

ASX ANNOUNCEMENT

20 February 2017

CAPITOL ENTERS DIAGNOSTIC IMAGING CONSULTING AND CLINIC MANAGEMENT JOINT VENTURE IN CHINA

Capitol Health Limited (ASX:CAJ) ("Capitol" or the "Company") is pleased to announce that further to its announcement regarding its China MOU in June 2016, it has entered into an equity joint venture agreement ("JV") 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. The name of Joint Venture is China-Australia Medical Imaging (Shenzhen) Co., Ltd. ("CAMI").

CITIC Pharmaceutical, a majority controlled subsidiary of CITIC Medical and Health Group Co., Ltd (a wholly owned subsidiary of CITIC Group), is a large comprehensive pharmaceutical enterprise integrating medicine supply to hospitals, cross-regional commercial distribution, medical investment, medical instruments and consumables sales, and a medicine retailing service.

Zhouxin is a premium healthcare chain headquartered in Xiamen, Fujian province, China. CITIC Pharmaceutical is a shareholder in Zhouxin. Zhouxin is a market leader in cardiovascular MRI. Zhouxin offers health services including healthcheck, medication, healthcare, senior care, and a health club for very high net worth patients, called Top Boss.

Capitol will own a 30% stake in the JV contributing RMB3 million (approximately AUD\$600,000), CITIC Pharmaceutical will own 60%, Zhouxin will own 10%, and combined, will contribute RMB7 million. The agreement also provides Capitol with an option at Capitol's discretion to take ownership stakes in new diagnostic imaging centers to be under management. As the JV will establish greenfield imaging centres it is not expected to generate earnings during the FY17 period.

CAMI's early diagnostic imaging centers are planned for opening in 2017 in cities where CITIC already own hospitals that will generate patient referrals.

The JV represents a further step in Capitol's broader strategy to participate in the fast growing Chinese diagnostic imaging market. The recent Chinese Government healthcare reform resulted in substantial growth in the private healthcare industry in China. It has seen growth in private hospitals, private pathology operations, private health check networks, and more recently the approval for private independent diagnostic imaging centers.

Andrew Harrison, Managing Director, noted, "China represents a significant opportunity for Capitol to leverage our world class medical staff and experience in design, development and operations of Diagnostic Imaging Centres. The growth in China's private healthcare sector, along with the recent reforms allowing Diagnostic Imaging Centres to operate privately outside of hospitals, provides a solid market entry opportunity for Capitol. This JV represents a source of revenue not reliant on Australian regulation, and the opportunity to work with two major Chinese companies to better understand the market, before any decision is taken regarding an investment in clinic ownership."

For more information, please contact:

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About Capitol Health

Capitol Health is a leading provider of diagnostic imaging and related services to the Australian healthcare market. Headquartered in Melbourne, Victoria the Company owns and operates throughout Victoria and New South Wales. 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

About CITIC

CITIC Group, founded in 1979, is a pioneer in China's economic reforms and opening-up to the rest of the world, through the introduction of overseas capital, technological know-how, and managerial expertise to China. It has also been one of the leaders in China's endeavor to transit to a market-oriented economy, contributing to China's economic development as well as building a good reputation at home and abroad. Currently CITIC has grown into a large global multi-business group and the biggest conglomerate of China. In August, 2014, CITIC Group injected its majority assets into CITIC Pacific, its Hong Kong-listed subsidiary, which was sequentially renamed as CITIC Limited (HK:00267). CITIC Limited is the one of the largest state owned multinational conglomerates in China with over 750,000 employees and offices in 180 cities worldwide. Businesses include financial services, resources and energy, engineering contracting, manufacturing and healthcare, as well as other businesses both in China and overseas.

CITIC Ltd had revenue in FY2015 of HKD416.8B (AUD73.7B), total comprehensive income of HKD28.1 billion (AUD4.97B), total assets of HKD6,803B (AUD 1,202.8B), and a market capitalisation of HKD326.38B (AUD55.5B). It is ranked 160 in global Fortune 500 (2014). Its subsidiary, CITIC Medical & Health Group Co., Ltd (CITIC Medical), controls 9 hospitals in China, including mainland China's leading IVF hospital, and plans further expansion in the growing healthcare sector. CITIC Medical provides medical management, health management, medicine, and elderly caring services in China. The company offers health check, insurance, medicare, health preserving, and senior care services to high-end clients from newborn babies to the elderly. CITIC Medical was formerly known as CITIC Shenzhen Investment Group Co., Ltd, and changed its name to CITIC Medical & Health Group Co., Ltd in June 2011, moving to Beijing. The company was founded in 1987 in Shenzhen , China.

About Zhouxin

Zhouxin Health is a high-end healthcare centre chain headquartered in Xiamen, Fujian province, China. The operating subsidiary is Xiamen Zhouxin Medical Imaging Co., Ltd and its Health Check Centre in Xiamen is surrounded by landmarks such as International Exhibition Center, Taiwan and Mainland Financial Center. The center covers 3,500 square meters on the first and second floors of the Jingtū Building.

Zhouxin is a market leader in cardiovascular MRI. With an emphasis on "Green & Noninvasive" approaches, Zhouxin offers the most advanced high-resolution Magnetic Resonance Imaging (MRI) and Cloud Computing technologies available, including from SIEMENS and GE.. Additionally, the early whole body screening for tumors and a personalised health management plan help provide the best health service for customers at home and abroad.