

ASX Announcement | 18 February 2020
Seafarms Group Limited (ASX:SFG)
(SFG Media Release 641)

ASX Waiver Decision – Listing Rule 10.11.3

Seafarms Group Limited (ASX:SFG) ('Seafarms' or 'the Company') refers to its announcement of 24 July 2018 in relation to the grant of a waiver from Listing Rule 6.18 to permit Nippon Suisan Kaisha Limited ('Nissui') to maintain its percentage shareholding in the Company (up to a maximum of 14.99%) by participating in certain new issues of the Company's securities.

As a result of the amendments to Listing Rule 10.11 (specifically, the introduction of Listing Rule 10.11.3) that came into effect on 1 December 2019, an issue of the Company's securities to Nissui requires the approval of Company's shareholders unless a specific exception applies. Exercise of a top-up right such as the one granted to Nissui (and which formed the subject of Company's Listing Rule 6.18 waiver) is not an exception to this requirement.

In its Listing Rules Guidance Note 25, ASX invited companies that had granted top-up rights prior to the introduction of the amendment to Listing Rule 10.11 to apply for a waiver from that listing rule in respect of the top-up rights. Pursuant to discussions with ASX, the Company applied for a waiver of Listing Rule 10.11.3 and a confirmation that the Company's Listing Rule 6.18 waiver remains effective.

The Company is pleased to announce that ASX has granted the necessary waiver from Listing Rule 10.11.3 for a period of 3 years and confirmed that the Company's existing waiver from Listing Rule 6.18 remains effective. The terms of the waiver are set out in the Annexure.

Yours faithfully

Seafarms Group Limited

A handwritten signature in black ink, appearing to read "Harley Whitcombe".

Harley Whitcombe
Company secretary

Ends.

For further information, please contact:

Seafarms Group

Mr Harley Whitcombe
Company Secretary
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Annexure

Decision

ASX's formal decision is as follows:

1. Based solely on the information provided, ASX Limited ('ASX') grants Seafarms Group Limited (the 'Company') a waiver from listing rule 10.11.3, for a period of 3 years from 14 February 2020, to the extent necessary to permit the Company to issue shares to Nippon Suisan Kaisha Ltd and its related bodies corporate ("Nissui") so that Nissui can maintain, pursuant to the strategic alliance (encompassing a subscription agreement, offtake, sales support and marketing arrangements between the Company and Nissui), by way of a right to participate in any issue of securities or to subscribe for securities, its percentage interest in the issued share capital of the Company up to a maximum of 14.99% (the 'Anti-Dilution Right').
2. This waiver is granted on the following conditions.
 - 2.1. The listing rule 6.18 waiver granted by ASX on 19 July 2018 with respect to the Anti-Dilution Right is complied with in all respects.
 - 2.2. The Company immediately releases the terms of the waiver to the market.
3. ASX has considered Listing Rule 10.11.3 only and makes no statement as to the Company's compliance with other listing rules.

Basis for Waiver Decision

Listing Rule 3.10.11.3

4. Listed entities are required to obtain the prior approval of security holders for an issue of equity securities to persons in a position of influence. This rule is directed at preventing these parties from obtaining securities on advantageous terms and increasing their holding proportionate to the holdings of other security holders, without the prior consent of the ordinary security holders. The rule protects ordinary security holders' interests by supplementing the related party provisions of the Corporations Act (and any related party provisions applying to foreign entities under relevant legislation). A number of exceptions from the requirement for prior security holder approval are permitted under listing rule 10.12, including where securities are issued under a pro rata entitlement offer.

Facts and reasons for granting the waiver

5. In July 2018, the Company was granted a waiver of listing rule 6.18 to allow the operation of the Anti-Dilution Right, subject to conditions. New listing rule 10.11.3 and Guidance Note 25 were introduced on 1 December 2019. Due to the application of listing rule 10.11.3 to Nissui, any further issue of securities to Nissui would require specific shareholder approval without a waiver of that rule, despite the waiver of listing rule 6.18. Guidance Note 25 contemplates that entities which have obtained the benefit of a listing rule 6.18 waiver prior to 1 December 2019 can apply to ASX for a concurrent listing rule 10.11.3 waiver. ASX must be satisfied that the basis for the listing rule 6.18 waiver remains true, that there is a continuing and genuine strategic relationship between the listed entity and the security holder, that the security holder and its related bodies corporate have maintained their holding in the entity at the agreed percentage throughout the life of their anti-dilution right and that the terms of the anti-dilution right continue to be appropriate and equitable. The waiver is granted for an initial term of three years only.

Conditions of waiver(s)

The waiver is subject to certain conditions. Under Listing Rule 18.1, these conditions must be complied with for the waiver(s) to be effective.

Confirmation

ASX confirms that based solely on the information provided, the ASX Listing Rule 6.18 waiver granted to SFG on 19 July 2018 remains effective.

ASX's power to vary or revoke waiver

It should be noted that under ASX Listing Rule 18.3, ASX may vary or revoke the waivers at any time.