

10 April 2019

Ms Isabella Wong
Adviser, Listing Compliance
20 Bridge Street
Sydney NSW 2000

Dear Ms. Wong,

First Growth Funds Limited ('FGF'): Query Letter

In response to your query dated 8 April 2019 the Company's response is as follows:

- 1. Please provide a copy of the Memorandum of Understanding ('MOU') between YPB and LINCD referred to in the FGF 3 April Announcement (this is not for release to the market).**

Provided.

- 2a. Is FGF a party to the MOU? If not, please explain the contractual arrangements between YPB and FGF for the role it is to play in relation to the YPB tokens.**

FGF is not party to the MOU. FGF, YPB, Blockchain Global ('BGL') and DigitalX Limited ('DCC') entered into a Binding Terms Sheet on 29 August 2018 (see ASX announcement dated 29 August 2018) and signed a Token Facilitation Agreement ('TFA') on 21 November 2018.

- 2b. Please describe in detail the services to be provided by FGF to YPB in relation to the YPB tokens.**

Pursuant to the FA, FGF has agreed to provide the following service to YPB:

(a) providing initial strategic and industry related advice, on how Tokens are created and listed on exchanges;

(b) the introduction of YPB to BGL and DCC and to facilitate those parties working together to undertake and otherwise give effect to the Token Sale Event and the Listing Event

(c) familiarising itself with the business, operations, financial conditions and prospects of YPB to the extent reasonably required by YPB in the context of the Token Sale Event and the Listing Event; and

(d) to provide YPB with (or procure from BGL and DCC) a monthly reconciliation report of the Tokens used for exchange listing and Tokens sold in the exchanges and their corresponding sale price.

- 2c. Please advise what fees or other consideration are payable by YPB to FGF for the delivery of those services and when they are due to be paid.**

In consideration for the provision of the Facilitation Services, FGF will:

(a) receive its proportion of Tokens issued by YPB on the Allocation Date under the Token Sale Event in accordance with the allocation set out in Schedule 2 (20% of all tokens issued);

(b) be entitled to an activation fee in the aggregate amount of US\$175,000 to be paid in US dollars from the Net Proceeds YPB receives from the first US\$1 million raised through the sale of Tokens allocated to YPB (First FGF Activation Fee). FGF shall invoice YPB monthly for the First FGF Activation Fee on 3 Business Day terms until the First FGF Activation Fee is paid in full; and

(c) be entitled to an activation fee in the aggregate amount of US\$175,000 to be paid in US dollars from the Net Proceeds YPB receives from the second US\$1 million raised through the sale of Tokens allocated to

YPB (Second FGF Activation Fee). FGF shall invoice YPB monthly for the Second FGF Activation Fee on 3 Business Day terms until the Second FGF Activation Fee is paid in full;

(d) be entitled to receive commission equivalent to 6.25% of the US dollar value received from the sale of all Tokens allocated to YPB under this Agreement (FGF Commission). The FGF Commission shall accrue and not become payable until such time as YPB has raised at least USD\$5 million from the sale of Tokens allocated to it and after which no further commission shall be payable by YPB.

2d. Please describe the legal requirements FGF must satisfy in order to lawfully provide those services to YPB and how it satisfies those requirements.

FGF introduces YPB to a network of parties who are able to create tokens and list them on recognised token exchanges. There are no legal requirements for this service

2e. Please describe in detail the services to be provided by LINCD to YPB in relation to the YPB tokens.

LINCD services under the MOU include:

- Review YPB product portfolio;
- Provide recommendations on possible blockchain solutions that fit YPB product portfolio and also in supply chain management;
- Provide a technical scope for creating the YPB token including detail of the smart contract;
- General blockchain advice.

LINCD is a technology company and the intention of the MOU is to explore opportunities in blockchain technology in YPB existing product portfolio. This also includes a technical scope for smart contracts and token creation and general blockchain advice. There are no other services or products delivered under the MOU.

The MOU does not include creating the token, financial advisory or token listing.

2f. Please advise what fees or other consideration are payable by YPB to LINCD for the delivery of those services and when they are due to be paid.

There are no fees payable. As described above the intention of the MOU is to explore blockchain opportunities for YPB.

2g. Please describe the legal requirements LINCD must satisfy in order to lawfully provide those services to YPB and how it satisfies those requirements.

LINCD is responsible for exploring blockchain opportunities for YPB. There are no legal requirements to provide these services as it is simply technical in nature.

3. ASX notes that LINCD will be sold to Harris Technologies Limited in May 2019. What are the implications (if any) for FGF of LINCD's upcoming change of ownership?

