

18 October 2019

Mr George Tharian
Senior Adviser, Listings Compliance (Sydney)
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Dear George,

Keybridge Capital Limited ('KBC'): ASX Query Letter 25 September 2019

With reference to the above, KBC responds as follows:

1 *Did KBC pay approximately \$5 million in connection with the Transaction?*

Yes. The payment was made by way of electronic funds transfer on 27 June 2019. The payment was transferred to the trust account of an Australian law firm, as solicitors for the vendor in the Transaction, and was then distributed to the vendor in accordance with directions to pay provided by KBC.

2 *If the answer to question 1 above is 'yes':*

(a) *Has the \$5 million payment been returned to KBC given 'the investment did not eventuate'?*

No, at present KBC has not requested its return (but see further at (c) below on this issue).

(b) *Not applicable.*

(c) *If the answer to (a) above is 'no', why hasn't the payment been returned?*

The counterparty offered to return the payment to KBC when the Transaction was unable to consummate as originally intended by KBC.

KBC has been, and remains engaged, in ongoing discussions with the counterparty to the proposed Transaction in an attempt to resolve impediments to the Transaction completing as originally intended by KBC. Until those discussions conclude, KBC has elected to not immediately call for the payment to be returned. KBC has, however, obtained a personal guarantee from the Transaction principal to ensure that it has security satisfactory to the KBC board for the ability to obtain return of the payment, should KBC be unable to complete the Transaction as originally intended by KBC.

KBC would be pleased to provide to ASX (not for public disclosure) a copy of the personal guarantee, if requested.

(d) *Please explain why the payment in connection with the Transaction has not been disclosed to the market.*

For personal use only

KBC's board regards the current state of the Transaction as satisfying Listing Rule 3.1A – the Transaction is presently an incomplete negotiation that remains confidential. As noted above, KBC has been and remains engaged in ongoing discussions with the counterparty to the proposed Transaction in an attempt to resolve impediments to the Transaction completing as originally intended by KBC. At this stage, KBC does not know if the Transaction will complete as originally intended, or if it will be cancelled in part or in whole (with the payment returned to KBC), or if the Transaction will be renegotiated into some other kind of transaction.

The return to KBC of the payment in relation to the Transaction is callable at KBC's election and is not (in the view of KBC) presently at any risk (in terms of recoverability by KBC). For that reason, KBC's board does not consider the payment itself to be disclose-able.

3. *Please provide a copy of the board minutes relating to the Transaction (not for release to the market).*

Attached is a copy of the board minutes (redacted to exclude non relevant matters) from the board meetings related to the Transaction.

4. *Please provide a copy of all documents evidencing or related to the Transaction (not for release to the market).*

Attached.

5. *Please confirm that KBC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

KBC is in compliance with all Listing Rules, including Listing Rule 3.1.

6. *Please confirm that KBC's responses to the questions above have been authorised and approved by at least a majority of its board.*

Yes.

Yours sincerely,



John Patton
Company Secretary
Keybridge Capital Limited
E: jpatton@keybridge.com.au



25 September 2019

Mr Victor Ho
Company Secretary
Keybridge Capital Limited
Level 2, 23 Ventnor Avenue
West Perth WA 6005

By email

Dear Mr Ho

Keybridge Capital Limited ('KBC'): Query Letter

ASX Limited ('ASX') refers to the following:

- A. The announcement by WAM Active Limited released on the ASX market announcements platform ('MAP') on 28 June 2019 disclosing its intention to make a conditional off-market cash takeover bid for all the ordinary shares in KBC at \$0.075 per share.
- B. KBC's request for a trading halt on 1 July 2019, which was granted by ASX at 11:53am on that day, pending the release of an announcement in relation to a material investment undertaken by KBC ('Trading Halt').
- C. KBC's announcement titled 'Update on Investment Transaction' released on MAP on 3 July 2019, which referred to the Trading Halt and stated:

'Keybridge advises that the proposed investment transaction did not eventuate as contemplated by the Company.'

- D. ASX's suspension of KBC's securities on 16 July 2019 under listing rule 17.3, pending the outcome of enquiries by ASX and an announcement by KBC regarding the composition of its board.
- E. Listing Rule 3.1, which requires a listed entity to immediately give ASX 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.
- F. The definition of 'aware' in Chapter 19 of the Listing Rules, which 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' and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information.'

- G. 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 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;*

For personal use only

- *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.'*

- J. 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*. 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.'

ASX understands that KBC paid approximately \$5 million in connection with a material transaction around the time of the Trading Halt (the 'Transaction').

Questions and Request for information

Having regard to the above, ASX asks KBC to respond separately to each of the following questions and requests for information:

1. Did KBC pay approximately \$5 million in connection with the Transaction?
2. If the answer to question 1 above is 'yes':
 - (a) Has the \$5 million payment been returned to KBC given *'the investment did not eventuate'*?
 - (b) If the answer to (a) above is 'yes', when was the payment returned?
 - (c) If the answer to (a) above is 'no', why hasn't the payment been returned?
 - (d) Please explain why the payment in connection with the Transaction has not been disclosed to the market.
3. Please provide a copy of the board minutes relating to the Transaction (not for release to the market).
4. Please provide a copy of all documents evidencing or related to the Transaction (not for release to the market).
5. Please confirm that KBC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that KBC's responses to the questions above have been authorised and approved by at least a majority of its board.

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 **5.00pm AEST on Wednesday, 2 October 2019**.

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 ListingsComplianceSydney@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 Rules 3.1 and 3.1A

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

For personal use only

It should be noted that KBC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, providing the information requested in this letter.

Further, 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, KBC's obligation is to disclose the information 'immediately'.

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

Yours sincerely

George Tharian
Senior Adviser, Listings Compliance (Sydney)