

Media/ASX Release

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INTENTION TO MAKE A TAKEOVER OFFER FOR INTEGRAL DIAGNOSTICS LTD

- Capitol announces intention to launch an off-market takeover offer for Integral
 - 6.9 fully paid ordinary shares in Capitol and \$0.36 cash for each ordinary voting share on issue in Integral, implying a value of \$2.46 per Integral share¹
 - Establishes one of Australia's leading providers of diagnostic imaging services with high quality radiologists
 - Earnings per share accretive and strategically compelling with benefits from greater scale and geographic diversity
 - Adam Smith Asset Management, Microequities Asset Management, Regal Funds Management and Wilson Asset Management have indicated their support for the Offer by entering into pre-bid acceptance agreements with Capitol pursuant to which they have collectively agreed to accept or procure the acceptance of 19.55% of Integral shares, in aggregate, into the Offer in the absence of a superior proposal
- Capitol Health Limited ("Capitol"; ASX: CAJ) is pleased to announce that it (through a wholly owned subsidiary) intends to make an off market takeover offer (the "Offer") for Integral Diagnostics Limited ("Integral"; ASX: IDX) comprising an offer to acquire all of the ordinary voting shares in Integral ("Integral Shares") for consideration of 6.9 fully paid ordinary shares in Capitol ("Capitol Shares") and \$0.36 cash for each Integral Share ("Offer")
 - As at 28 November 2017 (being the last trading day before the date of this announcement), the Offer implied a value of \$2.46 per Integral Share¹, representing an Enterprise Value of 11.0x FY18 EBITDA², and:
 - 30% premium to Integral's last closing price³;
 - 39% premium to Integral's 1 month VWAP⁴;
 - 29% premium to Integral's IPO price on 21 October 2015⁵; and
 - 23% premium to Integral's highest broker target price⁶.

¹ Based on a valuation of each Capitol Share of \$0.305, being the close price on 28 November, the last trading day prior to the date of this announcement.

² Equity Value is based on 145.0 million ordinary shares on issue, based on Integral's FY17 Annual Report. Integral FY18 net debt of \$49.0 million and Integral unaudited underlying pro forma FY18 EBITDA of \$37.0 million is based on analyst research following Integral's AGM on 22 November 2017.

³ Based on a valuation of each Integral Share of \$1.89, reflecting the close price on the last trading day prior to the date of this announcement.

⁴ 1 month VWAP of \$1.77 as per IRESS on 28 November 2017, being the last trading day prior to the date of this announcement.

⁵ Offer premium relative to the Integral IPO price of \$1.91 on 21 October 2015.

⁶ Premium to the highest analyst broker target price for Integral of \$2.00.

- The merger will create one of Australia’s leading providers of diagnostic imaging services through its combined network of clinics and hospital practices (“MergeCo”)
- As noted below, Capitol and Integral have previously held discussions about the creation of MergeCo without success and Capitol is seeking to discuss the merger with Integral and its shareholders, including Doctors
- Capitol’s vision for MergeCo is to establish a leading provider of diagnostic imaging services across Australia with best-in-class medical professionals
- MergeCo is estimated to have underlying pro forma FY18 EBITDA of \$64 million⁷; pro forma FY18 net debt of \$70 million⁸; and generate annual pre-tax cost synergies of \$5 million⁹
- Deliver mid-teens earnings per share (“EPS”) accretion in FY19 for Capitol shareholders¹⁰
- MergeCo will have significant growth opportunities supported by balance sheet capacity and an attractive capital markets profile
- Following consultation with MergeCo’s Doctors and staff, MergeCo will be rebranded to reflect the creation of one of Australia’s leading providers of diagnostic imaging

The Offer is subject to certain conditions which are set out in the Schedule to this announcement.

Strategic rationale

Capitol is a leading provider of diagnostic imaging and related services to the Australian healthcare market. Capitol believes that the merger presents an attractive opportunity for both Integral and Capitol Shareholders for the following reasons:

- **Strategic alignment of Capitol and Integral:** The combination of the two companies will create one of Australia’s leading providers of diagnostic imaging, through its network of clinics and hospital practices. The two businesses operate complementary networks and partner with high quality healthcare professionals to deliver best-in-class outcomes for patients and Doctors

⁷ MergeCo unaudited underlying pro forma FY18 EBITDA is based on analyst research for both Capitol (\$22 million) and Integral (\$37 million) following the AGMs on 22 November 2017 and is inclusive of \$5.0 million of run-rate synergies (refer to note 9). Capitol FY18 EBITDA has been reduced by \$1.3 million to reflect the non-continuing contribution from the NSW assets, as per Capitol’s AGM presentation released to the ASX on 22 November 2017.

