

**ASX Code: FGH**

Ms Zufishan Anjum  
Senior Adviser (Accounting), Listings Compliance  
Australian Securities Exchange

19 October 2023

Dear Sir/Madam,

**Foresta Group Holdings Limited (‘FGH’): Query Letter**

Foresta Group Holdings Limited (**FGH** or **Company**) refers to ASX’s query letter dated 13 October 2023 and email correspondence from Mr Alan Zhao, Adviser Listings Compliance dated 18 October 2023, and provides the following responses.

Capitalised terms which are defined in ASX’s Query Letters dated 29 September 2023, 5 October 2023 and 13 October 2023 and the Company’s responses to the Query Letters dated 5 October 2023 and 9 October 2023 have the same meaning where utilised in this response letter. Each bold and numbered section below is the verbatim request for information from ASX with FGH’s response.

**1. ASX observes that FGH is of the view that the Office Announcement contained information that had to be disclosed under Listing Rule 3.1 (paragraph B). ASX further observes that:**

- **there was no change in FGH’s share price, and no trading activity in FGH’s shares, on the day of the release of the Office Announcement;**
- **there is no financial data or detail in the announcement that would enable an investor to assess the impact of the information in the Office Announcement on the price or value of FGH’s securities (paragraph J);**
- **it was known to the market that FGH would open an office in New Zealand and that office was at least “established” by 30 August 2023 (paragraph D);**
- **FGH’s New Zealand Office opened on 19 September 2023 however the Office Announcement was given to ASX for publication on MAP more than a week later on 27 September 2023 due to, inter alia, the Office Announcement taking “some time to draft” and “the FGH team working in different time zones” (paragraph E).**
- **it appears that the opening of the New Zealand office and the attendance of Members of Parliament was publicly disclosed elsewhere; and**
- **FGH has been unable to identify any support provided specifically to FGH outside of the attendance of some Members of Parliament at FGH’s office opening ceremony (paragraph F),**

in light of the above:





### **1.1 Please explain why the Office Announcement “took some time to draft”.**

As outlined in the Company’s Follow-up Response, the Company appointed two new board members in April 2023, and a new company secretary in July 2023. The Company also recruited additional people to join the operations team in New Zealand.

The Office Announcement took some time to draft as Directors were travelling to and from (as well as around) New Zealand for FGH related commitments. Further, two Directors returned to Australia the weekend of 23 September 2023. Upon return to Australia, the first draft Office Announcement was prepared on the first working day being Monday, 25 September 2023, and thereafter went back and forth between the Directors and senior management, and was subsequently approved by the Board on 26 September 2023. The final Office Announcement was sent to the company secretary for release on 27 September 2023.

In addition to this, the Company was working on other urgent operational matters at the time, and therefore the approval of the Office Announcement took some time as a result.

In hindsight, and as stated in our previous response to ASX, the Company acknowledges that the announcement should have been prepared and released to ASX sooner. To better educate the Board and senior management of FGH, the Company will be undertaking further training as detailed in 3.2 below.

### **1.2 Please identify the time zones referred to in FGH’s Follow-up Response.**

The Company has staff members based in New Zealand, Queensland and Victoria and therefore operates on three different time zones.

The Company’s Managing Director is located in New Zealand and is therefore three hours ahead during New Zealand Standard Time and two hours ahead during New Zealand Daylight Time. The Company’s Managing Director travels frequently between New Zealand and Australia and therefore communication is sometimes delayed during the days he is travelling.

Between the dates of 19 September 2023 and 27 September 2023, the Managing Director was travelling throughout New Zealand for FGH related commitments which contributed to the delay in announcing the Office Announcement.

### **1.3 Please outline the dates of all the relevant steps from the drafting of the Office Announcement to its publication on MAP.**

Further to 1.1 above, the first draft of the Office Announcement was prepared by senior management and circulated to Directors on 25 September 2023. The draft Office Announcement involved co-ordination of inputs from Directors and senior management across New Zealand, Queensland and Victorian offices and was subsequently revised and approved by the Board on 26 September 2023. The final Office Announcement was sent to the company secretary for release to the ASX on 27 September 2023.



**1.4 Does FGH believe that giving the Office Announcement to ASX on 27 September 2023 was in compliance with Listing Rule 15.7 (paragraph L)? If so, please provide the basis for this view.**

Upon reflection, FGH now does not consider that it was in compliance with Listing Rule 15.7 at the time of the Office Announcement. As set out in 3.2 below, the Company has arranged for training to be provided from its corporate lawyers in relation to the Company's governance obligations under the Listing Rules.

