

17 September 2024

ASX Compliance

cc: ListingsCompliancePerth@asx.com.au

Dear Sir/Madam

Response to ASX Query Letter

New Zealand Coastal Seafoods Limited (ASX:NZS) (**Company**) refers to ASX's query letter of 10 September 2024 (**Query Letter**) and responds as follows (adopting ASX's numbering):

1. No, the Company does not consider the information set out in question 1 of the Query Letter to be information that a reasonable person would expect to have a material effect on the price or value of its securities.
2. The extension of the term of the Gold Saint Supply Agreement was not the extension of a material supply agreement in the normal course (i.e. where the total amount of product agreed to be supplied under the original agreement has been supplied and paid for by the recipient and an extension is agreed whereby a further amount of product is to be supplied). Rather, only one delivery of product has been made by the Company under the Gold Saint Supply Agreement to date given the quality of the product in the original delivery was considered not entirely satisfactory by Gold Saint, the receiving party. Discussions are ongoing between the Company and Gold Saint to ensure future deliveries will comply with the specifications contained in, and otherwise be in accordance with, the Gold Saint Supply Agreement. In conjunction with these discussions, the initial end date of the Gold Saint Supply Agreement was extended by 12 months in order that the Company could work together with Gold Saint to supply the amount of product originally agreed to be supplied under the Gold Saint Supply Agreement. The Gold Saint Supply Agreement otherwise remains on the exact same commercial terms as originally entered into.
3. The Company first became aware of the information referred to in question 1 of the Query Letter on 12 April 2024.
4. No, the Company did not make an announcement prior to the date of its response to the August Query Letter which disclosed the information referred to in question 1 of the Query Letter. The information was not released to the market at an earlier time for the reasons set out in points 1 and 2 above.
5. The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. The Company confirms that the above responses have been authorised and approved by its Board of Directors.

Yours sincerely



Peter Chai
Director

New Zealand Coastal Seafoods Limited

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10 September 2024

Reference: 99772

Mr Melinda Orrock
Company Secretary
New Zealand Coastal Seafoods Limited

By email: mel@orrock.au

Dear Mr Orrock

New Zealand Coastal Seafoods Limited ('NZS'): Query Letter

ASX refers to the following:

- A. NZS' Appendix 4D and Half Year Report for the period ended 31 December 2022 and lodged on the ASX Market Announcements Platform ('MAP') on 28 February 2023, disclosing, at page 8, that NZS' total equity interests as at 31 December 2022 was \$104,328.
- B. NZS' announcement titled "NZ\$2.5M purchase order secured" lodged on MAP on 12 May 2023 and marked price sensitive (the 'Gold Saint Announcement'), disclosing, among other things, that:
 - i. NZS had received an *"~NZ\$2.5m purchase order from Gold Saint International Resources Group, a leading distributor for consumer products in China"* which was *"for the supply of premium New Zealand Ling fish, with monthly deliveries over a 12-month term"* (the 'Gold Saint Supply Agreement'); and
 - ii. *"The order is expected to contribute materially to group revenues over FY23 and FY24"*.
- C. NZS' Annual Report for the period ended 30 June 2023 and lodged on MAP on 2 October 2023, disclosing, at page 18, that NZS' total equity interests as 30 June 2023 was \$964,937.
- D. NZS's Quarterly Activities Report for the period ended 30 September 2023 lodged on MAP on 31 October 2023 which disclosed, among other things:
 - i. *"First Whole Fish Consignment Successfully Delivered to our Key Market Customer - Gold Saint International Resources Group. NZS has successfully dispatched and delivered its first consignment of 19,370kg of Frozen Ling Fish to China"*; and
 - ii. *"Further regular shipments of Ling Fish will follow in due course."*
- E. NZS's request for voluntary suspension on 15 December 2023 pending an announcement to the market of a proposed transaction under Listing Rule 11.1 and the continuation of suspension of NZS's securities since that date.
- F. NZS' response to ASX's aware query letter lodged on MAP on 29 April 2024 ('April Query Letter'), disclosing, among other things (ASX queries bolded):

26. How many deliveries have been made by NZS under the Gold Saint Supply Agreement? In answering this question, please specify the exact dates the deliveries were made by NZS under the Gold Saint Supply Agreement and the value of each delivery

'One delivery of 19,808.85 kilograms of frozen HGT Ling Fish was made by the Company under the Gold Saint Supply Agreement on 19 September 2023 which delivery was valued at \$154,509.03.'

