts (without interest) will be refunded to the relevant Eligible Shareholder as soon as practicable in accordance with the Corporations Act.

2.4 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, you must complete the Acceptance Form by indicating the number of New Shares you wish to accept and attach your cheque, or arrange payment by BPAY®, for the amount payable for the New Shares you wish to accept. Note that payment must be received by 5pm on Monday 9 October 2017. If not, your Acceptance Form will be disregarded and you will be deemed to have allowed your Entitlement to lapse.

The Application Amount for taking up part of your Entitlement is calculated as follows:

$$\text{Application Amount} = \text{Number of New Shares applied for} \times \$0.50$$

The balance of your Entitlement not taken up will lapse. By allowing your Entitlement or portion thereof to lapse, any New Shares in respect of the lapsed portion to which you would otherwise have been entitled under the Offer will be acquired by Eligible Shareholders who have applied for additional New Shares under the Top-Up Facility or by the Underwriter. In that event, your shareholding will be diluted.

2.5 Allow all of your Entitlement to lapse

If you do not wish to accept any part of your Entitlement, you need not take any further action and your Entitlement will lapse. By not taking any action and not taking up your Entitlement, any New Shares to which you would otherwise have been entitled under the Offer will be acquired by Eligible Shareholders who have applied for additional New Shares under the Top-Up Facility or by the Underwriter. In that event, your shareholding in Saunders will be diluted.

2.6 Payment

- **by cheque or bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Saunders International Limited – Rights Issue" and crossed "Non-Negotiable". Cash payments are not acceptable. No receipts will be issued.

Your completed Acceptance Form and cheque must reach the Share Registry at the address set out in the Acceptance Form by no later than 5pm on the Closing Date (Monday, 9 October 2017).

- **by BPAY®**

For payment by BPAY®, please follow the Instructions on the Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note, if you elect to pay by BPAY®:

- (a) you do not need to submit the Acceptance Form but by making the payment you are taken to have made the declarations, representations and warranties referred to on that Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your Application Amount.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 2:00pm on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

2.7 Acceptance Form is binding

Returning a completed Acceptance Form or paying any Application Amount by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Acceptance Form, and read them both in their entirety, fully understood them and agreed to their terms;
- (b) you acknowledge that once the Acceptance Form is returned together with your cheque or a BPAY® payment instruction is given in relation to any Application Amount, the Application may not be varied or withdrawn except as required by law; and
- (c) you agree to apply for and be issued up to the number of New Shares specified in your Acceptance Form or for which you have submitted payment via BPAY at \$0.50 per New Share.

If the Acceptance Form is not completed correctly, the Board in its absolute discretion may (but is not obliged to) still treat it as a valid Application for New Shares. The Board's decision whether to treat an Acceptance Form as valid and how to construe, amend or complete the Acceptance Form is final.

2.8 Brokerage and stamp duty

No brokerage or stamp duty is payable by you in relation to your Entitlement or any additional New Shares under the Top-Up Facility.

SECTION 3 PURPOSE AND EFFECT OF THE OFFER

3.1 Background

Saunders is an ASX listed company that provides construction and maintenance services to the energy, water and resources sectors. In March 2017, Saunders acquired for \$6.3 million the Civilbuild Assets, being a Newcastle based business that specialises in the design and construction of bridges and associated concrete components for road and rail infrastructure.

3.2 Purpose

The purpose of the Offer and the Placement is to raise, collectively, approximately \$8.5 million (before costs). These funds will enable the Company to hold the cash required to fund its ongoing activities and growth initiatives over the medium term.

3.3 Use of Funds

The funds raised under the Offer and the Placement will enable the Company to hold the cash reserves required for its ongoing initiatives over the medium term and will be used to:

- replenish the cash used for the acquisition of, and provision of working capital in, the recently acquired Civilbuild Business (approximately \$6 million);
- provide working capital for new business growth (approximately \$1 million);
- fund capital expenditure to upgrade existing plant and equipment and to facilitate the geographical expansion of the Civilbuild Business (approximately \$1 million); and
- pay the costs of the Placement and the Offer (approximately \$0.5 million).

