

29 April 2021

Laura Gomme  
Adviser, Listings Compliance  
Level 40, Central park  
152-158 St George's Terrace  
Perth WA 6000

Dear Laura,

**DRAGONTAIL SYSTEMS LIMITED**

**Appendix 3Y – Change of Director's Interest Notice Query**

We refer to your letter dated 27 April 2021 in relation to the above and provide the following responses to your questions:

*1. Please explain why the Appendix 3Y was lodged late.*

The reduction in Mr Shamai's interests was not generated by actions of either Mr Shamai or any of the officers of Dragontail. As advised in the covering letter lodged with the ASX Appendix 3Y, it has been established, through a review of the corporate records of the Company's Israeli subsidiary, that 1,316,371 fully paid ordinary shares in the Company were issued to Mr Yehuda Shamai in error, prior to the Company's listing in December 2016. Those shares should have been issued to another, unrelated seed shareholder. That correction was made in the Israeli nominee's records in 2019, but due to administrative error, the Company and its Australian share registry were not informed of the update to the nominee holding at that time.

The Company first became aware that Mr Shamai's holding as recorded by the share register had been reduced on 14 April 2021. Given that the Company had not been advised of the movements an investigation as to why his shareholding had changed was undertaken. Given the irregular circumstances of the reduction, legal advice was sought. Once the reasons for the reduction in Mr Shamai's holding was understood, notification by way of ASX Appendix 3Y, along with the covering letter providing explanation, was made to the market.

*2. What arrangements does DTS have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?*

All Directors have been provided with a copy of the Security Trading Policy. A standing agenda item for Board meetings is for the Directors to confirm that there has been no movement in their Director's interests providing both confirmation that any movements have been reported and reinforcement of the obligation to advise the Company of any movements.

3. *If the current arrangements are inadequate or not being enforced, what additional steps does DTS intend to take to ensure compliance with Listing Rule 3.19B?*

The Company considers its current arrangements adequate and notes that the current situation arose from a highly unusual circumstance which is unlikely to occur again.

This response has been authorised by Dragontail's Managing Director.

Yours sincerely,



Stephen Hewitt-Dutton  
Company Secretary



27 April 2021

Mr Stephen Hewitt-Dutton  
Dragontail Systems Limited  
Level 24, 44 St George's Terrace  
Perth  
WA 6000

By email: [stephen@tridentcapital.com.au](mailto:stephen@tridentcapital.com.au)

Dear Mr Hewitt-Dutton

**Dragontail Systems Limited ('DTS'): Appendix 3Y – Change of Director's Interest Notice Query**

ASX refers to the following:

1. DTS's Appendix 3Y lodged on the ASX Market Announcements Platform ('MAP') on 27 April 2021 for Mr Yehuda Shamai (the 'Notice');
2. Listing Rule 3.19A which requires an entity to tell ASX the following:

**3.19A.1** *'The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the following times.*

- *On the date that the entity is admitted to the official list.*
- *On the date that a director is appointed.*

*The entity must complete Appendix 3X and give it to ASX no more than 5 business days after the entity's admission or a director's appointment.*

**3.19A.2** *A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.*

**3.19A.3** *The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.'*

3. Listing rule 3.19B which states that:

*'An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.'*

The Notice and explanatory letter indicates that a change in Mr Shamai's notifiable interest occurred between the 8<sup>th</sup> and 15<sup>th</sup> April 2021. It appears that the Notice should have been lodged with ASX 5 days after the change in notifiable interest. Consequently, DTS may have breached Listing Rules 3.19A and/or 3.19B. It also appears that Mr Shamai may have breached section 205G of the *Corporations Act 2001* (Cth).

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## Request for Information

Under Listing Rule 18.7, we ask that you answer each of the following questions having regard to Listing Rules 3.19A and 3.19B and *Guidance Note 22: Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities*.

1. Please explain why the Appendix 3Y was lodged late.
2. What arrangements does DTS have in place under Listing Rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under Listing Rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does DTS intend to take to ensure compliance with Listing Rule 3.19B?

## 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 AWST Friday, 30 April 2021**. 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, DTS'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 and may require DTS to request a trading halt immediately.

Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@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.

## 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 DTS'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 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*.

## Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in DTS's securities under Listing Rule 17.3.

## Listing Rules 3.1 and 3.1A

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

**Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

**Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Laura Gomme**  
Adviser, Listings Compliance (Perth)