

**FULL OFFER UNDER THE TAKEOVERS CODE BY
WSI HOLDINGS PTY LTD
TO PURCHASE ALL OF THE ORDINARY SHARES IN
NEW ZEALAND WOOL SERVICES INTERNATIONAL LIMITED**

IMPORTANT

If you are in doubt as to any aspect of this offer, you should consult your financial or legal adviser.

If you have sold all your shares in New Zealand Wool Services International Limited to which this offer applies, you should immediately hand this offer document and the accompanying acceptance form to the purchaser or the agent (e.g. the broker) through whom the sale was made, to be passed to the purchaser.

New Zealand Wool Services International Limited's target company statement, together with an independent adviser's report on the merits of this offer either accompanies this offer or will be sent to you within 14 days and should be read in conjunction with this offer.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

6. Conditions

The Offer, and any contract arising from acceptance of it, is conditional on:

- 6.1 acceptances being received by WSIH in respect of that number of NZWSI Shares which, when taken together with the NZWSI Shares already held or controlled by WSIH, confer on WSIH more than 50% of the total voting rights in NZWSI;
- 6.2 WSIH receiving in writing all consents required under the Overseas Investment Act 2005 and Overseas Investment Regulations 2005 for the acquisition by WSIH of all the NZWSI Shares in accordance with the Offer, such consents being given on terms which are usual for the granting of such consents;
- 6.3 WSIH receiving, prior to the date on which WSIH may declare this Offer unconditional, a certificate from APEX Environmental Limited (APEX), as a consulting engineer appointed by NZWSI, addressed to WSIH and in the form previously agreed between WSIH and APEX, confirming that the Kaputone Wool Scour owned and operated by NZWSI and its subsidiaries has been re-commissioned and is fully operational with all consents and approvals required by law in full force and effect;
- 6.4 WSIH receiving, prior to the date on which WSIH may declare this Offer unconditional, a certificate from APEX, as a consulting engineer appointed by NZWSI, addressed to WSIH and in the form previously agreed between WSIH and APEX, confirming that the wastewater discharge levels from the Kaputone Wool Scour are less than the maximum levels specified in the agreed form of certificate;
- 6.5 during the period from the date on which notice of this Offer was given to NZWSI (that date being 29 October 2012, and being referred to as the Notice Date) to and including the latest date on which WSIH may declare this Offer unconditional, unless WSIH consents in writing:
 - (a) no dividends, bonuses or other distributions of any nature being declared, paid or made on, or in respect of, any NZWSI Shares or on or in respect of any shares or other securities in any of NZWSI's subsidiaries other than any dividend or distribution from wholly owned subsidiaries of NZWSI to NZWSI or other wholly owned subsidiaries of NZWSI;
 - (b) none of the NZWSI Shares being subdivided, consolidated or bought back by NZWSI, no further shares, options or other securities of any nature of NZWSI or any of its subsidiaries being issued or made the subject of any option or agreement to issue, and there being no alteration to the rights, privileges or restrictions attaching to the NZWSI Shares;
 - (c) the business of NZWSI and its subsidiaries being carried on in the ordinary course;
 - (d) neither NZWSI nor any of its subsidiaries disposing of, purchasing, transferring, leasing, granting a security interest or other security over, granting an option or legal or equitable interest in respect of, or otherwise dealing with a legal or equitable interest in, any asset, business operation or property or agreeing to do any such thing for, or in respect of, an asset having a value of an amount in excess of \$100,000 (either by a single act or series of related acts) otherwise than in the ordinary course of business;

