



22 April 2020

Vanessa Nevjestic  
Adviser, Listings Compliance (Perth)  
Level 40, Central Park  
152-158 St Georges Terrace  
PERTH WA 6000

Dear Vanessa

**SportsHero Limited (SHO) – ASX Aware Query**

SHO refers to ASX Limited's letter dated 16 April 2020, wherein ASX is seeking answers to a number of questions in relation to SHO's announcement dated 16 April 2020 and also requiring SHO to provide two specific confirmations.

In your letter you define "**Information**" as being "commitments for the raising of \$300,000 pursuant to the issue of 300 convertible notes with a face value of \$1,000..."

SHO refers ASX to SHO's original response letter dated 14 April 2020 to ASX's price query letter (also dated 14 April 2020) that was received by ASX on or about 3:28pm WST on Tuesday 14 April 2020 (**Original Response Letter**). The Original Response Letter stated, inter alia, that SHO was not aware of information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities.

As disclosed verbally to yourself on the morning of Tuesday 14 April 2020 (ie prior to ASX issuing its price query letter) and on at least one other occasion that day and at the time of SHO sending the Original Response Letter, SHO had not received any commitments whatsoever from any of the subscribers for the convertible notes. All such commitments being subsequently received by SHO during the Trading Halt period that concluded shortly after the commencement of trading on Thursday 16 April 2020. As such, the Directors of SHO were of the view then, and are still of the view now that any discussions or proposals regarding a potential capital raising were incomplete and were subject to negotiation. To this effect, up to and including the period of the commencement of the Trading Halt (14 April 2020 at 1.53pm WST) SHO and its board was still considering various capital raising alternatives, including a share placement pursuant to Listing Rule 7.1 and/or a convertible note raising. As such and due to the information being confidential (and the board of SHO not being aware that the information had ceased to be confidential) and the board forming the view that a reasonable person would not expect the information to be disclosed, SHO is entitled to rely on, and did rely on the exceptions articulated in Listing Rule 3.1A.

For the avoidance of doubt, as at the time of issue by SHO of the Original Response Letter, no commitments for the raising of \$300,000 pursuant to the issue of 300 convertible notes with a face value of \$1,000 existed. As such, in

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accordance with ASX Listing Rule 3.1A.1 the proposed \$300,000 convertible note issue was an incomplete proposal and insufficiently definite to warrant disclosure.

Kindly note that subsequent to the issue of the Original Response Letter and prior to the release to ASX of the SHO response letter dated 16 April 2020 and prior to the lifting of the Trading Halt, SHO received written commitments for the raising of the \$300,000 and hence SHO was then able to release details of the \$300,000 convertible note issue.

SHO notes that on 9 January 2020, its share price was \$0.04 and that it dropped to a low of \$0.003 on 2 April 2020. SHO further notes that during the trading period of 6 April 2020 to 14 April 2020 (inclusive) referred to in ASX's price query letter, SHO's share price increased from a low of \$0.004 to a high of \$0.025. Such increase resulting from the sale of 10,348,991 shares (representing only 3.15% of SHO shares on issue) for a total consideration of only \$115,157. This clearly demonstrates that SHO's share price is volatile on low monetary value and volume.

For convenience, I have included below your questions and confirmation requests and have provided SHO's responses immediately below each question or confirmation request.

1. Does SHO consider the **Information** to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

*SHO does not consider that its announcement of 16 April 2020 contained information that a reasonable person would expect to have a material effect on the price of its securities for the following reasons:*

- *the relatively small amount (ie \$300,000) to be raised by the convertible note issue*
- *the fact that the conversion price of the convertible notes is the lower of \$0.03 or 80% of SHO's VWAP as at the time of conversion*
- *the announcement articulated substantial cost cutting measures in order to enable the Company to withstand a challenging market environment*
- *the announcement further disclosed that the Company's ability to generate revenue as a result of the postponement and/or cancellation of all sporting events by both the Indonesian and Spanish football leagues will be materially impacted*

*In a market that has and is experiencing considerable and unprecedented volatility, the Board of the Company is unable to provide precise reasons for*

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the uplift in the Company's share price over the period 6 April to 14 April 2020 (inclusive). The Company does not consider that its announcement dated 16 April 2020 is the underlying reason for the uplift in the Company's share price.