⁸ MergeCo pro forma FY18 net debt is based on analyst research for both Capitol (\$39 million net cash) and Integral (\$49 million net debt) following the AGMs on 22 November 2017 and includes \$52.2 million of transaction funding and \$8.0 million of anticipated transaction costs relating to the Offer.

⁹ On a run-rate basis, and excluding one-off transaction and integration costs.

¹⁰ Based on underlying NPAT for each company from analyst research following the AGMs on 22 November 2017. Excludes one-off transaction and integration costs, and is based on \$5.0 million of run-rate cost synergies on a fully diluted basis.

- **EPS accretion:** MergeCo is expected to deliver mid-teens EPS accretion in FY19 for Capitol shareholders¹¹
- **Benefits to Integral Doctors:** MergeCo will have a larger referral network, providing greater revenue opportunities, and will provide Doctors with greater options for continuing professional development and flexibility to operate across new regions. Capitol will promote the development of centres of excellence such as Imaging at Olympic Park
- **Greater scale and financial strength to capitalise on growth opportunities in the healthcare market:** MergeCo is estimated to have underlying pro forma FY18 EBITDA of \$64 million and pro forma FY18 net debt of \$70 million¹². Shareholders of MergeCo should benefit from owning shares in a company with greater liquidity and improved access to capital markets to fund growth opportunities
- **Diversified geographic and clinical profile with upside:** MergeCo will have a more diverse growth platform across modalities, geography, hospitals and community practices. Capitol's strong presence through metropolitan community clinics in key growth corridors across Victoria is complemented by Integral's regionally focused operations in Victoria and strong positions in Western Australia and Queensland. Capitol will gain exposure to Integral's hospital contracts, whilst Integral will benefit from Capitol's exposure to diagnostic imaging artificial intelligence through Enlitic and its China Joint Ventures with CITIC Pharmaceutical (Shenzhen) Co., Ltd ("CITIC Pharmaceutical") and Xiamen Zhouxin Medical Image Co., Ltd ("Zhouxin")¹³
- **Synergies:** Capitol estimates annual pre-tax cost synergies of \$5 million¹⁴. Synergies are expected to be realised from various operational efficiencies, including a reduction in public company costs as well as head office and administrative functions. There are also potential revenue synergies available from improved optimisation of MergeCo's network as outlined above

Capitol Chairman Andrew Demetriou said: "The merger creates a compelling opportunity for both Integral and Capitol Shareholders through the creation of one of Australia's leading providers of diagnostic imaging services, with a broad and diversified network."

¹¹ Based on underlying NPAT for each company from analyst research following the AGMs on 22 November 2017. Excludes one-off transaction and integration costs, and is based on \$5.0 million of run-rate cost synergies on a fully diluted basis.

¹² MergeCo unaudited underlying pro forma FY18 EBITDA is based on analyst research for both Capitol (\$22 million) and Integral (\$37 million) following the AGMs on 22 November 2017 and is inclusive of \$5.0 million of run-rate synergies (refer to note 9). Capitol FY18 EBITDA has been reduced by \$1.3 million to reflect the non-continuing contribution from the NSW assets, as per Capitol's AGM presentation released to the ASX on 22 November 2017. MergeCo pro forma FY18 net debt is based on analyst research for both Capitol (\$39 million net cash) and Integral (\$49 million net debt) following the AGMs on 22 November 2017 and includes \$52.2 million of transaction funding and \$8.0 million of anticipated transaction costs relating to the Offer.

¹³ Further detail contained on Capitol's investment in Enlitic Inc. and Joint Venture arrangements is contained in Capitol's AGM presentation on 22 November 2017.

¹⁴ Based on underlying NPAT for each company from analyst research following the AGMs on 22 November 2017. Excludes one-off transaction and integration costs, and is based on \$5.0 million of run-rate cost synergies on a fully diluted basis.

Capitol Managing Director and CEO, Andrew Harrison added: “We look forward to combining Capitol’s and Integral’s strengths, including the clinicians, into one of Australia’s leading healthcare services providers. Integral’s strong hospital network, combined with Capitol’s expertise will create a first-class healthcare organisation. We look forward to engaging with Integral’s highly regarded doctor partners and associates.”