3.4 Continuous disclosure and reporting obligations

Saunders is a "disclosing entity" (as defined in the Corporations Act) and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require Saunders to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, Saunders has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning Saunders which a reasonable person would expect to have a material effect on the price or value of Saunders' Shares. ASX maintains records of company announcements for all companies listed on the ASX. The announcements of Saunders are available for inspection at ASX and may be viewed on the ASX website at www.asx.com.au (ASX:SND).

Saunders is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to Saunders may be obtained from, or inspected at, an office of ASIC.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. This Offer Document does not include all information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for New Shares under this Offer. Shareholders should therefore have regard to all information publicly available in relation to the Company before making a decision whether or not to take up any part of their Entitlement or to apply for Top-Up Shares.

3.5 Cleansing Notice

This Offer Document is issued pursuant to section 708AA of the Corporations Act as an offer document for the offer of securities for issue, under a rights issue, without disclosure to investors under Part 6D.2 of the Corporations Act. Pursuant to the conditions imposed on Saunders by section 708AA of the Corporations Act for the making of a rights issue without disclosure to investors, Saunders provided the ASX with a cleansing notice that complied with the requirements of section 708AA(7) on 8 September 2017, prior to dispatch of this Offer Document. In addition to certain minor and technical matters, this notice was required to:

- (a) set out any information that had been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of Saunders; or
 - (2) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on control of Saunders and the consequences of that effect.

3.6 Taxation

You should be aware that there may be taxation implications associated with participating in the Offer and receiving New Shares. The Directors do not consider it appropriate to give advice regarding the taxation consequences of subscribing for New Shares under this Offer Document or the subsequent disposal of any New Shares allotted and issued under this Offer Document. Saunders, its advisers and officers do not accept any responsibility or liability for any taxation consequences to Shareholders.

The Directors recommend that all Eligible Shareholders consult their own professional tax advisers in connection with this Offer.

3.7 Capital structure

Assuming all Entitlements are accepted, the effect of the Offer on the capital structure of the Company is set out below:

Shares	Number
Shares currently on issue (following settlement of the Placement)	92,744,278
New Shares offered pursuant to this Offer	11,593,035
Total Shares on issue after completion of this Offer	104,337,313

3.8 Underwriting

The Offer is fully underwritten by Taylor Collison.

The Company has entered into the Underwriting Agreement with the Underwriter, the material terms of which are summarised in Section 6.2.

3.9 Directors' Interests and Participation

Each Director's relevant interest in the Shares of the Company at the date of this Offer Document (assuming settlement of the Shares to be issued under the Placement) and their Entitlement is set out in the table below.

Director	Shares	Voting power (%)	Entitlement (Shares)	Entitlement Amount (\$)
Timothy Burnett	10,272,487	11.08	1,284,061	642,030
Mark Benson	220,419	0.24	27,553	13,776
Malcolm McComas	74,000	0.08	9,250	4,625
Greg Fletcher	4,763	0.01	596	298

Each of the Directors has demonstrated his support for the Offer by providing to the Company a written undertaking to participate in the Offer to the full extent of his Entitlement as set out in the table below:

Director	New Shares to be taken up	Total Commitment (\$)	Shares owned after the Offer	Voting power after the Offer (%)
Timothy Burnett	1,284,061	642,030	11,556,548	11.08
Mark Benson	27,553	13,776	247,972	0.24
Malcolm McComas	9,250	4,625	83,250	0.08
Greg Fletcher	596	298	5,395	0.01

3.10 Effect of the issue of New Shares on control and voting power in the Company

The Company's substantial Shareholders (as at 7 September 2017) and their voting power prior to the Offer (assuming only Anacacia Pty Limited participates in the Placement) are set out in the table below:

Substantial Shareholder	Shares	Voting power (%)
Desmond Bryant ¹	23,837,164	25.70
Timothy Burnett	10,272,487	11.08
Anacacia Pty Limited ²	8,899,973	9.60

Notes:

1. Mr Bryant has provided to the Company a written undertaking to participate in the Offer to the full extent of his Entitlement being 2,979,646 New Shares at a cost of \$1,489,823.
2. The number of Shares and voting power reflected in the table above for Anacacia Pty Limited includes New Shares to be issued to it pursuant to the Placement.

