

8 December 2016

Mr Kobe Li
Senior Advisor, Listing Compliance (Melbourne)
ASX Limited

By email: zheng.li@asx.com.au

Dear Mr Li

Bellamy's Australia Limited: ASX Aware query

We refer to your letter dated 6 December 2016 (copy attached).

As requested, the Company's response to the questions in your letter is set out below, using the terms defined in the ASX letter.

1. The Company first became aware of the information the subject of the Announcement on 2 December 2016 during the Board meeting which began at 8:00am.

The Board held its scheduled November Board meeting on 22 November 2016 and as part of the regular assessment of the monthly business update, the impact of November sales to date was considered, and management was asked to prepare additional financial information regarding the forecast revenues and EBIT for the half year ending 31 December 2016 and full financial year ending 30 June 2017. Management undertook the review and continued to finalise the updated forecasts until the start of the Board meeting held on 2 December 2016 at 8:00am.

At the Board meeting on 2 December 2016, the Board reviewed the updated forecast and draft Announcement. The Board considered a number of issues arising from this update, including:

- sales in the period leading up to and after the 2016 Singles Day event in China;
- trading conditions in China;
- the Company's current inventory levels;
- supply chain and volume demand;
- expected investment in products, people and marketing; and
- EBIT margin,

including the potential impact of these issues on the expected half year ending 31 December 2016 and full financial year ending 30 June 2017 results.

During the Board meeting, the Board continued to work with management to finalise the market update. Following the conclusion of the Board's consideration of these issues, the Board approved the form and substance of the Announcement and delegated authority to the CEO to finalise the Announcement reflecting the Board's decision. The Board meeting concluded at 9:09am and the CEO then finalised the Announcement, following which the Company made the Announcement promptly and without delay.

2. Not applicable.
3. The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
4. The responses to your questions above have been approved by the Board.

Kind regards



Brian Green

Company Secretary



6 December 2016

Mr Brian Green
Company Secretary
Bellamy's Australia Limited
52-54 Tamar Street
PO Box 96 Launceston
Tasmania 7250

By email: Brian@bellamysorganic.com.au

Dear Mr Green

Bellamy's Australia Limited ("BAL"): aware query

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

- A. BAL's announcement entitled "Business Update" lodged on the ASX Market Announcements Platform at 10:07 am and released at 10:12 am AEDT on 2 December 2016 (the "Announcement"), disclosing an update to shareholders regarding its business operations, financial performance, impact from regulatory changeover in China and long term outlook.
- B. Trading activity in BAL shares over the course of 2 December 2016:
 - a) Opened at \$12.09;
 - b) Traded in the range \$11.95 - \$12.10 between market open and 10:10am, when the shares were placed in PRE-NR (Pre_Notification) session ahead of the release of the Announcement;
 - c) Resumed trading at \$8.50 at 10:26am; and
 - d) Closed at \$6.85.(together, "Trading Activity").
- 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 including the Trading Activity, ASX forms the view that the Announcement contains information that a reasonable person would expect to have a material effect on the price or value of its securities. Accordingly ASX asks BAL to respond separately to each of the following questions and requests for information:

1. When did BAL first become aware of the information the subject of the Announcement? When answering this question, please give specific reference to both date and time.
2. If BAL first became aware of the information before the relevant date, did BAL 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 BAL was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BAL took to ensure that the information was released promptly and without delay.
3. Please confirm that BAL is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

4. Please confirm that BAL'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 BAL 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 8 December 2016. If we do not have your response by then, ASX will have no choice but to consider suspending trading in BAL'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, BAL'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 BAL'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 BAL'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 BAL'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]

Kobe Li

Senior Adviser, Listings Compliance (Melbourne)

P: 03 9617 8772

E: zheng.li@asx.com.au