



5 May 2016

Attention: Belinda Mai, Advisor Listings
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

ASX AWARE QUERY

Dear Ms Mai

We refer to your letter received by email 3 May 2016 at approximately 5.10pm (AEST) (copy attached).

As requested please find below the Company's response to the questions from the ASX, using the terms defined in the ASX letter:

1. Yes.
2. Not applicable.
3. Late evening on Monday 2 May 2016 being the time and date that management and the Board concluded their assessment of the trading outlook for the full year ending 30 June 2016.
4. The Company made the Announcement as soon as practicable after the time referred to in point 3, being at circa 8.30am on Tuesday 3 May 2016 before the market opened.
The Company has not heard any rumours or seen any evidence that confidentiality in relation to the assessment of the trading outlook was lost. The Company is not aware why the Share Trading occurred. The volumes of trading activity in the Company's shares during the period between 26 April 2016 and 2 May 2016 were relatively low compared to longer-term averages.
5. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

For further information contact:

Karen Birner
Chief Financial Officer and Company Secretary
Surfstitch Group Limited

For personal use only



3 May 2016

Karen Birner
Group Chief Financial Officer and Company Secretary
SurfStitch Group Limited
225 Burleigh Connection Road,
Burleigh Heads, QLD 4220

By email: kbirner@surfstitch.com

Dear Ms Birner,

SurfStitch Group Limited (the “Entity”): ASX aware query

ASX Limited (“ASX”) refers to the following:

1. The Entity’s announcement titled “SRF Company Update” lodged with ASX Market Announcements Platform and released at 8:26AM today, 3 May 2016 (the “Announcement”), disclosing the entity’s trading performance for the second half of FY2016 to date and its outlook for the remainder of the year ended 30 June 2016, and anticipating the Company’s pro forma EBITDA for the year ending 30 June 2016 will be between A\$2 million and A\$3 million.
2. The change in share price of the Entity from \$1.10 at the close of trading on Tuesday, 26 April 2016 to \$1.04 at the close of trading on 2 May 2016, and the increased trading volume over this period (the “Share Trading”).
3. The conversation between ASX and the Entity on Wednesday, 27 April 2016 regarding the change in share price and trading volumes. The Entity was not aware of any explanation to attribute the change in its share price, but indicated it was undertaking a review of its financials as part of its routine monthly trading analysis and confirmed compliance with its continuous disclosure obligations.
4. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
5. The definition of “aware” in Chapter 19 of the Listing Rules. This definition states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

For personal use only



6. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

7. ASX’s policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* “Listing Rule 3.1A.2 – the requirement for information to be confidential”. In particular, the Guidance Note states that:

“An entity which is relying on Listing Rule 3.1A not to disclose information about a market sensitive transaction it is negotiating should as a matter of course be monitoring, either itself or through its advisers:

- the market price of its securities and of the securities of any other listed entity involved in the transaction;*

for signs that information about the transaction may no longer be confidential and have a draft letter to ASX requesting a trading halt and a draft announcement about the negotiations ready to send to ASX to cater for that eventuality. The closer the transaction gets to being concluded, the higher the risk of leaks and the more diligent that monitoring should be.

In relation to the second component of Listing Rule 3.1A.2, ASX may form the view that information about a matter involving an entity has ceased to be confidential if:

For personal use only



- *there is a sudden and significant movement in the market price or traded volumes of the entity's securities that cannot be explained by other events or circumstances.*

Each of these is an indication that the matter is no longer confidential and therefore Listing Rule 3.1A.2 no longer applies."

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. If the answer to question 1 is "yes", when did the Entity first become aware of the information.
4. If the answer to question 1 is "yes" and the Entity first became aware of the information before the relevant date, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay. Reference should also be made to the Share Trading and whether or not this may have indicated that confidentiality had been lost.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM Friday, 6 May 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.



Your response should be sent to me by e-mail at belinda.mai@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.



If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Belinda Mai', written in a cursive style.

Belinda Mai
Adviser, Listings

For personal use only