The potential effect that the issue of the New Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlements under the Offer, the issue of New Shares under the Offer will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject only to changes resulting from Ineligible Shareholders being unable to participate in the Offer;
- (b) Eligible Shareholders who do not subscribe for their full Entitlement of New Shares under the Offer and Ineligible Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement; and
- (c) in respect of any shortfall, Eligible Shareholders will be entitled to apply to top-up their shareholding, by subscribing for additional New Shares to be issued pursuant to the Top-Up Facility. Note that the Company will only issue such Top-Up Shares pursuant to an Application received in the manner determined by the Directors (in their absolute discretion) and where the Directors are satisfied, in their discretion, that the issue of these Top-Up Shares will not increase the Applicant's voting power above 19.99%. Having regard to the number of New Shares to be issued under the Offer, even if a substantial shortfall eventuated, a participant in the Top-Up Facility would not be in a position to exercise any substantive control in the Company.

The Underwriter is not a related party of the Company for the purpose of the Corporations Act. Any New Shares issued to the Underwriter pursuant to the Underwriting Agreement will increase the Underwriter's voting power in the Company.

3.11 Market Price of Shares

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document, and the respective dates of those sales were:

	Share Price (\$)	Date
Highest	0.61	23 August 2017
Lowest	0.495	19,26,27,28 and 29 June 2017
Last	0.56	7 September 2017

3.12 Pro Forma Consolidated Statement of Financial Position

The Pro Forma Consolidated Statement of Financial Position as at 30 June 2017 shown below is based on the Consolidated audited accounts for the financial year ended 30 June 2017 and

adjusted to reflect the financial effect of the following transactions as if they had occurred at 30 June 2017:

- (a) The issue of 5,500,000 Shares at an issue price of \$0.50 under the Placement;
- (b) The issue of 11,593,035 New Shares at an issue price of \$0.50 under the Offer; and
- (c) Net proceeds of the Placement and the Offer being approximately \$8 million (after costs).

The Pro Forma Consolidated Statement of Financial Position has been prepared to provide Shareholders with information on the assets and liabilities of the Company and its subsidiaries and the pro forma assets and liabilities of the Company and its subsidiaries. The information contained therein is presented in an abbreviated form insofar as it does not include all the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	Audited (Consolidated) 30 June 2017	Pro Forma Adjustments	Pro Forma (Consolidated) 30 June 2017
	\$'000	\$'000	\$'000
Current assets			
Cash and cash equivalents	10,942	8,000	18,942
Trade and other receivables	11,896		11,896
Inventories	290		290
Current tax asset	90		90
Other	557		557
Total current assets	23,775	8,000	31,775
Non-current assets			
Property Plant and equipment	10,086		10,086
Deferred tax assets	259		259
Total non-current assets	10,345	0	10,345
TOTAL ASSETS	34,120	8,000	42,120
Current liabilities			
Trade and other payables	8,295		8,295
Deferred revenue	1,111		1,111
Provisions	1,784		1,784
Borrowings	2,500	0	2,500
Total current liabilities	13,690	0	13,690
Non-current liabilities			
Provisions	411		411
Total non-current liabilities	411	0	411
TOTAL LIABILITIES	14,101	0	14,101
NET ASSETS	20,019	8,000	28,019

Note:

The Pro Forma Cash and cash equivalents amount includes the amount of \$8.5 million raised from the Placement and the Offer less the estimated costs of approximately \$0.5 million.

3.13 Enquiries concerning Offer Document

Enquiries regarding acceptance of the Offer or other shareholder related matters should be directed to the Company's Share Registry, Link Market Services on +61 1300 794 935.