Capitol recognises the importance of Integral’s Doctors to the MergeCo business and looks forward to productively engaging with them during the Offer and afterwards, should the Offer be successful.

Support of major Integral Shareholders

Certain shareholders of Integral have indicated their support for the Offer by entering into the following pre-bid acceptance agreements with Capitol pursuant to which they have collectively agreed to accept or procure the acceptance of 19.55% of Integral shares, in aggregate, into the Offer on or after the 5th business day after Integral releases its target’s statement as notified by Capitol in the absence of a superior proposal:

- Regal Funds Management, in relation to the 5.13% of Integral shares currently on issue, together with an obligation to procure the acceptance of an additional 4.91% of Integral shares into the Offer;
- Adam Smith Asset Management in relation to the 3.25% of the Integral shares currently on issue;
- Microequities Asset Management in relation to the 2.00% of the Integral shares currently on issue; and
- Wilson Asset Management in relation to the 4.26% of the Integral shares currently on issue.

Previous engagement with Integral

Discussions between the two companies have been held on a number of occasions over the past year. Integral has previously communicated its support for a combination of the two businesses and Capitol looks forward to discussing the merger with Integral and its shareholders.

Financing

Capitol has finalised funding arrangements for the Offer which would initially be by way of new debt facilities consisting of a bridging facility of \$100 million, supplementing Capitol’s existing \$35 million facility. Capitol’s unsecured notes will remain in place and following completion of the transaction Capitol intends to refinance MergeCo’s debt.

Advisers

Rothschild is acting as sole financial adviser and Allens as legal adviser to Capitol in relation to the Offer.

Further information

More detailed information about the Offer will be contained in the Bidder's Statement. An investor presentation about the Offer will also be lodged with the ASX and made available on Capitol's website at www.capitolhealth.com.au.

For further enquiries, please contact:

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About Capitol

Capitol is a leading provider of diagnostic imaging and related services to the Australian healthcare market. Headquartered in Melbourne, Victoria, the Company owns and operates clinics throughout Victoria. The Company's operational focus is on delivering a community-based infrastructure for radiologists and related medical practitioners to deliver optimal, efficient, accurate healthcare service outcomes for patients.

Capitol also has an investment in diagnostic imaging artificial intelligence through Enlitic Inc in the US and a collaboration agreement with Enlitic regarding revenue share from the sale of Enlitic's Deep Learning Services in the radiology field in China.

Capitol also recently entered the Chinese diagnostic imaging market through a Joint Venture with CITIC Pharmaceutical (Shenzhen) Co., Ltd ("CITIC Pharmaceutical") and Xiamen Zhouxin Medical Image Co., Ltd (Zhouxin) to provide consulting and clinic management services to a network of independent imaging clinics to be created by CITIC and Zhouxin across mainland China.

About Integral

Integral is a leading provider of medical imaging services in Victoria, Queensland and Western Australia. The company provides state of the art diagnostic services to patients and their referrers at 44 radiology clinics, including 12 hospital sites. Integral employs some of the country's leading radiologists and nuclear medicine specialists in a unique medical leadership model that ensures quality patient care, service and access.

Schedule 1

Terms and Conditions of the Offers

Consideration

- (a) The consideration under the Offer will be:
 - (i) not less than 6.90 CHL Shares (subject to rounding in accordance with (b)); and
 - (ii) not less than \$0.36 cash,for each Target Share.
- (b) If you would otherwise be entitled to a fraction of a CHL Share as a result of your acceptance of this Offer in respect of your Acceptance Shares, that fractional entitlement will:
 - (i) if less than 0.5, be rounded down to zero; and
 - (ii) otherwise, be rounded up to one CHL Share.If Bidder reasonably believes that any parcel of Acceptance Shares has been created or manipulated to take advantage of rounding up, then any applicable fractional entitlement will be rounded down to zero or aggregated.
- (c) The CHL Shares issued under the Offer will be issued by CHL fully paid and will rank equally with existing CHL Shares from the date of issue.

Conditions

The Offers will be subject to the following conditions:

1 Minimum Relevant Interest

During, or at the end of, the Offer Period, the Bidder Group has relevant interests (disregarding any relevant interests which the Bidder Group has or acquires merely because of the operation of section 608(3) of the Corporations Act) in at least 90% of the Target Shares (even if subsequently the Bidder Group has relevant interests in less than 90% of all the Target Shares as a result of the issue of further Target Shares).