27. If only one delivery was made by NZS under the Gold Saint Supply Agreement, please explain why no further deliveries were made under the Gold Saint Supply agreement, commenting specifically on the fact that the Gold Saint Announcement stated that NZS would make monthly deliveries over a 12-month term.

'No further deliveries were made under the Gold Saint Supply Agreement as the quality of the product was considered not entirely satisfactory by the receiving party. Discussions are ongoing, however, to ensure future deliveries will comply with the specifications contained in, and otherwise be in accordance with, the Gold Saint Supply Agreement.'

28. Does NZS consider its response to question 27 to be information that a reasonable person would expect to have a material effect on the price or value of its securities? If not, please explain the basis for that view, commenting specifically on the fact that the Gold Saint Announcement was marked as price sensitive by NZS.

'No, the Company does not consider its response to question 27 to be information that a reasonable person would expect to have a material effect on the price or value of its securities given the Gold Saint Supply Agreement remains on foot and discussions are ongoing with the counterparty to ensure future deliveries will comply with the specifications contained in, and otherwise be in accordance with, the Gold Saint Supply Agreement.'

G. NZS' announcement titled "Additional Information in relation to purchase order for whole Ling fish" lodged on MAP on 28 August 2024 and marked price sensitive ('Updated Gold Saint Announcement'), disclosing, among other things, that:

- i. *"Gold Saint advised [NZS] that the [19,808.85 kilograms of frozen HGT Ling Fish] in the original delivery was infested with parasites and provided photographic evidence";*
- ii. *"the [19,808.85 kilograms of frozen HGT Ling Fish] remain stored in freezers in Gold Saint's warehouse in Qingdao, China";*
- iii. *"at the time of the Purchase Order [under the Gold Saint Supply Agreement] was entered into Sing Yin (Peter) Chai was a director of NZS and a director and 10% shareholder of Gold Saint and Guoyu Li was a director and sole shareholder of Australian Financial Resources Group Pty Ltd (a substantial (10%+) shareholder of NZS) and a director and 90% shareholder of Gold Saint."*

H. NZS' response to ASX's query letter lodged on MAP on 28 August 2024 ('August Query Letter'), disclosing, among other things (ASX queries bolded):

1. Is the Gold Saint Supply Agreement still on foot?

'Yes, the Gold Saint Supply Agreement is still on foot.'

2. If the response to question 1 is 'yes', please provide the basis for that view, commenting specifically on the fact that the Gold Saint Supply Agreement was stated to be for a period of 12-months in the Gold Saint Announcement announced on 12 May 2023

'As advised to ASX on 29 April 2024, one delivery of 19,808.85 kilograms of frozen HGT Ling Fish was made by the Company under the Gold Saint Supply Agreement on 19 September 2023 which delivery was valued at \$154,509.03. No further deliveries have been made under the Gold Saint Agreement to date as the quality of the product in the original delivery was considered not entirely satisfactory by Gold Saint, the receiving party. Discussions are ongoing, however, to ensure future deliveries will comply with the specifications contained in, and otherwise be in accordance with, the Gold Saint Supply Agreement. In conjunction with these discussions, the initial 12 month term of the Gold Saint Supply Agreement (which expired around 12 May 2024)

was extended on 12 April 2024 by an additional 12 month period with the term now expiring on 12 May 2025.'

...

10. ...

a) is Sing Yin (Peter) Chai, director of NZS, the same person as Sing Yin Chai, former director and current shareholder of Gold Saint International Resources Group Pty Ltd (ACN 629 078 842)? If not, please provide the basis for that view

'Yes, Sing Yin (Peter) Chai, director of NZS, is the same person as Sing Yin Chai, former director and current shareholder of Gold Saint International Resources Group Pty Ltd (ACN 629 078 842).'

b) is Guoyu Li, director and shareholder of AFRG (a substantial (10%+) holder of NZS) the same person as Guoyu Li, director and shareholder of Gold Saint International Resources Group Pty Ltd (ACN 629 078 842)? If not, please provide the basis for that view.

'[Y]es, Guoyu Li, director and shareholder of AFRG (a substantial (10%+) holder of NZS) is the same person as Guoyu Li, director and shareholder of Gold Saint International Resources Group Pty Ltd (ACN 629 078 842).'

