

**Form 603**  
Corporations Act 2001  
Section 671B

## Notice of initial substantial holder

To Company Name/Scheme Integral Diagnostics Limited (*Integral*)

ACN/ARSN ACN 130 832 816

### 1. Details of substantial holder (1)

Name This notice is given by Capitol Health Limited (***Capitol Health***) on its own behalf, and on behalf of each of the entities described in **Annexure A (*Controlled Entities*)**.

ACN/ARSN (if applicable) ACN 117 391 812

The holder became a substantial holder on 29/11/2017

### 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 | Person's votes (5) | Voting power (6)                                           |
|--------------------------------------------------------------------------|----------------------|--------------------|------------------------------------------------------------|
| Fully paid ordinary shares in Integral ( <b><i>Integral Shares</i></b> ) | 21,230,877           | 21,230,877         | 14.638%<br>(based on 145,044,157 Integral Shares on issue) |

### 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 |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Capitol Health              | Capitol Health has a relevant interest under s608(1)(c) and 608(8) of the <i>Corporations Act 2001</i> (Cth) ( <b><i>Corporations Act</i></b> ) pursuant to the Pre-Bid Acceptance Agreement dated 28 November 2017 between Capitol Health and Microequities Asset Management Pty Ltd ( <b><i>Microequities</i></b> ), a copy of which is attached to this notice as Annexure B ( <b><i>Microequities Agreement</i></b> ). | 2,900,000 Integral Shares      |
| Capitol Health              | Capitol Health has a relevant interest under s608(1)(c) and 608(8) of the <i>Corporations Act</i> pursuant to the Pre-Bid Acceptance Agreement dated 28 November 2017 between Capitol Health and Adam Smith Asset Management Pty Ltd ( <b><i>Adam Smith</i></b> ), a copy of which is attached to this notice as Annexure C ( <b><i>Adam Smith Agreement</i></b> ).                                                        | 4,713,935 Integral Shares      |
| Capitol Health              | Capitol Health has a relevant interest under s608(1)(c) and 608(8) of the <i>Corporations Act</i> pursuant to the Pre-Bid Acceptance Agreement dated 28 November 2017 between Capitol Health and Wilson Asset Management (International) Pty Limited ( <b><i>WAM</i></b> ), a copy of which is attached to this notice as Annexure D ( <b><i>WAM Agreement</i></b> ).                                                      | 6,177,011 Integral Shares      |
| Capitol Health              | Capitol Health has a relevant interest under s608(1)(c) and 608(8) of the <i>Corporations Act</i> pursuant to the Pre-Bid Acceptance Agreement dated 28 November 2017 between Capitol Health and Regal Funds Management Pty Limited, a copy of which is attached to this notice as Annexure E ( <b><i>Regal Agreement</i></b> ).                                                                                           | 7,439,931 Integral 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 |
|-----------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|
| Capitol Health              | Microequities                   | Microequities. Capitol Health or a Controlled Entity will become entitled to be registered as holder of the securities pursuant to the Microequities Agreement. | 2,900,000 Integral Shares      |
| Capitol Health              | Adam Smith                      | Adam Smith. Capitol Health or a Controlled Entity will become entitled to be registered as holder of the securities pursuant to the Adam Smith Agreement.       | 4,713,935 Integral Shares      |
| Capitol Health              | WAM                             | WAM. Capitol Health or a Controlled Entity will become entitled to be registered as holder of the securities pursuant to the WAM Agreement.                     | 6,177,011 Integral Shares      |
| Capitol Health              | Regal                           | Regal. Capitol Health or a Controlled Entity will become entitled to be registered as holder of the securities pursuant to the Regal Agreement.                 | 7,439,931 Integral Shares      |

#### 5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four 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 |                                |
| Capitol Health              | 28 November 2017    | As specified in the Microequities Agreement. |          | 2,900,000 Integral Shares      |
| Capitol Health              | 28 November 2017    | As specified in the Adam Smith Agreement.    |          | 4,713,935 Integral Shares      |
| Capitol Health              | 28 November 2017    | As specified in the WAM Agreement.           |          | 6,177,011 Integral Shares      |
| Capitol Health              | 28 November 2017    | As specified in the Regal Agreement.         |          | 7,439,931 Integral 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                                                                    |
|-----------------------------------|------------------------------------------------------------------------------------------|
| Each of the Controlled Entities   | Each of the Controlled Entities is a body corporate that is controlled by Capitol Health |

#### 7. Addresses

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

| Name           | Address                                                                        |
|----------------|--------------------------------------------------------------------------------|
| Capitol Health | Level 3, 81 Lorimer Street, Docklands, VIC 3008                                |
| Microequities  | Suite 3105 Level 31, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000 |
| Adam Smith     | Level 10, 6 O'Connell Street, Sydney NSW 2000                                  |

|       |                                                       |
|-------|-------------------------------------------------------|
| WAM   | Level 11, 139 Macquarie Street, Sydney NSW 2000       |
| Regal | Level 47, Gateway, 1 Macquarie Place, Sydney NSW 2000 |

## Signature

**Signed on behalf of Capitol Health and each of the Controlled Entities**

print name Andrew Harrison

capacity Chief Executive Officer

sign here



date 29 November 2017

### DIRECTIONS

- (1) 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.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) 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.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) 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 a 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
  - (b) 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.
- (8) 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."
- (9) Details of the consideration must include any and all benefits, moneys 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.

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**Annexure B**

This is Annexure "B" of 15 pages referred to in the accompanying Form 603.

**Signature on behalf of Capitol Health and each of the Controlled Entities**

|            |                                                                                   |          |                         |
|------------|-----------------------------------------------------------------------------------|----------|-------------------------|
| print name | Andrew Harrison                                                                   | capacity | Chief Executive Officer |
| sign here  |  | date     | 29 November 2017        |

28 November 2017

Microequities Asset Management  
Suite 3105 Level 31  
Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

**Attention: Mr Carlos Gil**

Dear Carlos,

### **Integral Diagnostics Limited**

This letter agreement sets out the terms on which you, Microequities Asset Management (ABN 96134984768) (**Target Vendor Shareholder**), agree to accept the offers to be made to Target Vendor Shareholder (the **Offers**) under an off-market takeover bid (the **Bid**) proposed to be made by Capitol Health Limited (ACN 117 391 812) (**CHL**) or one of its wholly owned Subsidiaries (CHL or such Subsidiary being referred to as **Bidder**) for all of the issued shares in Integral Diagnostics Limited (ACN 130 832 816) (**Target**). Capitalised terms in this letter agreement have the meaning given to them in Schedule 2 to this letter agreement, unless the context requires otherwise.

#### **1 Consideration**

In consideration of the payment of the sum of A\$10.00 (receipt of which is acknowledged), Target Vendor Shareholder agrees with CHL that Target Vendor Shareholder will accept, or procure the acceptance of, the Offers in respect of 2,900,000 fully paid ordinary shares in Target (the **Acceptance Shares**), comprising 2.00% of Target's issued shares as at the date of this letter agreement, on the terms set out in this letter agreement.

#### **2 Terms of the Offers**

The principal terms and conditions of the Offers, which will be made under the *Corporations Act 2001 (Cth)* (**Corporations Act**), are set out in Schedule 1 to this letter agreement. Bidder is permitted to vary the terms and conditions of the offers under the Bid (including the Offers), provided that the varied terms and conditions are not substantially less favourable to shareholders of Target than those set out in Schedule 1. Bidder also has the right, subject to the Corporations Act, to vary or waive any condition of the offers under the Bid (including the Offers), declare those offers unconditional or extend the period of those offers at any time.