Enquiries regarding the Offer or the Company and its operations should be directed to the Company Secretary on +612 9929 4177 or by email to: sdadich@thpartners.com.au.

SECTION 4 ASX QUOTATION AND ALLOTMENT OF NEW SHARES

4.1 ASX quotation

Saunders has made an application to ASX for the New Shares to be officially quoted on the ASX. If permission is not granted for quotation of the New Shares on the ASX, then no allotment and issue of any New Shares will take place and all Application Amounts (without interest) will be returned in full to Applicants.

Grant by ASX of official quotation is not an endorsement or indication either of the merits of the Company or the New Shares offered for subscription.

Subject to ASX approval, trading of the New Shares will occur on or about the date specified in the Timetable, being Tuesday, 17 October 2017.

4.2 Allotment and dispatch of holding statements

Subject to the New Shares being granted quotation on the ASX, the New Shares will be allotted and issued and holding statements dispatched in accordance with the Timetable. It is expected that allotment and issue of New Shares will take place on or about Monday, 16 October 2017 and that dispatch of holding statements will take place on or about Wednesday, 18 October 2017.

Application Amounts received from Applicants will be held in trust by Saunders until allotment and issue of the New Shares. Saunders will be entitled to retain any interest paid on the monies so held, even if this Offer does not proceed.

It is the responsibility of Applicants to verify the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

4.3 CHESS

Saunders participates in CHESS. Under CHESS, Saunders does not issue certificates to Shareholders but will instead provide Shareholders with a statement of their holdings in Saunders. If you are broker sponsored, ASTC will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you under the Offer Document and give details of your holder identification number, in the case of a holding on the CHESS sub-register and the terms and conditions applicable to the New Shares.

If you are registered in the issuer sponsored sub-register your statement will be dispatched by the Share Registry and will contain the number of New Shares issued under the Offer Document and your security holder reference number.

A CHESS statement or issuer sponsored statement is routinely sent to Shareholders by Saunders' Share Registry at the end of any calendar month during which the balance of their holding changes. Shareholders may request a statement at any other time, however, a charge may be incurred for additional statements.

4.4 Rights attaching to New Shares

From allotment and issue, the New Shares allotted and issued pursuant to the Offer Document will rank equally in all respects with existing Shares.

SECTION 5 RISKS

5.1 Introduction

The investment in New Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors associated with the Company's business and the industries and sectors in which it operates. The potential effect of these risk factors either individually, or in combination, may have an adverse effect on the future financial and operating performance of the Company, its financial position and prospects. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or the price at which securities will trade.

The following is a summary of the main material risks to be considered. However, this summary is not exhaustive and potential investors should read, examine and consider carefully the contents of this Offer Document in its entirety. The Offer Document must also be read in conjunction with other publicly available information in relation to the Company.

Shareholders should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

5.2 Key business risks

The risks set out below highlight some of the key risks that could affect the Company's business. It is not exhaustive of all business risks involved in an investment in Saunders.

(a) Competition risk

The engineering and construction market is competitive. The actions of an existing competitor or the entry of new competitors into this market may make it difficult for the Company to grow or maintain its revenues and margins, which in turn, may have a material adverse effect on the Company's profitability.

(b) Market risk

There is the risk of changes and delays in the demand for the products and services that the Company provides. There is a risk that reduced expenditure by the Company's customers and prospective customers will have a materially adverse effect on the Company and its earnings.

(c) Key personnel

The Directors' and senior managers' ability to manage successfully the Company's performance and business opportunities will directly affect the success of the Company. The Company may be adversely affected if any of the Directors or senior management leave the Company. The Company may not be able to replace its Directors or key employees with persons of equivalent expertise and experience within a reasonable period of time or at all and the Company may incur additional expenses to recruit, train and retain personnel. Loss of such personnel may also have an adverse effect on the performance of the Company pending replacements being identified and retained by or appointed to the Board of the Company.

(d) Contractual risks and disputes

The Company's financial performance is reliant on a range of contract and contractual obligations and relationships with customers and suppliers and various other entities.

