

Violetta Codreanu
Senior Advisor Listings Compliance (Sydney)
ASX
20 Bridge Street
Sydney NSW 2000

29 August 2017

By email

MaxSec Group Limited - Query

We refer to your letter dated 28 August 2017.

In answer to the questions raised in your letter, and by way of further background, we advise as follows:

- On 21 August 2017 MaxSec Limited (**MSP**) made an offer to place shares to Future Fibre Technologies Limited (**FFT**).
- FFT had previously advised MSP that it wished to purchase shares in MSP and the offer to make the placement was consistent with MSP's ongoing funding requirements.
- The proposed placement offer was unconditional. The offer was not in anyway related to, or conditional on, any merger between FFT and MSP.
- At 8.13 am on 24 August 2017, an executed application form was received by MSP from the company secretary of FFT by email. The board of MSP then met to consider the application for MSP Shares by FFT and resolved to make the placement to FFT (**Placement**).
- After the MSP directors' meeting, in accordance with MSP's continuous disclosure policies, an announcement was made to ASX. This announcement was uploaded to the ASX announcements platform at 9:13am on 24 August 2017.
- FFT and MSP have been negotiating for a few months a potential merger which would be implemented by either FFT making a recommended takeover bid for MSP or MSP proposing a scheme to its shareholders (**Proposed Merger**).
- At the time the Placement was announced it was not clear whether the Proposed Merger would proceed and there were a number of commercially important terms which remained extant.
- In addition, the fact that the parties may seek to effect the Proposed Merger remained confidential.
- Following the Placement, FFT contacted MSP and indicated it wished to seek to finalise a binding implementation agreement with respect to the Proposed Merger and that it would take the form of a bid by FFT.
- Immediately following this approach, MSP requested a trading halt (at 11:33am on 24 August 2017) and that trading halt was granted by ASX (at 11:53am). The trading halt was requested when it became clear to MSP that the parties may be able to negotiate and agree the outstanding commercial terms in a timely fashion.
- At the time the trading halt was requested, the Proposed Merger represented an incomplete proposal or negotiation. Important aspects including the pricing and timing of the Proposed Merger and whether the MSP directors would agree to recommend the Proposed Merger were not agreed. The MSP board considered, and formed the view, that it was not appropriate for MSP to make an ASX announcement until those incomplete aspects of any Proposed Merger had been finalised.
- It was not until 6:31pm on 24 August 2017 (after the close of trading on ASX on that day) that the outstanding commercial issues were agreed and a binding document was executed.
- MSP considers that when the parties had concluded their negotiations and executed the binding bid implementation agreement that the information relating to the Proposed Merger was information that

a reasonable person would expect to have a material effect on the price or value of its securities. Accordingly, in accordance with MSP's continuous disclosure obligations under Listing Rule 3.1, the ASX announcement with respect to the Proposed Merger was made immediately following the execution of the binding bid implementation agreement (at 7:16pm on 24 August 2017).

- The ASX announcements platform released that announcement to the market at 8:51am on 25 August 2017 (before opening of trade on that day).

Accordingly, MSP confirms that it is in compliance with the Listing Rules and in particular Listing Rule 3.1.

MSP has in place adequate arrangements to ensure that continuous disclosure obligations under Listing Rule 3.1 are met. These include:

- complying with MSP's published continuous disclosure policy;
- taking professional advice in circumstances where market sensitive information may become available; and
- ensuring confidentiality of market sensitive information is maintained whilst MSP is relying on an exception contained in Listing Rule 3.1(a).

We confirm that MSP's response in this letter has been approved in accordance with its published continuous disclosure policy and approved and authorised by the board of MSP.

Yours sincerely

MaxSec Group Limited



Geoffrey Cleaves
Director



28 August 2017

Mr Geoffrey Cleaves
Chief Executive Officer & Company Secretary
MaxSec Group Limited
Unit 29
1 Talavera Road
North Ryde NSW 2113

By email: CEO@bqtsolutions.com

Dear Mr Cleaves

MaxSec Group Limited ("MSP"): aware query

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

- A. The announcement entitled "Future Fibre Technologies Limited (ASX:FFT) acquires 13.7% of MSP" lodged on the ASX Market Announcements Platform ("MAP") and released at 9:13am on 24 August 2017, disclosing the private placement of 65,000,000 shares to Future Fibre Technologies ("FFT"), which amounts to 13.7% of MSP shares.
- B. The announcement entitled "Trading Halt" lodged on MAP and released at 11:56am on 24 August 2017 pending the release of an announcement about a material corporate transaction.
- C. The announcement entitled "Proposed Merger of MSP and FFT" lodged on MAP at 7:16pm on 24 August 2017 and released at 8:51am on 25 August 2017, disclosing that FFT intends to make an off-market takeover bid for all of the shares it does not hold in MSP (the "Proposed Merger").
- D. 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.
- E. 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"*.
- F. 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;*
- *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."*

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

1. When did MSP first become aware of the Proposed Merger?
2. Does MSP consider the Proposed Merger to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is "yes" and MSP first became aware of the information before the relevant date, did MSP 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 MSP was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps MSP took to ensure that the information was released promptly and without delay.
4. If the answer to question 2 is "no", please advise the basis for that view.
5. Please confirm that MSP is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please outline what arrangements MSP has in place to ensure that its internal processes are adequate to meet its continuous disclosure obligations under listing rule 3.1. If the current arrangements are inadequate or not being enforced, what additional steps does MSP intend to take to ensure compliance?
7. Please confirm that MSP's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MSP with delegated authority from the board to respond to ASX on disclosure matters.

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 Wednesday, 30 August 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MSP'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, MSP'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. 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 MSP's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that MSP's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

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 MSP's securities under Listing Rule 17.1.

If you wish to request 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]

Violetta Codreanu

Senior Adviser, Listings Compliance (Sydney)