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* Associated Firm

** In cooperation with
Trench, Rossi e Watanabe
Advogados

11 October 2019

ASX Market Announcements Office

Dear Sirs

HMS Substantial Holder Notice - MDR

We act on behalf of HMS Holdings Corp. and its subsidiaries including Health Management Systems, Inc.

HMS has become a substantial shareholder in MedAdvisor Limited (ASX code: MDR).

We attach on HMS's behalf a Notice of Initial Substantial Holder (Form 603).

Yours sincerely



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Form 603

Corporations Act 2001

Section 671B

Notice of initial substantial holder

To Company Name/Scheme MedAdvisor Limited

ACN/ARSN 145 327 617

1. Details of substantial holder (1)

Name HMS Holdings Corp. and its subsidiaries listed in Annexure A

ACN (if applicable) N/A

The holder became a substantial holder on 11 October 2019

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate⁽²⁾ had a relevant interest⁽³⁾ in on the date the substantial holder became a substantial holder are as follows:

Class of securities ⁽⁴⁾	Number of securities	Persons' votes ⁽⁵⁾	Voting power ⁽⁶⁾
Fully paid ordinary shares	220,000,000	220,000,000	12.80%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest ⁽⁷⁾	Class and number of securities
Health Management Systems, Inc.	<p>Registered holder of securities (paragraph 608(1)(a) of the <i>Corporations Act</i> 2001 (Cth)).</p> <p>The holder obtained its relevant interest by way of a share subscription at completion of the share issue, following the Company's ASX announcement of the proposed share issue on 7 October 2019.</p> <p>The shares are held in accordance with the Director, Anti-Dilution and Lock-Up Terms agreed with the Company in the form set out in Annexure B.</p>	220,000,000 fully paid ordinary shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder ⁽⁸⁾	Class and number of securities
Health Management Systems, Inc.	Health Management Systems, Inc.	Health Management Systems, Inc.	220,000,000 fully paid ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the 4 months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration ⁽⁹⁾		Class and number of securities
		Cash	Non-cash	
Health Management Systems, Inc.	11 October 2019	\$11,000,000	N/A	220,000,000 fully paid ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Health Management Systems, Inc.	Health Management Systems, Inc. is a wholly owned subsidiary (and therefore a related body corporate) of HMS Holdings Corp.

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Health Management Systems, Inc.	5615 High Point Drive, Irving, Texas 75038, United States
HMS Holdings Corp.	5615 High Point Drive, Irving, Texas 75038, United States


Signature

Signed on behalf of Substantial Holder

print name: Jeffrey S. Sherman

capacity: Executive Vice President,
Chief Financial Officer
and Treasurer

sign here



date 11 / 10 / 2019

Directions

- If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- See the definition of "associate" in section 9 of the Corporations Act 2001.
- See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- The voting shares of a company constitute one class unless divided into separate classes.
- The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- Include details of:
 - any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- Details of the consideration must include any and all benefit, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure A referred to in the Form 603 - Notice of initial substantial holder of HMS Holdings Corp. dated 11 October 2019

Signature: 

Name: Jeffrey S. Sherman

Date: 11 / 10 / 2019

Title: Executive Vice President, Chief Financial Officer & Treasurer


Subsidiaries

The following is a list of subsidiaries of HMS Holdings Corp.

Name of subsidiary	Address
Health Management Systems, Inc.	5615 High Point Dr., Irving, Texas 75038, United States
IntegriGuard, LLC	1121 N. 102 Court, Ste. 202, Omaha, Nebraska 68114, United States
Permedion, Inc.	5615 High Point Dr., Irving, Texas 75038, United States
HealthDataInsights, Inc.	9275 W. Russell Rd., Ste. 300, Las Vegas, Nevada 89148, United States
Reimbursement Services Group Inc.	5615 High Point Dr., Irving, Texas 75038, United States
HMS Care Analytics, Inc.	5615 High Point Dr., Irving, Texas 75038, United States
VitreosHealth, Inc.	5615 High Point Dr., Irving, Texas 75038, United States
VitreosHealth (India) Private Limited	1-72/3/19 to 49/VC/7D, 7th Flr, Vaishnavi Cynosure P/19, Sy.no.18, Telecom Nagar Extension, Gachibowli Hyderabad Rangareddi TG 500032 India
Essette, Inc.	5615 High Point Dr., Irving, Texas 75038, United States
Eliza Holding Corp.	5615 High Point Dr., Irving, Texas 75038, United States
Eliza Corporation	5615 High Point Dr., Irving, Texas 75038, United States
ElizaLive, Inc.	5615 High Point Dr., Irving, Texas 75038, United States