There is a risk that a customer or supplier may seek to terminate or modify the contract or terms and this may have an adverse effect on the Company's business and financial performance.

A customer or supplier may default in its obligations or become insolvent or it may be necessary for the Company to enforce its rights under a contract and pursue legal action. Such legal action may be costly with no guarantee that a legal remedy will succeed on beneficial terms.

Similarly, disputes may arise with customers or suppliers over contract interpretation. Disputes may require legal action with the cost and outcome being uncertain.

(e) **Key operational risks**

The Company's activities are subject to numerous operational risks including:

- delayed or cancelled operations from diverse factors such as adverse weather conditions, mechanical difficulties, shortages in or increases in the costs of consumables, spare parts, plant and equipment, external services failure (such including energy and water supply), industrial disputes and actions and, difficulties in commissioning and operating plant and equipment, IT system failures, cyber security breaches, mechanical failure or plant breakdown and compliance with governmental and regulatory requirements;
- a shortage of skilled persons resulting in a possible increase to the Company's costs, which in turn may materially and adversely affect production levels and profitability;
- adverse and severe weather or seismic or geological conditions that could lead to damage or loss to the Company's construction equipment and/or the work-in-progress which in turn could lead to delays and increased costs that may not be fully recoverable;
- industrial and environmental events or accidents that could lead to substantial claims against the Company for injury or loss of life, and damage or destruction to property, as well as regulatory investigations, clean up responsibilities, penalties and the suspension of operations; and
- the continued availability of financial products and credit facilities to Saunders. These products and facilities include the provision of performance guarantee financing and associated bank facilities including guarantees, leases and letters of credit that may or may not be secured over the assets of the Company and which may or may not be renewed by bankers currently providing such services to Saunders when they fall due.

The occurrence of any one or a combination of these events may have a materially adverse effect on the Company's performance and the value of its assets and Shares. Saunders may insure some of these risks whilst others may not be insured. In addition, the proceeds of any insurance claim, if available to Saunders may not fully cover the costs of such risk, claim or liability

(f) **Unforeseen expenses and delays**

Any unforeseen expenses or delays that arise in the future may adversely affect the budgeted expenditure on existing or future projects.

(g) **Occupational health and safety**

The Company's operations are subject to extensive health and safety laws and regulations. The Company has in place robust health and safety policies and processes. However, a serious incident could result in enforcement action leading to monetary penalties and delays and contract cancellations. In addition, any significant incident and/or government investigation or enforcement of health and safety requirements could damage the Company's reputation and/or could result in suspension or contract cancellations or closure of its operations.

(h) **Industrial relations risk**

Industrial action between the Company and trade unions could disrupt the Company's operations resulting in cost increases and project delays.

(i) **Regulatory and sovereign risk**

The Company operates within a framework of applicable laws, regulations and standards. Any failure to comply with aspects of these may adversely affect the Company's ability to fulfil its contractual obligations and the Company's financial performance.

The Company requires a range of permits, licences, accreditations and certifications in relation to the conduct of its business. Any failure to retain these or failure to comply with any requirements may adversely affect the Company's ability to fulfil its contractual obligations and accordingly adversely impact the Company's financial performance.

The Company operates in PNG and in future may operate in other foreign locations. There is a risk that the Company's financial performance may be adversely affected by actions of government, civil unrest, civil war, acts of terrorism and changes of laws, taxation or regulations.

5.3 **General Investment risks**

The risks set out below together with other general risks not specifically referred to are applicable to all investments in listed securities and may affect the future value of the Shares

(a) **Foreign exchange rates and interest rates**

Adverse movements in exchange rates may impact sales proceeds received, product costs and price competitiveness and may impact the operations and financial performance of the Company. Also, adverse fluctuations in interest rates, to the extent that they are not anticipated may impact on the Company's financial performance.

