

27 January 2016

## ASX ANNOUNCEMENT

### FOLLOW UP Q&A TO OUR LOW GI WHITE BREAD ANNOUNCEMENT ON 12 JANUARY 2016

The Board of Directors of Holista CollTech Limited (“Holista”) refers to its announcement dated 12 January 2016, “Holista and Swiss Bakery Ingredients Specialist Veripan Announce Major Breakthrough Formulae to Produce Clean-Label White Bread with Lowest Glycemic Index (GI)”, and wishes to provide the following clarifications and updates:

#### 1. What is low GI?

According to the University of Sydney, “*the glycemic index (GI) is a ranking of carbohydrates on a scale from 0 to 100, according to the extent to which they raise blood sugar levels after eating. Foods with a high GI are those which are rapidly digested and absorbed, and result in marked fluctuations in blood sugar levels. Low-GI foods, by virtue of their slow digestion and absorption, produce gradual rises in blood sugar and insulin levels, and have proven benefits for health. Low-GI diets have been shown to improve both glucose and lipid levels in people with diabetes (type 1 and type 2). They have benefits for weight control because they help control appetite and delay hunger. Low-GI diets also reduce insulin levels and insulin resistance*”.

More information about GI is available on: <http://www.glycemicindex.com/about.php>

#### 2. What makes it so difficult to make a low-GI white bread?

There are many considerations behind the making of low-GI white bread, namely:

(i) Achieving “clean label”

In the past, food additives were often used in white bread formulae, and were indicated by “E numbers”. These are codes for substances that are permitted to be used as food additives. However, with the emergence of the “whole food” phenomenon – as consumers demand natural, unprocessed and unrefined foods – many “E Number” products have been taken off the shelves, especially in Australia and Europe. More and more consumers now demand so-called “clean label” products, which are foods that contain only natural ingredients and no chemicals.

(ii) Nutritional claim

For Holista, the ability to make a “hard claim” such as low GI on the products using our proprietary ingredient was of utmost importance. For this reason, Veripan and Holista have conducted seven “GI testing” clinical studies with propositi (test persons) over the past six years. These clinical studies were conducted by the world's leading universities in Sydney, Oxford and Toronto in accordance with international protocols.

(iii) Indulgence

Bread is a staple food eaten by billions of people every day. Although most consumers know that wholemeal bread is healthier, white bread is still the preferred option, mainly because it tastes better. That’s why Holista sought to develop the low-GI white bread.

(iv) Affordability for the mass market

This was our biggest challenge. In the bread industry white bread is a commodity with narrow profit margins. Anything that is added to white bread increases raw material costs and, consequently, selling prices. With PANATURA® GI we have developed a combination which is clean-label, clinically proven, affordable and tastes good at an affordable price point.

**3. What is so unique about your low GI white bread?**

Our low GI bread comprises only natural ingredients – wheat, canola oil, yeast, salt, water, Veripan’s sourdough (PANATURA®) combined with Holista’s GI reducer, the formula of which consists of okra, dhal, fenugreek and barley.

**4. I would have thought that someone would have done it by now. Is this bread really the first of its kind?**

We announced this global breakthrough on 12 January 2016 – after receiving the results of our latest clinical study carried out by a renowned university in Sydney. The global response has been overwhelming and unexpected. The announcement was disseminated and published by international media, including Bloomberg, which carried a web commentary based on interviews with senior executives of Holista and Veripan: <http://www.bloomberg.com/gadfly/articles/2016-01-15/white-bread-isn-t-healthy-except-for-biotech-in-asia>.

For personal use only

Despite the substantial global news coverage, no one has refuted our claim. Holista and Veripan regard this as a tremendous endorsement of our claims.

**5. Could you elaborate more on the low GI patent?**

Our various patents for “Product to reduce glycemc response of carbohydrate based foods” are as follows:

- United States Patent Number: US 8,628,816 B2
- European Patent Number: 2378899
- Australian Patent Number: 2009334010
- Japanese Patent Number: 5552721
- Singapore Patent Number: 172214 (WO2010/077127)

Both Veripan’s sourdough technology and our GI Lite are patented. Over more than five years, we have invested approximately three million Australian dollars (UD\$3.0m) to develop this technology. In addition, Veripan has also invested another one million Swiss Fancs (CHF1.0m) in its patented sourdough technology. Apart from clinical trials conducted in GI testing facilities in Oxford, Toronto and Sydney, other food testing also took place in similar facilities in Kuala Lumpur, Matzingen/Zürich, Singapore, Perth, San Francisco and New York.