#### **3 Acceptance Arrangements**

- (a) Target Vendor Shareholder undertakes to CHL to accept, or procure the acceptance of, the Offers in respect of all of the Acceptance Shares not later than 5pm on the business day specified in a notice given in accordance with paragraph 3(b) (**Acceptance Provision Notice**) from CHL or Bidder to Target Vendor Shareholder requiring that the Offers be accepted in respect of the Acceptance Shares:
  - (i) on the business day specified in the Acceptance Provision Notice by CHL or Bidder, provided that such business day must not be earlier than the business day immediately following the date of delivery of the Acceptance Provision Notice; and
  - (ii) otherwise in accordance with this letter agreement.
- (b) An Acceptance Provision Notice may only be given by CHL or Bidder on or after the business day (the **First Acceptance Provision Notice Date**):

- (i) that is the fifth business day following release of the Target's Statement in circumstances where no Superior Proposal has been announced prior to that date; or
- (ii) if:
  - (A) a Superior Proposal is announced prior to the business day referred to in paragraph 3(b)(i); and
  - (B) that Superior Proposal is at least matched by Bidder varying the Offers in accordance with the Corporations Act to offer consideration under the Offers that is at least equivalent to the Price under the Superior Proposal before 5pm on the later of:
    - (1) the 10th business day after the Superior Proposal is announced; and
    - (2) the fifth business day on which the offers under the Superior Proposal are capable of acceptance (if applicable); and
  - (C) no other Superior Proposal is announced before the expiry of five business days after any date on which Bidder varies the Offers as contemplated by paragraph 3(b)(ii)(B),  
 immediately after the expiration of the five business day period referred to in paragraph 3(b)(ii)(C).
- (c) Target Vendor Shareholder will not subsequently withdraw any acceptance of the Offers in respect of any of the Acceptance Shares, and will procure that no acceptance of the Offers in respect of any of the Acceptance Shares is subsequently withdrawn, once given.
- (d) Target Vendor Shareholder will do, and will procure that its related bodies corporate do, everything (including execute and deliver any document) that CHL or Bidder may reasonably require to give full effect to the terms of paragraphs 1 and 3 of this letter agreement.

#### **4 Restrictions on Dealing**

Target Vendor Shareholder will not, and will procure that its related bodies corporate do not, dispose of (including by the creation of a security interest in respect of) any Acceptance Shares, other than pursuant to the Offers in accordance with this letter agreement.

Nothing in this letter agreement affects any right of Target Vendor Shareholder or any of its related bodies corporate to dispose of, or to exercise voting rights in respect of, shares in Target which are in excess of the number of the Acceptance Shares.

#### **5 No Solicitation**

Target Vendor Shareholder undertakes to CHL that neither it nor any of its associates will:

- (a) approach or solicit inquiries from any person other than CHL in relation to a proposal to acquire, deal with or execute any rights in relation to any or all of the applicable Acceptance Shares; or
- (b) participate in any discussions or negotiations, provide any information or take any other action to facilitate any such person making such a proposal.



## 6 Termination

- (a) The obligations in paragraphs 1, 3, 4 and 5 of this letter agreement (other than the obligation not to withdraw any acceptance of the Offers that has been given in respect of the Acceptance Shares) will cease to be enforceable if:
  - (i) Bidder does not announce an intention to make offers under the Bid (including the Offers) within two business days after executing this letter agreement;
  - (ii) Bidder does not dispatch offers under the Bid (including the Offers) to Target Shareholders within the time period specified by section 631(1) of the Corporations Act or any extension of that time period granted by ASIC;
  - (iii) subject to paragraph 6(b), a Superior Proposal (as defined in Schedule 2 to this letter agreement) is announced and is not at least matched by Bidder varying the Offers in accordance with the Corporations Act to offer consideration under the Offers that is at least equivalent to the Price under the Superior Proposal before 5pm on the later of:
    - (A) the 10<sup>th</sup> business day after the Superior Proposal is announced; and
    - (B) the 5<sup>th</sup> business day on which the offers under the Superior Proposal are capable of acceptance (if applicable),and, after the expiration of that time, Target Vendor Shareholder accepts the Superior Proposal or the Superior Proposal is implemented (as applicable); or
  - (iv) the Offers are no longer capable of acceptance.
- (b) Paragraph 6(a)(iii) will cease to have any force or effect if no Superior Proposal has been announced by the First Acceptance Provision Notice Date.
- (c) If a Superior Proposal which is validly accepted in respect of the Acceptance Shares then lapses or is withdrawn before all of its conditions are satisfied or waived, CHL's rights, and Target Vendor Shareholder's obligations, under paragraphs 1, 3, 4 and 5 will again apply and become enforceable.

## 7 Warranties

- (a) Target Vendor Shareholder represents and warrants to CHL that as at:
  - (i) the date of this letter agreement; and
  - (ii) the date of acceptance under paragraph 3,the Acceptance Shares are (or will be, as the case may be) held free and clear of any:
  - (iii) mortgage, pledge, lien or charge;
  - (iv) other right of, or arrangement with, any creditor to have its claim satisfied in priority to other creditors with, or from the proceeds of, any asset;
  - (v) retention of title arrangement; or
  - (vi) other security or preferential interest or arrangement of any kind.
- (b) Target Vendor Shareholder represents and warrants to CHL that:
  - (i) it has full and unfettered power to enter into and perform this letter agreement;
  - (ii) it or its related bodies corporate have the power to control the disposal of the Acceptance Shares; and
  - (iii) it or its related body corporates hold, or will hold at the date of acceptance under paragraph 3, the full beneficial interest in all of the Acceptance Shares and do not



hold any of the Acceptance Shares as trustee or nominee on behalf of any third party or other beneficiary.

## 8 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made under this letter agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:
  - (i) to CHL:

Address: Level 3, 81 Lorimer St,  
Docklands VIC 3008

Fax No: 03 9646 2260

Attention: Mr Andrew Harrison
  - (ii) to Microequities Asset Management:

Address: Suite 3105 Level 31, Governor  
Macquarie Tower, 1 Farrer Place, Sydney,  
NSW, 2000

Fax No: 02 9475 1156

Attention: Mr Carlos Gil
- (c) will be conclusively taken to be duly given or made:
  - (i) in the case of delivery in person, when delivered;
  - (ii) in the case of delivery by post, two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country); and
  - (iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax number or name of recipient and indicating that the transmission has been made without error,

but if the result is that a Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or at a time that is later than 5pm in the place to which the Notice is sent, it will be conclusively taken to have been duly given or made at the start of business on the next business day in that place.

## 9 Governing Law and Jurisdiction

This letter agreement, including the Schedules, is intended to be legally binding and is governed by the laws of Victoria, Australia. In relation to it and related non-contractual matters Target Vendor Shareholder and CHL irrevocably submit to the non-exclusive jurisdiction of courts with jurisdiction there, and waive any right to object to the venue on any ground.

## 10 Confidentiality

Target Vendor Shareholder must keep, and must procure that its related bodies corporate and their respective directors, employees, agents and advisers keep, this agreement and its terms confidential until CHL has lodged a substantial holding notice with Target and the Australian Securities Exchange annexing a copy of this Agreement.

**11 Business Days and Time**

In this letter agreement, a business day means a day that is not a Saturday or Sunday or a public holiday in Melbourne, Victoria, and a reference to time is to the time in Melbourne, Victoria.

**12 Counterparts**

This letter agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

**13 Severability of Provisions**

Any paragraph or term of this letter agreement that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining paragraphs or terms of this letter agreement nor affect the validity or enforceability of that paragraph or term in any other jurisdiction.

**14 Bid**

Nothing in this letter agreement obliges CHL or Bidder to announce or proceed with the Bid or the Offers.

**15 Acceptance**

Please indicate your acceptance of these terms by signing this letter agreement where indicated below.