(b) **Additional requirements for capital**

The Company estimates that the funds raised under the Placement and the Offer will be sufficient to meet the current proposed objectives of the Company. Additional funding may be required in the event future costs exceed the Company's estimates, to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(c) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(d) **Equity market conditions**

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of listed companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally, (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

5.4 Investment speculative

The above list of risk factors is not exhaustive of the risks faced by the Company or by investors in the Company. Other factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Offer Document. Therefore, the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Shares pursuant to this Offer Document.

SECTION 6 GENERAL

6.1 Taxation

There may be tax implications associated with participating in the Offer and receiving New Shares.

The paragraphs below do not take into account the individual circumstances of particular Eligible Shareholders and do not constitute tax advice. Saunders recommends that you consult your professional tax adviser in relation to the Offer.

Stamp duty

Stamp duty will not be payable on taking up any New Shares under this Offer.

GST

GST will not be payable in respect of amounts subscribed. Subject to certain requirements, there may be a restriction on the entitlement of Eligible Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares or additional New Shares acquired under the Top-Up Facility.

6.2 Underwriting

The terms of the Underwriting Agreement are customary for the size, and risk associated with, the Offer. The following is a summary of the key provisions of the Underwriting Agreement.

- **(Fees and expenses)** The Company must pay the Underwriter a management fee of 2.5% (excluding GST) of the gross amount raised under the Offer and an underwriting fee of 3.0% (excluding GST) of the gross amount raised under the Offer. The Company must also reimburse the Underwriter's legal costs incurred in respect of the Offer (up to \$25,000 excluding GST and disbursements) as well as all other reasonably incurred out of pocket expenses.
- **(Conditions precedent)** The obligations of the Underwriter under the Underwriting Agreement are conditional on the occurrence of certain events, including but not limited to the lodgment of this Offer Document with ASX.
- **(Warranties and undertakings)** Customary warranties and undertakings are given by the Company in relation to matters such as the power to enter into the Underwriting Agreement, corporate authority and approvals and the Company's compliance with the Corporations Act and Listing Rules in relation to the Offer.
- **(Indemnity)** The Company agrees to indemnify the Underwriter (including its directors, officers, employees, agents and related bodies corporate) for any claims, losses, damages, proceedings, liabilities, costs or expenses sustained by the Underwriter directly as a result of, among other things, any statement, misstatement, misrepresentation, non-disclosure, inaccuracy in or omission from this Offer Document or any document accompanying this Offer Document or a breach by the Company in respect of its obligations under the Underwriting Agreement. The indemnity will not apply where the claims, losses, damages, proceedings, liabilities, costs or expenses are a result of the fraud, gross negligence or willful misconduct of the Indemnified Party.
- **(Termination events)** The Underwriter may, at any time by notice given to the Company, immediately terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to the following events:
 - The Company fails to lodge this Offer Document with ASX in a form approved by the Underwriter.

- Listing Approval has not been granted by the Shortfall notice deadline date pursuant to the Underwriting Agreement (being three business days after the Closing Date of the Offer (being Monday 9 October 2017)) or, having been granted, is subsequently withdrawn, irrevocably withheld or materially qualified.
- The Underwriter requires a corrective document to be lodged with ASX and the Company fails to lodge the corrective document in a form acceptable to the Underwriter.
- The Company is prevented from allotting the New Shares within the time required by the Underwriting Agreement, the Listing Rules or any statute.
- Application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer which is not dismissed or withdrawn within three business days of the Closing Date of the Offer (being Monday 9 October 2017).
- A statement contained in this Offer Document is misleading or deceptive (including by omission) or likely to mislead or deceive or becomes misleading or deceptive or a material matter is omitted from this Offer Document.
- The S&P/ASX 200 Index falls by more than 10% from its level at the close of trading on the day of execution of the Underwriting Agreement.
- Any material adverse change occurs, or an event occurs which is likely to give rise to a material adverse change in or affect the assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Company or its related bodies corporate, including:
 - any change in the earnings, prospects or forecasts of the Company or its related bodies corporate from those disclosed in this Offer Document;
 - any change in the nature of the business conducted by the Company or its related bodies corporate or proposed to be conducted by the Company or its related bodies corporate as at the date of the Underwriting Agreement; and
 - any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company from those respectively disclosed in this Offer Document.
- The Company withdraws the Offer.
- The occurrence of any of the following events which are not rectified by the Company within seven days of written notice of rectification:
 - (i) default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect in any material respect;
 - (iii) a contravention by the Company of any material provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) an event occurs which gives rise to a Material Adverse Effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;