Annexure B

This is Annexure B referred to in the Form 603 - Notice of initial substantial holder of HMS Holdings Corp. dated 11 October 2019

Signature: 

Name: Jeffrey S. Sherman

Date: 11 / 10 / 2019

Title: Executive Vice President, Chief Financial Officer & Treasurer

Health Management Systems, Inc (the Subscriber) Investment in MedAdvisor Limited (the Company) Director, Anti-Dilution and Lock-Up Terms

1. Director Terms

- 1.1 The Company agrees to appoint the Subscriber's nominee as a director with effect from the date of completion of the Subscriber's share subscription in the Company.
- 1.2 Subject to clauses 1.5 to 1.7, the Company must ensure that its board takes all reasonable steps to recommend unanimously the re-election of the Subscriber's nominee to the board as director at any general meeting of the Company at which that nominee is standing for re-election, except to the extent any director of the Company acting in good faith, after having obtained written advice from the Company's external legal advisers, determines that such recommendation would, or would be likely to, involve a breach of the director's fiduciary or statutory duties or a breach of a regulatory requirement, subject to the relevant nominee satisfying the eligibility requirements under the Constitution, Corporations Act, ASX Listing Rules and applicable policies, charters and procedures adopted by the Company, in each case relating to the re-election as a director of the Company.
- 1.3 Subject to clauses 1.5 to 1.7, if a nominee appointed under clauses 1.1 to 1.3 ceases to be a director of the Company for any reason, the Company must ensure that:
 - (a) the Company board appoints another individual nominated by the Subscriber as a nominee to the board as a director; and
 - (b) the board takes all reasonable steps to recommend unanimously the election or re-election of the replacement nominee as a director at any general meeting of the Company at which that replacement nominee is standing for election or re-election, except to the extent any director of the Company, acting in good faith, after having obtained written advice from the Company's external legal advisers, determines that such recommendation would, or would be likely to, involve a breach of the director's fiduciary or statutory duties or a breach of a regulatory requirement,

subject to the relevant nominee satisfying the eligibility requirements under the Constitution, Corporations Act, ASX Listing Rules and applicable policies, charters and procedures adopted by the Company, in each case relating to the appointment or election as a director of the Company.
- 1.4 Subject to clauses 1.5 to 1.7, the Subscriber may, at any time and in its absolute discretion, remove a nominee and nominate a replacement nominee, in respect of whom the Company's obligations pursuant to clause 1.3 will apply.
- 1.5 If the Subscriber fails to maintain a minimum 8% shareholding in the Company, and that failure continues for three consecutive months:
 - (a) the operation of clauses 1.2 to 1.4 will cease; and

- (b) the Subscriber will immediately procure that the Subscriber nominee tenders to the Company a resignation with immediate effect.

1.6 The Company will not pay any fees to the nominee acting as a director.

1.7 Prior to the appointment of the nominee by the Company, the nominee must provide a consent to act and enter into documents that are customary for the appointment of a director of an ASX listed company (such as a letter of appointment).

1.8 The Subscriber may, by providing written notice to the Company, declare that this clause 1 is of no further force and effect with effect from the date of the notice.

1.9 The Subscriber must not (and must procure that its affiliates do not), either alone or together with one or more securityholders of the Company:

- (a) requisition a general meeting of the Company's securityholders;
- (b) call a general meeting of the Company's securityholders; or
- (c) propose to move a resolution at a general meeting of the Company's securityholders,

whether in accordance with sections 249D, 249F or 249N of the Corporations Act or otherwise) if the purpose (or one of the purposes) of the meeting or resolution is to consider and vote on the appointment or removal of a director of the Company.

2. Anti-Dilution Terms

2.1 The Company must:

- (a) promptly provide the Subscriber with a draft application for a waiver of ASX Listing Rule 6.18 to allow the Company to comply with its obligations, and for the Subscriber to exercise its rights, under this clause 2 (**ASX Waiver**);
- (b) include all reasonable comments that the Subscriber provides on the draft application for the ASX Waiver, provided those comments are received promptly;
- (c) lodge the final application for the ASX Waiver promptly thereafter and provide a copy to the Subscriber as lodged;
- (d) use reasonable endeavours to ensure that the ASX Waiver is granted as soon as practicable; and
- (e) keep the Subscriber reasonably informed of the progress of the ASX Waiver, including providing:
 - (i) copies of all material correspondence with the ASX relating to the ASX Waiver; and
 - (ii) updates on any circumstances which may prevent the ASX Waiver being granted on the terms applied for.

