

IOT Group Limited  
Level 14  
39 Martin Place  
SYDNEY NSW 2000

10 May 2016

ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**Transmission via email**

**IOT Group Limited ('IOT') ASX aware query**

Dear Sirs

Thank you for your letter of 4 May 2016 concerning the above matter. IOT responds to this letter as follows:

1. IOT considers the information in its 3 May 2016 ASX Announcement ('announcement') concerning a binding distribution agreement ('agreement') with Top Tech Distribution LLC ('Top Tech') to be information that a reasonable person would expect to have a material effect on the price or value of its securities.
2. N/A.
3. IOT executed the distribution with Top Tech on 3 May 2015 after the terms were agreed on that date. Prior to that time, no agreement was reached, nor was there any guarantee a binding and acceptable distribution agreement would be reached. The negotiations with Top Tech were difficult and protracted. The Company arguably first became aware<sup>1</sup> of the information<sup>2</sup> regarding the Top Tech agreement on 4 April 2016 when negotiations with Top Tech concerning the agreement commenced.
4. IOT did not make an ASX Announcement concerning the Top Tech agreement prior to the release of its 3 May 2016 announcement on the basis that the Top Tech agreement was both an incomplete proposal or negotiation and that it contained matters of supposition or was insufficiently definite to warrant disclosure per ASX Listing Rule 3.1A.1.

---

<sup>1</sup> Defined in LR19 as 'an entity becomes aware of information if, and as soon as, an officer of the 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'.

<sup>2</sup> Defined in LR19 as ... 'for the purposes of LR3.1 3.1B information includes:

- (a) matters of supposition and other matters that are insufficiently definite to warrant disclosure to the market; and
- (b) matters relating to the intentions, or likely intentions, of a person.

For personal use only

The company formed the view that it was obliged to release the information concerning the announcement following the execution of the Top Tech agreement which occurred 3 May 2016 (Syd). The announcement was released 1.15pm 3 May 2016 (Syd).

From 4 April 2016 and up to and including 3 May 2016, the company was in confidential negotiations with Top Tech concerning the agreement during which a process was undertaken, inter alia, of determining key commercial terms and conditions including input by both parties' advisors.

These terms and conditions changed during the period from 4 April 2016 to 3 May 2016, including the morning of 3 May 2016. **More importantly, there was no guarantee a binding agreement would be entered into by the Company prior to this time.** It would be mere speculation to disclose information about the distribution agreement with Top Tech prior to the agreement being reached.

The company has relied on Guidance Note 8, paragraph 5.5 (Matters of supposition or that are insufficiently definite to warrant disclosure) in this regard.

In addition, pursuant to Guidance Note 8, paragraph 5.4 (Incomplete proposals or negotiations), it is appropriate to note that until the agreement was executed, it was not binding on either party and either party could walk away from the agreement or re-open negotiations.

Due to the commercial sensitivity of the agreement, including the counter party, Top Tech, the company, formed the view that the agreement was confidential.

Furthermore, the Company disclosed in its Replacement Prospectus dated 11 January 2016 that the Company was building out its distributor arrangements outside of Australia, on Page 26, para 3

*“Additionally, IOT is building out distribution arrangements outside Australia with suitable business partners, including in Japan and the United States (for which non-exclusive sales and distribution agreements have been executed) and in Indonesia, West Africa, New Zealand, Nepal, Bangladesh and Pakistan (for which agreements are currently being negotiated).”*

The Company is actively involved in negotiating distribution agreements outside of Australia.

The company formed the view that a reasonable person would not expect the company to disclose the negotiations, until an agreement was finalised and executed. Until this happens there is no deal.

5. In preparing its ASX First Price Query Response (announced 22 April 2016) and ASX Second Price Query Response (announced 28 April 2016), the company advised, inter alia, that it was not aware of any information that had not been announced to the market that could explain the recent trading in its securities.

The company was and is confident that confidentiality is maintained during all of its commercial negotiations and maintains that no information leaks occurred from within

the company nor from its agreement counter party and their advisors. In its ASX Second Price Query Response (announced 4 April 2016), it was noted that there were media reports about the company.

6. The company confirms that it is compliance with the ASX Listing Rules, in particular, Listing Rule 3.1.

Yours sincerely



Ron Hollands  
Company Secretary

For personal use only



4 May 2016

Ron Hollands  
Company Secretary  
IOT Group Limited  
Suite 3, 39 Martin Place  
Sydney NSW 2000

By Email

Dear Mr Hollands

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

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

1. The Entity’s announcement entitled “IOT Group signs exclusive Distribution Agreement with a major Consumer Electronics Distributor in the United States” lodged with ASX Market Announcements Platform and released at 1.15pm on Tuesday, 3 May 2016, disclosing that the Entity had entered into an exclusive distribution agreement with TOP TECH DISTRIBUTION LLC for the mass distribution of the ROAM-e and other IOT Group products throughout the United States of America, Canada and Mexico (the “Announcement”).
2. The Entity’s response to the ASX price query letter dated 22 April 2016 regarding an increase in the price and trading volume of the Entity’s securities, in which the Entity stated it was not aware of any information that had not been announced to the market which, if known by some in the market, could explain the trading volume in its securities and/or change in its share price on 22 April 2016 (the “First Price Query Response”).
3. The Entity’s response to the ASX price query letter dated 28 April 2016 regarding an increase in the price and trading volume of the Entity’s securities, in which the Entity stated it was not aware of any information that had not been announced to the market which, if known by some in the market, could explain the trading volume in its securities and/or change in its share price between 22 and 28 April 2016, other than media reports about the Entity (the “Second Price Query Response”).
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*

For personal use only



*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”*.

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:

*“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

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 information in 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 date of the Announcement, 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.
5. If the answer to question 1 is “yes” and the Entity first became aware of the information before the date of either the First Price Query Response or the Second Price Query Response, please advise the basis for the Entity’s statements in the First Price Query Response and Second Price Query Response (as applicable) that the Entity was not aware of any information that had not been announced to the market that could explain the recent trading in its securities.
6. 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 not later than half an hour before the start of trading (i.e. before 9.30 a.m. AEST) on Tuesday, 10 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 or by facsimile to (02) 9227 7620. 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

*[Sent electronically without signature]*

Andia Petropoulos

**Adviser, Listings Compliance (Sydney)**