

29 June 2022

Dean Litis
Principal Adviser,
Listing Compliance (Melbourne)

By e-mail to: ListingsComplianceMelbourne@asx.com.au

Dear Dean,

Re Crowd Media Holdings Limited ('CM8'): General – Query re director participation in placement

I refer to your letter dated 27 June 2022, with reference to the query in regard to the director participation in placement.

1. Does CM8 consider the withdrawal of related party participation in the Placement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

Yes

2. If the answer to question 1 is “no”, please advise the basis for that view.
3. Given the binding nature of the commitments said to be made by the subscribers to the Placement as announced on 30 May 2022, please advise the basis on which the CM8 directors and Mr Blake’s parents are able to break their commitments? If CM8 sought legal advice in this regard, please provide us with a copy of the advice received (not for release to the market).

The participation in the placement of the CM8 directors and Mr Blake’s parents’ was subject to shareholder approval. It was clear from discussions with certain significant shareholders that they were not supportive of the directors’ and related parties’ participation in the placement.

In consultation with the non-participating director, Mr Steven Schapera, it was decided that the directors and their related parties should be released from their commitments. This decision was partly based on the perception that the discussions with the significant shareholders would be indicative of general shareholder sentiment and taking into account the risk of holding a potentially unsuccessful EGM.



4. Will the \$600,000 previously committed by CM8 directors and Mr Blake's parents be placed with other nonrelated party subscribers at \$0.03 per share? If so, please provide details as to likely timing of completion.

Please refer to announcement lodged on 29 June 2022.

5. The withdrawal of related party participation in the Placement is said to be due to the lack of support from 'large shareholders' following their direct approach to CM8. Please advise how many shareholders indicated that they would not support the related party participation in the Placement and what percentage of voting shares in total do those shareholders currently hold in CM8?

The Company understands that the approximately 10 shareholders with whom discussions were had, held between 130m to 160m shares altogether, equating to approximate aggregated percentage holdings of between 19.4% and 23.91%.

6. Given the fall in CM8's share price between the time immediately prior to the Placement Announcement and the Related Party Withdrawal Announcement (as referred to in paragraph D above) did the 'large shareholders' provide CM8 with any reason(s) why director/ related party participation in the Placement at \$0.03 per share would not be supported? If so, what was that reason(s) and can CM8 explain the apparent anomaly of unrelated parties not wanting to support related party participation in a placement when CM8's share price had fallen since the Placement Announcement?

Yes. In general, the main rationale for dissatisfaction given by the shareholders in question was twofold, being that:

- **the Company's debt facility should have been utilised instead of the placement; and**
- **the placement pricing was too 'cheap'. Nb. As announced on 30 May 2022, the placement represented a 10.18% discount to the Company's 15 day VWAP, plus an attaching option.**

7. Is there any other information that explains the 'lack of support' by the 'large shareholders' of CM8? If so, please provide details.

Initially, the Directors and related parties did not plan to participate in the placement.

However, whilst the Company was in the trading halt, one or more existing shareholders put a large sell order on, which had a price lower than the placement price of 3 cents. As a result, there was a decrease in participation in the placement.

In response, the directors and related parties agreed to take up \$600,000 the night before announcing the placement on Monday 30 May 2022.

Upon the release of this announcement, some larger shareholders expressed that they would not support the proposed directors' and related parties' participation.

8. Please confirm that CM8 is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Confirmed.

9. Please confirm that CM8'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 CM8 with delegated authority from the board to respond to ASX on disclosure matters.

Yes – approved by the Board of Directors.

ENDS

The announcement has been authorised for release to ASX by the Board of Directors of CM8

ABOUT CROWD MEDIA

Crowd Media is an Artificial Intelligence company that is leveraging its AI platform for applications in Conversational Commerce.



27 June 2022

Reference: ODIN54327

Mr Scott Mison
Non-executive director & Company Secretary
Crowd Media Holdings Limited
202/37 Barrack Street
Perth WA 6000

By email

Dear Mr Mison

Crowd Media Holdings Limited ('CM8'): General –Query re director participation in placement

ASX refers to the following:

- A. CM8's announcement entitled "Placement to Raise \$2,100,000" ('Placement') released at 9:37 AM on 30 May 2022 ('Placement Announcement') which, among other things, disclosed that CM8:
 - (a) had received "binding commitments" to raise \$2,100,000 at \$0.03 per share;
 - (b) directors would, subject to shareholder approval, be participating to take up \$300,000 with attaching options on a 1 for 1 basis exercisable at \$0.06 each and expiring 2 years from the date of issue ('Options') of the total \$2,100,000; and
 - (c) the parents of CM8 non-executive director Mr Mathew Blake, Mr Roger Blake and Mrs Erica Blake, would also, subject to shareholder approval, be issued 10 million ordinary shares and Options, to raise a further \$300,000.
- B. CM8's Appendix 2A 'Application for quotation of securities' released 7 June 2022, by which CM8 applied for quotation of 50 million ordinary shares (\$1,500,000 of the total \$2,100,000 placement shares) issued on 3 June 2022.
- C. CM8's announcement entitled "Withdrawal of Director Participation in Placement" released at 8:40AM on 24 June 2022 (the 'Related Party Withdrawal Announcement'), disclosing that contrary to the Placement Announcement, "following direct approaches and subsequent consultation with large shareholders that indicated lack of support, the directors and their related parties" will not be participating in the placement.
- D. Immediately prior to the Placement Announcement, CM8's ordinary share price closed at \$0.036 and in the period between the Placement Announcement and prior to the Related Party Withdrawal announcement, CM8 ordinary shares traded below that price, trending downwards and reached a low of \$0.02 on 21 and 22 June 2022.
- E. 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.
- F. 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."

G. 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.”

H. 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 CM8 to respond separately to each of the following questions and requests for information:

1. Does CM8 consider the withdrawal of related party participation in the Placement 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. Given the binding nature of the commitments said to be made by the subscribers to the Placement as announced on 30 May 2022, please advise the basis on which the CM8 directors and Mr Blake’s parents are able to break their commitments? If CM8 sought legal advice in this regard, please provide us with a copy of the advice received (not for release to the market).
4. Will the \$600,000 previously committed by CM8 directors and Mr Blake’s parents be placed with other non-related party subscribers at \$0.03 per share? If so, please provide details as to likely timing of completion.
5. The withdrawal of related party participation in the Placement is said to be due to the lack of support from ‘large shareholders’ following their direct approach to CM8. Please advise how many shareholders indicated that they would not support the related party participation in the Placement and what percentage of voting shares in total do those shareholders currently hold in CM8?
6. Given the fall in CM8’s share price between the time immediately prior to the Placement Announcement and the Related Party Withdrawal Announcement (as referred to in paragraph D above) did the ‘large shareholders’ provide CM8 with any reason(s) why director/ related party participation in the Placement at

\$0.03 per share would not be supported? If so, what was that reason(s) and can CM8 explain the apparent anomaly of unrelated parties not wanting to support related party participation in a placement when CM8's share price had fallen since the Placement Announcement?

7. Is there any other information that explains the 'lack of support' by the 'large shareholders' of CM8? If so, please provide details.
8. Please confirm that CM8 is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that CM8'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 CM8 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 **8:40 AM AEST Wednesday, 29 June 2022**. 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, CM8'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 CM8 to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceMelbourne@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 CM8'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 CM8's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to CM8'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 CM8'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 faithfully

Dean Litis
Principal Adviser, Listings Compliance (Melbourne)