



# FirstGrowthFunds

**First Growth Funds Limited**  
Level 6 412 Collins Street,  
Melbourne, Victoria 3000  
www.firstgrowthfunds.com

4 July 2019

Ms Isabella Wong  
Adviser, Listings Compliance (Sydney)  
20 Bridge Street  
Sydney NSW 2000

Dear Ms Wong,

## **First Growth Funds Limited: Response to Query Letter dated 1 July 2019**

The Company refers to your Query Letter dated 1 July 2019. The Company's response to the Query Letter is as follows (adopting the numbering from such letter):

### **1. Is the ACU Agreement still on foot?**

Yes, however refer to Question 5 below regarding FGF's future intentions regarding the ACU Agreement.

### **2. Have the parties to the ACU Agreement agreed a different 'Allocation Date' to the default date of 30 June 2018 provided for in the ACU Agreement? If so, please provide evidence of that agreement.**

No

### **3. If the 'Allocation Date' is still 30 June 2018 and therefore the anniversary of that date is 30 June 2019, has ACU exercised its right under clause 6 of the ACU Agreement to require all remaining and unsold ACU tokens as at 30 June 2019 allocated to Sam Lee and to FGF to be immediately bought back and transferred to ACU for nil consideration? If so, why has FGF not announced this fact to the market?**

As at the date of this response FGF has not received a formal notice from ACU that ACU intends to buy back the ACU tokens under clause 6 of the ACU Agreement. However, in discussions between FGF and ACU held on 3 July 2019 (after the Query Letter was received from ASX on 1 July 2019), ACU has now verbally indicated to FGF that it intends to buy back the remaining ACU tokens and will issue a formal notice to FGF in this regard shortly (however, this has not as yet been issued). Prior to these discussion between FGF and ACU on 3 July 2019, FGF understood that Sam Lee and ACU were in commercial and confidential discussions regarding the ACU token and the ACU Agreement, however, as FGF was not a party to those discussions and had not received notice from either party that ACU had (or intended to) buy back the ACU tokens under clause 6 of the ACU Agreement FGF had not been in a position to make any announcement to the market in this regard. FGF will make a further announcement to the market once it has formally received notice from ACU regarding the buy back of the remaining ACU tokens.

### **4. Has FGF received any of US\$1 million activation fee or 6.25% success fee referred to in paragraph A above? If so how much has it received and when?**

No fees have as yet been paid to FGF under the ACU Agreement.

### **5. Having regard to clause 6 of the ACU Agreement, how much of the US\$1 million activation fee and 6.25% success fee referred to in paragraph A above is FGF expecting to receive in the future?**

At this time, the ACU Agreement remains on foot and would continue on foot even if the ACU tokens are bought back by ACU (as it has indicated). In the event that ACU buys back FGF's ACU tokens, FGF intends to seek the agreement of ACU and Sam Lee to terminate any ongoing obligations of FGF to provide facilitation services to ACU



as well as any rights of FGF to be entitled to the US\$250,000 activation fee or the 6.25% commission under the ACU. In the event that ACU and Sam Lee agree to this, FGF will not receive any fees in the future in connection with the ACU Agreement. If this is not agreed to by ACU and Sam Lee, FGF does not expect to receive any material fees under the ACU Agreement in circumstances where the ACU tokens are bought back and having regard to the current lack of liquidity in the market for ACU tokens.

**6. It appears to ASX that clause 6 of the ACU Agreement was information that a reasonable person would expect to have a material effect on the price or value of FGF's securities and therefore should have been mentioned in the announcements FGF made about the ACU agreement on 28 June 2018, 20 August 2018 and 24 August 2018 or announced to the market under listing rule 3.1. Does FGF agree? If not, why not?**

FGF does not agree with ASX's position as set out in this question 6. FGF does not believe clause 6 to be information that a reasonable person would expect to have a material effect on the price or values of FGF's shares.

FGF paid nil consideration for its ACU tokens and accordingly has to date reported these on its balance sheet as having no value (in accordance with applicable accounting standards). If FGF is required to provide the ACU tokens back to ACU, such a return will not change FGF's balance sheet nor will it cause any impairment to FGF's assets.

In accordance with FGF's previously disclosed investment strategy, FGF's intention was to sell its ACU tokens and convert them to Australian dollars as soon as practicable and subject to liquidity (see announcements of 20 and 24 August 2018). FGF also made it clear to the market in those same announcements that it should be noted that the list price of the tokens on any exchange will not necessarily reflect the subsequent price at which ACU tokens are publicly tradeable. FGF has been unable to sell down its ACU tokens due to the lack of liquidity in the market, which FGF has previously disclosed (see announcements made on 31 January 2019 and 10 April 2019).

FGF has previously made detailed disclosure that investments in digital currency are by their nature highly volatile and future revenues or profitability can't be predicted; that there is no guarantee that any interest the Company acquires in the digital currency industry will maintain its long term value and that there is no guarantee that any direct investment in digital currencies will ultimately be able to be liquidated or traded on a liquid market (For example, see the Company's prospectus lodged on 1 March 2018).

