

22 March 2017

Dear Shareholder,

## ENTITLEMENT OFFER – NOTIFICATION TO ELIGIBLE SHAREHOLDERS

### Replacement document due to revised offer price

On Tuesday, 21 March 2017, Emeco Holdings Limited (ACN 112 188 815) (**Emeco**) announced that it was conducting a renounceable entitlement offer (**Entitlement Offer**) of new ordinary shares in Emeco (**New Shares**) at an offer price of \$0.109 per New Share (**Offer Price**) to raise \$20 million. The Entitlement Offer is being conducted on a 0.3066 for 1 basis to eligible shareholders.

Proceeds of the Offer will be used to facilitate the recapitalisation of Emeco and the acquisition of Orionstone Holding Pty Ltd and Andy's Earthmovers (Asia Pacific) Pty Ltd (the **Proposed Transaction**), which was approved by Emeco shareholders and noteholders on 13 March 2017 and is expected to complete on 31 March 2017. Further details regarding the Proposed Transaction are set out in the Notice of Extraordinary Meeting and the Supplementary Notice of Extraordinary General Meeting which were published on the ASX on 8 February 2017 and 23 February 2017 respectively (the **Transaction Documents**). Further detail regarding the Entitlement Offer is set out in the Investor Presentation and market announcements published on the ASX on Tuesday, 21 March 2017.

This letter is to inform you about the Entitlement Offer and to explain that if you are an eligible shareholder, you will be able to purchase 0.3066 New Shares for every 1 existing Emeco ordinary share (**Shares**) held on the record date of 7.00 pm (Sydney time) on Monday, 27 March 2017 (**Entitlement**). New Shares under the Entitlement Offer will be fully paid and rank equally in all respects with existing Shares from their date of issue. Fractional Entitlements will be rounded up to the nearest whole number of shares.

### What is the Entitlement Offer?

Under the Entitlement Offer, Emeco is offering entitlements pro rata to all eligible shareholders, which can be exercised to buy New Shares at an offer price of \$0.109 per New Share (**Offer Price**). This represents a 45% premium to the last closing price of Shares on ASX on Monday, 20 March 2017 and a 33% premium to the theoretical ex-rights price<sup>1</sup>. The Offer Price was determined in accordance with the Amended Restructuring Support Agreement, the details of which are set out in the Transaction Documents. For further detail, please refer to Emeco's separate ASX announcement "Recapitalisation and merger equity allocations" lodged with the ASX on Tuesday, 21 March 2017.

The Entitlement Offer is being made without a prospectus or disclosure document in accordance with section 708AA of the *Corporations Act 2001* (Cth) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84.

<sup>1</sup> Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Emeco's closing price on Monday, 20 March 2017 (\$0.075).

An offer booklet in relation to the Entitlement Offer will be made available on the Australian Securities Exchange (**ASX**) website [www.asx.com.au](http://www.asx.com.au) and despatched to eligible shareholders on or around Wednesday, 29 March 2017.

The Entitlement Offer is fully underwritten by Black Diamond Capital Management LLC, Black Crane Asia Opportunities Fund and First Samuel Limited, who are each existing shareholders or noteholders of Emeco (together, the **Underwriters**).

### Eligible Shareholders

Eligible Shareholders are persons who:

- (a) are registered as a holder of fully paid Shares as at 7.00pm (Sydney time) Monday, 27 March 2017 (**Record Date**);
- (b) have a registered address on Emeco's share register that is in Australia or New Zealand;
- (c) are not in the United States and are not acting for the account or benefit of a person in the United States with respect to their Shares (to the extent such person holds Shares for the account or benefit of such person in the United States); and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

Shareholders who are not Eligible Shareholders are ineligible shareholders. In particular, shareholders that are in the United States or are acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States) are not eligible to purchase or trade Entitlements on ASX or participate in the Entitlement Offer.

Notwithstanding the above, Emeco may agree to extend the Entitlement Offer to certain categories of institutional shareholders in Hong Kong and Singapore, subject to compliance with applicable laws.

### Offer Booklet

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer will be set out in the Entitlement Offer booklet (**Offer Booklet**), copies of which will be available on the ASX website [www.asx.com.au](http://www.asx.com.au) from Wednesday, 29 March 2017.

