



CCI Holdings Limited

- ASX Announcement -

12 March 2007



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ASX AND NEWS RELEASE

12 March 2007

CCI HOLDINGS AND BUREAU VERITAS ANNOUNCE RECOMMENDED MERGER PROPOSAL

CCI Holdings Limited ("**CCI**") and Bureau Veritas Australia Pty Limited, a wholly owned subsidiary of Bureau Veritas SA ("**Bureau Veritas**"), are pleased to announce they have reached an agreement under which CCI's businesses and operations will become part of the worldwide Bureau Veritas group.

This will be undertaken by Bureau Veritas acquiring all of the issued shares in CCI (the "**Proposal**"). It is intended that the Proposal will be implemented via a Scheme of Arrangement ("**Scheme**") between CCI and its shareholders. The Proposal is expected to be completed by mid June 2007, subject to satisfying all relevant conditions.

The Proposal

The Proposal involves a total payment to CCI shareholders of **58.0 cents** per CCI share, with this total expected to include a fully franked interim dividend of **3.0 cents** per share, all payable on the implementation date of the Scheme. The total value of the Proposal amounts to approximately **\$79 million**.

The total value of 58 cents (excluding the value of the franking credits attached to the interim dividend) represents an attractive premium to recent market prices of CCI shares, being:

- a premium of **23%** over the last offer price of CCI shares on the trading day prior to this announcement (9 March 2007);
- a premium of **31%** over the volume weighted average share price of CCI shares in the one month period prior to today's announcement; and
- a premium of **48%** over the volume weighted average share price of CCI shares in the three month period prior to today's announcement.

CCI and Bureau Veritas have agreed to cooperate in relation to the implementation of the Proposal.

Recommendation

The Board of Directors of CCI, with the assistance of its advisers, has carefully considered the Proposal.

Subject to the conclusions of an independent expert, the Board intends to recommend unanimously that CCI shareholders support the Proposal in the absence of a superior proposal.

The Directors of CCI also intend to vote in favour of the Scheme on this basis. The Directors and their associates collectively hold or control 33.5% of the issued share capital of CCI.

The Scheme documentation will contain the Directors' formal recommendations and the independent expert's report. Shareholders are advised to read these documents in full before voting on the Proposal.

Call Option

Bureau Veritas also acquired a call option over a 19.9% interest in CCI held by Australian Laboratory Services Pty Limited, a wholly owned subsidiary of Campbell Brothers Limited ("**Campbell Brothers**"), for 58.0 cents per share, less the proposed interim dividend. Further details of the option, including Campbell Brothers' obligation to vote in favour of the Scheme, will be expected to be set out in the Substantial Holder Notice to be lodged with ASX shortly.

Comment

Commenting on the Proposal, the **Chairman of CCI, Mr. Peter EJ Murray**, said *"The Directors of CCI unanimously agree that the Proposal provides substantial value to our shareholders as well as introducing to the operating base of CCI the strong financial resources and internationally recognised skills of Bureau Veritas. The Board is very pleased that shareholders, employees and customers will benefit greatly. In particular it is satisfying to see many employees benefit through their direct and indirect shareholdings in CCI."*

"We are confident that CCI will continue to strengthen its strong position in its present operating sectors as an important part of the Bureau Veritas Group, offering both career opportunities for our employees and also providing expertise and specialist services at the highest level to a range of customers in new sectors. On behalf of the Directors and shareholders, I extend our genuine thanks to every employee of CCI. You have worked tirelessly to develop and maintain CCI's pre-eminent market position, especially in your support of the vast improvements undertaken in recent years. These efforts are endorsed by Bureau Veritas with this Proposal."