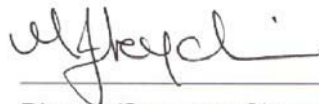
**Executed** in accordance with section 127 of the *Corporations Act 2001* by **Capitol Health Limited** (ACN 117 391 812):



Director Signature

ANDREW HARRISON

Print Name



Director/Secretary Signature

MELANIE LEYDIN

Print Name

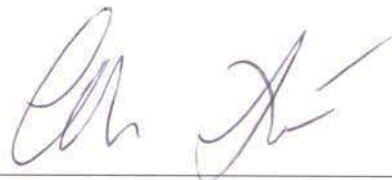
**Signed** on behalf of **Microequities Asset Management** in the presence of:



Witness Signature

SAMUEL GUTMAN

Print Name



Signature

CARLOS GIL

Print Name

## 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.

**Competing Proposal** means:

- (a) a takeover bid, in respect of which a bidder's statement has been lodged with ASIC, in accordance with section 633(2) of the Corporations Act; or
- (b) a scheme of arrangement under Part 5.1 of the Corporations Act, in respect of which a notice of meeting (together with a scheme booklet) has been approved by the Court under section 411(1) of the Corporations Act,

pursuant to which, if ultimately completed, a third party would, directly or indirectly, acquire a relevant interest (as defined in the Corporations Act) in or become the holder of 50.01% or more of Target Shares (including any Target Shares held by that third party or an associate of that third party), in consideration of cash or securities or a combination of cash and securities.

**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.

**Price** means, in respect of a Competing Proposal:

- (a) to the extent that the consideration under the Competing Proposal includes cash, the cash price offered in Australian dollars; plus
- (b) to the extent that the consideration under the Competing Proposal includes securities:
  - (i) in the case of securities which are quoted for trading on a securities exchange, the VWAP per security on the principal exchange on which the securities are traded over the five trading days immediately before the Competing Proposal is announced; or
  - (ii) in any other case, the face value of the security;

- (A) as agreed by CHL or Bidder and Target Vendor Shareholder; or
- (B) in the absence of agreement, as determined by an independent expert (acting as expert and not arbitrator and on behalf of both parties whose decision will be, in the absence of manifest error, final and binding on both parties) the identity of which is agreed by the parties (or, in the absence of agreement, such person as nominated by the Resolution Institute); and
- (c) to the extent that the consideration under the Competing Proposal includes consideration other than cash or securities, the value ascribed to any such consideration shall be zero.

**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.

**Superior Proposal** means a Competing Proposal:

- (a) that is not subject to any condition which is materially more onerous than any of the conditions specified in Schedule 1 to this letter agreement which have not, prior to the time that the Competing Proposal is announced, been waived by CHL or Bidder or satisfied;
- (b) in respect of which, or in respect of the person making the Competing Proposal, Target Vendor Shareholder has not engaged in conduct that is in breach of its obligations under paragraph 5 of this letter agreement; and
- (c) under which the Price offered for each Target Share, as calculated in accordance with the definition of Price in this Schedule 2, exceeds the value of the then current consideration for each Target Share under the Offer by at least 5% (where the value of any securities that comprise such consideration is the VWAP per security on the Australian Securities Exchange over the five trading days immediately before the Competing Proposal is announced, and the value of any cash that comprises such consideration is the cash price offered in Australian dollars).

**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.



**Annexure C**

This is Annexure "C" of 15 pages referred to in the accompanying Form 603.

**Signature on behalf of Capitol Health and each of the Controlled Entities**

|            |                                                                                   |          |                         |
|------------|-----------------------------------------------------------------------------------|----------|-------------------------|
| print name | Andrew Harrison                                                                   | capacity | Chief Executive Officer |
| sign here  |  | date     | 29 November 2017        |

28 November 2017

Adam Smith Asset Management  
Level 10, 6 O'Connell Street  
SYDNEY NSW 2000

Attention: Mr Stephen Atkinson

Dear Stephen,

### **Integral Diagnostics Limited**

This letter agreement sets out the terms on which you, Adam Smith Asset Management (ACN 105 984 003) (**Target Vendor Shareholder**), agree to accept the offers to be made to Target Vendor Shareholder (the **Offers**) under an off-market takeover bid (the **Bid**) proposed to be made by Capitol Health Limited (ACN 117 391 812) (**CHL**) or one of its wholly owned Subsidiaries (CHL or such Subsidiary being referred to as **Bidder**) for all of the issued shares in Integral Diagnostics Limited (ACN 130 832 816) (**Target**). Capitalised terms in this letter agreement have the meaning given to them in Schedule 2 to this letter agreement, unless the context requires otherwise.

#### **1 Consideration**

In consideration of the payment of the sum of A\$10.00 (receipt of which is acknowledged), Target Vendor Shareholder agrees with CHL that Target Vendor Shareholder will accept, or procure the acceptance of, the Offers in respect of 4,713,935 fully paid ordinary shares in Target (the **Acceptance Shares**), comprising 3.25% of Target's issued shares as at the date of this letter agreement, on the terms set out in this letter agreement.

#### **2 Terms of the Offers**

The principal terms and conditions of the Offers, which will be made under the *Corporations Act 2001 (Cth)* (**Corporations Act**), are set out in Schedule 1 to this letter agreement. Bidder is permitted to vary the terms and conditions of the offers under the Bid (including the Offers), provided that the varied terms and conditions are not substantially less favourable to shareholders of Target than those set out in Schedule 1. Bidder also has the right, subject to the Corporations Act, to vary or waive any condition of the offers under the Bid (including the Offers), declare those offers unconditional or extend the period of those offers at any time.

#### **3 Acceptance Arrangements**

- (a) Target Vendor Shareholder undertakes to CHL to accept, or procure the acceptance of, the Offers in respect of all of the Acceptance Shares not later than 5pm on the business day specified in a notice given in accordance with paragraph 3(b) (**Acceptance Provision Notice**) from CHL or Bidder to Target Vendor Shareholder requiring that the Offers be accepted in respect of the Acceptance Shares:
  - (i) on the business day specified in the Acceptance Provision Notice by CHL or Bidder, provided that such business day must not be earlier than the business day immediately following the date of delivery of the Acceptance Provision Notice; and
  - (ii) otherwise in accordance with this letter agreement.
- (b) An Acceptance Provision Notice may only be given by CHL or Bidder on or after the business day (the **First Acceptance Provision Notice Date**):

- (i) that is the fifth business day following release of the Target's Statement in circumstances where no Superior Proposal has been announced prior to that date; or
- (ii) if:
  - (A) a Superior Proposal is announced prior to the business day referred to in paragraph 3(b)(i); and
  - (B) that Superior Proposal is at least matched by Bidder varying the Offers in accordance with the Corporations Act to offer consideration under the Offers that is at least equivalent to the Price under the Superior Proposal before 5pm on the later of:
    - (1) the 10th business day after the Superior Proposal is announced; and
    - (2) the fifth business day on which the offers under the Superior Proposal are capable of acceptance (if applicable); and
  - (C) no other Superior Proposal is announced before the expiry of five business days after any date on which Bidder varies the Offers as contemplated by paragraph 3(b)(ii)(B),  
 immediately after the expiration of the five business day period referred to in paragraph 3(b)(ii)(C).
- (c) Target Vendor Shareholder will not subsequently withdraw any acceptance of the Offers in respect of any of the Acceptance Shares, and will procure that no acceptance of the Offers in respect of any of the Acceptance Shares is subsequently withdrawn, once given.
- (d) Target Vendor Shareholder will do, and will procure that its related bodies corporate do, everything (including execute and deliver any document) that CHL or Bidder may reasonably require to give full effect to the terms of paragraphs 1 and 3 of this letter agreement.

