



12 November 2018

Mr George Tharian
Adviser, Listings Compliance (Sydney)
ASX Compliance
20 Bridge Street
Sydney NSW 2000

Dear Mr Tharian

ASX letter dated 7 November 2018

I refer to your letter dated 7 November 2018 and respond as follows, adopting the numbering in your letter:

1. The Memorandum with Eastern Bridge had been discussed for a number of weeks over which the executives of JAT had sought to enlist Eastern Bridge as a customer. The Memorandum was signed after close of trading on the ASX on 6 November 2018. Prior to signing, Eastern Bridge requested the Memorandum be held in escrow (that is, not effective) until the ASX announcement was approved by the board of Eastern Bridge. This occurred on 7 November 2018. The Relevant Information therefore came into existence on 7 November 2018.
2. No.
3. Since 2016, JAT has been developing its trading business to sell products from Australia into China. Throughout 2018, JAT has made numerous announcements about new customers. In many cases, the announcement of a new customer has had no material effect on the share price of the Company (see below for specific examples). This may be because a reasonable person might take the view that the announcement is regarded as simply evidence that JAT is continuing to execute on its previously announced strategy.

The announcement of the Eastern Bridge Memorandum is in line with those previous announcements. The announcement was clear in stating that it was a “Memorandum” and that under the Memorandum, Eastern Bridge “intends to import...” products amounting to \$8 million in 2019. A reasonable person reading the announcement would know that the Memorandum is not a contract and that the Memorandum expressed an intention to import products from JAT, not a binding obligation. Again, this is in accordance with the previous ASX announcements by JAT of new customers whereby there is no binding requirement of the customers to import any goods whatsoever.



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Previous announcements

JAT notes the previous similar announcements:

- (i) On 7 September 2018, JAT announced to the ASX before commencement of trading that it had reached an agreement to sell products to Sinopharm. The announcement specifically stated that the agreement did not provide for any minimum quantities. The closing price of JAT shares on 7 September 2018 was 0.001c more than the previous day. The closing price on the following trading day (10 September 2018) was 0.001c lower than the closing price on the day immediately prior to the announcement.
- (ii) On 10 August 2018, a similar announcement was made regarding an agreement to sell products to Healthy One Co., Ltd. That announcement stated that Healthy One had already placed an order, a factor absent from both the Eastern Bridge and Sinopharm announcements. A reasonable person would expect that the existence of an order would have a material upward effect on the price of JAT shares. Despite this, the closing price on the following trading day was 0.007c less than the closing price prior to making the announcement.
- (iii) On 18 July 2018, a similar announcement was made prior to the market opening regarding an arrangement to sell products on the Woolworths Tmall Global online store. The announcement did not provide for any minimum quantities. The closing price of JAT shares on 18 July 2018 was 0.001c less than the closing price of the previous day. The closing price on the following trading day (19 July 2018) was 0.006c lower than the closing price on the day immediately prior to the announcement.
- (iv) On 13 July 2018, a similar announcement was made prior to the market opening regarding an arrangement to sell products on the Little Red Book. The announcement did not provide for any minimum quantities. The closing price of JAT shares on 13 July 2018 was 0.001c less than the closing price of the previous day. The closing price on the following trading day (16 July 2018) was 0.005c lower than the closing price on the day immediately prior to the announcement.

Other announcements

On 15 August 2018, JAT announced to the ASX an increase in the revenue of JAT for the September 2018 quarter. That announcement was in keeping with the requirements of section 7.3 of ASX Guidance Note 8. It is noted that the closing price on that day was 0.008c more than the previous day, an increase of 12.7%.

Analysis by JAT Board

In determining whether the Eastern Bridge announcement was information that a reasonable person would expect to have a material effect on the price of its shares, the Directors have taken into account the evidence of the effect of the past announcements regarding new customers on the price of JAT shares. The evidence shows that prior announcements (Sinopharm, Healthy One, Woolworths and Little Red Book) similar to the Eastern Bridge announcement had no material effect on the price of JAT's shares.



On the other hand, the announcement of specific financial information regarding the effect of entering into those contracts on the actual sales was followed by a material increase on the price of JAT shares. Although it is hypothetical at this stage, had the Eastern Bridge Memorandum been a binding contract and included for instance, minimum order quantities which could be enforced, the JAT directors are likely, based on the 15 August 2018 announcement, to have considered that it was information that a reasonable person would expect to have a material effect on the price of JAT shares.

4. Not applicable.
5. JAT is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. It is confirmed that the responses to the questions above have been authorised and approved by Mr Crimmins with delegated authority from the Board to respond to ASX on disclosure matters.

Anthony Crimmins
Managing Director
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7 November 2018

Mr Brett Crowley
Company Secretary
Jatenergy Limited
Office B, Suite C303, 521 Toorak Road
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By email

Dear Mr Crowley

Jatenergy Limited ("JAT"): aware query

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

- A. JAT's announcement entitled "Purchasing Memorandum signed with Guangzhou Eastern Bridge Import & Export Co" ("Announcement") lodged on the ASX Market Announcements Platform and released at 12:21pm today ("Relevant Date"), disclosing that on 6 November 2018 JAT signed a Memorandum with Guangzhou Eastern Bridge Import & Export Co Ltd ("Eastern Bridge") under which Eastern Bridge intends to import certain products from JAT amounting to \$8 million in 2019 ("Relevant Information").
- B. The change in the price of JAT's securities from a closing price of \$0.06 on Tuesday, 6 November 2018 to \$0.067 at 12:19pm today (immediately prior to release of the Announcement), then increasing to a high of \$0.093 today. We also note a significant increase in the volume of JAT's securities traded today following release of the Announcement.
- C. 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.
- D. 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".

- E. 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.”*

F. 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.”

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

1. When did JAT first become aware of the Relevant Information?
2. Does JAT consider the Relevant Information 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 “no”, please advise the basis for that view.
4. If the answer to question 2 is “yes” and JAT first became aware of the Relevant Information before the Relevant Date, did JAT make any announcement prior to the Relevant Date which disclosed the Relevant Information? If so, please provide details. If not, please explain why the Relevant Information was not released to the market at an earlier time, commenting specifically on when you believe JAT was obliged to release the Relevant Information under Listing Rules 3.1 and 3.1A and what steps JAT took to ensure that the Relevant Information was released promptly and without delay.
5. Please confirm that JAT is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that JAT’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 JAT 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 9.00 a.m. AEDT on Monday 12 November 2018).

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 email. 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 JAT’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 JAT'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, JAT's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in this letter and may require JAT to request a trading halt immediately.

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 will require the request for the 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*.

Suspension

If you do not respond to this letter by the deadline set out above or if ASX does not consider your response to be satisfactory, ASX is likely to suspend trading in JAT's securities under Listing Rule 17.3.

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

Yours sincerely

[Sent electronically without signature]

George Tharian

Adviser, Listings Compliance (Sydney)