2.2 The Subscriber must use its best endeavours to assist the Company in obtaining the ASX Waiver.

2.3 Subject to clause 2.4 and subject to any necessary regulatory approvals (including the ASX Waiver being obtained from ASX), if the Company issues any new shares:

- (a) the Company must also offer the Subscriber (on the same terms of issue including as to price, other than where the offer occurs for the purposes set out in clause 2.4(c)) the number of shares equivalent to the Subscriber's pro rata entitlement such that the percentage holding of the Subscriber in the issued capital of the Company will not reduce below 12.5% of the Company's shares on issue, subject to adjustment under clause 2.5 (**Shareholding Threshold**); and

- (b) subject to clause 2.4, it is agreed by both the Subscriber and the Company that the objective of this clause 2.3 is to enable the Subscriber to ensure that its percentage shareholding in the Company held at the time of any issue of new shares is not diluted to below the Shareholding Threshold.

2.4 The obligation on the Company in clause 2.3 does not apply to any issue of new shares if:

- (a) the share issue would not result in the Subscriber's percentage holding being reduced to below the Shareholding Threshold;
- (b) after the Subscriber is provided with the opportunity to participate in an offer in accordance with clause 2.3(a), the Subscriber elects to not take up the offer for the Subscriber to maintain the Shareholding Threshold;
- (c) the issue is an issue of shares under an employee incentive scheme, including on the conversion of any convertible securities issued under any such employee incentive scheme, provided that in either case if that issue causes the Subscriber's shareholding in the Company to decrease below the Shareholding Threshold, then the Company will, to enable the Subscriber to maintain the Shareholding Threshold either offer to the Subscriber new shares for subscription, or facilitate a share transfer, at, or approximate to, the 30 trading day VWAP of the Company's shares up to the time of issue of the relevant shares or as otherwise agreed (**Market Price**), and the Subscriber will have seven days to accept that offer;
- (d) the issue is an issue of shares under a dividend or distribution plan;
- (e) the issue is an issue of shares made as provision of consideration (in whole or in part) for the acquisition of an asset where:
 - (i) that issue would result in the Subscriber's percentage holding in the issued capital of the Company being reduced to no less than 10%; and
 - (ii) the Company's board has resolved that:
 - (A) the acquisition will not involve a capital raising by the Company; and
 - (B) the offer of shares to the Subscriber under clause 2.3(a), in the board's opinion, may be unnecessarily slow or impact the ability of the Company to enter into the transaction.

For the avoidance of doubt, if the issue of shares for an asset acquisition would result in the Subscriber's percentage holding in the issued capital of the Company being reduced to less than 10%, then this exception would not apply, and the Company's obligations in clause 2.3 would apply;

- (f) the issue is an issue of shares made as provision of consideration (in whole or in part) for the acquisition of an entity by way of takeover or scheme of arrangement by the Company or a Related Body Corporate (as defined in the Corporations Act);
- (g) the Subscriber ceases to maintain a minimum of the Shareholding Threshold and that failure continues for three consecutive months;
- (h) such issue of new shares to the Subscriber requires the approval of shareholders of the Company under any applicable law or ASX Listing Rule and such shareholder approval is not obtained (provided the Company used its best endeavours to seek and obtain such approval); or
- (i) the issue is an issue of shares of less than 1% of the Company's share capital.

2.5 Adjustment to threshold

- (a) If the Company issues shares for the purposes of an acquisition contemplated in clause 2.4(e), then the Shareholding Threshold will be reduced to the percentage shareholding held by the Subscriber following that share issue.

- (b) If an adjustment occurs in accordance with clause 2.5(a), if requested by the Subscriber in writing, the parties will engage in good faith negotiations for the Company to offer the Subscriber new shares for subscription, or facilitate a share transfer, at or around the Market Price to ensure that the Subscriber's percentage shareholding increases to a new shareholding threshold as agreed by the parties, which will be no more than 12.5%.

3. Lock-Up

3.1 Restrictions

The Subscriber covenants and agrees that it shall not, during a period of 9 months after the issue of the relevant subscription shares in the Company to the Subscriber (**Lock-Up Period**), without the prior written consent of the Company:

- (a) sell, transfer, dispose of, or agree or offer to sell, transfer or dispose of, any of the subscription shares;
- (b) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the subscription shares;
- (c) disclose any intention, plan or arrangement inconsistent with sub-clauses (a) and (b); or
- (d) advise, assist or encourage any other person in connection with sub-clauses (a) to (c).

3.2 Holding lock

To give effect to the restrictions under clause 3.1, the Subscriber agrees to the application by the Company's share registry of a holding lock to the subscription shares for the Lock-Up Period.