#### **4 Restrictions on Dealing**

Target Vendor Shareholder will not, and will procure that its related bodies corporate do not, dispose of (including by the creation of a security interest in respect of) any Acceptance Shares, other than pursuant to the Offers in accordance with this letter agreement.

Nothing in this letter agreement affects any right of Target Vendor Shareholder or any of its related bodies corporate to dispose of, or to exercise voting rights in respect of, shares in Target which are in excess of the number of the Acceptance Shares.

#### **5 No Solicitation**

Target Vendor Shareholder undertakes to CHL that neither it nor any of its associates will:

- (a) approach or solicit inquiries from any person other than CHL in relation to a proposal to acquire, deal with or execute any rights in relation to any or all of the applicable Acceptance Shares; or
- (b) participate in any discussions or negotiations, provide any information or take any other action to facilitate any such person making such a proposal.



## **6 Termination**

- (a) The obligations in paragraphs 1, 3, 4 and 5 of this letter agreement (other than the obligation not to withdraw any acceptance of the Offers that has been given in respect of the Acceptance Shares) will cease to be enforceable if:
- (i) Bidder does not announce an intention to make offers under the Bid (including the Offers) within two business days after executing this letter agreement;
  - (ii) Bidder does not dispatch offers under the Bid (including the Offers) to Target Shareholders within the time period specified by section 631(1) of the Corporations Act or any extension of that time period granted by ASIC;
  - (iii) subject to paragraph 6(b), a Superior Proposal (as defined in Schedule 2 to this letter agreement) is announced and is not at least matched by Bidder varying the Offers in accordance with the Corporations Act to offer consideration under the Offers that is at least equivalent to the Price under the Superior Proposal before 5pm on the later of:
    - (A) the 10<sup>th</sup> business day after the Superior Proposal is announced; and
    - (B) the 5<sup>th</sup> business day on which the offers under the Superior Proposal are capable of acceptance (if applicable),and, after the expiration of that time, Target Vendor Shareholder accepts the Superior Proposal or the Superior Proposal is implemented (as applicable); or
  - (iv) the Offers are no longer capable of acceptance.
- (b) Paragraph 6(a)(iii) will cease to have any force or effect if no Superior Proposal has been announced by the First Acceptance Provision Notice Date.
- (c) If a Superior Proposal which is validly accepted in respect of the Acceptance Shares then lapses or is withdrawn before all of its conditions are satisfied or waived, CHL's rights, and Target Vendor Shareholder's obligations, under paragraphs 1, 3, 4 and 5 will again apply and become enforceable.

## **7 Warranties**

- (a) Target Vendor Shareholder represents and warrants to CHL that as at:
- (i) the date of this letter agreement; and
  - (ii) the date of acceptance under paragraph 3,
- the Acceptance Shares are (or will be, as the case may be) held free and clear of any:
- (iii) mortgage, pledge, lien or charge;
  - (iv) other right of, or arrangement with, any creditor to have its claim satisfied in priority to other creditors with, or from the proceeds of, any asset;
  - (v) retention of title arrangement; or
  - (vi) other security or preferential interest or arrangement of any kind.
- (b) Target Vendor Shareholder represents and warrants to CHL that:
- (i) it has full and unfettered power to enter into and perform this letter agreement;
  - (ii) it or its related bodies corporate have the power to control the disposal of the Acceptance Shares; and
  - (iii) it or its related body corporates hold, or will hold at the date of acceptance under paragraph 3, the full beneficial interest in all of the Acceptance Shares and do not

hold any of the Acceptance Shares as trustee or nominee on behalf of any third party or other beneficiary.

## 8 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made under this letter agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:
  - (i) to CHL: Address: Level 3, 81 Lorimer St,  
Docklands VIC 3008  
Fax No: 03 9646 2260  
Attention: Mr Andrew Harrison
  - (ii) to Adam Smith Asset Management: Address: Level 10, 6 O'Connell Street,  
Sydney, NSW, 2000  
Fax No: ~~02 9230 1111~~ N/A  
Attention: Mr Stephen Atkinson
- (c) will be conclusively taken to be duly given or made:
  - (i) in the case of delivery in person, when delivered;
  - (ii) in the case of delivery by post, two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country); and
  - (iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax number or name of recipient and indicating that the transmission has been made without error,

but if the result is that a Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or at a time that is later than 5pm in the place to which the Notice is sent, it will be conclusively taken to have been duly given or made at the start of business on the next business day in that place.

## 9 Governing Law and Jurisdiction

This letter agreement, including the Schedules, is intended to be legally binding and is governed by the laws of Victoria, Australia. In relation to it and related non-contractual matters Target Vendor Shareholder and CHL irrevocably submit to the non-exclusive jurisdiction of courts with jurisdiction there, and waive any right to object to the venue on any ground.

## 10 Confidentiality

Target Vendor Shareholder must keep, and must procure that its related bodies corporate and their respective directors, employees, agents and advisers keep, this agreement and its terms confidential until CHL has lodged a substantial holding notice with Target and the Australian Securities Exchange annexing a copy of this Agreement.

**11 Business Days and Time**

In this letter agreement, a business day means a day that is not a Saturday or Sunday or a public holiday in Melbourne, Victoria, and a reference to time is to the time in Melbourne, Victoria.

**12 Counterparts**

This letter agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

**13 Severability of Provisions**

Any paragraph or term of this letter agreement that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining paragraphs or terms of this letter agreement nor affect the validity or enforceability of that paragraph or term in any other jurisdiction.

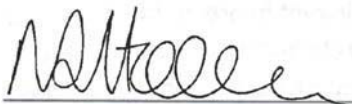
**14 Bid**

Nothing in this letter agreement obliges CHL or Bidder to announce or proceed with the Bid or the Offers.

**15 Acceptance**

Please indicate your acceptance of these terms by signing this letter agreement where indicated below.

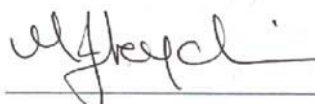
**Executed** in accordance with section 127 of the *Corporations Act 2001* by **Capitol Health Limited** (ACN 117 391 812):



Director Signature

ANDREW HARRISON

Print Name



Director/Secretary Signature

MELANIE LEYDIN

Print Name

**Signed** on behalf of **Adam Smith Asset Management** in the presence of:



Witness Signature

GARTH FRANCIS

Print Name



Signature

STEPHEN ATKINSON

Print Name



## **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.

**Competing Proposal** means:

- (a) a takeover bid, in respect of which a bidder's statement has been lodged with ASIC, in accordance with section 633(2) of the Corporations Act; or
- (b) a scheme of arrangement under Part 5.1 of the Corporations Act, in respect of which a notice of meeting (together with a scheme booklet) has been approved by the Court under section 411(1) of the Corporations Act,

pursuant to which, if ultimately completed, a third party would, directly or indirectly, acquire a relevant interest (as defined in the Corporations Act) in or become the holder of 50.01% or more of Target Shares (including any Target Shares held by that third party or an associate of that third party), in consideration of cash or securities or a combination of cash and securities.

**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.

**Price** means, in respect of a Competing Proposal:

- (a) to the extent that the consideration under the Competing Proposal includes cash, the cash price offered in Australian dollars; plus
- (b) to the extent that the consideration under the Competing Proposal includes securities:
  - (i) in the case of securities which are quoted for trading on a securities exchange, the VWAP per security on the principal exchange on which the securities are traded over the five trading days immediately before the Competing Proposal is announced; or
  - (ii) in any other case, the face value of the security:



- (A) as agreed by CHL or Bidder and Target Vendor Shareholder; or
- (B) in the absence of agreement, as determined by an Independent expert (acting as expert and not arbitrator and on behalf of both parties whose decision will be, in the absence of manifest error, final and binding on both parties) the identity of which is agreed by the parties (or, in the absence of agreement, such person as nominated by the Resolution Institute); and
- (c) to the extent that the consideration under the Competing Proposal includes consideration other than cash or securities, the value ascribed to any such consideration shall be zero.