Bureau Veritas President and Chief Executive Officer, Mr Frank Piedelièvre, said *"The Offer represents a very attractive price for all CCI shareholders. It reflects the value we see in the integration of CCI within Bureau Veritas. CCI's presence in Australia, Ukraine and Indonesia complements our current operations and also provides us with the opportunity to strengthen our ability to serve our customers."*

Merger Implementation Agreement

CCI and Bureau Veritas have entered into a Merger Implementation Agreement which governs the Proposal. Implementation of the Proposal is conditional upon the satisfaction of certain conditions, including:

- approval by CCI's shareholders and approved by the Federal Court of Australia;
 - appropriate regulatory consents;
 - an independent expert's report concluding that the Proposal is fair and reasonable and in the best interests of CCI's shareholders;
 - none of the directors of CCI changing or withdrawing their unanimous recommendations in relation to the Scheme;
 - CCI's and Bureau Veritas' warranties given under the Merger Implementation Agreement being true and correct; and
 - no "Prescribed Events" or "Material Adverse Change" occurring in relation to CCI.
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Regulatory consents required for this transaction include customary approvals required by the Australian Stock Exchange Limited and the Australian Securities and Investments Commission as well as approval by the Anti Monopoly Committee of Ukraine.

CCI intends to appoint shortly an independent expert to provide an opinion on the Proposal.

A summary of the key terms of the Merger Implementation Agreement is included in Attachment A to this announcement.

It is expected that the Scheme booklet and explanatory statement will be sent to shareholders by late April or early May 2007. These documents will outline full details of the Proposal and the Scheme process, as well as the independent expert's conclusions. An indicative timetable for the Scheme is included in Attachment B to this announcement.

Bureau Veritas has in place fully committed financing to fund the Proposal.

About CCI

CCI as an ASX listed company operates three key distinct businesses with activities in Australia, Ukraine and Indonesia. CCI Australia is a market leader providing coal superintending and laboratory services in the Hunter, Illawarra and Bowen Basin in Australia, as well as in the Ukraine and Indonesia. CCI Pope is also a market leader in its sector, providing asset reliability services to the engineering, coal mining and power station sectors. CCI FluidTech is a specialist fluid power engineering service business operating in the Hunter Valley.

CCI is headquartered in Newcastle, NSW and has approximately 550 employees. Its ASX code is CHL. Since the introduction of the new Board and management in the last three years, CCI has strengthened its management, reporting and financial structures dramatically. As a result, CCI is now reporting record results.

Further information on CCI can be found on CCI's website at www.cciholdings.com.au.

About Bureau Veritas

Bureau Veritas is a service company specialising in Quality, Health & Safety, Environment and Social Responsibility management, with a network that covers 140 countries and includes nearly 700 offices and laboratories. It offers an extensive range of technical services and solutions in the fields of inspection, audits, certification, testing, technical assistance, training and consulting. With over 26,000 employees, Bureau Veritas serves 280,000 clients in many different industries across the world, from local companies to the largest multinational corporations.

Bureau Veritas is a worldwide leader in eight global businesses: Construction, Inspection and In-service Verification, Industry, Health & Safety and Environment, Certification, Marine, Consumer products and International Trade.

Bureau Veritas is recognized and accredited by the largest national and international bodies.

Bureau Veritas is a wholly owned subsidiary of Wendel Investissement. Wendel Investissement is a 6 billion Euro listed investment firm. Its philosophy is to invest for the long term in industrial and service companies. Wendel Investissement is the majority or front-ranking shareholder in mainly unlisted companies and its management operates as an industrial and financial partner

Further information on Bureau Veritas can be found on the internet at www.bureauveritas.com

Shareholder Information

Further information on the Proposal will be lodged with ASX and included on CCI's website at www.cciholdings.com.au.

Advisers

CCI is being advised by **TC Corporate** as financial adviser and **Deacons** as legal adviser.

Bureau Veritas is being advised jointly by **Miles Corporate Services** and **Investec Bank (Australia) Limited** as financial advisers and **Baker & McKenzie** as legal adviser.