FGF believes that all information in connection with the ACU tokens and agreement that a reasonable person would expect to have a material effect on the price or value of FGF's securities has been disclosed to the market in accordance with FGF's obligations.

**7. Has FGF sold any of its ACU tokens on BTCEXA or on any other digital exchange? If so, when, how many, for what price and on what digital exchange?**

Some ACU tokens have been converted into other tokens across the holdings of *all* parties to the ACU agreement (being ACU, Sam Lee and FGF). It is however noted that FGF has not sold these tokens itself directly, and that as yet these have not been converted into AUD\$ nor have the proceeds been distributed to the token holders. As such FGF has not as yet booked any revenue in relation to these tokens to date.



The following provides the requested details in respect of each conversion:

Time Period	Total ACU Sold	Total USDT Raised	Number sold and USDT raised for each token holder <sup>1</sup>		
			FGF (20%)	Sam Lee (50%)	ACU (30%)
<b>Total</b>	1,299,717.58	8,961.14	259,943.52 ACU USDT 1,792.228	649,858.79 ACU USDT 4,480.57	389,915.27 ACU USDT 2,688.342
<b>2019.05</b>	0	0	0	0	0
<b>2019.04</b>	460,098.60	1,715.48	92,019.72 ACU USDT 343.096	230,049.30 ACU USDT 857.74	138,029.58 ACU USDT 514.644
<b>2019.03</b>	69,286.00	642.57	13,857.20 ACU USDT 128.514	34,643.00 ACU USDT 321.285	20,785.80 ACU USDT 192.771
<b>2019.02</b>	0	0	0	0	0
<b>2019.01</b>	0	0	0	0	0
<b>2018.12</b>	0	0	0	0	0
<b>2018.11</b>	0	0	0	0	0
<b>2018.10</b>	0	0	0	0	0
<b>2018.9</b>	455,956.81	4,884.04	91,191.362 ACU USDT 976.808	227,978.405 ACU USDT 2,442.02	136,787.043 ACU USDT 1,465.212
<b>2018.8</b>	314,376.17	1,719.05	62,875.234 ACU USDT 343.81	157,188.085 ACU USDT 859.525	94,312.851 ACU USDT 515.715

*Note 1: as noted above, these token sales have not yet been converted into AUD, nor have the proceeds been distributed to the token holders.*

**8. To FGF's knowledge, has ACU sold any of its ACU tokens on BTCEXA or on any other digital exchange? If so, when, how many, for what price and on what digital exchange?**

FGF is aware of the token sales as outlined in question 7 above. FGF does not otherwise have any visibility or knowledge of how many tokens ACU have sold.

**9. To FGF's knowledge, has Sam Lee sold any of his ACU tokens on BTCEXA or on any other digital exchange? If so, when, how many, for what price and on what digital exchange?**

FGF is aware of the token sales as outlined in question 7 above. FGF does not otherwise have any visibility or knowledge on how many tokens Sam Lee has sold.

**10. To FGF's knowledge, is there any connection between the digital exchange BTCEXA and Sam Lee? If so, please explain that connection.**

Sam Lee was responsible for arranging for the listing of the ACU tokens on BTCEXA. FGF have not otherwise been informed of any relationship or connection between BTCEXA and Sam Lee.

**11. Please confirm that FGF is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

FGF is complying with the Listing Rules, and in particular Listing Rule 3.1.



# FirstGrowthFunds

**First Growth Funds Limited**  
Level 6 412 Collins Street,  
Melbourne, Victoria 3000  
[www.firstgrowthfunds.com](http://www.firstgrowthfunds.com)

**12. 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.**

FGF confirms that the responses above have been correctly authorised and approved by the board of FGF.

Yours sincerely

Julie Edwards  
Company Secretary

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1 July 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. The undated Acudeen – Token Facilitation and Listing Agreement (the 'ACU Agreement') between Acudeen Technologies Pte. Ltd ('ACU'), FGF and Sam Lee (as 'Manager'), recently provided by FGF to ASX. ASX notes that the ACU Agreement provided for ACU to issue 10 billion 'Acudeen tokens', of which:

- a. 3 billion tokens were allocated to ACU for its own use;
- b. 2 billion tokens were allocated to FGF in return for providing the following 'facilitation services':
  - i. introducing ACU to Sam Lee and facilitating those parties working together to undertake and otherwise give effect to the token sale event and the listing event;
  - ii. familiarising itself with the business, operations, financial conditions and prospects of ACU to the extent deemed appropriate by FGF in the context of the token sale event and the listing event; and
  - iii. providing ACU with (or procuring from Sam Lee) a monthly reconciliation report of the tokens used for exchange listing and tokens sold in the exchanges and their corresponding sale price; and
- c. 5 billion tokens were allocated to Sam Lee personally for the following 'management services':
  - i. assisting with the development, creation and issue of the tokens and any related matter reasonably necessary to give effect to the token sale event;
  - ii. assisting ACU to secure the listing of the token on one or more cryptocurrency exchanges (to be identified by the manager in his sole and absolute discretion) within 6 weeks of the date of the agreement; and
  - iii. establishing and facilitating demand for tokens,

with the intention that the tokens would be listed on digital currency exchanges and then sold to third parties, with the proceeds of sale being divvied up between the parties to the ACU Agreement on a proportional basis (i.e. 30% to ACU, 20% to FGF and 50% to Sam Lee).

