

ASX ANNOUNCEMENT

27 November 2017

Share capital reduction – Section 258F to enable future franked dividend payments

Capitol Health Limited (**Capitol**) advises that the Board has resolved to reduce Capitol's share capital by \$6,827,000 in accordance with Section 258F of the Corporations Act. The capital reduction will have the effect of reducing the share capital account and reducing Capitol's accumulated accounting losses. This is a technical adjustment which does not require shareholder approval and allows the Company to pay future franked dividends.

The capital reduction has no impact on Capitol's assets, net assets, financial results, cash flow or funding or that of the Capitol Group. The number of shares on issue will not change as a result of the capital reduction.

Under section 258F(1) of the Corporations Act, a company may reduce its share capital without shareholder approval by cancelling any paid-up share capital that is not represented by available assets. The deficiency in Capitol's assets arose as a result of the impairment and subsequent sale of the NSW radiology businesses.

Capitol is required to make the following disclosures to shareholders under ASX Listing Rule 7.20:

- The capital reduction will have no effect on the number of issued securities, and
- There are no fractional entitlements arising from the capital reduction.

For further 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 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.