11. If the answers to questions 10(a) and (b) are both 'yes':

a) was Sing Yin (Peter) Chai a director and shareholder of Gold Saint International Resources Group Pty Ltd (ACN 629 078 842) and a director of NZS at the time the Gold Saint Supply Agreement was executed? If not, please provide the basis for that view; and

'Yes, Sing Yin (Peter) Chai was a director and shareholder of Gold Saint International Resources Group Pty Ltd (ACN 629 078 842) and a director of NZS at the time the Gold Saint Supply Agreement was executed.'

b) was Guoyu Li a director and shareholder of Gold Saint International Resources Group Pty Ltd (ACN 629 078 842) and a director and shareholder of AFRG (a substantial (10%+) holder of NZS) at the time the Gold Saint Supply Agreement was executed? If not, please provide the basis for that view;

'Yes, Guoyu Li was a director and shareholder of Gold Saint International Resources Group Pty Ltd (ACN 629 078 842) and a director and shareholder of AFRG (a substantial (10%+) holder of NZS) at the time the Gold Saint Supply Agreement was executed.'

c) does NZS maintain its position in its email to ASX dated 28 June 2024 that:

i) 'there is no relationship between Guoyu Li and Peter Chai other than this common shareholding [in PXYY Pty Ltd (ACN 619 457 019) and Nine Ocean Fishery Pty Ltd (ACN 619 459 308)]; and

No, it was an oversight of NZS to state that 'there is no relationship between Guoyu Li and Peter Chai other than this common shareholding [in PXYY Pty Ltd (ACN 619 457 019) and Nine Ocean Fishery Pty Ltd (ACN 619 459 308)] given their mutual involvement in Gold Saint International Resources Group Pty Ltd (ACN 629 078 842) and NZS apologises for this oversight.'

ii) Guoyu Li and Peter Chai "are not associates of one another and have no other business dealings together" and "they are not...related to one another in any other way"; given the matters referred to above at paragraph H? If so, please provide the basis for that view;"

No, it was an oversight of NZS to state that Guoyu Li and Peter Chai “have no other business dealings together” and “they are not...related to one another in any other way” given their mutual involvement in Gold Saint International Resources Group Pty Ltd (ACN 629 078 842) and NZS again apologises for this oversight. Mr Chai has advised that he and Guoyu Li are not associates of one another, have no other business dealings together and are not related to one another in any way other than via PXY Pty Ltd, Nine Ocean Fishery Pty Ltd and Gold Saint International Resources Group Pty Ltd. Mr Chai has further advised that Guoyu Li’s address being listed as the same address as Mr Chai in the ASIC company search of Gold Saint International Resources Group Pty Ltd referred to in paragraph H of the Query Letter is the result of an administrative error and that Guoyu Li has never lived at this address.

12. If the answers to questions 11(a) and (b) are both ‘yes’:

a) does NZS consider its response to questions 11(a) and (b) to be information that a reasonable person would expect to have a material effect on the price or value of its securities? If not, please explain the basis for that view

‘The Company considers its response to questions 11(a) and (b) could potentially be information a reasonable person would expect to have a material effect on the price or value of its securities.’

b) if the answer to question 12(a) is ‘yes’, did NZS make any announcement which disclosed the information contained in its response to questions 11(a) and (b)? If so, please provide details. If not, please explain why this information was not released to the market, commenting specifically on when you believe NZS was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps NZS took to ensure the information was released promptly and without delay

‘The Company refers to its announcement dated 27 August which discloses the information contained in its response to questions 11(a) and (b) above.’

c) does NZS agree that it breached Listing Rule 10.1 in circumstances where:

- i. The value of the consideration payable to NZS under the Gold Saint Agreement was greater than 5% of NZS' equity interests as at 31 December 2022; and**
- ii. At the time the Gold Saint Supply Agreement was executed by NZS and Gold Saint International Resources Group Pty Ltd (ACN 629 078 842):**
 - 1. Sing Yin (Peter) Chai was a director of NZS and a director and shareholder of Gold Saint International Resources Group Limited and therefore related party referred to in Listing Rule 10.1.1; and**
 - 2. Guoyu Li was director and shareholder of Gold Saint International Resources Group Pty Ltd (ACN 629 078 842) and a director and shareholder of AFRG (a substantial (10%+) holder of NZS) and therefore an associate of a person referred to in Listing Rule 10.1.3.**