- (e) neither NZWSI nor any of its subsidiaries entering into any new contract, commitment or agreement, or altering the terms of any existing contract, commitment or agreement, involving an amount, or providing for any payments over its term, in excess of \$100,000 or having a term of more than 1 year, otherwise than in the ordinary course of business;
- (f) neither NZWSI nor any of its subsidiaries entering into, contracting to enter into, or completing a transaction to which Rule 9.1 and/or 9.2 of the NZAX Listing Rules applies (or would apply but for the granting of a waiver or ruling);
- (g) neither NZWSI nor any of its subsidiaries establishing, nor entering into any agreement or arrangement to establish, any new business or operations or facilities, whether in New Zealand or elsewhere;
- (h) neither NZWSI nor any of its subsidiaries changing, or agreeing to change, the remuneration or any other material terms of employment of any director, officer, employee or consultant (except for ordinary wage or salary increases in accordance with its established review policy) or commencing the employment of any person (except where such commencement is for the purposes of filling a vacant position), at a rate of remuneration in excess of \$100,000 per annum;
- (i) no event of default, potential event of default, repayment event, prepayment event or event of review (however described) under any financing agreement to which NZWSI or any of its subsidiaries is subject occurring as a consequence of NZWSI or any of its subsidiaries becoming a subsidiary or under the control of WSIH or any of its subsidiaries;
- (j) there not occurring any material adverse change in the financial position, trading operations or assets of NZWSI or any of its subsidiaries as compared with the position as at the Notice Date, and no event occurring which gives or may give rise to such a material adverse change;
- (k) no building or any other real property owned or used by NZWSI or any of its subsidiaries failing to comply with all applicable laws and regulations;
- (l) there being no alteration to the constitution of NZWSI or any of its subsidiaries (otherwise than as are required to comply with the NZAX Listing Rules);
- (m) no receiver of any property or assets of NZWSI or any of its subsidiaries being appointed and no proceedings for the liquidation of NZWSI or any of its subsidiaries being commenced;
- (n) no proceedings, other than any which have been publicly disclosed by NZWSI prior to the Notice Date, being notified, threatened or commenced against NZWSI or any of its subsidiaries, involving a claim or claims together totalling in excess of \$25,000;
- (o) no resolution being passed for any amalgamation or liquidation of NZWSI or any of its subsidiaries, and none of NZWSI or any of its subsidiaries being involved in any merger, amalgamation, share buyback or scheme of arrangement, or any

agreement or proposal relating to any merger, amalgamation, share buyback or scheme of arrangement being announced in respect of any of them;

- (p) no board resolution or shareholders' resolution of NZWSI or any of its subsidiaries being passed to do, or to authorise the doing of, any act or matter referred to in this paragraph 6.5;
- (q) NZWSI not making any profit warning;
- (r) there being no amendment to any existing, or entry into any new arrangement relating to the capital structure of NZWSI or any of its subsidiaries or any other entity in which NZWSI has an interest; and
- (s) no shares, notes, options or other securities or interests held, controlled or owned by NZWSI or any of its subsidiaries in any company or other entity, or in any unincorporated body, save for Rural Wool-Link Limited, being subject to forfeiture, transfer or any right of pre-emption in the event of NZWSI or any of its subsidiaries becoming a subsidiary or under the control of any other company.

SCHEDULE A**1. Conditions**

The Offer, and any contract arising from acceptance of it, is conditional on:

- 1.1 acceptances being received in respect of that number of Ordinary Shares which, when taken together with the Shares (or shares already held or controlled by Offeror), confer on Offeror more than 50% of the total voting rights in NZWSI;
- 1.2 Offeror receiving in writing all consents required under the Overseas Investment Act 2005 and Overseas Investment Regulations 2005 for the acquisition by Offeror of all the Ordinary Shares in accordance with the Offer, such consents being given on terms which are usual for the granting of such consents;
- 1.3 Offeror receiving, prior to the date on which Offeror may declare this Offer unconditional, a certificate from APEX Environmental Limited (APEX), as a consulting engineer appointed by NZWSI, addressed to Offeror and in the form previously agreed between Offeror and APEX, confirming that the Kaputone Wool Scour owned and operated by NZWSI and its subsidiaries has been re-commissioned and is fully operational with all consents and approvals required by law in full force and effect;
- 1.4 Offeror receiving, prior to the date on which Offeror may declare this Offer unconditional, a certificate from APEX, as a consulting engineer appointed by NZWSI, addressed to Offeror and in the form previously agreed between Offeror and APEX, confirming that the wastewater discharge levels from the Kaputone Wool Scour are less than the maximum levels specified in the agreed form of certificate.
- 1.5 during the period from the date on which notice of this Offer is given to NZWSI to and including the latest date on which Offeror may declare the Offer unconditional, unless Offeror consents in writing:
 - (a) no dividends, bonuses or other distributions of any nature being declared, paid or made on, or in respect of, any Ordinary Shares or on or in respect of any shares or other securities in any of NZWSI's subsidiaries other than any dividend or distribution from wholly owned subsidiaries of NZWSI to NZWSI or other wholly owned subsidiaries of NZWSI;
 - (b) none of the Ordinary Shares being subdivided, consolidated or bought back by NZWSI, no further shares, options or other securities of any nature of NZWSI or any of its subsidiaries being issued or made the subject of any option or agreement to issue, and there being no alteration to the rights, privileges or restrictions attaching to the Ordinary Shares;

