

Site Group International Limited

ACN 003 201 910

17 March 2011

Site Group International Limited announces merger proposal for Careers Australia Group Limited

Site Group International (**Site**) has today announced a takeover offer (**Merger Proposal**) to acquire all of the shares of Careers Australia Group Limited (**CAG**).

The Offer

- Site proposes to make an off-market takeover offer for all CAG shares.
- The consideration payable to CAG shareholders is 3.5 Site shares for each CAG share.
- The consideration values CAG shares at approximately 70.89 cents and CAG's total issued capital at approximately \$72.9 million¹.
- Site expects that shares issued under the Merger Proposal will be quoted on the ASX.
- The Merger Proposal is subject to conditions set out in the Schedule including Site acquiring at least 90% of the CAG shares on issue.
- Site will seek to raise up to \$20 million from the issue of new shares to fund the working capital requirements of the merged group². Whilst Site has undertaken preliminary discussions with selected potential investors, the terms of this capital raising have not yet been finalised and there is no certainty that Site will be able to raise the required capital.
- If Site acquires 100% of CAG shares under the Merger Proposal, Site will issue approximately 359,870,000 new Site shares to CAG shareholders who would collectively own approximately 71.58% of the merged group³.
- Site's chairman, Vernon Wills is a non-executive director and substantial shareholder in CAG and has taken a leave of absence from the Site board and the CAG board for the duration of the Merger Proposal. Mr Wills has not been involved in board discussions in relation to the Merger Proposal. Paul Young has been appointed as acting chairman of Site.

Benefits of the Merger Proposal to CAG Shareholders

Site believes a combination with of its business with CAG's would provide compelling benefits to CAG shareholders including:

Market position – The merged group will have an enhanced position in the vocational education services market in Australia and Asia as well as being strategically placed to provide workforce planning solutions in skills shortage areas.

¹ Based on the 20 day VWAP of Site shares on ASX to close of trade on 16 March 2011 of 20.255 cents. Based on the closing price of Site Shares on ASX on 16 March 2011 of 18 cents, the consideration values CAG shares at approximately 63 cents and CAG's total issued capital at approximately \$64.8 million.

² Subject to Site obtaining shareholder approval required under the ASX Listing Rules.

³ Prior to any dilution from the capital raising discussed above.

Access to capital – The merged group will have improved access to capital markets to raise funds for expansion or working capital needs.

International growth opportunities – The opportunity for growth from new business internationally will complement CAG's developed Australian service offering.

Customer synergies – Site and CAG have the ability to provide complementary service offerings to common customers.

Premium - The Merger Proposal represents a 41.7% premium to the most recent price at which CAG shares were issued.⁴

Centralised management – The combination of Site's resources with CAG's will provide the management and administration infrastructure to support the growth of the combined business.

Ascertainable value – CAG shareholders will be issued with ASX quoted Site shares and will be able to determine the market price of their holding.

Participation in upside – Eligible CAG shareholders can participate in further potential upside associated with CAG's business through their interest in the merged group.

Tax – tax rollover relief will be available provided that all necessary conditions under Australian tax laws are satisfied.

Site's acting chairman Paul Young said that:

'CAG recently raised capital at \$0.50 per share and at the implied offer value of either 63 cents or 70 cents, we believe that our offer is a compelling proposition for CAG shareholders.'

'The merger would position the merged group as a significant provider of vocational education and workforce planning solutions in the Asia Pacific region and provides CAG Shareholders with an opportunity for geographic and market diversification through Site's low cost international training operation.'

'Site's offshore experience, network, facilities and ability to provide work-force planning solutions to international clients, combined with CAG's wide range of programmes and qualifications, multiple training locations and strong Australian corporate relationships make a compelling combination.'

'The merger of the two companies is also a logical step towards achieving the critical mass necessary to attract institutional investment. Site's ASX listing and the increased number of shares that will be on issue following the merger should provide enhanced liquidity for both Site and CAG shareholders.'

Intentions of Site if offer is successful

Site's specific intentions with respect to CAG are described in detail in the bidder's statement. In summary Site envisages the following with respects to the continuation of the business, employees and assets of CAG:

- **Business** – Site intends to conduct a capital raising to help fund the working capital requirements of the merged group.

⁴ Based on the 20 day volume weighted average price of Site Shares on ASX on 16 March 2011 of 20.255 cents. CAG's annual report for the year to 30 June 2010 indicates that it issued CAG Shares at \$0.50 per share in August 2010. Based on the closing price of Site Shares on ASX on 16 March 2011 of 18 cents, the consideration values CAG Shares at approximately 63 cents, a 26% premium to the most recent issue price.

- **Board representation** – CAG director Vern Wills is the chairman of Site. Site intends to invite CAG CEO Patrick McKendry to join the Site board as an executive director and CEO of the merged group. Site will also seek to retain other key members of the CAG executive management team and board.
- **Headquarters** – Site intends to centralise the head office function which will operate from its existing premises in Brisbane.
- **Compulsory acquisition** - If it becomes entitled to do so, Site intends to compulsorily acquire any outstanding CAG shares in accordance with section 661B Corporations Act.