- (v) any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive in any material respect;
- (vi) there is introduced into the Parliament of Australia any new statute or the Reserve Bank of Australia or any Commonwealth authority adopts any new, or any major change to, existing, monetary, taxation, exchange or fiscal policy that has not previously been publicly disclosed;
- (vii) the Company suspends payment of its debts generally for more than 30 days;
- (viii) an Event of Insolvency occurs in respect of the Company;
- (ix) a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (x) litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company;
- (xi) there is a change in executive Directors of the Company initiated by the Company before the issue of the New Shares without the prior written consent of the Underwriter, which consent will not be unreasonably withheld or delayed;
- (xii) a Director is charged with an indictable offence;
- (xiii) a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (xiv) there is a delay in any specified date in the Timetable which is greater than five business days, without the prior written consent of the Underwriter, with such consent not to be unreasonably withheld or delayed;
- (xv) a force majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven business days occurs;
- (xvi) the Company passes or takes any steps to pass a resolution under section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter, with such consent not to be unreasonably withheld or delayed;
- (xvii) the Company alters its capital structure in any manner not contemplated by the Offer Document or agreed to by the Underwriter;
- (xviii) any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (xix) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom any member state of the European Union, Japan, Russia, Democratic People's Republic of Korea (North Korea) or the Peoples Republic of China, or a terrorist act is

perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries;

(xx) there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions.

- This Offer Document does not comply with:
 - the Corporations Act (including sections 708AA(7));
 - the Listing Rules; or
 - any other applicable law.

6.3 **No cooling off rights**

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

6.4 **Rounding**

Fractions that arise in the calculation of an Entitlement will be rounded up to the nearest whole number of New Shares.

6.5 **Not investment advice**

This Offer Document is not a prospectus under the Corporations Act and has not been lodged with ASIC. It also does not constitute financial product advice and has been prepared without taking into account your personal or financial circumstances, your financial objectives or particular needs. Saunders is not licensed to provide financial product advice in respect of the New Shares. The information contained in this Offer Document does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Saunders' other periodic statements and continuous disclosure announcements lodged with ASX.

6.6 **Withdrawal of the Offer**

Subject to applicable laws and regulations, Saunders reserves the right to withdraw all or part of the Offer and this Offer Document at any time. In this event and in accordance with the Corporations Act, Saunders will refund without payment of interest, the Application Amount in relation to New Shares not already issued.

To the fullest extent permitted by law, you agree that any Application Amount paid by you to Saunders will not entitle you to receive any interest and that any interest earned in respect of Application Amounts will accrue solely to Saunders.

6.7 **Governing Law**

This Offer Document, the Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

6.8 Privacy

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

Saunders collects information about each Applicant provided on an Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Saunders.

By submitting an Acceptance Form, you will be providing personal information to Saunders (directly or through the Share Registry). Saunders collects, holds and will use that information to assess your Application. Saunders collects your personal information to process and administer your Application and Shareholding in Saunders and to provide related services to you. If you do not complete the Acceptance Form in full, Saunders may reject your Application. Saunders may disclose your personal information for purposes related to your Application and shareholding, including to the Share Registry, Saunders' related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to the ASX and regulatory bodies. You can obtain access to personal information that Saunders holds about you. To make a request for access to your personal information held by (or on behalf of) Saunders, please contact Saunders through the Share Registry.

SECTION 7 DEFINITIONS

These definitions are provided to assist persons in understanding some of the expressions used in this Offer Document.

Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

Applicant means a person who has applied to subscribe for New Shares by submitting an Acceptance Form.