**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.

**Superior Proposal** means a Competing Proposal:

- (a) that is not subject to any condition which is materially more onerous than any of the conditions specified in Schedule 1 to this letter agreement which have not, prior to the time that the Competing Proposal is announced, been waived by CHL or Bidder or satisfied;
- (b) in respect of which, or in respect of the person making the Competing Proposal, Target Vendor Shareholder has not engaged in conduct that is in breach of its obligations under paragraph 5 of this letter agreement; and
- (c) under which the Price offered for each Target Share, as calculated in accordance with the definition of Price in this Schedule 2, exceeds the value of the then current consideration for each Target Share under the Offer by at least 5% (where the value of any securities that comprise such consideration is the VWAP per security on the Australian Securities Exchange over the five trading days immediately before the Competing Proposal is announced, and the value of any cash that comprises such consideration is the cash price offered in Australian dollars).

**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.

**Annexure D**

This is Annexure "D" of 15 pages referred to in the accompanying Form 603.

**Signature on behalf of Capitol Health and each of the Controlled Entities**

|            |                                                                                   |          |                         |
|------------|-----------------------------------------------------------------------------------|----------|-------------------------|
| print name | Andrew Harrison                                                                   | capacity | Chief Executive Officer |
| sign here  |  | date     | 29 November 2017        |

28 November 2017

Wilson Asset Management  
Level 11, 139 Macquarie Street  
SYDNEY NSW 2000

**Attention: Mr Chris Stott**

Dear Chris,

### **Integral Diagnostics Limited**

This letter agreement sets out the terms on which you, Wilson Asset Management (International) Pty Limited (ABN 89 081 047 118) (**Target Vendor Shareholder**), agree to accept the offers to be made to Target Vendor Shareholder (the **Offers**) under an off-market takeover bid (the **Bid**) proposed to be made by Capitol Health Limited (ACN 117 391 812) (**CHL**) or one of its wholly owned Subsidiaries (CHL or such Subsidiary being referred to as **Bidder**) for all of the issued shares in Integral Diagnostics Limited (ACN 130 832 816) (**Target**). Capitalised terms in this letter agreement have the meaning given to them in Schedule 2 to this letter agreement, unless the context requires otherwise.

### **1 Consideration**

In consideration of the payment of the sum of A\$10.00 (receipt of which is acknowledged), Target Vendor Shareholder agrees with CHL that Target Vendor Shareholder will accept, or procure the acceptance of, the Offers in respect of 6,177,011 fully paid ordinary shares in Target (the **Acceptance Shares**), comprising 4.26% of Target's issued shares as at the date of this letter agreement, on the terms set out in this letter agreement.

### **2 Terms of the Offers**

The principal terms and conditions of the Offers, which will be made under the *Corporations Act 2001 (Cth)* (**Corporations Act**), are set out in Schedule 1 to this letter agreement. Bidder is permitted to vary the terms and conditions of the offers under the Bid (including the Offers), provided that the varied terms and conditions are not substantially less favourable to shareholders of Target than those set out in Schedule 1. Bidder also has the right, subject to the Corporations Act, to vary or waive any condition of the offers under the Bid (including the Offers), declare those offers unconditional or extend the period of those offers at any time.

### **3 Acceptance Arrangements**

- (a) Target Vendor Shareholder undertakes to CHL to accept, or procure the acceptance of, the Offers in respect of all of the Acceptance Shares not later than 5pm on the business day specified in a notice given in accordance with paragraph 3(b) (**Acceptance Provision Notice**) from CHL or Bidder to Target Vendor Shareholder requiring that the Offers be accepted in respect of the Acceptance Shares:
  - (i) on the business day specified in the Acceptance Provision Notice by CHL or Bidder, provided that such business day must not be earlier than the business day immediately following the date of delivery of the Acceptance Provision Notice; and
  - (ii) otherwise in accordance with this letter agreement.
- (b) An Acceptance Provision Notice may only be given by CHL or Bidder on or after the business day (the **First Acceptance Provision Notice Date**):



- (i) that is the fifth business day following release of the Target's Statement in circumstances where no Superior Proposal has been announced prior to that date; or
- (ii) if:
  - (A) a Superior Proposal is announced prior to the business day referred to in paragraph 3(b)(i); and
  - (B) that Superior Proposal is at least matched by Bidder varying the Offers in accordance with the Corporations Act to offer consideration under the Offers that is at least equivalent to the Price under the Superior Proposal before 5pm on the later of:
    - (1) the 10th business day after the Superior Proposal is announced; and
    - (2) the fifth business day on which the offers under the Superior Proposal are capable of acceptance (if applicable); and
  - (C) no other Superior Proposal is announced before the expiry of five business days after any date on which Bidder varies the Offers as contemplated by paragraph 3(b)(ii)(B),  
 immediately after the expiration of the five business day period referred to in paragraph 3(b)(ii)(C).
- (c) Target Vendor Shareholder will not subsequently withdraw any acceptance of the Offers in respect of any of the Acceptance Shares, and will procure that no acceptance of the Offers in respect of any of the Acceptance Shares is subsequently withdrawn, once given.
- (d) Target Vendor Shareholder will do, and will procure that its related bodies corporate do, everything (including execute and deliver any document) that CHL or Bidder may reasonably require to give full effect to the terms of paragraphs 1 and 3 of this letter agreement.

#### **4 Restrictions on Dealing**

Target Vendor Shareholder will not, and will procure that its related bodies corporate do not, dispose of (including by the creation of a security interest in respect of) any Acceptance Shares, other than pursuant to the Offers in accordance with this letter agreement.

Nothing in this letter agreement affects any right of Target Vendor Shareholder or any of its related bodies corporate to dispose of, or to exercise voting rights in respect of, shares in Target which are in excess of the number of the Acceptance Shares.

#### **5 No Solicitation**

Target Vendor Shareholder undertakes to CHL that neither it nor any of its associates will:

- (a) approach or solicit inquiries from any person other than CHL in relation to a proposal to acquire, deal with or execute any rights in relation to any or all of the applicable Acceptance Shares; or
- (b) participate in any discussions or negotiations, provide any information or take any other action to facilitate any such person making such a proposal.

## 6 Termination

- (a) The obligations in paragraphs 1, 3, 4 and 5 of this letter agreement (other than the obligation not to withdraw any acceptance of the Offers that has been given in respect of the Acceptance Shares) will cease to be enforceable if:
  - (i) Bidder does not announce an intention to make offers under the Bid (including the Offers) within two business days after executing this letter agreement;
  - (ii) Bidder does not dispatch offers under the Bid (including the Offers) to Target Shareholders within the time period specified by section 631(1) of the Corporations Act or any extension of that time period granted by ASIC;
  - (iii) subject to paragraph 6(b), a Superior Proposal (as defined in Schedule 2 to this letter agreement) is announced and is not at least matched by Bidder varying the Offers in accordance with the Corporations Act to offer consideration under the Offers that is at least equivalent to the Price under the Superior Proposal before 5pm on the later of:
    - (A) the 10<sup>th</sup> business day after the Superior Proposal is announced; and
    - (B) the 5<sup>th</sup> business day on which the offers under the Superior Proposal are capable of acceptance (if applicable),and, after the expiration of that time, Target Vendor Shareholder accepts the Superior Proposal or the Superior Proposal is implemented (as applicable); or
  - (iv) the Offers are no longer capable of acceptance.
- (b) Paragraph 6(a)(iii) will cease to have any force or effect if no Superior Proposal has been announced by the First Acceptance Provision Notice Date.
- (c) If a Superior Proposal which is validly accepted in respect of the Acceptance Shares then lapses or is withdrawn before all of its conditions are satisfied or waived, CHL's rights, and Target Vendor Shareholder's obligations, under paragraphs 1, 3, 4 and 5 will again apply and become enforceable.