**1.5 Please identify the new information in the Office Announcement.**

As stated in the Company's Follow-up Response, the Office Announcement provided an update to the information previously contemplated to shareholders. The Company's reference to new information in the Follow-up Response was a reference to LOI Announcement, not the Office Announcement.

**1.6 Does FGH still consider the information in the Office Announcement to be information that a reasonable person would expect to have a material impact on the price or value of the securities. If so, please provide the basis for this view.**

As per ASX Guidance Note 8, Listing Rule 3.1 requires an entity to disclose information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Footnote 12 of Guidance Note 8 states that *"there could be circumstances, however, where information has a material effect on the market's assessment of the value of a security without that translating into a material change in the price of the security. This might occur, for example, if security prices in the market generally or in a particular sector are moving materially in one direction and the information causes the market to assess the value of the security differently and to hold its price at or about the current level"*.

At the time of the Office Announcement, there were several published media articles confirming that the benchmark S&P/ASX 200 index was down. The ASX's historical market statistics also show that the end of month values for September were the lowest they had been all year, indicating that the market generally was moving materially in one direction at the time. This could have been a contributing factor which held FGH's price at or about the same level. At the time of release, the Board considered that the information was information concerning it that a reasonable person would expect to have a material effect on the price or value of FGH's securities, however it may not have translated into a material change in the price of the securities for the reasons set out above.

FGH takes its continuous disclosure obligations seriously and in releasing the Office Announcement, erred on the side of caution and elected to disclose the Office Announcement to the market.

The Company's intention was never to publish material for promotional purposes. Rather, FGH took a cautious approach and preferred to keep the market and its shareholders updated with significant milestones in relation to the Company's operations, which the Board considered was material.

As mentioned in 1.1 above, the Company has relatively new staff members and therefore the staff and Directors of FGH are adjusting in their new roles. The Company is confident that with the assistance of their corporate lawyers, the Company will have strong processes and procedures in place to ensure ongoing compliance with the Listing Rules (see 3.2 below).

2. ASX observes that FGH is of the view that the LOI Announcement contained information that had to be disclosed under Listing Rule 3.1 (paragraph B). ASX further observes that:

- there was no change in FGH's share price, and no trading activity in FGH's shares, on the day of the release of the LOI Announcement;
- FGH's basis for publishing the LOI Announcement was that "FGH is in discussions with Lawter (NZ), and those discussions may or may not result in a binding agreement on terms that may or may not be similar to those recorded in the non-binding letter of intent" (paragraph G); and
- ASX's guidance on ramping announcements (paragraph K),

in light of the above, does FGH still consider the information in the LOI Announcement to be information that a reasonable person would expect to have a material impact on the price or value of the securities. If so, please provide the basis for this view.

At the time of the LOI Announcement, the Board considered that the LOI Announcement was material enough to warrant disclosure. Lawter (NZ) is a global chemical manufacturing company that produces quality products and the Board considered that this understanding was information a reasonable person would expect to have a material effect on the price or value of FGH's securities. Further to our answer provided at question 1.6, footnote 12 of Guidance Note 8 states that "*there could be circumstances, however, where information has a material effect on the market's assessment of the value of a security without that translating into a material change in the price of the security. This might occur, for example, if security prices in the market generally or in a particular sector are moving materially in one direction and the information causes the market to assess the value of the security differently and to hold its price at or about the current level*".

The level of uncertainty in the market at the time of release was high. FGH having no trades on 27 September 2023 and its share price being held at or about the same level does not necessarily mean that the information was not material to warrant disclosure. At the time, the Directors considered and agreed that the information was information a reasonable person would expect to have a material effect on the price or value of FGH's securities and therefore made the decision to release the information, however it did not translate into a material change in the price of the securities.

FGH takes its continuous disclosure obligations seriously and in releasing the LOI Announcement, erred on the side of caution and elected to disclose the LOI Announcement to the market. The Directors took a cautious approach to keeping FGH shareholders updated in relation to the Company's operations.

3. Please outline:

3.1 the exact steps FGH has taken since 30 June 2023 to update its processes and procedures to ensure compliance with the Listing Rules (paragraph H); and

Please refer to the response in 3.2 below.

**3.2 the training provided by FGH's corporate lawyers in respect to FGH's compliance with the Listing Rules (paragraph H).**

The Company has engaged its corporate lawyers to provide training and guidance by way of a presentation to the Board and senior management of FGH which will include, but will not be limited to, details and guidance about governance obligations such as directors' duties, continuous and immediate disclosure requirements (including what types of information should and shouldn't be disclosed), director's interests and the use of social media.