Contacts

For further information please contact:

CCI

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Bureau Veritas

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President and Chief Executive Officer
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TC Corporate

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Managing Director
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Investec Bank (Australia) Ltd

Mr. Jim Butler
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Attachments

- A Key Terms of the Merger Implementation Agreement
- B Indicative Timetable

Attachment A: Key Terms of the Merger Implementation Agreement

Introduction

CCI Holdings Limited (**CCI**) and BV Australia Pty Limited, a wholly owned subsidiary of BV SA ("**BV**"), entered into a Merger Implementation Agreement (**MIA**) on 12 March 2007. The MIA sets out the terms and the parties' respective obligations in connection with the implementation of the Scheme.

A copy of the MIA will be contained in the Scheme Booklet to be provided by CCI to CCI Shareholders prior to the Scheme Meeting. An outline of the key terms of the MIA is set out below.

Conditions precedent

The Scheme will not become Effective unless each of the following conditions precedent is satisfied or waived:

- (a) **(No prohibitive orders)** Prior to 8.00am on the Second Court Hearing Date no judicial authority or entity and no Government Agency taking and not withdrawing any action, or imposing any legal restraint or prohibition, to prevent the implementation of the Merger (or any transaction contemplated by the Merger).
- (b) **(Regulatory Consents)** The following approvals or consents required to implement the transactions envisaged by the MIA (other than the approval of the Court of the Scheme under section 411(4)(b) of the Act) having been obtained or deemed obtained by 5:00pm on the Business Day immediately prior to the Second Court Hearing Date (**Regulatory Consents**):
 - (i) ASIC and ASX providing all consents and approvals and doing other acts which are necessary or reasonably desirable to implement the Scheme;
 - (ii) BV having received unconditional written approval from the AntiMonopoly Committee of Ukraine for the Merger by 5.00pm on the Business Day immediately prior to the Second Court Hearing Date;
- (c) **(Shareholder Approval)** CCI Shareholders (other than a holder of Excluded Shares) approve the Scheme at the Scheme Meeting (or any adjournment or postponement of it at which the Scheme is voted on) by the requisite majorities under the Act.
- (d) **(Court Approval)** The Court approves the Scheme in accordance with section 411(4)(b) of the Act either unconditionally or on conditions that are customary or usual.
- (e) **(No CCI Prescribed Event)** No CCI Prescribed Occurrences occurring between the date of the MIA and 5:00pm on the day before the Second Court Hearing Date.
- (f) **(No CCI Material Adverse Change)** No CCI Material Adverse Change occurring between the date of the MIA and 5:00pm on the day before the Second Court Hearing Date;
- (g) **(No change of CCI Board recommendation)** Between the date of the MIA and CCI Shareholders voting on the Scheme at the Scheme Meeting, no one or more of the Directors of CCI changing or withdrawing their unanimous recommendation to CCI Shareholders to vote in favour of the Scheme and all resolutions incidental to the Scheme.

- (h) **(CCI Warranties)** The CCI Warranties being true and correct on the date of the MIA and at 8.00am on the Second Court Hearing Date.
- (i) **(BV Warranties)** The BV Warranties being true and correct on the date of the MIA and at 8.00am on the Second Court Hearing Date.
- (j) **(Independent Expert)** The Independent Expert giving a report to CCI that in its opinion the Scheme is fair and reasonable and in the best interests of CCI Shareholders and the Independent Expert does not change its conclusion or withdraw its report prior to 5.00pm on the day prior to the Second Court Hearing Date.

Board and management changes

As soon as practicable on the Implementation Date following the transfer of the Scheme Shares to BV and the payment of the Scheme Consideration to Scheme Shareholders under the terms of the Scheme:

- (a) CCI must use all reasonable endeavours to procure the resignation of the directors of CCI and its Subsidiaries with immediate effect; and
- (b) CCI and BV take all actions necessary to ensure that nominees of BV are appointed as directors of CCI and its Subsidiaries.