## 7 Warranties

- (a) Target Vendor Shareholder represents and warrants to CHL that as at:
  - (i) the date of this letter agreement; and
  - (ii) the date of acceptance under paragraph 3,the Acceptance Shares are (or will be, as the case may be) held free and clear of any:
  - (iii) mortgage, pledge, lien or charge;
  - (iv) other right of, or arrangement with, any creditor to have its claim satisfied in priority to other creditors with, or from the proceeds of, any asset;
  - (v) retention of title arrangement; or
  - (vi) other security or preferential interest or arrangement of any kind.
- (b) Target Vendor Shareholder represents and warrants to CHL that:
  - (i) it has full and unfettered power to enter into and perform this letter agreement;
  - (ii) it or its related bodies corporate have the power to control the disposal of the Acceptance Shares; and
  - (iii) it or its related body corporates hold, or will hold at the date of acceptance under paragraph 3, the full beneficial interest in all of the Acceptance Shares and do not

hold any of the Acceptance Shares as trustee or nominee on behalf of any third party or other beneficiary.

## 8 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made under this letter agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:
  - (i) to CHL: Address: Level 3, 81 Lorimer St,  
Docklands VIC 3008  
Fax No: 03 9646 2260  
Attention: Mr Andrew Harrison
  - (ii) to Wilson Asset Management  
(International) Pty Limited: Address: Level 11, 139 Macquarie Street,  
Sydney, NSW, 2000  
Fax No: 02 9247 6855  
Attention: Mr Chris Stott
- (c) will be conclusively taken to be duly given or made:
  - (i) in the case of delivery in person, when delivered;
  - (ii) in the case of delivery by post, two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country); and
  - (iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax number or name of recipient and indicating that the transmission has been made without error,

but if the result is that a Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or at a time that is later than 5pm in the place to which the Notice is sent, it will be conclusively taken to have been duly given or made at the start of business on the next business day in that place.

## 9 Governing Law and Jurisdiction

This letter agreement, including the Schedules, is intended to be legally binding and is governed by the laws of Victoria, Australia. In relation to it and related non-contractual matters Target Vendor Shareholder and CHL irrevocably submit to the non-exclusive jurisdiction of courts with jurisdiction there, and waive any right to object to the venue on any ground.

## 10 Confidentiality

Target Vendor Shareholder must keep, and must procure that its related bodies corporate and their respective directors, employees, agents and advisers keep, this agreement and its terms confidential until CHL has lodged a substantial holding notice with Target and the Australian Securities Exchange annexing a copy of this Agreement.

**11 Business Days and Time**

In this letter agreement, a business day means a day that is not a Saturday or Sunday or a public holiday in Melbourne, Victoria, and a reference to time is to the time in Melbourne, Victoria.

**12 Counterparts**

This letter agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

**13 Severability of Provisions**

Any paragraph or term of this letter agreement that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining paragraphs or terms of this letter agreement nor affect the validity or enforceability of that paragraph or term in any other jurisdiction.

**14 Bid**

Nothing in this letter agreement obliges CHL or Bidder to announce or proceed with the Bid or the Offers.

**15 Acceptance**

Please indicate your acceptance of these terms by signing this letter agreement where indicated below.

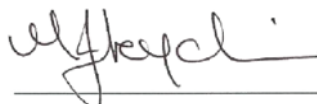
**Executed** in accordance with section 127 of the *Corporations Act 2001* by **Capitol Health Limited** (ACN 117 391 812):



Director Signature

ANDREW HARRISON

Print Name

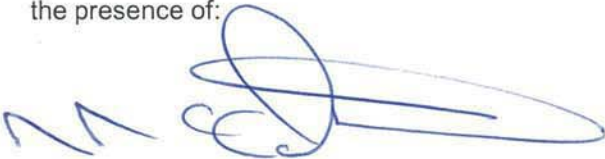


Director/Secretary Signature

MELANIE LEYDIN

Print Name

**Signed** on behalf of **Wilson Asset Management (International) Pty Limited** in the presence of:



Witness Signature

Martyn McCathie, General Manager

Print Name



Signature

Chris Stott, CIO

Print Name



## **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.

**Competing Proposal** means:

- (a) a takeover bid, in respect of which a bidder's statement has been lodged with ASIC, in accordance with section 633(2) of the Corporations Act; or
- (b) a scheme of arrangement under Part 5.1 of the Corporations Act, in respect of which a notice of meeting (together with a scheme booklet) has been approved by the Court under section 411(1) of the Corporations Act,

pursuant to which, if ultimately completed, a third party would, directly or indirectly, acquire a relevant interest (as defined in the Corporations Act) in or become the holder of 50.01% or more of Target Shares (including any Target Shares held by that third party or an associate of that third party), in consideration of cash or securities or a combination of cash and securities.

**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.

**Price** means, in respect of a Competing Proposal:

- (a) to the extent that the consideration under the Competing Proposal includes cash, the cash price offered in Australian dollars; plus
- (b) to the extent that the consideration under the Competing Proposal includes securities:
  - (i) in the case of securities which are quoted for trading on a securities exchange, the VWAP per security on the principal exchange on which the securities are traded over the five trading days immediately before the Competing Proposal is announced; or
  - (ii) in any other case, the face value of the security:

- (A) as agreed by CHL or Bidder and Target Vendor Shareholder; or
- (B) in the absence of agreement, as determined by an independent expert (acting as expert and not arbitrator and on behalf of both parties whose decision will be, in the absence of manifest error, final and binding on both parties) the identity of which is agreed by the parties (or, in the absence of agreement, such person as nominated by the Resolution Institute); and
- (c) to the extent that the consideration under the Competing Proposal includes consideration other than cash or securities, the value ascribed to any such consideration shall be zero.

**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.

**Superior Proposal** means a Competing Proposal:

- (a) that is not subject to any condition which is materially more onerous than any of the conditions specified in Schedule 1 to this letter agreement which have not, prior to the time that the Competing Proposal is announced, been waived by CHL or Bidder or satisfied;
- (b) in respect of which, or in respect of the person making the Competing Proposal, Target Vendor Shareholder has not engaged in conduct that is in breach of its obligations under paragraph 5 of this letter agreement; and
- (c) under which the Price offered for each Target Share, as calculated in accordance with the definition of Price in this Schedule 2, exceeds the value of the then current consideration for each Target Share under the Offer by at least 5% (where the value of any securities that comprise such consideration is the VWAP per security on the Australian Securities Exchange over the five trading days immediately before the Competing Proposal is announced, and the value of any cash that comprises such consideration is the cash price offered in Australian dollars).

**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.

**Annexure E**

This is Annexure "E" of 16 pages referred to in the accompanying Form 603.

**Signature on behalf of Capitol Health and each of the Controlled Entities**

|            |                                                                                   |          |                         |
|------------|-----------------------------------------------------------------------------------|----------|-------------------------|
| print name | Andrew Harrison                                                                   | capacity | Chief Executive Officer |
| sign here  |  | date     | 29 November 2017        |



28 November 2017

Regal Funds Management Pty Ltd as trustee of  
each of the Regal Australian Small Companies  
Fund and the Atlantic Absolute Return Fund  
Level 47, Gateway  
1 Macquarie Place  
Sydney NSW 2000

Attention: Mr Philip King

Dear Phil

### Integral Diagnostics Limited

This letter agreement sets out the terms on which you, Regal Funds Management Pty Limited (ACN 107 576 821) as trustee of each of the Regal Australian Small Companies Fund and the Atlantic Absolute Return Fund (**Target Vendor Shareholder**), agree to accept the offers to be made to Target Vendor Shareholder (the **Offers**) under an offmarket takeover bid (the **Bid**) proposed to be made by Capitol Health Limited (ACN 117 391 812) (**CHL**) or one of its wholly owned Subsidiaries (CHL or such Subsidiary being referred to as **Bidder**) for all of the issued shares in Integral Diagnostics Limited (ACN 130 832 816) (**Target**). Capitalised terms in this letter agreement have the meaning given to them in Schedule 2 to this letter agreement, unless the context requires otherwise.