Eligible Shareholders will be sent an Offer Booklet, together with a personalised Entitlement and Acceptance Form which contains details of their Entitlement, on or around Wednesday, 29 March 2017. Eligible Shareholders should read the Offer Booklet carefully and in its entirety before deciding whether to participate in the Entitlement Offer.

### Actions Required

Entitlements may have value and it is important that Eligible Shareholders determine whether to take up in whole or part, sell or transfer, or do nothing, in respect of their Entitlement. If you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX from Friday, 24 March 2017 to Monday, 3 April 2017, or transfer all or part of your Entitlement directly to another person.

If you choose to do nothing in respect of all or a part of your Entitlement, part or all (as applicable) of your Entitlement will lapse and you will receive no benefit.

Shareholders should note the price at which Entitlements will trade on ASX will depend upon the supply of and demand for Entitlements during the trading period and may not equate to the theoretical ex-rights price. As the Offer Price exceeds the market price of Emeco's shares as at last close prior to announcement of the Entitlement Offer, a market for the Entitlements may not develop and shareholders may not be able to achieve a sale of their Entitlements on the ASX.

The assignment, transfer and exercise of Entitlements trading on ASX will be restricted to persons meeting eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade Entitlements or to exercise Entitlements they acquire. If you buy Entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those entitlements and, as a result, you may receive no value for them.

### Ineligible Shareholders

Shareholders who are not Eligible Shareholders (**Ineligible Shareholders**) are not entitled participate in the Offer, or to trade or exercise their Entitlement to be issued New Shares. As the Entitlement Offer is renounceable, Emeco has arranged for the Entitlements of Ineligible Shareholders to be offered for sale on the ASX by a nominee. The nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale. The net proceeds of the sale of these Entitlements will then be forwarded by the Company to the Ineligible Shareholders as soon as practicable following completion of the Entitlement Offer, in proportion to their share of such Entitlements (after deducting any brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Ineligible Shareholders may receive no net proceeds if the costs of the sale are greater than the sale proceeds. There is no guarantee that the nominee will be able to sell Entitlements of Ineligible Shareholders on ASX and Ineligible Shareholders may receive no value for the Entitlements. Both the Company and the nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

### Key Dates for Eligible Shareholders

Event	Date
Announcement of the Offer	Tuesday, 21 March 2017
Ex-date for the Entitlement Offer	Friday, 24 March 2017
Entitlement trading commences on ASX	Friday, 24 March 2017
Record Date for eligibility for the Entitlement Offer	7.00pm (Sydney time) on Monday, 27 March 2017
Offer Booklet despatched	Wednesday, 29 March 2017

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Event	Date
Entitlement Offer opens	Wednesday, 29 March 2017
Entitlement trading on ASX ends	Monday, 3 April 2017
Entitlement Offer closes (5.00pm Sydney time)	Monday, 10 April 2017
Issue of New Shares under the Entitlement Offer	Wednesday, 19 April 2017
New Shares issued under the Entitlement Offer commence trading on ASX on a normal settlement basis	Thursday, 20 April 2017
Despatch of holding statements for New Shares	Thursday, 20 April 2017

The timetable above is indicative only and may be subject to change. Emeco reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Emeco reserves the right to extend the closing date of the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of New Shares. The commencement of quotation of New Shares is subject to confirmation from ASX.

If you have any questions about the Entitlement Offer, you should seek advice from your financial adviser or other professional adviser. For further information, you can also call the Emeco Shareholder Information Line on 1300 420 709 (within Australia) or +61 1300 420 709 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday.

We look forward to continuing our strong relationship with all of our Shareholders.

Yours sincerely,

Ms Thao Pham  
*Company Secretary*  
**EMECO HOLDINGS LIMITED**

**IMPORTANT INFORMATION**

This letter is issued by Emeco. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Emeco in any jurisdiction. This letter does not constitute financial product advice and does not take

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into account your investment objectives, financial situation or needs. This letter does not and will not form any part of any contract for the acquisition of Emeco shares.

**NOT FOR DISTRIBUTION OR RELEASE INTO THE UNITED STATES**

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares to be issued under the offer have been, nor will be, registered under the U.S. Securities Act of 1933 as amended (**U.S. Securities Act**) or under the securities laws of any state or other jurisdiction of the United States. The Entitlements and the New Shares may not be issued to, purchased or traded by, or taken up or exercised by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Entitlements and New Shares to be offered and sold in the Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of the Securities Act) in reliance on Regulation S under the U.S. Securities Act.

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