There are no changes expected.

4. Was Mr Manzoori excluded from the FGF and LINCD board deliberations pertaining to YPB and the MOU?

Yes

5. Please provide a copy of the LINCD board minutes approving the execution of the MOU (this is not for release to the market).

There are no board minutes. PK Pkrasam is the sole director of LINCD. Mr Manzoori is not a director or board member of LINCD.

6. Has FGF sold any of its Acudeen tokens on the BTXCA exchange (or any other exchange)?

FGF has made disclosures to the market about the status of the crypto market. FGF has not sold any tokens at this stage due to the lack of liquidity in the market.

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7. **Have any of the triggers for the FGF fees for the Acudeen tokens (outlined in paragraph A above) been reached?**

No

8. **Please outline FGF's current intentions in relation to its holding of Acudeen tokens, with specific reference to Acudeen's upcoming listing on the Soar Exchange.**

FGF will continue to monitor the market and will seek to sell its Acudeen tokens when there is sufficient liquidity available. It is expected that as Acudeen lists on more exchanges, FGF will have more opportunities to find liquidity.

9. **Please confirm that FGF is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under the rule that has not already been released to the market.**

FGF is complying with Listing Rule 3.1

10. **Please confirm that FGF'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 FGF with delegated authority from the board to respond to ASX on disclosure matters.**

Yes

Yours sincerely



Julie Edwards

Company Secretary

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8 April 2019

Ms Julie Edwards
Company Secretary
First Growth Funds Limited
Level 5, 56 Pitt Street
Sydney NSW 2000

By email

Dear Ms Edwards,

First Growth Funds Limited ('FGF'): Query Letter

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

- A. FGF's announcement titled 'ACUDEEN LISTS AT US\$50,000,000 MARKET CAP' released on the ASX market announcements platform ('MAP') on 24 August 2018 which included the following statements (emphasis added):

'the Acudeen Token has successfully listed on a digital currency exchange, BTCEXA on 24 August 2018.

Acudeen has 10 Billion tokens on issue ...

On 28 June 2018, FGF announced it had secured 20% of all Acudeen Tokens ... FGF will seek to convert these tokens over time to Australian dollars as soon as practical and subject to liquidity in the token ...

Acudeen is also one of the major holders in their token and FGF is entitled to the following fees, in the event that the following triggers are met:

<i>Trigger</i>	<i>FGF Fee</i>
<i>Acudeen sells a minimum of US\$1M value of their tokens on any digital currency exchange.</i>	<i>US\$250,000</i>
<i>Acudeen sells a minimum of US\$5M value of their tokens on any digital currency exchange.</i>	<i>6.25% success fee</i>

- B. The announcement by YPB Group Limited ('YPB') titled '\$3.12m raised from Blockchain partners and equity investors' released on MAP on 29 August 2018 which included the following statements (emphasis added):

[YPB] 'has secured strong support from a consortium of crypto pioneers who will take the YPB Token (YPT) directly to leading crypto exchanges and invest \$1.5m in a YPB Convertible Note ...

The strategic investors are First Growth Funds (ASX: FGF), DigitalX (ASX: DCC) and Blockchain Global all of whom have deep expertise in blockchain, crypto currencies and crypto exchanges. With the support of these investors, it is intended that the YPT will be exchange listed and funds raised via the on-market sale of YPB Token (YPTs). Listing on quality exchanges is vitally important to the success of a Token and this direct access greatly enhances the prospect of achieving YPB's target of raising up to US\$30m as previously advised to the market.

The consortium will be invited to appoint a representative to the YPB Board ...'

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C. FGF’s announcement titled ‘FGF INVESTS AND SECURES STRATEGIC PARTNERS IN YPB DEAL’ released on MAP on 29 August 2018 which included the following statements (emphasis added):

‘[FGF] has successfully led an investment into YPB Group Limited (ASX:YPB) and has introduced, DigitalX Limited (ASX:DCC) and Blockchain Global Limited, as strategic partners to the transaction ...

FGF has strategically introduced DigitalX and Blockchain Global to advise and assist YPB with the development and distribution of the “YPB tokens” (Tokens).

In consideration for structuring the investment, FGF is entitled to the fees described in the table below which comprise an amount of up to US\$350,000 on account of activation fees, 6% capital raising fee and 6.25% sale commission on the sale of Tokens allocated to YPB. FGF will also receive 20% of all Tokens generated by YPB on initial issuance ...’