2. If the answer to question 1 is "no", please advise the basis for that view.

*On 31 January 2020, SHO released to the market an Appendix 4C which stated that "SportsHero is in the process of executing a capital raise to generate sufficient funds to support the Company's operations."*

*In addition, on 28 February 2020, SHO released its 31 December 2019 Half Year Report which revealed that SHO's current liabilities exceeded its current assets by US\$33,603.*

*Very clearly, the market was aware that SHO was looking to raise working capital.*

*In any event and as discussed above, SHO considers that the Information (ie as defined by ASX and referred to in question 1) did not exist until after the commencement of the Trading Halt period.*

3. When did SHO first become aware of the Information?

*SHO became aware of the Information during the Trading Halt period. More specifically, the Information came in the form of 6 separate un-related parties each providing SHO with written commitments to subscribe for convertible notes. In that regard, SHO became aware of the receipt of the 1<sup>st</sup> commitment at approximately 4.00pm WST on Tuesday 14 April 2020 and the final 6<sup>th</sup> commitment on or around 2.00pm WST on Wednesday 15 April 2020.*

*Given that ASX has defined Information as being "commitments for the raising of \$300,000 pursuant to the issue of 300 convertible notes with a face value of \$1,000" then for the reasons stated above we do not accept that there was any "Information" at the time of the price increase referred to in ASX's price query letter dated 14 April 2020 as those matters referred to were at that time incomplete and confidential and had not ceased to be so.*

4. If the answer to question 1 is "yes" and SHO first became aware of the Information before the relevant date, did SHO 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 SHO was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps SHO took to ensure that the information was released promptly and without delay.

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*Not applicable.*

5. Please confirm that SHO is complying with the Listing Rules and, in particular, Listing Rule 3.1.

*SHO confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

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

*SHO's response to the questions above have been authorised and approved by an officer of SHO with delegated authority from the board to respond to ASX on disclosure matters.*

Yours sincerely

Michael Higginson  
Director/Company Secretary



16 April 2020

Reference: ODIN16737

Mr Michael Higginson  
Company Secretary  
Sportshero Limited  
116 Alastair Street  
LOTA QLD 4179

By email: mike.higginson@iinet.net.au

Dear Mr Higginson

**Sportshero Limited ('SHO'): Aware Query**

ASX refers to the following:

- A. SHO's announcement entitled *"Convertible Notes issue and cost savings implemented"* lodged on the ASX Market Announcements Platform on 16 April 2020 (the 'Announcement'), disclosing the commitments for the raising of \$300,000 pursuant to the issue of 300 convertible notes with a face value of \$1,000 (the 'Information').
- B. The increase in the price of SHO's securities from a closing price of \$0.005 on 6 April 2020 to an intraday high of \$0.025 on 14 April 2020 with a significant increase in the volume of SHO's securities traded that day.
- C. The ASX price query letter sent to SHO on Tuesday 14 April 2020 and SHO's response to the letter released on MAP on 16 April 2020.
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX 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.
- E. 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."*
- F. 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*

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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."*

- G. 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."*

### **Request for Information**

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

1. Does SHO consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did SHO first become aware of the Information?
4. If the answer to question 1 is "yes" and SHO first became aware of the Information before the relevant date, did SHO 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 SHO was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps SHO took to ensure that the information was released promptly and without delay.
5. Please confirm that SHO is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that SHO'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 SHO 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 Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **7:30 AM AWST Wednesday, 22 April 2020**.

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, SHO'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 SHO 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

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- 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*.

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 [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.

#### **Listing Rules 3.1 and 3.1A**

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

#### **Suspension**

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

#### **Enquiries**

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

Yours sincerely

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**Vanessa Nevjestic**  
Adviser, Listings Compliance (Perth)