



HUNTER HALL INTERNATIONAL LIMITED

ABN 43 059 300 426

5 January 2017

Ms Stephanie Yong
Senior Adviser, Listings Compliance
ASX Compliance Pty Ltd
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Ms Yong

Hunter Hall International Limited ("HHL"): aware query

I refer to your letter dated 3 January 2016. Capitalised terms not defined in this letter have the meaning given to them in your letter.

In relation to the questions set out in page 3 of your letter, HHL responds as follows (adopting your numbering):

1. Was HHL aware of Mr Hall's intention to sell all his shares in HHL prior to the release of the Selldown Announcement?

Yes.

2. If the answer to question 1 is "yes", when did HHL first become aware of this information?

During the course of the day on 29 December 2016 HHL became aware that Peter Hall was prepared to sell his shares, provided it was to a person to whom Mr Hall was content to sell and on terms acceptable to Mr Hall.

3. If the answer to question 1 is "yes", did HHL consider this information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes.

4. If the answer to question 3 is "yes", why did HHL not release this information when it first became aware of the information or at least request a trading halt until it was in a position to make a more definitive announcement about the intended sale by Mr Hall? If the answer to question 3 is "no", please explain the basis for that view.

When it first became aware of the information that Mr Hall intended to sell his shares, HHL shares were already in trading halt.

At the time of the Resignation Announcement the Board was aware that there were ongoing negotiations between Mr Hall and potential buyers of a stake in HHL. The Board did not know if a transaction would occur, when it might occur or on what terms any transaction might be agreed.

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In any event, the particular information concerning Mr Hall's intention to sell his shares met the requirements of Listing Rule 3.1A because this information:

- (a) concerned an incomplete proposal or negotiation;
- (b) was confidential in nature; and
- (c) was such that a reasonable person would not expect the information to be disclosed.

Promptly and without delay following the information ceasing to meet the requirements of Listing Rule 3.1A, HHL made the Selldown Announcement on 30 December 2016.

5. Is the statement in today's AFR that "Hall told Eley on December 24 that ... he planned to sell all his shares in the company" correct?

The statement referred to is incorrect. Mr Hall did not tell Mr Eley of his intention to sell his shares in the company on 24 December 2016.

6. If, as the article in today's AFR suggests, HHL (through Mr Eley) was aware of Mr Hall's intention to sell all his shares in HHL at the time it made the Resignation Announcement, why was that information not included in the Resignation Announcement?

Although HHL was aware of Mr Hall's intention to sell his shares in HHL at the time it made the Resignation Announcement on 30 December 2016 that information met the requirements of LR3.1A for the reasons stated above.

7. Please confirm that HHL is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Confirmed.

8. Please confirm that HHL'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 HHL with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

Please contact me if you have any further queries or require any additional information in relation to this matter.

Yours faithfully



Paula Ferrao
Chief Financial Officer & Deputy Chief Executive Officer



3 January 2017

Ms Paula Ferrao
Chief Financial Officer & Deputy Chief Executive Officer
Hunter Hall International Limited
Level 2
56 Pitt Street
Sydney NSW 2000

By email: PFerrao@hunterhall.com.au

Dear Ms Ferrao

Hunter Hall International Limited ("HHL"): aware query

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

- A. HHL's announcement entitled "Resignation of Chief Investment Officer" lodged on the ASX Market Announcements Platform and released at 10:08 am on 30 December 2016 (the "Resignation Announcement"), disclosing that Mr Peter Hall had tendered his resignation as HHL's chief investment officer. HHL also disclosed that it had received a number of approaches from parties interested in acquiring some or all of the shares in HHL, that the Board *"is currently assessing all options to maximise value for shareholders and ensure the continued stewardship of our funds under management"*, and that the Board will make an announcement when it has further information.
- B. HHL's announcement entitled "Peter Hall sells 19.9% of HHL to Washington H. Soul Pattinson" lodged on the ASX Market Announcements Platform and released at 1:42 pm on 30 December 2016 (the "Selldown Announcement"), disclosing that Mr Hall had advised the HHL Board that he has agreed to sell part of his HHL shareholding, equivalent to 19.9% of the issued share capital of HHL, to Washington H. Soul Pattinson and Company Limited ("WHSP") for \$1.00 per share and that WHSP intends to make a takeover bid for all of the shares of HHL for at least \$1.00 per share.
- C. WHSP's announcement entitled "Proposal to acquire Hunter Hall International Limited" lodged on the ASX Market Announcements Platform and released at 1:41 pm on 30 December 2016 (the "WHSP Announcement"), disclosing that WHSP has entered into an agreement to acquire 19.9% of the shares in HHL from Mr Hall for \$1.00 per share, its intention to make a takeover bid for all of the shares of HHL for at least \$1.00 per share, and that Mr Hall has informed WHSP that he intends to accept WHSP's offer for his remaining shareholding of 24.05% in the absence of a superior proposal.
- D. The article on page 40 of The Australian Financial Review ("AFR") dated 3 January 2017 entitled "Redemption risks at Hunter Hall" disclosing that both Mr Hall and HHL's Chairman, Mr Kevin Eley, on Monday 2 January 2017 had told the AFR that *"Hall told Eley on December 24 that he wanted to resign as chief investment officer and that he planned to sell all his shares in the company"*.
- E. The change in the price of HHL's securities following the release of the Selldown Announcement from a closing price of \$3.10 on 30 December 2016 to a low of \$2.05 at the time of writing on 3 January

2017, being a decrease of approximately 34%. We also note the significant increase in the volume of HHL's securities traded today.

- F. 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.

- G. 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".

- H. 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."

- I. 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 HHL to respond separately to each of the following questions and requests for information:

1. Was HHL aware of Mr Hall's intention to sell all his shares in HHL prior to the release of the Selldown Announcement?
2. If the answer to question 1 is "yes", when did HHL first become aware of this information?
3. If the answer to question 1 is "yes", did HHL consider this information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
4. If the answer to question 3 is "yes", why did HHL not release this information when it first became aware of the information or at least request a trading halt until it was in a position to make a more definitive announcement about the intended sale by Mr Hall? If the answer to question 3 is "no", please explain the basis for that view.
5. Is the statement in today's AFR that "Hall told Eley on December 24 that ... he planned to sell all his shares in the company" correct?
6. If, as the article in today's AFR suggests, HHL (through Mr Eley) was aware of Mr Hall's intention to sell all his shares in HHL at the time it made the Resignation Announcement, why was that information not included in the Resignation Announcement?
7. Please confirm that HHL is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that HHL'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 HHL 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 (ie before 9.30 a.m. AEDT) on 6 January 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in HHL'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, HHL'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 stephanie.yong@asx.com.au or by facsimile to (02) 9241 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 Rules 3.1 and 3.1A

In responding to this letter, you should have regard to HHL'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 HHL'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 HHL'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]

Stephanie Yong
Senior Adviser, Listings Compliance