



13 February 2019

The Manager
Company Announcements
Australian Securities Exchange
Level 5, 20 Bridge Street
Sydney NSW 2000

Attention: George Tharian
Adviser, Listings Compliance (Sydney)

Response to ASX query

We refer to your letter dated 11 February 2019 and respond to your questions, using your numbering, as follows:

1. N1H's negative cashflows result from its lending activities. When N1H lends capital to SME borrowers, these amounts are recorded as operational expenses. However, it is important to note that (unless a borrower defaults) these funds will be repaid at or prior to the end of the term of the loan. Although lending transactions have the effect of making N1H's operating cash flows negative, the amounts lent to borrowers have not actually been "spent" by N1H. Rather, these amounts will be repaid by borrowers. Management is uncertain when the Company will become cashflow positive but notes that cash receipts are improving. During the latest quarter (ended 31 December 2018), N1H saw an improvement in cash receipts by 35% from the previous quarter. N1H is expecting further improvements in cash receipts during the current and future quarters (see point 2 below).
2. N1H does not have any current intention to raise capital in the short-term. However, it is noted that the SME lending fund managed by N1H (One Lending Fund) recently announced that it has raised over \$2 million. While this capital is not for N1H's working capital purposes, N1H expects to grow the size of this fund to supplement its existing balance sheet lending to SMEs. It is anticipated that revenue from managing the fund will supplement N1H's future revenue and cash receipts.
3. Yes, N1H expects to be able to continue its operations and meet its business objectives. Please refer to points 1 and 2 above.
4. N1H confirms that it is in compliance with ASX Listing Rule 3.1 and there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
5. N1H confirms that these responses have been authorised and approved in accordance with its published continuous disclosure policy.

N1H is not aware of any other information that it considers may be relevant to ASX forming an opinion on whether N1H is in compliance with ASX Listing Rule 12.2, in addition to the matters disclosed above.

For any questions, please contact the undersigned below.

Yours faithfully,

Ren Hor Wong
Chairman & Chief Executive Officer
renwong@n1holdings.com.au



11 February 2019

Mr Anand Sundaraj
Company Secretary
N1 Holdings Limited
Level 13
111 Elizabeth Street
Sydney NSW 2000

By email:

Dear Mr Sundaraj

N1 Holdings Limited ('N1H'): Appendix 4C Query

ASX refers to N1H's Appendix 4C quarterly report for the period ended 31 December 2018 lodged with the ASX Market Announcements Platform and released on 17 January 2019 (the 'Appendix 4C').

ASX notes that N1H has reported:

- negative net operating cash flows for the quarter of \$643,000;
- cash at the end of the quarter of \$564,000; and
- estimated cash outflows for the next quarter of \$1,215,000.

It is possible to conclude, based on the information in the Appendix 4C, that if N1H were to continue to expend cash at the rate indicated by the Appendix 4C, N1H may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks N1H to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does N1H expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has N1H taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does N1H expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that N1H is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that N1H'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 N1H with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that N1H considers may be relevant to ASX forming an opinion on whether N1H is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEDT Thursday, 14 February 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in N1H'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, N1H'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 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 Rule 3.1 and 3.1A

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. In responding to this letter, you should have regard to N1H'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 N1H'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 N1H'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*.

Enquiries

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

Yours sincerely

George Tharian
Adviser, Listings Compliance (Sydney)