Exclusivity

During the Exclusivity Period, CCI must ensure that neither it nor any of its Subsidiaries nor their respective directors, officers, employees, agents or advisers:

- (a) directly or indirectly solicits, invites, facilitates, encourages, or initiates any enquiries, negotiations or discussions, or communicates any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any other person in relation to a Competing Proposal;
- (b) enters into any agreement, arrangement or understanding in relation to, or which may reasonably be expected to lead to, an expression of interest, offer or proposal from any other person in relation to a Competing Proposal; or
- (c) negotiates or enters into, continues or participates in negotiations or discussions with any other person regarding a Competing Proposal or potential Competing Proposal.

CCI has also agreed that it will notify BV of any unsolicited approach to it that relates to a Competing Proposal (excluding the identity of the third party) (**Notification Obligation**). CCI must give three days notice to BV before recommending a Competing Proposal.

The obligations in paragraphs (c) are subject to fiduciary carve-outs.

Payment of costs

CCI must pay a break fee of \$750,000 to BV if:

- (a) any director of CCI:
 - (i) makes any public statement prior to the approval of the Scheme by the Court under section 411(4)(b) to the effect that he or she does not support (or no longer supports) the Scheme; or

- (ii) (without limiting (i) above) fails to recommend the Scheme to CCI Shareholders or, having done so, any director of CCI publicly withdraws or varies his or her favourable recommendation of the Scheme (or any part of it) prior to the approval of the Scheme by the Court under section 411(4)(b),

other than (in either such case) in circumstances where CCI is entitled to terminate the MIA or where the Independent Expert has opined that the Scheme is not in the best interests of CCI shareholders; or

- (b) any director of CCI publicly recommends, promotes or otherwise endorses a Competing Proposal;
- (c) there is a successful Competing Proposal for CCI; or
- (d) CCI commits a material breach of the MIA and the breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) from the date the notice is given,

Termination

Without prejudice to any other rights of termination under the MIA, either party may terminate the MIA by giving the other party written notice at any time before 8.00am on the Second Court Hearing Date if:

- (a) the other party is in material breach of any term of the MIA; and
- (b) the party wishing to terminate has given the other party a written notice:
 - (i) setting out details of the breach; and
 - (ii) stating its intention to terminate, and
- (c) the breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Hearing Date) from the date the notice is given.

All of the obligations in the MIA with respect to the Scheme will terminate automatically without the need for action by any party in the event that:

- (a) the Independent Expert opines that the Scheme is not fair and reasonable and in the best interests of CCI Shareholders; or
- (b) the CCI Shareholders fail to approve the Scheme by the necessary majority at the Scheme Meeting; or
- (c) the Court refuses to grant an order convening any required Scheme Meeting or approving the Scheme and either:
 - (i) the parties fail to agree on conducting an appeal within 5 Business Days of the Court's decision; or
 - (ii) the parties agree to conduct an appeal but the appeal is unsuccessful; or
- (d) the Scheme is not approved by the Court under section 411(4)(b) of the Act on or before the Sunset Date.

Relevant Definitions

Act means the Corporations Act 2001.

AIFRS means the International Financial Reporting Standards as adopted in Australia.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the securities market which it operates, as the context requires.

APRA means the Australian Prudential Regulation Authority.

Business Day means a day that is not a Saturday, Sunday or a public holiday or bank holiday in Sydney.

BV Warranties means the representations and warranties of BV set out in the MIA.

CCI Board means the board of directors of CCI as constituted from time to time.

CCI Dividend means an interim fully franked cash dividend of up to 3 cents per CCI Share, for each CCI Share on issue at the Scheme Record Date.

CCI Forecast means operating profit after tax of \$4.6 million for the financial year ended 30 June 2007 as per CCI announcement to the ASX on 2 January 2007.

CCI Group means CCI and each of its Subsidiaries.