We have strong patent positions for the low GI bread, issued without query in Australia, United States, Japan, Taiwan and Europe. There are currently several patents still pending.

**6. Why did Holista choose Australia as its first market?**

As an Australian-listed company, it was imperative that we have our global launch here. Our final testing for the low GI was also carried out in Sydney. Also, Australia has the highest density of low GI products in the world.

According to IBISWorld Industry Report C1171 titled *“Bread Production In Australia”* the market in this country is worth US\$2.6 billion and is expected to grow 2.5% in 2016. Australians are the fifth-largest consumers of bread after Ireland, United Kingdom, and the United States.

For personal use only

**7. When will your low GI bread hit the supermarket shelves?**

PANATURA® GI will be sold through Holista and Veripan on a Business-to-Business model (“B2B”) to large bread manufacturers. We expect to hit Australian supermarket shelves in October or November 2016. Prototyping, market testing and selling will take place over the next six months. We expect the first orders before that.

**8. What are the terms of your agreement with Veripan?**

Holista and Veripan will co-brand to market in Europe, Australia, New Zealand, China, Japan and the rest of Asia. Concurrently, we are working with bread groups in North and South America, as well as India in conjunction with Veripan.

**9. Does the Company plan to manufacture the ingredient? If so, where will the production facilities for PANATURA® GI be based and what is the capital expenditure involved?**

For Holista, there are no plans for direct investment in manufacturing facilities. Instead, we will collaborate with our network of license partners of Veripan AG.

Veripan, however, will extend its global manufacturing concept and build additional factories in various countries (including possibly Australia).

**10. Have any baking- or flour-related groups expressed interest in PANATURA® GI?**

We have received several enquiries from a number of international flour mills, bakery manufacturers and even retailers in Australia, New Zealand, Germany, Switzerland, Ireland, United Kingdom, Malaysia, Singapore, United States, and Canada. Veripan will start marketing PANATURA® GI as soon as possible in Switzerland, Germany and the UK, one of the biggest markets in Europe. We expect the first low-GI breads with our ingredient to hit international markets within the next six to nine months.

We are positive about the market's potential. Based on data from Global Industry Analyst Inc., the global white bread market is projected to be worth US\$198.7 billion by 2020, with Europe being the largest market and Asia Pacific growing at 6.6% a year.

For personal use only

#### 11. What is the international marketing strategy for PANATURA® GI?

Holista will work with Veripan AG to jointly market the PANATURA® GI for the launch of the world's first clean-label low GI white bread. We are currently exploring various partnerships in Europe, Australia, New Zealand, China and Japan.

Concurrently, through our U.S. subsidiary, LiteFoods USA, we intend to work with partners in Canada, U.S. and India.

#### 12. What other low GI work has Holista carried out to date?

We have already clinically tested and proven low GI versions of muffins, biscuits and cookies at a leading testing center in Canada. Each of these is a multi-billion dollar food category in the United States alone. We are engaging with key commercialization partners.

We have started working on low GI versions of brownies and pizzas.

#### 13. What are the other global patents does Holista currently hold, which complement this product?

We currently own patents for:

**1) *Low fat fried foods (Patent number 12732423.4)***

Our patented two-stage wash system combines FDA-compliant natural ingredients, which dramatically reduces the amount of oil and saturated fat in deep-fried products such as chips. The final product reduces calories by up to 40%, creating crispier and healthier fried food.

**2) *Low sodium salt (Patent number WO2012/039598)***

Our low-sodium salt reduces sodium levels in salt by 25% to 40%, significantly reducing the risks of blood pressure and heart disease. It replaces sodium with a proprietary potassium blend without an unpleasant metallic taste, and works equally well in water- and oil-based foods.

**3) *Proprietary technology low-calorie sugar substitutes***

This is based on a South American botanical sweetener (*Stevia rebaudiana*) and sugar alcohols. These substitutes provide fewer calories than sugar and have a less pronounced effect on blood glucose (blood sugar) than other carbohydrates.

For personal use only

These proprietary products constitute Holista's comprehensive response to the "4S tsunami" in which the abundance of Starch, Sugar, Salt and Saturated fat in our diets is increasingly being linked to the global epidemic of obesity, diabetes and heart disease.

According to a McKinsey Global Institute Report dated November 2104, more than 2.1 billion people – 30% of the global population – are overweight or obese. At the current rate, almost half of the world's adult population will be overweight or obese by 2030.

