



ASX ANNOUNCEMENT

ASX CODE: AZV

24 November 2016

Notice under section 708AA(2)(f) of the Corporations Act

This notice is given by Azure Healthcare Limited (ACN 108 208 760) (ASX: AZV) (**Azure** or the **Company**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (the **Act**) (as modified by ASIC Corporations (Non Traditional Rights Issues) Instrument 2016/84 (**CI 2016/84**)).

On 24 November 2016, the Company announced a non-underwritten, non-renounceable, pro-rata entitlement offer of 1 new fully paid ordinary share (**New Share**) for every 15 ordinary shares held as at 7:00pm (AEDT) on 1 December 2016 at an issue price of \$0.070 per New Share to raise up to \$1,018,119 (the **Rights Offer**).

The Company states that it will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the Act and CI 2016/84.

Further details regarding the Rights Offer are set out in the Offer Document to be lodged today with ASX.

For the purposes of section 708AA(7) of the Act, the Company provides notice of the following:

- (a) The Company will offer New Shares under the Rights Offer for issue without disclosure to investors under Part 6D.2 of the Act, as modified by CI 2016/84.
- (b) The Company is providing this notice under section 708AA(2)(f) of the Act, as modified by CI 2016/84.
- (c) As at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act.
- (d) As at the date of this notice, there is no information that is 'excluded information' (within the meaning of sections 708AA(8) and 708AA(9) of the Act).
- (e) The potential effect that the issue of New Shares under the Rights Issue will have on the control of the Company is as follows.

If all Eligible Shareholders take up their entitlement under the Rights Offer, the Rights Offer will have no effect on the control of Azure. However, the proportional shareholding of shareholders who are not residents in Australia and New Zealand may be diluted as those shareholders are not entitled to participate in the Rights Offer. Additionally, if an Eligible Shareholder does not take up their entitlement in full under the Rights Offer there may be a dilutionary effect on that shareholder's proportionate shareholding in Azure.

As at the date of the Offer Document, the following four shareholders of Azure are the only shareholders who have notified the Company that they are substantial shareholders (**Existing Substantial Shareholders**).

The table below is intended to illustrate the maximum potential effect the Placement and the Rights Offer could have on the control of the Company held by the Existing Substantial Shareholders in the event that only the Existing Substantial Shareholders take up their full entitlement under the Rights Offer.

The table below assumes that there is no take up of any entitlements by any other Eligible Shareholders under the Rights Offer other than the Existing Substantial Shareholders. The table below also disregards the effect of any placement of shortfall shares under the Rights Offer¹.

Name	Number of Shares held (prior to Placement)	Voting power % (prior to Placement)	Number of Shares held (post Placement) ²	Voting power % (post Placement)	Number of Shares held (completion of Rights Offer)	Voting power % (completion of Rights Offer)
Mr Robert Edward Grey	37,409,178	19.72%	43,023,464	19.72%	44,991,036	19.99% ³
National Nominees Limited ACF Australian Ethical Investment	27,690,755	14.60%	35,190,755	16.13%	37,536,805	16.68%
Asia Pac Technology Pty Ltd	19,750,902	10.41%	27,250,972	12.49%	29,067,629	12.92%
Bill Brooks Pty Ltd ATF Bill Brooks Superannuation Fund	11,091,491	5.85%	11,091,491	5.08%	11,830,924	5.26%

The Directors of Azure do not believe that the potential effect on the control of Azure as outlined in the above table will have any material consequences, given that control of Azure would not differ materially from the existing control of Azure as at the date of this notice.

The effect of the Rights Offer, and in particular, the effect of the placement of any shortfall shares, on control of the Company are further mitigated for the following reasons:

- (i) No nominee will be appointed for the purposes of section 615 of the Corporations Act and accordingly an Eligible Shareholder is not permitted to acquire New Shares under the Rights Offer if the acquisition results in the Eligible Shareholder having a voting power in the Company in excess of 20% on a post Rights Offer basis.
- (ii) Any shortfall shares will be placed to a spread of Eligible Shareholders if possible and no shortfall shares will be issued or allotted to any Eligible Shareholder which would result in that Eligible Shareholder having a voting power in the Company in excess of 20% on a post Rights Offer basis.
- (iii) The Company will not allocate or issue additional shares under the shortfall offer, where it is aware that to do so would result in a breach of the Corporations Act, the ASX Listing Rules, or any other relevant legislation.

¹ The table assumes that the current shareholdings of the Existing Substantial Shareholders does not alter between the date of the Rights Offer and the Record Date.

² Shares under the Placement (as announced to ASX on 24 November 2016) are expected to be issued on 25 November 2016.

³ No nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act, and as such, Eligible Shareholders will not be able to rely on section 611 (Item 10) of the Corporations Act. Accordingly, it is assumed (in the table above) that Mr Robert Edward Grey can apply up to that portion of his entitlement under the Rights Offer, such that his voting power on a post Rights Offer basis does not exceed 20%.

- (iv) The Directors of the Company, in allocating additional shares under the shortfall offer, will do all things reasonably necessary to allocate additional shares on a basis that mitigates any control implications on the Company.

In the event of a shortfall, the Directors of Azure reserve the right to place the shortfall at their sole discretion in accordance with the allocation policy detailed in the Offer Document (dated 24 November 2016). Acceptance of entitlements or the placement of any shortfall may result in existing shareholders or new investors increasing their interest in the Company or obtaining a substantial interest in the Company. However, the shortfall will only be placed to the extent that such placement is in compliance with the takeover provisions of the Act (including as varied or modified by CI 2016/84). No additional shares will be issued to any Eligible Shareholders if, in the view of the Directors of Azure, the issue would increase that Eligible Shareholder's voting power above 20%. Accordingly, the issue of additional shares under the shortfall offer is not expected to have any effect on the control of the Company.

For further information please contact:

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About Azure Healthcare Limited (ASX:AZV)

Azure Healthcare Limited is an international provider of healthcare communication and clinical workflow management solutions. The company is headquartered in Australia, has subsidiaries in six countries and supports healthcare facilities through our global reseller network which includes growing markets in health, aged care and remand care. Azure Healthcare services markets including Australia, New Zealand, Canada, UK, USA, Asia and the Middle East. For further information please refer to the Company's website www.azurehealthcare.com.au