CCI Material Adverse Change means a material adverse change (other than an Excluded Event) to the CCI Group taken as a whole that would cause a reasonable person in the position of BV not to proceed with the Merger on the terms and subject to the conditions of the MIA. For the avoidance of doubt the following events will be considered to constitute a CCI Material Adverse Change:

- (a) an event (other than an Excluded Event) which diminishes the consolidated annual net profit after tax of the CCI Group (calculated on the basis of AIFRS) by 10% or more from the level set out in the CCI Forecast; and
- (b) an event (other than an Excluded Event) which prevents CCI from carrying on its business in substantially the same manner as it is conducted as at the date of the MIA.

CCI Prescribed Event means the occurrence of any of the following:

- (a) CCI converting all or any of its shares into a larger or smaller number of shares;
- (b) CCI resolving to reduce its share capital in any way;
- (c) CCI:
 - (i) entering into a buy-back agreement; or
 - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) CCI declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members other than in relation to the CCI Dividend;
- (e) CCI or any of its Subsidiaries issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than issuing shares in relation to options over ordinary shares which are on issue at the date of the MIA;
- (f) CCI or any of its Subsidiaries issuing or agreeing to issue securities or other instruments convertible into shares or debt securities;
- (g) CCI or any of its Subsidiaries disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

- (h) other than in the ordinary course of business and consistent with past practice, CCI or any of its Subsidiaries creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property;
- (i) other than in the ordinary course of business and consistent with past practice, CCI or any of its Subsidiaries:
 - (i) increasing the remuneration of, or otherwise varying, the employment arrangements with any of its directors or employees;
 - (ii) accelerating the rights of any of its directors or employees to compensation or benefits of any kind (including under any CCI executive or employee share plans); or
 - (iii) paying any of its directors or employees a termination or retention payment (otherwise than in accordance with an existing contract in place at the date of the MIA);
- (j) other than in the ordinary course of business and consistent with past practice, CCI or any of its Subsidiaries:
 - (i) entering into any contract or commitment (including to acquire or dispose of any asset or business (or any interest in any asset or business)) where the consideration or value is more than \$500,000, or involving revenue of more than \$500,000 per annum or expenditure or liability of more than \$250,000 per annum over the term of the contract or commitment; or
 - (ii) terminating or amending in a material manner any contract material to the conduct of the CCI Group's business or which involves revenue of more than \$500,000 per annum or expenditure of more than \$250,000 over the term of the contract;
- (k) increasing the size of the debt facilities currently available to the CCI Group from the level existing at the date of the MIA;
- (l) CCI or any of its Subsidiaries incurring or agreeing to incur average capital expenditure in excess of \$400,000 per calendar month, to be calculated as the monthly average on a rolling three month basis;
- (m) CCI or any of its Subsidiaries:
 - (i) acquiring, leasing or disposing of;
 - (ii) agreeing or offering to acquire, lease or dispose of;
 any securities, business, assets, licence, interest in a joint venture, entity or undertaking, the value of which exceeds \$100,000 other than in the ordinary course of business.
- (n) CCI or any of its Subsidiaries resolving that it be wound up;
- (o) a liquidator, provisional liquidator or administrator of CCI or any of its material Subsidiaries being appointed;
- (p) the making of an order by a court for the winding up of CCI or any of its material Subsidiaries;
- (q) CCI or any of its material Subsidiaries executing a deed of company arrangement;
- (r) a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of CCI or any of its material Subsidiaries being appointed;

- (s) CCI or any of its Subsidiaries defaulting under any of its borrowing arrangements which has the effect of not less than \$100,000 being immediately payable by CCI or a subsidiary of CCI
- (t) the constitution of CCI or a Subsidiary of CCI is amended in any material manner;
- (u) CCI or any Subsidiary of CCI cancelling or failing to renew on expiry any existing material insurance policy;
- (v) CCI making any material tax election or settling or compromising any material tax liability or refund; or
- (w) CCI or any Subsidiary of CCI authorises, commits or agrees to take any of the actions referred to in paragraphs (a) to (w) above,

however none of the above events will constitute a CCI Prescribed Event where CCI has first consulted, in reasonable detail, with BV in relation to the proposed event, and BV has approved of the proposed event.