2 Regulatory Approvals

Before the end of the Offer Period, the Bidder Group receives all Approvals:

- (a) that are necessary to permit the Offer to be lawfully made to, and accepted by, Target Shareholders; or
- (b) that are necessary as a result of the Offer or the acquisition of Target Shares or for the continued operation of the business of the Target Group, or of the Bidder Group, substantially on the same terms as the relevant business was conducted as at the Announcement Date; or
- (c) that are necessary to ensure that a Public Authority does not intervene or seek to prevent, or impose conditions or require undertakings in relation to, the acquisition of any Target Shares by Bidder,

in each case on an unconditional basis and, at the end of the Offer Period, all of those Approvals remain in full force and effect in all respects and are not subject to any notice or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

3 No Regulatory Action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (b) no action or investigation is announced, threatened or commenced by any Public Authority; and
- (c) no application is made to any Public Authority (other than by Bidder or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Australian Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer) that:

- (d) restrains, impedes or prohibits (or if made, commenced or granted, could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of any Target Shares under the Offer or any transaction contemplated by the Bidder's Statement, the Offer or the rights of Bidder or any of its Related Bodies Corporate in respect of Target Shares, or requires the divestiture by any entity within the Bidder Group of any Target Shares, or requires the divestiture of any assets of the Bidder Group or Target Group; or
- (e) imposes any new terms on, amends the existing terms of or otherwise affects the rights held by any entity within the Target Group under any approval, licence or permit issued by any Public Authority to any entity within the Target Group.

4 No Material Adverse Change

Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to Bidder or Target (whether or not it becomes public) where:

- (a) that event, change or condition has had, or could reasonably be expected to have, either individually or in aggregate with all such events, changes and conditions:
 - (i) an adverse effect of A\$4 million or more on the operating earnings before interest, tax, depreciation and amortisation of the Target Group in any financial year; or
 - (ii) an adverse effect of A\$10 million or more on the value of the net assets of the Target Group, or
- (b) that event, change or condition has had, or could reasonably be expected to have, a material adverse effect on:
 - (i) the business, assets, liabilities, financial or trading position, profitability or prospects of the Target Group, taken as a whole, since 30 June 2017; or
 - (ii) the status or terms of arrangements entered into by the Target Group, or on the status or terms of any approvals, licences or permits from Public Authorities applicable to the Target Group,

except for events, changes and conditions publicly announced by Target to the ASX prior to the Announcement Date or otherwise disclosed in public filings by Target prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading (including by omission).

5 No cessation of licences, registrations, certifications or accreditations

Between the Announcement Date and the end of the Offer Period (each inclusive), no entity within the Target Group and no employee of the Target Group (including radiologists and technical professionals), breaches the terms and conditions of, fails to renew or ceases to hold, any licenses, registrations, certifications or accreditations required for the provision of diagnostic imaging services and Medicare eligibility.

6 No Material Acquisitions, Disposals, New Commitments or Other Events

Except to the extent fully and fairly disclosed in any announcement made by Target to the ASX prior to the Announcement Date, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive):

- (a) any entity within the Target Group acquires or leases, or agrees or offers to acquire or lease, any one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount or consideration in excess of A\$25 million for any individual item or in excess of A\$50 million in aggregate;
- (b) any entity within the Target Group disposes of, or agrees or offers to dispose of, any one or more entities, businesses or assets (or any interest in one or more entities, businesses or assets) for an amount or consideration in excess of A\$10 million for any individual item or in excess of A\$15 million in aggregate;
- (c) any entity within the Target Group enters into, agrees to enter into or amend or offers to enter into or amend, any agreement, joint venture or partnership that requires or is reasonably likely to involve payments, expenditure, or the foregoing of revenue, by the Target Group in excess of A\$10 million in aggregate;
- (d) the commitment by the Target Group to capital expenditure in excess of A\$15 million in aggregate;
- (e) any entity within the Target Group incurs, agrees to incur or bring forward the time for incurring, or granting to a third party a right the exercise of which would involve a Target Group entity incurring or agreeing to incur an amount of capital expenditure in excess of A\$15 million in aggregate;
- (f) any entity within the Target Group settles any legal proceedings, claim, investigation, arbitration or other like proceeding where the amount claimed by or against an entity within the Target Group exceeds A\$3 million;
- (g) any entity within the Target Group becomes the subject of any litigation which is commenced or threatened, or there is an adverse development in any litigation to which an entity within the Target Group is already subject (as at the Announcement Date), which results in, or may reasonably be expected to result in, a judgment or order against any entity within the Target Group that:
 - (i) is for an amount in excess of A\$3 million;
 - (ii) would require the Target Group to undertake expenditure in excess of A\$3 million; or
 - (iii) affects the rights held by or for the benefit of any entity within the Target Group under any approval, licence or permit issued by any Public Authority to any entity within the Target Group;