‘the Company considers that the Gold Saint Supply Agreement is an agreement between the Company and an entity controlled by a substantial (10%+) holder of NZS and notes that section 8.3 of ASX Guidance Note 24 states that “Some entities (such as agricultural companies) will often buy goods from, or sell good to, their customers under standard supply agreements. If a customer is a Substantial (10%+) holder of the entity (and therefore a 10.1 party) and the total consideration payable over the term of the supply agreement exceeds the value threshold in Listing Rule 10.2, this may trigger a requirement for security holder approval under Listing Rule 10.1.” The Company considers that it should have sought

confirmation from ASX on the application of ASX Listing Rule 10.1 to the Gold Saint Supply Agreement (and, depending on ASX's confirmation, sought a waiver from Listing Rule 10.1 as contemplated in section 8.3 of ASX Guidance Note 24) prior to entry into the Gold Saint Supply Agreement. The Company notes that it will comply with any requirement of ASX to seek retrospective shareholder approval of the Gold Saint Supply Agreement or to terminate the Gold Saint Supply Agreement.'

- 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. 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."*
- K. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- L. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.
- "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 5 situations 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."*
- M. The concept of "confidentiality" 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 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 is no longer a secret and it ceases to be confidential information for the purposes of this rule."*
- N. Listing Rule 10.1, which states:
- "An entity (or, in the case of a trust, the + responsible entity of the trust) must ensure that neither the entity, nor any of its + child entities, +acquires or agrees to +acquire a substantial asset from,*

or +disposes of or +agrees to dispose of a substantial asset to, any of the following +persons without the approval of the holders of the entity's +ordinary securities.

10.1.1 A +related party of the entity.

10.1.2 A +child entity of the entity.

10.1.3 A +person who is, or was at any time in the 6 months before the transaction or agreement, a +substantial (10%+) holder in the entity.

10.1.4 An +associate of a +person referred to in rules 10.1.1 to 10.1.3.

10.1.5 A +person whose relationship to the entity or a +person referred to in rules 10.1.1 to 10.1.4 is such that, in ASX's opinion, the transaction should be approved by +security holders.

The notice of meeting to obtain approval must comply with rule 10.5"

O. Guidance Note 24 *Acquisition and Disposal of Assets Involving Persons in a Position of Influence* specifically section 9 that details the range of enforcement powers that ASX can exercise.

P. Listing Rule 18.8A – Censure for breach of the rules, which states:

"Without limiting any other powers ASX may exercise under these rules in relation to the breach, if ASX considers that an entity has breached the listing rules or a condition or requirement imposed under the listing rules and that it is appropriate to do so, ASX may formally censure the entity and release the censure and the reasons for it to the market."

Request for information

Having regard to the above, ASX asks NZS to respond separately to each of the following questions:

1. Does NZS consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
"the initial 12 month term of the Gold Saint Supply Agreement (which expired around 12 May 2024) being extended on 12 April 2024 by an additional 12 month period with the term now expiring on 12 May 2025"
2. If the answer to any part of question 1 is "no", please advise the basis for that view commenting specifically on the following matters:
 - a) NZS marked the Gold Saint Announcement price sensitive; and
 - b) NZS' managing director, Peter Chai, expressly commented in the Gold Saint Announcement that *"the Gold Saint Supply Agreement would provide a material contribution to [NZS] group revenues"*.
3. When did NZS first become aware of the information referred to in question 1 above?
4. If NZS first became aware of the information referred to in question 1 before the date of the response to the August Query Letter, did NZS make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe NZS was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps NZS took to ensure that the information was released promptly and without delay.
5. Please confirm that NZS is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that NZS'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 NZS with delegated authority from the board to respond to ASX on disclosure matters

Listing Rule 10.1

ASX notes the following information relevant to the application of Listing Rule 10.1.