The statements above reflect Site's current intentions with respect to CAG's business. They may change as further information becomes available or circumstances change.

Offer conditions and timing

A bidder's statement setting out the terms of the Offer has been lodged with ASIC and provided to ASX. A copy of the bidder's statement will be posted to CAG shareholders.

Site has engaged Baron Partners as corporate adviser and McCullough Robertson Lawyers as legal adviser.

Further information

At Site: David Hutchison, phone: (07) 3229 9901

At Baron Partners: Paul Young, phone: (02) 8227 7922

Background information about Site and CAG

About Site

Site is an Australian company listed on the ASX which provides Australian vocational education to Asian markets through its Clark Education City campus in the Philippines. Site's operations are at an early stage of development but the company aims to become a leading provider of integrated vocational education and workforce planning solutions in skill shortage areas.

About CAG

CAG is an unlisted Australian company established in September 2006 and is a private registered training organisation and one of Australia's leading providers of quality vocational education and training.

CAG offers over 100 nationally recognised pre-employment programs, short courses, apprenticeships, traineeships, certificates and diploma programs which create pathways into employment or further study. These programs and courses service a broad cross-section of industries including: automotive, building and construction, business and management, community services, electrical and energy, English language, furnishing, health and nursing, hospitality, manufacturing, metal and engineering, resources and training and assessment.

CAG has fourteen training centres located in Queensland, New South Wales, South Australia, Victoria and Western Australia and has the ability to provide on-the-job training around the country.

Schedule: Offer conditions

The Offer and any contracts resulting from acceptance of the Offer will be subject to fulfilment of the following conditions

- 1 **(minimum acceptance)** during, or at the end of, the Offer Period, the number of CAG Shares in which Site and its associates together have relevant interests is at least 90% of all CAG shares;
- 2 **(Options)** Before the end of the Offer Period all of the CAG Options are exercised, cancelled or transferred to Site or are the subject of agreements or arrangements entered into between Site and the relevant holder of the CAG Options that will cause the CAG Options to be cancelled or transferred to Site.
- 3 **(Regulatory Approvals)** Before the end of the Offer Period, the Regulatory Approvals are:
 - (a) granted, given, made or obtained unconditionally, or on the basis of conditions that impose only non-material requirements incidental to the approval or consent;
 - (b) remain in full force and effect; and
 - (c) do not become subject to any notice, indication or intention to revoke, suspend, restrict, modify or renew them.
- 4 **(No regulatory action)** Between the Announcement Date and the end of the Offer Period:
 - (a) no preliminary or final decision, order or direction is made or issued by any Regulatory Authority;
 - (b) no action, proceeding or investigation is announced, commenced or threatened by any Regulatory Authority; and
 - (c) no application is made to any Regulatory Authority (other than by Site or any Associate of Site),

which is likely to or purports or threatens to restrain, prohibit, impede or otherwise adversely affect the making of the Offer, the acquisition of the CAG shares by Site, the rights of Site in respect of CAG and the CAG shares or the continued operation of the businesses of CAG or its subsidiaries (other than any action or decision by or application to ASIC or the Takeovers Panel in exercise of the powers or discretions conferred by the Corporations Act).

- 5 **(No Prescribed Occurrences)** Between the Announcement Date and the end of the Offer Period, there are no Prescribed Occurrences.
- 6 **(No Material Adverse Change)** Between the Announcement Date and the end of the Offer Period, there is no Material Adverse Change in respect of CAG.
- 7 **(No Superior Proposal)** There is no Superior Proposal before the end of the Offer Period.

Site may waive certain of the conditions in accordance with the terms of the Offer.

This is only a summary of the key conditions. The full conditions to the Offer are set out in the bidder's statement, which has been provided to ASX.

Glossary

These meanings apply unless the contrary intention appears or the context requires otherwise:

Announcement Date means the date of this announcement.

Associate has the meaning given to that term by section 12 Corporations Act as if section 12(1) Corporations Act included an associate reference occurring in this document.

CAG means Careers Australia Group Limited ACN 122 171 840 a company incorporated in Australia.

CAG Options means options over ordinary shares in the capital of CAG.

Material Adverse Change means:

- (a) any matter, event or circumstance which happens, is announced or becomes known to Site after the date of this document which (individually or when aggregated with all those matters, events or circumstances) has resulted in or is likely to result in either:
 - (i) the value of consolidated net assets of the CAG group being reduced by at least \$500,000 against what they would have been but for the matters, events or circumstances; or
 - (ii) the net debt of the CAG group (being amounts owing under loans and overdraft facilities less cash and cash equivalents) being increased by at least \$500,000 against what it would have been but for the matters, events or circumstances; or
- (b) Site becomes aware, prior to the end of the Offer Period, that CAG has breached its continuous disclosure obligations under the Corporations Act in a material respect,
but does not include:
- (c) any matter, event or circumstance arising from changes in economic or business conditions which impact on CAG and its competitors in a similar manner;
- (d) any change in taxation rates or taxation laws which impact on CAG and its competitors in a similar manner; or
- (e) any change in accounting policy required by law.