Obesity is the cause of 5% of all global deaths. The global economic impact of obesity is US\$2 trillion – 2.8 % of the global GDP, roughly equal to the impact of armed violence, war and terrorism!

**14. What is the Company's growth strategy for its Functional Food Ingredients business?**

LiteFoods, Inc., is a specialty food ingredient company with research and development facilities in Australia, United States, India and Malaysia. Our products include patented Low Sodium Salt and a patented low fat fried food and proprietary Low Calorie Sugar.

We intend to focus on a B2B model, which should deliver us global partners with less capital investment, as well as work with our current research partners for a global rollout of our products.

**15. Are there plans to raise funds for capital given your low cash position?**

We have financial instruments that can materialize in additional funding, and are in active discussions with at least one potential strategic investor.

**16. Can you explain the huge liquidity of your stock last week?**

We believe that the market has recognised the potential of this global breakthrough and is excited about the Company's growth and opportunities, as reflected through the share price and trading volume in an overall market weighed down by uncertainty.

For more information on PANATURA® GI: [www.low-gi.net](http://www.low-gi.net)

For personal use only



### **About Holista CollTech Ltd (HCT)**

Holista CollTech Ltd (“Holista”) is a research-driven biotech company and is the result of the merger of Holista Biotech Sdn. Bhd. and CollTech Australia Ltd. Headquartered in Malaysia, Holista is dedicated to delivering first-class natural ingredients and wellness products and leads in research on herbs and food ingredients

Holista, listed on the ASX, researches, develops, manufactures and markets “healthy” food ingredients to complement the unmet and growing needs of natural medicine. It is the only company in the world to produce sheep (ovine) collagen in quantity, using patented extraction methods, and is on track in nanonising and encapsulating liposomes for the ovine collagen.

For more information on Holista: [www.holistaco.com](http://www.holistaco.com)

### **About VERIPAN AG**

VERIPAN AG (“Veripan”) is the largest independent supplier of specialty bakery ingredients based in Europe and was founded in 1992 by three entrepreneurs, being the perfect combination of Research & Development, Production and Sales. Meiert J. Grootes and René Burgermeister are major shareholders of Veripan through their stake in the Swiss Panadoro Group, which is actively developing and implementing pioneering innovations for customers in the global food industry. Chairman and CEO Meiert J. Grootes originates from a family of chocolate manufacturers, representing its seventh generation in the food business.

Veripan is the food design/think tank for the European bakery industry and has the know-how to capitalise global market developments. Veripan specialises in innovative food products, food design and food engineering by creating the next generation of foodstuffs through improved nutritional value, taste, and presentation by the development of new ingredients, recipes and technologies. It is able to supply clients a wide range of tailor-made products that reach new market segments across the globe. Veripan’s main manufacturing hub is located in Switzerland, and also has production facilities in Malaysia, Australia and several European countries. This footprint allows Veripan to adapt products to regional raw materials and local tastes.

For more information on Veripan: [www.veripan.com](http://www.veripan.com)

For personal use only



For further information, please contact us at:

Corporate Affairs & Business Opportunities

Dato Dr Rajen M: [rajen.m@holistaco.com](mailto:rajen.m@holistaco.com)

General Enquiries: [enquiries@holistaco.com](mailto:enquiries@holistaco.com)

**Australia**

Suite 12, Level 1,

11 Ventnor Avenue

West Perth, WA 6005

P: +61 8 6141 3500 F: +61 8 6141 3599

**Switzerland**

Lauchefeld 31

CH-9548 Matzingen

Ms Ursula Eberle; [u.eberle@veripan.com](mailto:u.eberle@veripan.com)

P: +41 52 369 6655; F. +41 52 369 6655

**Malaysia**

12th Floor, Amcorp Trade Centre, PJ Tower

No. 18, Persiaran Barat off Jalan Timur

46000 Petaling Jaya, Malaysia

P: +603 7965 2828; F: + 603 7965 277

**Media and Investor Relations Enquiries:**

**WeR1 Consultants Pte Ltd**

3 Phillip Street #12-01

Singapore 048693

Ms Rachael De Foe; [rachaeldefoe@wer1.net](mailto:rachaeldefoe@wer1.net)

Ms Sheryl Sim; [sheryl@wer1.net](mailto:sheryl@wer1.net)

P: + 65 6737 4844

For personal use only