- (h) any entity within the Target Group incurs any indebtedness or issues any debt securities, other than:
 - (i) any draw down within existing limits of any existing debt facility in the ordinary course of business;
 - (ii) trade credit in the ordinary course of business; or
 - (iii) indebtedness to an entity within the Target Group;
- (i) any entity within the Target Group gives or agrees to give any encumbrance over any of its assets (or an interest in any of its assets), other than liens in the ordinary and usual course of business;
- (j) any entity within the Target Group incurs or otherwise become exposed to a liability or contingent liability with an amount or value exceeding A\$10 million in aggregate;
- (k) any entity within the Target Group enters into, extends or renews any commitment (including any non-contractual commitment or undertaking) which has a value or involves a liability, expenditure or revenue, as the case may be, in excess of A\$20 million when aggregated with related transactions;
- (l) any entity within the Target Group terminates or materially varies any commitment (including any non-contractual commitment or undertaking) which has a value or involves a liability, expenditure or revenue, as the case may be, in excess of A\$10 million when aggregated with related transactions;
- (m) any entity within the Target Group exercises a contractual right or other option which has a value or involves a liability or expenditure, as the case may be, in excess of A\$10 million when aggregated with related transactions;
- (n) any entity within the Target Group enters into any long-term commitment (including any non-contractual commitment or undertaking) with any customers which:
 - (i) has a duration of more than 24 months; or
 - (ii) is inconsistent in a material respect with typical arrangements;
- (o) any entity within the Target Group enters into a new employment contract or increases the remuneration of, or otherwise varies the existing employment arrangements with, any of its directors or executives or any other employees which results in an aggregate increase in the Target Group's annual employment costs as at 30 June 2017 in excess of A\$10 million;
- (p) any entity within the Target Group pays or agrees to pay any bonus to any of its directors or executives or any other employees where such payment, if made, would result in the aggregate value of the bonuses paid or agreed to be paid by entities within the Target Group following the Announcement Date being in excess of A\$5 million (provided that any bonus already accrued as at the Announcement Date shall be excluded for the purposes of this sub-paragraph);
- (q) any entity within the Target Group accelerates the rights of any of its directors or executives or any employee to benefits of any kind (other than under any executive or employee share plans) or enters into a commitment to pay a director or executive a termination payment (including a 'golden parachute');
- (r) any entity within the Target Group enters into any guarantee or indemnity on behalf of any entity within the Target Group or provides security for the obligations of any entity within the Target Group in relation to amounts in excess of A\$15 million;

- (s) any entity within the Target Group provides financial accommodation to any Target Director or any employee or officer of any entity within the Target Group;
- (t) any entity within the Target Group enters into, amends, or agrees to enter into or amend any contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act) of Target;
- (u) the constitution of any entity within the Target Group is amended or replaced or any entity within the Target Group states its intention to or makes any change to its constitution; or
- (v) any entity within the Target Group announces an intention to do any of the matters referred to in the sub-paragraphs above, or brings forward the time for performance of or releases any rights it has against third parties in respect of any obligations or commitments relating to such matters in existence at the Announcement Date.

7 No Change of Control or Other Rights

No person (including any Public Authority) has, or before the end of the Offer Period, is granted any right (whether subject to conditions or not) as a result of Bidder making the Offer or announcing its intention to make the Offer, or acquiring Target Shares under the Offer, to:

- (a) acquire, or require the disposal of, or require any entity within the Target Group to offer to dispose of, any material asset of any entity within the Target Group;
- (b) terminate, or vary the terms or performance of, any material agreement with any entity within the Target Group (including any contract pursuant to which a member of the Target Group provides diagnostic imaging services to a hospital, clinic or medical centre (or any similar contract) and any related lease, including any sub-lease, licence or similar arrangement);
- (c) terminate, or vary the terms of any approvals, licences or permits issued by any Public Authority to any entity within the Target Group; or
- (d) require repayment of any moneys borrowed by or any other indebtedness of any entity within the Target Group earlier than its stated maturity date, or withdraw or inhibit the ability of any entity within the Target Group to borrow moneys or incur indebtedness,

other than a right in respect of which a written, enforceable, irrevocable and unconditional waiver has been obtained and announced by Target to the ASX.