In addition to this, as the Company's corporate lawyers are aware that FGH would like additional training and resources, where FGH have sought advice on other matters concerning the Company, the Company's corporate lawyers provide additional commentary and recommendations around compliance requirements with the Listing Rules.

In relation to the current processes and procedures the Company is undertaking, FGH confirms that the Board has become more aware of the Company's disclosure obligations and now seeks advice from the Company's corporate lawyers and company secretary before any announcement is approved or published.

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

The Company confirms that it is currently in compliance with the Listing Rules, including Listing Rule 3.1. FGH acknowledges that it did not fully comply with Listing Rule 15.7 at the time of the Office Announcement.

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

The Company confirms that the FGH board has authorised and approved the responses to the questions above.

Yours faithfully



Mark Licciardo  
Company Secretary



13 October 2023

Reference: 82080

Mr Mark Licciardo  
Company Secretary  
Acclime Australia

By email: m.licciardo@acclime.com

Dear Mr Licciardo

### Foresta Group Holding Limited ('FGH'): Query Letter

ASX refers to the following:

- A. ASX's Query Letter dated 29 September 2023 (the 'Query Letter') and FGH's response to the Query Letter dated 5 October 2023 (the 'Query Letter Response'). ASX's Query Letter dated 5 October 2023 (the 'Follow-up Letter') and FGH's response dated 9 October 2023 (the 'Follow-up Response'). All capitalised terms in this letter have the same meaning, unless the context dictates otherwise, as those defined in the Query Letter and Follow-up Letter.
- B. FGH's Follow-up Response which disclosed in response to Question 3 that (emphasis added):  
*"FGH is of the view that the Office Announcement and the LOI Announcement are not ramping announcements because of its position **that Listing Rule 3.1 necessitated their disclosure for the reasons set out above.**"*
- C. FGH's Query Letter Response which disclosed in response to Question 1.2 that (relevantly):  
*"FGH considered that the opening of its office in New Zealand was an event which may have a material effect on the price or value of FGH's securities because it demonstrates to the market the continuation and extension of FGH's business strategy of moving its operations to New Zealand. It also demonstrates the support that is being provided to the Company by various stakeholders, including the New Zealand Government, which will be an important and material factor in the success of the Company's business."*
- D. FGH's Preliminary Final Report for the financial year ending 30 June 2023 released on MAP on 31 August 2023 which disclosed that (relevantly, emphasis added):  
*"This is indeed the brand-new chapter in the history of the company... together with the **recent establishment of new offices in New Zealand.**"*
- E. Question 1.2 of the Follow-up Letter, which asked for an explanation for why the information about the opening of the New Zealand office was given to ASX on 27 September 2023 when the office opened on 19 September 2023. FGH's response in the Follow-Up Letter disclosed (relevantly, emphasis added):  
*"**The Office Announcement took some time to draft** following the conclusion of the event and was provided to ASX as soon as reasonably practicable, following appropriate approvals from the Board. On reflection, however, the Company realises that it should have been provided sooner.  
  
With the FGH team **working in different time zones, communication is sometimes delayed** which was a contributing factor to the delay in approvals for the Office Announcement."*
- F. FGH's Follow-up Response which disclosed that (relevantly, emphasis added):

---

*“The support referred to in Question 1.2 of the Company’s Query Letter Response was a reference to **the attendance and participation of New Zealand’s local politicians and members of parliament at FGH’s office opening**, specifically the oral presentation by local Member of Parliament...”*

- G. FGH’s Follow-up Response which disclosed in response to Question 2.2 regarding the LOI Announcement that (relevantly):

*“The Company confirms that the basis for the disclosure of the LOI Announcement is that FGH is in discussions with Lawter (NZ), and those discussions may or may not result in a binding agreement on terms that may or may not be similar to those recorded in the non-binding letter of intent.”*

- H. FGH’s Follow-up Response which disclosed in response to Questions 1.2 and 3 that (relevantly, emphasis added):

*“The Company would like to note that, as announced to the market on 10 March 2023, FGH appointed two new board members, and as announced to the market on 30 June 2023, FGH also appointed a new company secretary. The Company is working through **updating its processes and procedures** to ensure the Company is operating in an efficient manner as a team now that the Company has completed its recent appointments...*

*The Board, together with the company secretary, are continuing to work through updating its processes and procedures to ensure the **efficient operation of the business and compliance with the Listing Rules**, including processes to ensure that the location of management personnel does not compromise the Company’s compliance arrangements.*

*The Company has also engaged its corporate lawyers to facilitate and provide **further training to its management personnel in respect of compliance with its legal obligations.**”*