- (c) the business of NZWSI and its subsidiaries being carried on in the ordinary course;
- (d) neither NZWSI nor any of its subsidiaries disposing of, purchasing, transferring, leasing, granting a security interest or other security over, granting an option or legal or equitable interest in respect of, or otherwise dealing with a legal or equitable interest in, any asset, business operation or property or agreeing to do any such thing for, or in respect of, an asset having a value of an amount in excess of \$100,000 (either by a single act or series of related acts) otherwise than in the ordinary course of business;
- (e) neither NZWSI nor any of its subsidiaries entering into any new contract, commitment or agreement, or altering the terms of any existing contract, commitment or agreement, involving an amount, or providing for any payments over its term, in excess of \$100,000 or having a term of more than 1 year, otherwise than in the ordinary course of business;
- (f) neither NZWSI nor any of its subsidiaries entering into, contracting to enter into, or completing a transaction to which Rule 9.1 and/or 9.2 of the NZAX Listing Rules applies (or would apply but for the granting of a waiver or ruling);
- (g) neither NZWSI nor any of its subsidiaries establishing, nor entering into any agreement or arrangement to establish, any new business or operations or facilities, whether in New Zealand or elsewhere;
- (h) neither NZWSI nor any of its subsidiaries changing, or agreeing to change, the remuneration or any other material terms of employment of any director, officer, employee or consultant (except for ordinary wage or salary increases in accordance with its established review policy) or commencing the employment of any person (except where such commencement is for the purposes of filling a vacant position), at a rate of remuneration in excess of \$100,000 per annum;
- (i) no event of default, potential event of default, repayment event, prepayment event or event of review (however described) under any financing agreement to which NZWSI or any of its subsidiaries is subject occurring as a consequence of NZWSI or any of its subsidiaries becoming a subsidiary or under the control of Offeror or any of its subsidiaries;
- (j) there not occurring any material adverse change in the financial position, trading operations or assets of WSI or any of its subsidiaries as compared with the position as at the date on which a Takeover Notice is sent to NZWSI in accordance with Rule 41 of the Takeovers Code, and no event occurring which gives or may give rise to such a material adverse change;
- (k) no building or any other real property owned or used by NZWSI or any of its subsidiaries failing to comply with all applicable laws and regulations;

- (l) there being no alteration to the constitution of NZWSI or any of its subsidiaries (otherwise than as are required to comply with the NZAX Listing Rules);
- (m) no receiver of any property or assets of NZWSI or any of its subsidiaries being appointed and no proceedings for the liquidation of NZWSI or any of its subsidiaries being commenced;
- (n) no proceedings, other than any which have been publicly disclosed by NZWSI prior to the Notice Date, being notified, threatened or commenced against NZWSI or any of its subsidiaries, involving a claim or claims together totalling in excess of \$25,000;
- (o) no resolution being passed for any amalgamation or liquidation of NZWSI or any of its subsidiaries, and none of NZWSI or any of its subsidiaries being involved in any merger, amalgamation, share buyback or scheme of arrangement, or any agreement or proposal relating to any merger, amalgamation share buyback or scheme of arrangement being announced in respect of any of them;
- (p) no board resolution or shareholders' resolution of NZWSI or any of its subsidiaries being passed to do, or to authorise the doing of, any act or matter referred to in this paragraph 1.5;
- (q) NZWSI not making any profit warning;
- (r) there being no amendment to any existing, or entry into any new arrangement relating to the capital structure of NZWSI or any of its subsidiaries or any other entity in which NZWSI has an interest; and
- (s) no shares, notes, options or other securities or interests held, controlled or owned by NZWSI or any of its subsidiaries in any company or other entity, or in any unincorporated body, save for Rural Wool Link Limited, being subject to forfeiture, transfer or any right of pre-emption in the event of NZWSI or any of its subsidiaries becoming a subsidiary or under the control of any other company.