D. FGF’s announcement titled ‘Shareholder Update - September 2018’ released on MAP on 21 September 2018 which included the following disclosure regarding LINCD:

i) **‘Acquisition Details & Investment Strategy**

FGF is pleased to announce the 100% acquisition of LINCD HQ Pty Ltd ‘LINCD’ for \$1000 cash payment ...

Strategically, FGF can provide LINCD with an instant sales channel to its existing investee companies and also provide LINCD access to FGF’s established partner network.

FGF has a growing portfolio of investments and sees an opportunity to introduce these companies to LINCD to generate revenue and also to receive Digital Currency tokens. LINCD can service any industry, including e-commerce and supply chain sectors.

FGF will be looking to sell down its shareholding in LINCD to a strategic investor in the short to medium term.’

ii) **‘LINCD Solution**

Blockchain Platform as a Service (BPaaS) allows companies to deploy blockchain solutions within their enterprise without having to learn each blockchain protocol.

With LINCD, enterprises can connect any digital currency and blockchain protocol to their existing software and legacy systems ...’

iii) **‘LINCD PLATFORM**

LINCD provides the middleware that connects to digital currencies and then exposes a public API.

Companies use this API to connect to their own applications whilst leveraging the capability of the underlying blockchain technologies ...’

iv) **‘LINCD BUSINESS MODEL**

...

CONSULTS	BUILD	OPERATE
LINCD provides consultancy services at pre-launch stage.	LINCD designs and builds the blockchain solution via its consulting services.	Using the LINCD Platform, customers pay a monthly consumption fee, a similar model to an Amazon Web Services or Cloud Offering. As customers scale their blockchain solution, they pay more for usage.
Token & Consulting Revenue	Project Revenue	Recurring Revenue
Receives consulting revenue and may also receive Digital Currency tokens.	Fee range from \$100,000 to \$250,000 per client.	Fees range from thousands per month to tens of thousands per month per client.

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- E. FGF's announcement titled 'Quarterly Activities and Cashflow Report' (for the September 2018 quarter) released on MAP on 29 October 2019 which included the following statements:

'Acudeen listed its tokens on BTCEXA with Tether (US backed token) trading pair. It subsequently added preparing to list the token on additional exchanges that may also include additional trading pairs. We anticipate the addition of new exchanges and trading pairs will help generate more opportunities to sell the tokens and gain liquidity.'

- F. YPB's announcement titled 'Non-Executive Director Appointment' released on MAP on 19 December 2018 which disclosed that Mr Anooosh Manzoori, the Executive Chairman of FGF, had been appointed as a Non-Executive Director of YPB.

- G. YPB's announcement titled 'Financial Results commentary' released on MAP on 28 February 2019, which included the following statements (emphasis added):

'Given the current lack of liquidity in the crypto market, and the emergence of new commercial opportunities for applied use cases, the go-to-market strategy for the YPB token is currently being reworked with the company's token facilitators FGF with a view to delivering the commercial outcomes previously anticipated. Subject to further discussions with external stakeholders, the new plans for the YPB Token are expected to be announced in the near term. As previously advised, the Company has obtained regulatory clearance (ASX, ASIC) in the form of 'no objections' and has AFSL coverage to facilitate the launch of the token.'

- H. FGF's Half Year Financial Report – Amended released on MAP on 4 March 2019 which included the following statements regarding YPB and LINCD:

i) *'YPB has received regulatory approval to launch a digital asset token and has recently received their AFSL authorisation.'*

ii) *'On 17 January 2019, FGF has entered into a binding heads of agreement to sell 100% shares of its subsidiary LINCD HQ Pty Ltd to Harris Technology Group Limited (ASX code: HT8) for a consideration of HT8 issuing 30,000,000 shares and 40,055,334 options to FGF subject to the terms of this acquisition.'*

iii) **'Note 10. Business Combination**

On 16 July 2018 First Growth Funds Limited acquired 100% of the issued shares in LINCD HQ Pty Ltd (a software and service company providing blockchain business solutions) for a consideration of \$940 ...'

- I. FGF's announcement titled 'LINCD TO ASSIST YPB WITH TOKEN CREATION' released on MAP on 3 April 2019 at 1:24 pm (the 'FGF 3 April 2019 Announcement'), which included the following statements (emphasis added):

'...LINCD HQ Pty Ltd, a 100% owned portfolio company of FGF, has signed a Memorandum of Understanding (MOU) with YPB Group Limited (ASX:YPB) to assist with the creation and management of the YPB token.

As previously announced, YPB has received ASX approval to issue a digital currency token. YPB has recently received AFSL authorisation and is working on developing a token with a strong use case that fits within YPB's retail anti-counterfeit and customer engagement solutions.