The ACU Agreement also provided for FGF to receive a US\$250,000 activation fee if ACU sold a minimum of US\$1 million of its tokens on any digital currency exchange and a further 6.25% success fee if ACU sold a minimum of US\$5 million of its tokens on any digital currency exchange.

B. FGF's announcement titled 'Shareholder Update – June 2018' released on the ASX Market Announcements Platform ('MAP') on 28 June 2018 disclosing (among other things) FGF's entitlement to 20% of the ACU tokens and the additional fees referred to in paragraph A above.

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- C. FGF's announcement titled 'ACUDEEN TO LIST ON BTCEXA' released on MAP on 20 August 2018 announcing that the Acudeen token was to be listed on BTCEXA on 24 August 2018. The announcement again disclosed FGF's entitlement to 20% of the ACU tokens and the additional fees referred to in paragraph A above.
- D. FGF's announcement titled 'ACUDEEN LISTS AT US\$50,000,000 MARKET CAP' released on MAP on 24 August 2018 announcing that the ACU tokens had been listed on BTCEXA. The announcement again disclosed FGF's entitlement to 20% of the ACU tokens and the additional fees referred to in paragraph A above and implied a market value for FGF's 20% holding of the ACU tokens of US\$10 million.
- E. FGF's announcement titled 'Quarterly Activities and Cashflow Report' (for the September 2018 quarter) released on MAP on 29 October 2018, which stated that FGF's holding of ACU tokens had a market value at that time of US\$29 million.
- F. Clause 6 of the ACU Agreement, which provides:
- 'Where the Manager fails to raise proceeds from the sale of Tokens allocated to him under this Agreement to the aggregate amount of US\$5 million within 12 months of the Allocation Date, then **all remaining and unsold Tokens allocated to the Manager and to FGF shall be immediately bought back and transferred to Acudeen for nil consideration.**'* [Emphasis added]
- The ACU Agreement defines 'Allocation Date' as *'June 30, 2018 or such other date as agreed between the parties, being the date on which Acudeen makes the Tokens available to the parties under the Token Sale Event.'*
- G. 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.

#### 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. Is the ACU Agreement still on foot?
2. Have the parties to the ACU Agreement agreed a different 'Allocation Date' to the default date of 30 June 2018 provided for in the ACU Agreement? If so, please provide evidence of that agreement.
3. If the 'Allocation Date' is still 30 June 2018 and therefore the anniversary of that date is 30 June 2019, has ACU exercised its right under clause 6 of the ACU Agreement to require all remaining and unsold ACU tokens as at 30 June 2019 allocated to Sam Lee and to FGF to be immediately bought back and transferred to ACU for nil consideration? If so, why has FGF not announced this fact to the market?
4. Has FGF received any of US\$1 million activation fee or 6.25% success fee referred to in paragraph A above? If so how much has it received and when?
5. Having regard to clause 6 of the ACU Agreement, how much of the US\$1 million activation fee and 6.25% success fee referred to in paragraph A above is FGF expecting to receive in the future?
6. It appears to ASX that clause 6 of the ACU Agreement was information that a reasonable person would expect to have a material effect on the price or value of FGF's securities and therefore should have been mentioned in the announcements FGF made about the ACU agreement on 28 June 2018, 20 August 2018 and 24 August 2018 or announced to the market under listing rule 3.1. Does FGF agree? If not, why not?
7. Has FGF sold any of its ACU tokens on BTCEXA or on any other digital exchange? If so, when, how many, for what price and on what digital exchange?
8. To FGF's knowledge, has ACU sold any of its ACU tokens on BTCEXA or on any other digital exchange? If so, when, how many, for what price and on what digital exchange?

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9. To FGF's knowledge, has Sam Lee sold any of his ACU tokens on BTCEXA or on any other digital exchange? If so, when, how many, for what price and on what digital exchange?
  10. To FGF's knowledge, is there any connection between the digital exchange BTCEXA and Sam Lee? If so, please explain that connection.
  11. Please confirm that FGF is complying with the Listing Rules and, in particular, Listing Rule 3.1.
  12. 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.

#### **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 5 July 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.

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

Yours sincerely

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**Isabella Wong**  
Adviser, Listings Compliance (Sydney)

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