23 November 2010

holdings
HFA Holdings Limited
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Sydney NSW 2000
ABN 47 101 585 737
hfaholdings.com.au
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F 02 9252 4580

Kate Kidson
Principal Adviser, Issuers
ASX Compliance Pty Ltd
Level 45, Rialto South Tower
525 Collins Street
Melbourne VIC 3000

By email: kate.kidson@asx.com.au

Dear Ms Kidson,

HFA Holdings Limited Response to Price Query

We refer to your letter dated 22 November 2010 requesting a response to certain questions, and provide the following responses:

1. **Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?**

   Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

   The Company continues to assess its strategic direction and options. HFA is currently in confidential and incomplete discussions with a party in relation to a potential transaction which, if implemented, would involve a material investment in HFA via the issue of new securities by HFA. Any such transaction would be subject to HFA shareholder approval. The discussions are incomplete and there is no certainty that any transaction will proceed.

2. **If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?**

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

   HFA will continue to comply with its continuous disclosure obligations, and will provide an update on the potential transaction if it becomes certain that a transaction will proceed.

3. **Is there any reason to think that there may be a change in the operating results before abnormal items and income tax so that the figure for the half year ending 31 December 2010 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.**

The Company's operating results before abnormal items and income tax for the half year ended 31 December 2009 was $2.14m.

The Company does not expect that its operating results before abnormal items and income tax will vary by more than 15% as compared to the previous corresponding period.

However, fluctuations in the AUD:USD exchange rate and the potential generation of performance fees from funds managed by the Group may have an impact on the Company's actual operating result.

4. **Is there reason to think that the Company may record any material abnormal or extraordinary item for the half year ending 31 December 2010? If so please provide details.**

The Company is not aware of any expected material abnormal or extraordinary items for the half year ending 31 December 2010.

5. **Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?**

The Company is not aware of any other explanation for the price change and increase in trading volume in the securities of the Company.

6. **Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.**

We confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Yours sincerely

Jo Hill
Company Secretary

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22 November 2010

Ms Joanne Hill
Company Secretary
HFA Holdings Limited
Level 5
151 Macquarie Street
Sydney NSW 2000

By email only

Dear Joanne

HFA Holdings Limited (the "Company")

RE: PRICE QUERY

We have noted a change in the price of the Company's securities from 16 cents on 17 November 2010 cents to 20 cents today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

   Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

   Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating results before abnormal items and income tax so that the figure for the half year ending 31 December 2010 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.

4. Is there any reason to think that the Company may record any material abnormal or extraordinary item for the half year ending 31 December 2010? If so, please provide details.

5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by e-mail at kate.kidson@asx.com.au or by facsimile on **facsimile number 03 9614 0303**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30 am** on Tuesday, 23 November 2010.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an 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. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- 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.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

Sent by electronic means without signature

Kate Kidson
Principal Adviser, Issuers