#### 1 Consideration

In consideration of the payment of the sum of A\$10.00 (receipt of which is acknowledged), Target Vendor Shareholder agrees with CHL that Target Vendor Shareholder will accept, or procure the acceptance of, the Offers in respect of 14,558,016 fully paid ordinary shares in Target (the **Acceptance Shares**), comprising 10.04% of Target's issued shares as at the date of this letter agreement, on the terms set out in this letter agreement. As at the date of this letter agreement, the Target Vendor Shareholder has the power to control the disposal of 7,439,931 of the Acceptance Shares.

#### 2 Terms of the Offers

The principal terms and conditions of the Offers, which will be made under the *Corporations Act 2001 (Cth)* (**Corporations Act**), are set out in Schedule 1 to this letter agreement. Bidder is permitted to vary the terms and conditions of the offers under the Bid (including the Offers), provided that the varied terms and conditions are not substantially less favourable to shareholders of Target than those set out in Schedule 1. Bidder also has the right, subject to the Corporations Act, to vary or waive any condition of the offers under the Bid (including the Offers), declare those offers unconditional or extend the period of those offers at any time.

#### 3 Acceptance Arrangements

- (a) Target Vendor Shareholder undertakes to CHL to accept, or procure the acceptance of, the Offers in respect of all of the Acceptance Shares not later than 5pm on the business day specified in a notice given in accordance with paragraph 3(b) (**Acceptance Provision Notice**) from CHL or Bidder to Target Vendor Shareholder requiring that the Offers be accepted in respect of the Acceptance Shares:
  - (i) on the business day specified in the Acceptance Provision Notice by CHL or Bidder, provided that such business day must not be earlier than the business day immediately following the date of delivery of the Acceptance Provision Notice; and

- (ii) otherwise in accordance with this letter agreement.
  - (b) An Acceptance Provision Notice may only be given by CHL or Bidder on or after the business day (the **First Acceptance Provision Notice Date**):
    - (i) that is the fifth business day following release of the Target's Statement in circumstances where no Superior Proposal has been announced prior to that date; or
    - (ii) if:
      - (A) a Superior Proposal is announced prior to the business day referred to in paragraph 3(b)(i); and
      - (B) that Superior Proposal is at least matched by Bidder varying the Offers in accordance with the Corporations Act to offer consideration under the Offers that is at least equivalent to the Price under the Superior Proposal before 5pm on the later of:
        - (1) the 10th business day after the Superior Proposal is announced; and
        - (2) the fifth business day on which the offers under the Superior Proposal are capable of acceptance (if applicable); and
      - (C) no other Superior Proposal is announced before the expiry of five business days after any date on which Bidder varies the Offers as contemplated by paragraph 3(b)(ii)(B),
- immediately after the expiration of the five business day period referred to in paragraph 3(b)(ii)(C).
- (c) Target Vendor Shareholder will not subsequently withdraw any acceptance of the Offers in respect of any of the Acceptance Shares, and will procure that no acceptance of the Offers in respect of any of the Acceptance Shares is subsequently withdrawn, once given.
  - (d) Target Vendor Shareholder will do, and will procure that its related bodies corporate do, everything (including execute and deliver any document) that CHL or Bidder may reasonably require to give full effect to the terms of paragraphs 1 and 3 of this letter agreement.

#### 4 Restrictions on Dealing

Target Vendor Shareholder will not, and will procure that its related bodies corporate do not, dispose of (including by the creation of a security interest in respect of) any Acceptance Shares, other than pursuant to the Offers in accordance with this letter agreement.

Nothing in this letter agreement affects any right of Target Vendor Shareholder or any of its related bodies corporate to dispose of, or to exercise voting rights in respect of, shares in Target which are in excess of the number of the Acceptance Shares.

#### 5 No Solicitation

Target Vendor Shareholder undertakes to CHL that neither it nor any of its associates will:

- (a) approach or solicit inquiries from any person other than CHL in relation to a proposal to acquire, deal with or execute any rights in relation to any or all of the applicable Acceptance Shares; or
- (b) participate in any discussions or negotiations, provide any information or take any other action to facilitate any such person making such a proposal.



## 6 Termination

- (a) The obligations in paragraphs 1, 3, 4 and 5 of this letter agreement (other than the obligation not to withdraw any acceptance of the Offers that has been given in respect of the Acceptance Shares) will cease to be enforceable if:
  - (i) Bidder does not announce an intention to make offers under the Bid (including the Offers) within two business days after executing this letter agreement;
  - (ii) Bidder does not dispatch offers under the Bid (including the Offers) to Target Shareholders within the time period specified by section 631(1) of the Corporations Act or any extension of that time period granted by ASIC;
  - (iii) subject to paragraph 6(b), a Superior Proposal (as defined in Schedule 2 to this letter agreement) is announced and is not at least matched by Bidder varying the Offers in accordance with the Corporations Act to offer consideration under the Offers that is at least equivalent to the Price under the Superior Proposal before 5pm on the later of:
    - (A) the 10<sup>th</sup> business day after the Superior Proposal is announced; and
    - (B) the 5<sup>th</sup> business day on which the offers under the Superior Proposal are capable of acceptance (if applicable),and, after the expiration of that time, Target Vendor Shareholder accepts the Superior Proposal or the Superior Proposal is implemented (as applicable); or
  - (iv) the Offers are no longer capable of acceptance.
- (b) Paragraph 6(a)(iii) will cease to have any force or effect if no Superior Proposal has been announced by the First Acceptance Provision Notice Date.
- (c) If a Superior Proposal which is validly accepted in respect of the Acceptance Shares then lapses or is withdrawn before all of its conditions are satisfied or waived, CHL's rights, and Target Vendor Shareholder's obligations, under paragraphs 1, 3, 4 and 5 will again apply and become enforceable.

## 7 Warranties

- (a) Target Vendor Shareholder represents and warrants to CHL that as at:
  - (i) the date of this letter agreement; and
  - (ii) the date of acceptance under paragraph 3,there are no:
  - (iii) mortgage, pledge, lien or charge;
  - (iv) other right of, or arrangement with, any creditor to have its claim satisfied in priority to other creditors with, or from the proceeds of, any asset;
  - (v) retention of title arrangement; or
  - (vi) other security or preferential interest or arrangement of any kind,that would prohibit, restrict or limit the power, right or ability of Target Vendor Shareholder to dispose or procure the disposal of any Acceptance Shares or otherwise perform any of its obligations under this letter agreement;
- (b) Target Vendor Shareholder represents and warrants to CHL that on disposal of the Acceptance Shares to the Bidder, the Acceptance Shares will be held by Bidder free and clear of any:

- (i) mortgage, pledge, lien or charge;
  - (ii) other right of, or arrangement with, any creditor to have its claim satisfied in priority to other creditors with, or from the proceeds of, any asset;
  - (iii) retention of title arrangement; or
  - (iv) other security or preferential interest or arrangement of any kind.
- (c) Target Vendor Shareholder represents and warrants to CHL that:
- (i) it has full and unfettered power to enter into and perform this letter agreement, including as trustee of each of the Regal Australian Small Companies Fund and the Atlantic Absolute Return Fund pursuant to the trust deed of each such trust respectively, and has a right of indemnity out of, and liens over, the assets of each such trust (in each case, which right has not been limited in any way); and
  - (ii) it or its related bodies corporate have, or will have at the date of acceptance under paragraph 3, the power to control the disposal of or procure the disposal of the Acceptance Shares.

