

21 March 2017

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

**Emeco Holdings Limited (ASX Code: EHL)
Notice under section 708AA(2)(f) of the Corporations Act 2001 (Cth)**

Replacement document due to revised offer price

This notice is given by Emeco Holdings Limited ACN 112 188 815 (**Emeco**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**ASIC Instrument 2016/84**).

Where applicable, references in this notice to the Corporations Act are to those sections as modified by ASIC Instrument 2016/84.

Emeco has announced today a proposed capital raising of A\$20 million by way of 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**).

Under the Entitlement Offer eligible shareholders with registered addresses in Australia and New Zealand, and certain other jurisdictions in which Emeco has decided to extend the Entitlement Offer, will be invited to subscribe for 0.3066 New Shares for every 1 existing fully paid ordinary shares in Emeco held as at the Record Date, being 7:00pm (Sydney time) on Monday, 27 March 2017.

Emeco advises as follows:

1. The New Shares will be offered for issue without disclosure under Part 6D.2 of the Corporations Act.
2. This notice is being given under section 708AA(2)(f) of the Corporations Act;
3. As at the date of this notice, Emeco has complied with:
 - a. the provisions of Chapter 2M of the Corporations Act as they apply to Emeco; and
 - b. section 674 of the Corporations Act.
4. As at the date of this notice, there is no information that is 'excluded information' within the meaning of sections 708AA(8) or 708AA(9) of the Corporations Act which is required to be set out in this notice under section 708AA(7) of the Corporations Act.
5. The potential effect of the issue of New Shares pursuant to the Entitlement Offer on the control of Emeco and the consequences of that effect depend on a number of factors, including the extent to which eligible shareholders participate in the Entitlement Offer. However, given the structure of the Entitlement Offer as a fully underwritten pro rata issue, and subject to paragraphs 6 and 7 below, the Entitlement Offer is not expected to have any material effect or consequence on the control of Emeco.

For personal use only

6. The Entitlement Offer is being undertaken in conjunction with the previously announced recapitalisation of Emeco and the acquisition of Orionstone Holding Pty Ltd (**Orionstone**) and Andy's Earthmovers (Asia Pacific) Pty Ltd (**Andy's**) (together the **Proposed Transaction**), which was approved by Emeco shareholders and holders of Emeco Notes (**Emeco 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 General Meeting, which were published on the ASX on 8 February 2017 and 23 February 2017 respectively (the **Transaction Documents**). The Proposed Transaction will result in the issue of New Shares to (amongst others) Emeco Noteholders and the shareholders and creditors of Orionstone and Andy's. The issue of these New Shares will dilute the ownership levels of existing Emeco shareholders.
7. The potential effect on control as a result of the Entitlement Offer is summarised as follows,
- a. if all eligible shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no material effect on the control of Emeco;
 - b. the interests of existing shareholders who do not take up their entitlements in the Entitlement Offer will be diluted by the issue of New Shares under the Entitlement Offer;
 - c. the Entitlement Offer is fully underwritten by Black Diamond Capital Management LLC (**Black Diamond**), Black Crane Asia Opportunities Fund (**Black Crane**) and First Samuel Limited (**First Samuel**) (together, the **Underwriters**). Each of Black Crane and First Samuel and are existing substantial shareholders of Emeco, holding approximately 15.3% and 19.5% of Emeco shares respectively. Black Diamond is an existing substantial holder of Emeco's senior secured notes due 2019 (**Emeco Notes**), holding approximately 57.7% of the Emeco Notes on issue. Black Diamond will receive New Shares under the Proposed Transaction, in its capacity as noteholder, and is expected to hold approximately 21.5% of Emeco shares on completion of the Proposed Transaction (prior to the Entitlement Offer). The Underwriters will receive an underwriting fee from Emeco, which will be payable by the issue of New Shares;
 - d. Following completion of the Proposed Transaction (which is scheduled for 31 March 2017) and the Entitlement Offer, it is expected that:
 - i. Black Diamond will hold between 22% and 26% of Emeco shares on issue;
 - ii. Black Crane will hold approximately 6% of Emeco shares on issue; and
 - iii. First Samuel will hold between 5% and 8% of Emeco shares on issue,

in each case depending on the level of take-up by eligible shareholders under the Entitlement Offer.

Yours sincerely

Ms Thao Pham
 Company Secretary
 EMECO HOLDINGS LIMITED

For personal use only