8 No Dividends

Between the Announcement Date and the end of the Offer Period (each inclusive), Target does not make, determine as payable or declare any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie).

9 Equal Access to Information

At all times during the period from the Announcement Date to the end of the Offer Period (each inclusive), Target promptly (and in any event within two business days) provides to Bidder a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to any Target Group entity or any of its businesses or operations that has been provided by any Target Group entity or any of its officers, employees, advisers or agents to any person (other than a Bidder Group entity) for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person, in relation to a transaction under which:

- (a) any person (together with its associates) may acquire voting power of 10% or more in any Target Group entity (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act, or otherwise);
- (b) any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of any Target Group entity or the Target Group as a whole; or
- (c) that person may otherwise acquire control of or merge or amalgamate with any Target Group entity.

10 No Prescribed Occurrences

Between the period from the date on which the Bidder's Statement is given to Target and the end of the Offer Period (each inclusive), none of the following events occur:

- (a) Target converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (b) Target or a Subsidiary of Target resolves to reduce its share capital in any way, enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (c) Target or a Subsidiary of Target issues shares or convertible notes or grants an option over its shares, or agrees to make such an issue or grant such an option in each case;
- (d) Target or a Subsidiary of Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (e) Target or a Subsidiary of Target grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (f) Target or a Subsidiary of Target resolves to be wound up;
- (g) a liquidator or provisional liquidator of Target or of a Subsidiary of Target is appointed;
- (h) a court makes an order for the winding up of Target or of a Subsidiary of Target;
- (i) an administrator of Target or of a Subsidiary of Target is appointed under section 436A, 436B or 436C of the Corporations Act;
- (j) Target or a Subsidiary of Target executes a deed of company arrangement; or
- (k) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Target or a Subsidiary of Target.

11 No Prescribed Occurrences Between the Announcement Date and the Date of the Bidder's Statement

During the period beginning on the Announcement Date and ending on the day before the Bidder's Statement is given to Target, none of the events listed in sub-paragraphs (a) to (k) of paragraph 10 happens.

Schedule 2

Definitions

Announcement Date means the date of announcement of Bidder's intention to make the Offer.

Approval means:

- (a) a consent, authority, licence, approval, order, ruling, notice, waiver or exemption that is required or given under law or by a Public Authority; or
- (b) in relation to anything that will be fully or partly prohibited or restricted by law if a Public Authority intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry or termination of that period without intervention or action.

ASIC means the Australian Securities and Investments Commission.

associate has the meaning given in the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange as appropriate.

Bidder Group means CHL and its Related Bodies Corporate.

Bidder's Statement means the bidder's statement to be prepared in relation to the Offer and includes any supplementary or replacement bidder's statement.

CHL Shares means fully paid ordinary shares in CHL.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Offer means an off market takeover offer to be made by Bidder under Chapter 6 of the Corporations Act to acquire all of the Target Shares, including as varied or extended in accordance with the Corporations Act.

Offer Period means the period during which the Offer remains open for acceptance by Target Shareholders.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any securities exchange.

Related Body Corporate has the meaning given in the Corporations Act.

relevant interest has the meaning given in the Corporation Act.

Security Interest means any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind. It includes:

- (a) anything which gives a creditor priority to other creditors with respect to any asset; and
- (b) retention of title (other than in the ordinary course of day-to-day trading) and a deposit of money by way of security.

It does not include:

- (c) an interest of the kind referred to in section 12(3) of the *Personal Property Securities Act 2009* (Cth) where the transaction concerned does not, in substance, secure payment or performance of an obligation; or
- (d) a charge or lien arising in favour of a Public Authority by operation of statute unless there is default in payment of money secured by that charge or lien.

Subsidiary has the meaning given in the Corporations Act.

Target Group means Target and its Subsidiaries.

Target Shares means fully paid ordinary shares in Target.

Target Shareholder means a person who is the registered holder of one or more Target Shares.

Target's Statement means the target's statement to be prepared in relation to the Offer and includes any supplementary target's statement.

VWAP means, in respect of a security, the volume weighted average market price of the security sold on its principal securities exchange during normal trading in the relevant period or on the relevant days, but does not include any 'special' crossings prior to the commencement of normal trading, crossings during the after hours adjust phase or the exercise of options over the security.