LINCD has extensive experience in blockchain technologies and will assist YPB with technical advisory for smart contracts and token creation. LINCD has previously developed solutions for supply chain management, which may also be of value to YPB.

On 17 January 2019, FGF announced it had signed an HOA with ecommerce company, Harris Technology (ASX:HT8) for the sale of the LINCD business. A General Meeting for the transaction will be held on 3 May 2019 to consider a number of resolutions regarding the transaction and the results of the meeting will be published on ASX.

FGF is also pleased to announce that Acudeen will be listed on Soar Exchange on 17 April 2019, a South East Asian digital asset exchange.

ASX notes that the statement 'YPB has received ASX approval to issue a digital currency token' is not correct.

- J. YPB's announcement titled 'Update on YPB token' released on MAP on 3 April 2019 at 1:26 pm, which included the following statements (emphasis added):

'... [YPB] has signed an [sic] Memorandum of Understanding (MoU) with LINCD HQ Pty Ltd ("LINCD") to create the YPB token.

LINCD is a wholly owned subsidiary of YPB's token facilitator First Growth Funds Limited (ASX:FGF). FGF have advised YPB that given the recent improvement in the global market for digital tokens that it is appropriate to move toward creation of the YPB token and that signing the MoU with LINCD is the next step towards this milestone.

YPB is advised that the process of creating the token should be completed by mid-April 2019 at which time YPB will provide further details to the market.'

- K. 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.

- L. Listing Rule 12.5 which states:

'An entity's structure and operations must be appropriate for a listed entity.'

Questions and Requests for Information

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

1. Please provide a copy of the Memorandum of Understanding ('MOU') between YPB and LINCD referred to in the FGF 3 April 2019 Announcement (this is not for release to the market).
2. ASX notes that:
 - The YPB 3 April 2019 Announcement states that LINCD will *'create the YPB token'*, and that FGF is the *'token facilitator'*.
 - The FGF 3 April 2019 Announcement states that LINCD will *'assist with the creation and management of the YPB token'* and *'will assist YPB with technical advisory for smart contracts and token creation'*.

In relation to the above:

- a) Is FGF a party to the MOU? If not, please explain the contractual arrangements between YPB and FGF for the role it is to play in relation to the YPB tokens.
- b) Please describe in detail the services to be provided by FGF to YPB in relation to the YPB tokens.
- c) Please advise what fees or other consideration are payable by YPB to FGF for the delivery of those services and when they are due to be paid.
- d) Please describe the legal requirements FGF must satisfy in order to lawfully provide those services to YPB and how it satisfies those requirements.
- e) Please describe in detail the services to be provided by LINCD to YPB in relation to the YPB tokens.
- f) Please advise what fees or other consideration are payable by YPB to LINCD for the delivery of those services and when they are due to be paid.
- g) Please describe the legal requirements LINCD must satisfy in order to lawfully provide those services to YPB and how it satisfies those requirements.

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3. ASX notes that LINCD will be sold to Harris Technologies Limited in May 2019. What are the implications (if any) for FGF of LINCD's upcoming change of ownership?
4. ASX notes that:
- LINCD is currently a wholly owned subsidiary of FGF.
 - Mr Anoosh Manzoori is the Executive Chairman of FGF and a Non-Executive Director of YPB.
- Was Mr Manzoori excluded from the FGF and LINCD board deliberations pertaining to YPB and the MOU?
5. Please provide a copy of the LINCD board minutes approving the execution of the MOU (this is not for release to the market).
6. Has FGF sold any of its Acudeen tokens on the BTXCA exchange (or any other exchange)?
- If the answer to this question is 'yes', please detail the number of Acudeen tokens FGF has sold and the net proceeds from the sales.
7. Have any of the triggers for the FGF fees for the Acudeen tokens (outlined in paragraph A above) been reached?
- If the answer to this question is 'yes', please detail the quantum of fees that FGF has earned (and whether they have been received).
8. Please outline FGF's current intentions in relation to its holding of Acudeen tokens, with specific reference to Acudeen's upcoming listing on the Soar Exchange.
9. Please confirm that FGF is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under the rule that has not already been released to the market.
10. Please confirm that FGF'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 BPG 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, 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 **9.30 am AEST on Friday 12 April 2019**.

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. 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 FGF'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 FGF's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, providing the information requested in this letter.

Further, 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, FGF's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in this letter.

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

Yours sincerely

Isabella Wong

Adviser, Listings Compliance (Sydney)

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