## 8 Notices

Any notice, demand, consent or other communication (a **Notice**) given or made under this letter agreement:

- (a) must be in writing and signed by the sender or a person duly authorised by the sender;
- (b) must be delivered to the intended recipient by prepaid post (if posted to an address in another country, by registered airmail) or by hand or fax to the address or fax number below or the address or fax number last notified by the intended recipient to the sender:
  - (i) to CHL:
 

Address: Level 3, 81 Lorimer St,  
 Docklands, VIC, 3008  
 Fax No: 03 9646 2260  
 Attention: Andrew Harrison
  - (ii) to Target Vendor Shareholder:
 

Address: Level 47, Gateway  
 1 Macquarie Place, Sydney NSW 2000  
 Fax No: +61 2 8197 4334  
 Attention: Mr Philip King
- (c) will be conclusively taken to be duly given or made:
  - (i) in the case of delivery in person, when delivered;
  - (ii) in the case of delivery by post, two business days after the date of posting (if posted to an address in the same country) or seven business days after the date of posting (if posted to an address in another country); and
  - (iii) in the case of fax, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax number or name of recipient and indicating that the transmission has been made without error,

but if the result is that a Notice would be taken to be given or made on a day that is not a business day in the place to which the Notice is sent or at a time that is later than 5pm in the place to which the Notice is sent, it will be conclusively taken to have been duly given or made at the start of business on the next business day in that place.



## **9 Governing Law and Jurisdiction**

This letter agreement, including the Schedules, is intended to be legally binding and is governed by the laws of Victoria, Australia. In relation to it and related noncontractual matters Target Vendor Shareholder and CHL irrevocably submit to the nonexclusive jurisdiction of courts with jurisdiction there, and waive any right to object to the venue on any ground.

## **10 Confidentiality**

Target Vendor Shareholder must keep, and must procure that its related bodies corporate and their respective directors, employees, agents and advisers keep, this agreement and its terms confidential until CHL has lodged a substantial holding notice with Target and the Australian Securities Exchange annexing a copy of this Agreement.

## **11 Business Days and Time**

In this letter agreement, a business day means a day that is not a Saturday or Sunday or a public holiday in Melbourne, Victoria, and a reference to time is to the time in Melbourne, Victoria.

## **12 Counterparts**

This letter agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

## **13 Severability of Provisions**

Any paragraph or term of this letter agreement that is prohibited or unenforceable in any jurisdiction is ineffective as to that jurisdiction to the extent of the prohibition or unenforceability. That does not invalidate the remaining paragraphs or terms of this letter agreement nor affect the validity or enforceability of that paragraph or term in any other jurisdiction.

## **14 Bid**

Nothing in this letter agreement obliges CHL or Bidder to announce or proceed with the Bid or the Offers.

## **15 Acceptance**

Please indicate your acceptance of these terms by signing this letter agreement where indicated below.

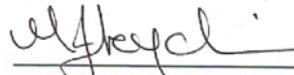
**Executed** in accordance with section 127 of the *Corporations Act 2001* by **Capitol Health Limited** (ACN 117 391 812):



Director Signature

ANDREW HARRISON

Print Name



Director/Secretary Signature

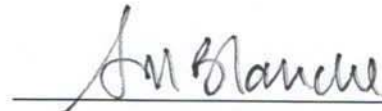
MELANIE LEYDIN

Print Name

**Executed** in accordance with section 127 of the *Corporations Act 2001* by **Regal Funds Management Pty Ltd** (ACN 107 576 821) in its capacity as trustee of the **Regal Australian Small Companies Fund**:

Director Signature

Print Name



Secretary Signature

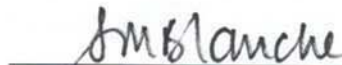
SUSAN M. BLANCHE

Print Name

**Executed** in accordance with section 127 of the *Corporations Act 2001* by **Regal Funds Management Pty Ltd** (ACN 107 576 821) in its capacity as trustee of the **Atlantic Absolute Return Fund**:

Director Signature

Print Name



Secretary Signature

SUSAN M. BLANCHE

Print Name



**Executed** in accordance with section 127 of the *Corporations Act 2001* by **Capitol Health Limited** (ACN 117 391 812):

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Director Signature

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Print Name

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Director/Secretary Signature

---

Print Name

**Executed** in accordance with section 127 of the *Corporations Act 2001* by **Regal Funds Management Pty Ltd** in its capacity as trustee of the **Regal Australian Small Companies Fund**:

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Director Signature

---

Print Name

---

Secretary Signature

---

Print Name

**Executed** in accordance with section 127 of the *Corporations Act 2001* by **Regal Funds Management Pty Ltd** in its capacity as trustee of the **Atlantic Absolute Return Fund**:

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Director Signature

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Print Name

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Secretary Signature

---

Print Name

## 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:

#### 2 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).

#### 3 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.

#### **4 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.

#### **5 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).



**6 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.

**7 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.

## **8 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.

## **9 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).

## **10 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.

#### **11 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.

#### **12 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.

**Competing Proposal** means:

- (a) a takeover bid, in respect of which a bidder's statement has been lodged with ASIC, in accordance with section 633(2) of the Corporations Act; or
- (b) a scheme of arrangement under Part 5.1 of the Corporations Act, in respect of which a notice of meeting (together with a scheme booklet) has been approved by the Court under section 411(1) of the Corporations Act,

pursuant to which, if ultimately completed, a third party would, directly or indirectly, acquire a relevant interest (as defined in the Corporations Act) in or become the holder of 50.01% or more of Target Shares (including any Target Shares held by that third party or an associate of that third party), in consideration of cash or securities or a combination of cash and securities.

**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.

**Price** means, in respect of a Competing Proposal:

- (a) to the extent that the consideration under the Competing Proposal includes cash, the cash price offered in Australian dollars; plus
- (c) to the extent that the consideration under the Competing Proposal includes securities:
  - (i) in the case of securities which are quoted for trading on a securities exchange, the VWAP per security on the principal exchange on which the securities are traded over the five trading days immediately before the Competing Proposal is announced; or
  - (ii) in any other case, the face value of the security:

- (A) as agreed by CHL or Bidder and Target Vendor Shareholder; or
  - (B) in the absence of agreement, as determined by an independent expert (acting as expert and not arbitrator and on behalf of both parties whose decision will be, in the absence of manifest error, final and binding on both parties) the identity of which is agreed by the parties (or, in the absence of agreement, such person as nominated by the Resolution Institute); and
- (b) to the extent that the consideration under the Competing Proposal includes consideration other than cash or securities, the value ascribed to any such consideration shall be zero.

**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 daytoday 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
- (a) 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.

**Superior Proposal** means a Competing Proposal:

- (a) that is not subject to any condition which is materially more onerous than any of the conditions specified in Schedule 1 to this letter agreement which have not, prior to the time that the Competing Proposal is announced, been waived by CHL or Bidder or satisfied;
- (b) in respect of which, or in respect of the person making the Competing Proposal, Target Vendor Shareholder has not engaged in conduct that is in breach of its obligations under paragraph 5 of this letter agreement; and
- (d) under which the Price offered for each Target Share, as calculated in accordance with the definition of Price in this Schedule 2, exceeds the value of the then current consideration for each Target Share under the Offer by at least 5% (where the value of any securities that comprise such consideration is the VWAP per security on the Australian Securities Exchange over the five trading days immediately before the Competing Proposal is announced, and the value of any cash that comprises such consideration is the cash price offered in Australian dollars).

**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.