NZS total equity interests as at 31 December 2022	\$104,328												
5% of NZS total equity interests as at 31 December 2022 (Listing Rule 10.2)	\$5,216.4												
Total consideration payable under the Gold Saint Supply Agreement	NZ\$2,500,000 (AUD\$ 2,330,725) assuming NZD:AUD of 0.92												
NZS total equity interests as at 30 June 2023	\$964,937												
5% of NZS total equity interests as at 30 June 2023 (Listing Rule 10.2)	\$48,246.85												
Value of 19 September 2023 delivery under the Gold Saint Supply Agreement	\$154,509.03												
Counterparty to the Gold Saint Supply Agreement	Gold Saint International Resources Group Pty Ltd (ACN 629 078 842)												
Directors of Gold Saint International Resources Group Pty Ltd	Guoyu Li, director and sole shareholder of Australian Financial Resources Group Pty Ltd ('AFRG') (27 September 2018 to present) Sing Yin (Peter) Chai (27 September 2018 to 5 September 2023)												
Shareholders of Gold Saint International Resources Group Pty Ltd	<table><tr><th>Shareholder</th><th>No. Shares</th><th>% holding</th></tr><tr><td>Guoyu Li</td><td>90</td><td>90%</td></tr><tr><td>Peter Chai</td><td>10</td><td>10%</td></tr><tr><td>Total</td><td>100</td><td>100%</td></tr></table>	Shareholder	No. Shares	% holding	Guoyu Li	90	90%	Peter Chai	10	10%	Total	100	100%
Shareholder	No. Shares	% holding											
Guoyu Li	90	90%											
Peter Chai	10	10%											
Total	100	100%											

In ASX's view, Listing Rule 10.1 applies to the Gold Saint Supply Agreement:

- the aggregate value of the consideration payable under the Gold Saint Supply Agreement was greater than 5% of NZS's equity interests as at 31 December 2022 and at 30 June 2023;
- At all relevant times:
 - a) Australian Financial Resources Group Pty Ltd held 14.34% of NZS and was a Listing Rule 10.1.3 party;
 - b) Guoyu Li (as sole shareholder and director of Australian Financial Resources Group Pty Ltd) was an associate of Australian Financial Resources Group Pty Ltd and was a Listing Rule 10.1.4 party;
 - c) Gold Saint International Resources Group Pty Ltd was controlled by Guoyu Li (as 90% shareholder and director), directed by Peter Chai (who was also a 10% shareholder) and an associate of Australian Financial Resources Group Pty Ltd on the basis that both entities were controlled by the Guoyu Li; and

-
- d) Gold Saint Resources Limited was a Listing Rule 10.1.4 party, being an associate of a substantial holder of NZS.

In ASX's view, NZS is in breach of Listing Rule 10.1:

- The value of the consideration paid to NZS under the Gold Saint Supply Agreement to date is greater than 5% of NZS's equity interests as at 31 December 2022 and at 30 June 2023;
- At all relevant times, Gold Saint International Resources Group Pty was a Listing Rule 10.1.4 party, being an associate of a substantial holder of NZS; and
- No shareholder approval pursuant to Listing Rule 10.1 was ever sought or obtained by NZS in respect of the Gold Saint Supply Agreement.

Action Required

ASX requires NZS to prepare an announcement for release to the market under Listing Rule 18.8(a) that explains the Listing Rule 10.1 breach outlined in this letter. The announcement must:

1. State that NZS is in breach of Listing Rule 10.1 and set out the full details of the breach.
2. Propose a course of action to remedy the breach of Listing Rule 10.1, with reference to section 9 of Guidance Note 24 *Acquisition and Disposal of Assets Involving Persons in a Position of Influence*.
3. Set out the procedures that NZS has in place to ensure that it complies with Listing Rule 10.1. If the current arrangements are inadequate or not being enforced, please include the additional steps that NZS intends to take to ensure compliance with Listing Rule 10.1.

In relation to the proposed remedy, ASX's view is that it would be inappropriate for NZS to convene a meeting of shareholders to ratify the Gold Saint Supply Agreement.

When and where to send your response

This request is made under Listing Rule 18.7. Your response to this letter and the draft announcement referred to above are required as soon as reasonably possible and, in any event, by no later than **12 PM AWST Tuesday, 17 September 2024**.

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, NZS's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require NZS to request a trading halt immediately if trading in NZS's securities is not already halted or suspended.

Your response should be sent by e-mail to ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us 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 NZS'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 NZS'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

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A. The usual course is for the correspondence to be released to the market.

Kind regards

ASX Compliance

CC: Mark McConnell, Steinepreis Paganin