



## SUNBRIDGE GROUP LIMITED

ACN 163 886 020

Level 25, 88 Philip Street, Sydney NSW 2000

T: +61 2 8211 0663 F: +61 2 8211 0555

11 September 2016

Mr Jeremy Newman  
Level 40, Central Park  
152 – 158 St Georges Terrace  
PERTH WA 6000

By email to: [jeremy.newman@asx.com.au](mailto:jeremy.newman@asx.com.au)

Dear Jeremy

### **SUNBRIDGE GROUP LTD (“COMPANY”) – CASH FLOW DISCREPANCIES**

We refer to your letter dated 7 September 2016 in relation to the above matter and provide the following responses to your questions:

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

Yes, the Entity considers the Discrepancies 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.

Not applicable

3. If the answer to question 1 is “yes”, when did the Entity first become aware of the Discrepancies?

The Entity first became aware of the Discrepancies when ASX notified it of the Discrepancies on 2 September 2016.

4. If the answer to question 1 is “yes” and the Entity first became aware of the Discrepancies, before 30 August 2016, did the Entity make any announcement prior to 30 August 2016 which disclosed the Discrepancies? If so, please provide details. If not, please explain why the Discrepancies, or any part thereof, were not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the Discrepancies under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Discrepancies were released promptly and without delay.

Not applicable. However, the Entity notes that since becoming aware of the Discrepancies, the Entity has been investigating the reasons for and causes of the Discrepancies. The Entity will be updating the market with an amended Appendix 4C correcting the Discrepancies as soon as possible.



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5. Could you please explain the reason for the Receipt Discrepancy?

The Receipts Discrepancy is as follows:

Half Yearly Report '000	Appendix 4C '000
\$33,462	\$38,028

The main reason for the Receipt Discrepancy of \$4,566K is due to an internal accounting error where the amount should be written off when carried forward from prior years as the retained profit.

6. Could you please explain the reason for the Net Cash Flow Discrepancy?

The main reason for the Net Cash Flow Discrepancy is due to an internal accounting error where there is a misallocation of the cash flow among operating activities, investing activities and financial activities in the Appendix 4C.

For example, the total discrepancy of the operating activities is \$5,199K, being \$9,982K less \$4,783K, which comprises of:

- the variance in the cash flow from investing activities of \$3,314K (the investing cash outflow in the Half Yearly Report is (\$482K), but the amount in the Appendix 4C is (\$3,796K). The cash flow of (\$3,314K) should have been included in the operating activities);
- less the variance in the cash flow from financing activities of \$620K;
- plus \$2,505K which was misallocated to the effective movement of foreign exchange due to a formula error.



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The total net cash flow variances are as follows:

	Half Yearly Report '000	Appendix 4C '000
Net cash flow from operating activities	\$4,783	\$9,982
Net cash flow from investing activities	(\$482)	(\$3,796)
Net cash flow from financing activities	\$230	\$850
Total net cash flow	\$4,531	\$7,036
<b>Cash flow at 30 June 2016</b>	<b>\$33,660</b>	<b>\$33,660</b>

In summary, the misallocation in the Appendix 4C is due to an internal accounting error. However, the cash flow closing balance as at 30 June 2016 in the Appendix 4C is correct and accords with that in the Half Yearly Report, which has been audited by Grant Thornton.

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

Yes, the company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Yours sincerely,

**Chow Yee Koh**  
**Company Secretary**  
**Sunbridge Group Ltd**



7 September 2016

Mr Chow Yee Koh  
Sunbridge Group Limited  
Level 25, 88 Philip Street  
SYDNEY NSW 2000

*By email:*

Dear Mr Koh

**Sunbridge Group Limited (the "Entity"): ASX aware query**

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

1. The Entity's announcement entitled "Appendix 4C" lodged with ASX Market Announcements Platform and released at 4:06pm AEDT on 29 July 2016, summarizing the Entity's cash flows for the quarter ended 30 June 2016. The Appendix 4C sets out that the Entity had:
  - 1.1. "receipts from customers" of \$38,028,000; and
  - 1.2. "net operating cash flows" of \$9,982,000,for the six months to 30 June 2016.
2. The Entity's announcement entitled "Half Yearly Report and Accounts" lodged with ASX Market Announcements Platform and released at 7:02pm AEDT on 30 August 2016, summarizing the Entity's cash flows for the half year ended 30 June 2016. The Half Yearly Report and Accounts sets out that the Entity had:
  - 2.1. "receipts from customers" of \$33,461,565; and
  - 2.2. "net cash flows from operating activities" of \$4,782,759,for the six months to 30 June 2016.
3. The discrepancy between the Appendix 4C and the Half Year Report and Accounts, in respect of "receipts from customers" and "net operating cash flows" is:
  - 3.1. \$4,566,435 ("Receipt Discrepancy"); and
  - 3.2. \$ 5,199,241 ("Net Cash Flow Discrepancy"),(together, the "Discrepancies").



4. A change in the price of the Entity's securities from a closing price of \$0.021 on Friday, 29 July 2016, to an intra-day high of \$0.028 on Monday, 1 August 2016, and an increase in the volume of trading in the Entity's securities over this period.
5. 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.
6. The definition of "aware" in Chapter 19 of the Listing Rules. This definition 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."*

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

7. 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 requirements 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."*

5. 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 "Listing Rule 3.1A.2 – the requirement for information to be confidential"*. 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, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the Discrepancies 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. If the answer to question 1 is “yes”, when did the Entity first become aware of the Discrepancies?
4. If the answer to question 1 is “yes” and the Entity first became aware of the Discrepancies, before 30 August 2016, did the Entity make any announcement prior to 30 August 2016 which disclosed the Discrepancies? If so, please provide details. If not, please explain why the Discrepancies, or any part thereof, were not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the Discrepancies under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Discrepancies were released promptly and without delay.
5. Could you please explain the reason for the Receipt Discrepancy?
6. Could you please explain the reason for the Net Cash Flow Discrepancy?
7. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

#### **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 **9:00am WST on Monday, 12 September 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’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, the Entity’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 [jeremy.newman@asx.com.au](mailto:jeremy.newman@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**

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.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **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 the Entity'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]*

Jeremy Newman  
**Senior Adviser, Listings Compliance (Perth)**