#### Disclosure Obligations

- I. 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.
- J. Section 4.15 of Guidance Note 8: *Continuous Disclosure: Listing Rules 3.1 – 3.1B* which states:
- “Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity’s securities.”*
- K. Section 7.10 of Guidance Note 8: *Continuous Disclosure: Listing Rules 3.1 – 3.1B* which gives, as an example of a ramping announcement, the announcement of “what appears to be a material customer contract without disclosing that it is a non-binding heads of agreement only and that material contractual terms have yet to be agreed”.
- L. Listing Rule 15.7, which states:
- “An entity must not release information that is for release to the market to any person until it has given the information to ASX and has received an acknowledgement that ASX has released that information to the market.”*
- M. Section 14 of Guidance Note 14: *ASX Market Announcements Platform* which states:
- “MAP should only be used to publish information that is appropriately given to ASX under the Listing Rules or the Corporations Act for publication to the market. It should not be used as a guise to publish material that is really promotional, political or tendentious in nature.”*

---

## Request for information

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

1. ASX observes that FGH is of the view that the Office Announcement contained information that had to be disclosed under Listing Rule 3.1 (paragraph B). ASX further observes that:
  - there was no change in FGH's share price, and no trading activity in FGH's shares, on the day of the release of the Office Announcement;
  - there is no financial data or detail in the announcement that would enable an investor to assess the impact of the information in the Office Announcement on the price or value of FGH's securities (paragraph J);
  - it was known to the market that FGH would open an office in New Zealand and that office was at least "established" by 30 August 2023 (paragraph D);
  - FGH's New Zealand Office opened on 19 September 2023 however the Office Announcement was given to ASX for publication on MAP more than a week later on 27 September 2023 due to, inter alia, the Office Announcement taking "some time to draft" and "the FGH team working in different time zones" (paragraph E).
  - it appears that the opening of the New Zealand office and the attendance of Members of Parliament was publicly disclosed elsewhere;<sup>1</sup> and
  - FGH has been unable to identify any support provided specifically to FGH outside of the attendance of some Members of Parliament at FGH's office opening ceremony (paragraph F),

in light of the above:

- 1.1 Please explain why the Office Announcement "took some time to draft".
  - 1.2 Please identify the time zones referred to in FGH's Follow-up Response.
  - 1.3 Please outline the dates of all the relevant steps from the drafting of the Office Announcement to its publication on MAP.
  - 1.4 Does FGH believe that giving the Office Announcement to ASX on 27 September 2023 was in compliance with Listing Rule 15.7 (paragraph L)? If so, please provide the basis for this view.
  - 1.5 Please identify the new information in the Office Announcement.
  - 1.6 Does FGH still consider the information in the Office Announcement to be information that a reasonable person would expect to have a material impact on the price or value of the securities. If so, please provide the basis for this view.
2. ASX observes that FGH is of the view that the LOI Announcement contained information that had to be disclosed under Listing Rule 3.1 (paragraph B). ASX further observes that:
    - there was no change in FGH's share price, and no trading activity in FGH's shares, on the day of the release of the LOI Announcement;

---

<sup>1</sup> In a post on FGH's LinkedIn page, FGH disclosed that "Yesterday, we celebrated the launch of our Papamoa office..." and that the local Member of Parliament had attended the event and Sun Media, the publisher of SunLive News, attended and took photos.



- 
- FGH's basis for publishing the LOI Announcement was that "FGH is in discussions with Lawter (NZ), and those discussions may or may not result in a binding agreement on terms that may or may not be similar to those recorded in the non-binding letter of intent" (paragraph G); and
  - ASX's guidance on ramping announcements (paragraph K),

in light of the above, does FGH still consider the information in the LOI Announcement to be information that a reasonable person would expect to have a material impact on the price or value of the securities. If so, please provide the basis for this view.

3. Please outline:
  - 3.1 the exact steps FGH has taken since 30 June 2023 to update its processes and procedures to ensure compliance with the Listing Rules (paragraph H); and
  - 3.2 the training provided by FGH's corporate lawyers in respect to FGH's compliance with the Listing Rules (paragraph H).
4. Please confirm that FGH is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that FGH'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 FGH 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 **9:00 AM AEDT Wednesday, 18 October 2023**. 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, FGH'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 FGH to request a trading halt immediately.

Your response should be sent to me by e-mail at [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@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 FGH'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 FGH's securities under Listing Rule 17.3.

## **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to FGH'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 FGH'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 sincerely

---

**Zufishan Anjum**

Senior Adviser (Accounting), Listings Compliance