CCI Shareholder means each person who is registered in the Register as a holder of CCI Shares.

CCI Shares means issued fully paid ordinary shares in CCI.

CCI Warranties means the representations and warranties of CCI set out in the MIA.

Competing Proposal means:

- (a) any proposal or offer to acquire all or a substantial part of the shares, assets or business of the CCI Group;
- (b) any proposal for a takeover bid, scheme of arrangement, amalgamation, merger, capital reconstruction, consolidation, purchase of main undertaking or other business combination involving the CCI Group;
- (c) any proposal to form a dual listed company structure, stapled security structure or other form of synthetic merger having the same or substantially the same effect as a takeover bid for, or scheme of arrangement or merger in respect of, CCI; or
- (d) any proposal for CCI to issue more than 20% of its shares or other securities as consideration for the assets or securities of another person.

Court means the Federal Court or any other court of competent jurisdiction under the Act agreed in writing by CCI and BV.

Effective means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Act, of the Court order made under section 411(4)(b) of the Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Excluded Event means any impact on the Scheme or the financial or operating position of CCI arising from:

- (a) the payment of legal fees, corporate advisory fees, independent expert fees and all other fees and costs payable to advisers and third parties in connection with the MIA and the implementation of the Scheme; and
- (b) the impact arising from any options over CCI Shares held by CCI employees.

Excluded Shares means any CCI Shares held by BV or its Related Bodies Corporate.

Exclusivity Period means the period between the date of the MIA and the earlier of:

- (a) the termination of the MIA in accordance with its terms;
- (b) the Sunset Date; and
- (c) the Effective Date.

Government Agency means:

- (a) a government, whether foreign, federal, state, territorial or local;
- (b) a department, office or minister of a government (whether foreign, federal, state, territorial or local) acting in that capacity; or
- (c) a commission, delegate, instrumentality, agency, board, or other government, semi-government, judicial, administrative, monetary or fiscal authority, whether statutory or not and whether foreign, federal, state, territorial or local,

and includes ASX, ASIC, the Takeovers Panel, and APRA.

Implementation Date means the third Business Day following the Scheme Record Date.

Independent Expert means the independent expert in respect of the Scheme appointed by CCI in accordance with the terms of the MIA.

Listing Rules means the official listing rules of ASX as amended from time to time.

Merger means the acquisition of CCI by BV through implementation of the Scheme.

Scheme means the scheme of arrangement, substantially in the form set out in Annexure 4 to the MIA, under Part 5.1 of the Act between CCI and CCI Shareholders.

Scheme Booklet means the document containing the information described in the MIA to be approved by the Court and to be despatched to CCI Shareholders.

Scheme Consideration means \$0.58 per CCI Share less the CCI Dividend.

Scheme Meeting means the CCI Shareholders' meeting ordered by the Court to be convened under section 411(1) of the Act.

Scheme Record Date means 7.00 pm on the fifth Business Day after the Effective Date.

Scheme Shareholder means a CCI Shareholder, other than a holder of Excluded Shares, as at the Scheme Record Date.

Scheme Shares means all CCI Shares held by Scheme Shareholders as at the Scheme Record Date.

Second Court Hearing Date means the first day on which an application to the Court for orders under section 411(4)(b) of the Act approving the Scheme is heard.

Subsidiary has the meaning given to that term in section 46 of the Act.

Sunset Date means 5.00pm on 31 August 2007 or such other date and time agreed in writing between BV and CCI.

Attachment B: Indicative Timetable

<u>Date</u>	<u>Event</u>
12 March 2007	Execute Merger Implementation Agreement
Late April – early May 2007	Dispatch Scheme Booklet and call Scheme meeting
Late May - early June 2007	Hold Scheme meeting
Mid June	Implementation of Scheme and payment of Scheme consideration and interim dividend