Application means the lodgment of an Acceptance Form with the Share Registry together with the relevant Application Amount.

Application Amount means the total amount payable by Eligible Shareholders for accepting part or all of their Entitlement and applying for Top-Up Shares (as applicable).

ASIC means the Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Limited (ACN 008 504 532).

ASTC Settlement Rules means the operating rules of ASTC.

ASX means the ASX Limited (ACN 008 624 691) or where the context requires, the securities exchange operated by ASX.

Board means the Directors of Saunders.

CHESS means the clearing house electronic sub-register system operated by ASTC, a wholly-owned subsidiary of the ASX, in accordance with the Listing Rules and the ASTC Settlement Rules.

Civilbuild Business means the businesses and assets acquired from Civilbuild Pty Ltd, Civilbuild Precast Pty Ltd and Caspac Pty Ltd on 1 April 2017.

Cleansing Notice means the notice required by section 708AA(2)(f) of the Corporations Act and lodged with the ASX on 8 September 2017.

Closing Date means 5pm on Monday 9 October 2017.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of Saunders.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of shareholders as at the Record Date and whose registered address is in Australia or New Zealand.

Employee Share Trust or the **Trust** means the Saunders Employee Share Trust established by trust deed dated 26 May 2011.

Entitlement means an Eligible Shareholder's entitlement to subscribe for New Shares pursuant to the Offer, as set out in this Offer Document and the Acceptance Form.

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Listing Rules means the official listing rules of the ASX.

New Shares means Shares to be allotted and issued under the Offer.

Offer means a pro rata non-renounceable offer to Eligible Shareholders to subscribe for 1 New Share for every 8 Shares held, including the Top-Up Facility, to raise approximately \$5.8 million at an offer price of \$0.50 per New Share.

Offer Document means this document.

Placement means the placement of Shares by Saunders to institutional and sophisticated investors to raise \$2.750 million, announced on 6 September 2017.

Record Date means 7pm on Friday, 15 September 2017.

Rights means the rights to subscribe for New Shares pursuant to this Offer Document.

Saunders and **Company** means Saunders International Limited (ACN 050 287 431) and where the context requires, each of its subsidiaries.

Section means a section of this Offer Document.

Share Registry means Link Market Services Limited ACN 083 214 537.

Shareholder means a holder of Shares.

Shares means fully paid ordinary shares in the capital of Saunders.

Taylor Collison means Taylor Collison Limited (ABN 53 008 172 450).

Top-Up Facility means the facility under which Eligible Shareholders may apply for Top-Up Shares and the mechanism under which the Company may allocate Top-Up Shares to Eligible Shareholders or the Underwriter.

Top-Up Shares means New Shares to be allotted and issued pursuant to the Top-Up Facility.

Timetable means the indicative timetable set out at the front end of this Offer Document.

Trustee means Saunders Employee Share Plan Pty Ltd (ACN 150 949 009).

Underwriting Agreement means the underwriting agreement entered into between Saunders and the Underwriter dated on or about 5 September 2017.

Underwriter means Taylor Collison.

US Person means a person who receives the Offer when they are located in the United States of America.

Directors

Mr. Timothy Burnett
Non-Executive Chairman

Mr. Mark Benson
Managing Director

Mr. Malcolm McComas
Non-executive Director

Mr. Greg Fletcher
Non-executive Director

Company Secretary

Mr. Steven Dadich

Telephone: (02) 9929 4177

Registered Office

271 Edgar Street
Condell Park NSW 2200

Telephone: (02) 9792 2444
www.saundersint.com

Solicitors to the Offer

Kemp Strang Lawyers
Level 17, 175 Pitt Street
Sydney NSW 2000

Telephone: (02) 9225 2500

Share Registry

Link Market Services Limited
680 George Street
Sydney NSW 2000

Telephone: 1300 554 474

Lead Manager and Underwriter

Taylor Collison Limited
Level 10, 167 Macquarie Street
Sydney NSW 2000

Telephone: (02) 9377 1555