

29 March 2017

Dear Shareholder,

RENOUNCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE SHAREHOLDERS

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

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

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

An offer booklet in relation to the Entitlement Offer will be lodged with the ASX and mailed to Eligible Shareholders (as defined below) on or around Wednesday, 29 March 2017.

This is a letter to inform you that you are not an Eligible Shareholder for the purposes of the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. You are not required to do anything in response to this letter. However, you may still receive some benefit from the Offer, as described below.

Eligibility Criteria

Shareholders who are eligible to participate in the Entitlement Offer (**Eligible Shareholders**) are those persons who:

- (a) are registered as a holder of fully paid ordinary shares in Emeco 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 in Emeco (to the extent such person holds Emeco 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.

Emeco has determined, pursuant to section 9A of the Corporations Act and ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to shareholders in all countries outside Australia or New Zealand in connection with the Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to Emeco of complying with these requirements, compared with the relatively small number of shareholders in those countries, the

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relatively small number of existing Emeco ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled to subscribe for.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, Emeco wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer or be able to subscribe for New Shares under the Entitlement Offer.

Notwithstanding the above, Emeco has agreed to extend the Entitlement Offer to certain institutional shareholders in Hong Kong and Singapore, subject to compliance with applicable laws.

Treatment of ineligible shareholders' entitlements

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 (**Entitlements**). 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 nominee will be paid a brokerage fee of 0.2% per trade in relation to the sale of the Entitlements. Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Ineligible Shareholders. The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting 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.

Entitlements under the Entitlement Offer will also be tradeable on 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.

If you have any questions in relation to any of the above matters, please contact 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. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

On behalf of Emeco, we regret that you are not eligible to participate in the Entitlement Offer and thank you for your continued support.

Yours sincerely



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 entitlements or securities in Emeco in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or 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 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.