Offer Period means the period for which the Offer will remain open for acceptance.

Prescribed Occurrence means:

- (a) **(conversion)** CAG converts all or any of its shares into a larger or smaller number of shares;
- (b) **(reduction of share capital)** CAG resolves to reduce its share capital in any way;
- (c) **(buy-back)** CAG:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(issuing shares or options)** a member of the CAG group:

- (i) issues shares;
- (ii) grants an option over its shares; or
- (iii) agrees to make an issue of shares or grant an option over its shares,

in each case to a person outside the CAG group but not including an issue of CAG shares on the exercise of CAG Options granted before the Announcement Date;

- (e) **(securities or other instruments)** a member of the CAG group:
 - (i) issues securities or other instruments convertible into shares or debt securities; or
 - (ii) agrees to issue securities or other instruments convertible into shares or debt securities, in each case to a person outside the CAG group;
 - (f) **(disposals)** a member of the CAG group disposes, or agrees to dispose of, the whole or a substantial part of its business or property,
 - (g) **(encumbrances)** a member of the CAG group creates any encumbrance over the whole or a substantial part of its business or property (other than a lien which arises by operation of law or legislation securing an obligation not yet due and consistent with past practice);
 - (h) **(insolvency)** an insolvency event occurs in respect of any member of the CAG group;
 - (i) **(distribution)** CAG makes or declares, or announces an intention to make or declare, any distribution (whether by dividend, capital reduction or otherwise and whether in cash or in specie);
 - (j) **(constitution)** a member of the CAG group adopts a new constitution or modifies or repeals its constitution or a provision of it;
 - (k) **(board)** any person is appointed to the CAG board, other than those nominated by Site;
 - (l) **(employment arrangements)** a member of the CAG group:
 - (i) increases the remuneration of, or otherwise varies the employment arrangements with, any of its directors or employees; or
 - (ii) accelerates the rights of any of its directors or employees to compensation or benefits of any kind,

other than as a result of contracted arrangements that are consistent with past practice and in effect at the date of this document;
 - (m) **(termination or retention payment)** a member of the CAG group pays or agrees to pay any of its directors or employees a termination or retention payment;
 - (n) **(commitments and settlements)** a member of the CAG group:
 - (i) enters into any contract or commitment involving revenue or expenditure by the CAG group of more than \$200,000 over the term of the contract or commitment;
 - (ii) terminates or amends in a material manner any contract material to the conduct of the CAG group's business or which involves revenue or expenditure of more than \$200,000 over the term of the contract;
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- (iii) waives any material third party default; or
- (iv) accepts as a settlement or compromise of a material matter less than the full compensation due to CAG or a subsidiary of CAG;
- (o) **(financial arrangements)** a member of the CAG group amends (or agrees to amend) in any material respect any arrangement with its financial advisers in respect of the transactions contemplated by this document;
- (p) **(capital expenditure)** a member of the CAG group undertakes or agrees to undertake capital expenditure in excess of \$200,000 in aggregate;
- (q) **(financial accommodation)** a member of the CAG group provides financial accommodation in excess of \$200,000;
- (r) **(breach of law)** a member of the CAG group takes or omits to take action which results in a breach of law material to a member of the CAG group;
- (s) **(accounting policy)** a member of the CAG group changes any accounting policy applied by them to report their financial position (other than as required by law);
- (t) **(related party)** a member of the CAG group enters into or resolves to enter into a transaction with any related party of CAG as defined in section 228 Corporations Act; or
- (u) **(tax liability)** CAG or any other member of the CAG group does anything that results in a taxable gain for the CAG group by either causing a subsidiary to cease being a member of CAG's consolidated tax group or causing a new party to become a member of CAG's tax consolidated group.

Regulatory Authority includes ASX, ASIC, ACCC, the Foreign Investment Review Board and the Australian Taxation Office, a Government Agency, a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government and any regulatory organisation established under statute.

Regulatory Approvals means all approvals or consents that are required by law, regulation or regulatory policy, to permit:

- (a) the Offer to be lawfully made to and accepted by CAG shareholders; and
- (b) the acquisition of the CAG shares by Site.

Site means Site Group International Limited ACN 003 201 910 a company incorporated in Australia.

Superior Proposal means a proposal in respect of Site:

- (a) which the directors (excluding Vern Wills) determine to be more in the interests of Site shareholders than the Merger Proposal (acting in good faith and for a proper purpose based on their fiduciary duties); and
 - (b) which is conditional on the Merger Proposal not proceeding or otherwise lapsing or being withdrawn.
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