

Date : 14 August 2020

Dale Allen
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ASX Limited
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Perth WA 6000

Sent by email : dale.allen@asx.com.au
Copy to : listingscomplianceperth@asx.com.au

Dear Mr Dale Allen

Response to ASX Aware Query

I refer to your letter dated 11 August 2020 (ASX Aware Letter) to Holista Colltech Limited (HCT or the Company). The Company response to each of your queries is as follows:-

1. When did HCT first become aware of the Revenue Update as set out in the Announcement?

HCT became aware of the Revenue Update on 21 July 2020 when Management accounts (before audit) for first half of the financial year 2020 were distributed to the Board. On the evening of 29 July 2020, HCT obtained preliminary audit adjustments from their Malaysian external auditors, and the results were released on the morning of 30 July 2020.

The Company released the information to the market once it was confident those results were complete and accurate in all material aspects.

2. Does HCT consider the Revenue Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

3. If the answer to question 2 is “no”, please advise the basis for that view.

Revenue was just under 10% below the prior corresponding period so it was not regarded as a material variance, especially given the current economic climate.

In the announcement of the 13th July 2020, the Company withdrew any earnings guidance from the market as follows: “As a result of many factors, including current global, political and economic uncertainties, the Board of the Company has agreed to withdraw any and all forecasts or projections it has made previously to the market, including but not limited to commentary in relation to future sales, revenue expectations, purchase orders or sales commitments from third parties etc. “

4. If the answer to question 2 is “yes” and HCT first became aware of the Revenue Update information before the relevant date, did HCT make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.

Not Applicable.

5. When did HCT first become aware of the 80LessTM Update as set out in the Announcement?

HCT became aware of the 80LessTM Update on 21 July 2020 when Directors queried the Management accounts (before audit) for first half of the financial year 2020 that were distributed to the Board. On the evening of 29 July 2020, HCT obtained preliminary audit adjustments from their Malaysian external auditors, and the results were released on the morning of 30 July 2020.

The Company released the information to the market once it was confident those results were complete and accurate in all material aspects.

6. Does HCT consider the 80LessTM Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No.

7. If the answer to question 6 is “no” please advise the basis for that view.

Sales of 80LessTM to Rex Industry Berhad (Rex) have been disrupted during the period of Malaysian Movement Control Order from 18 March 2020 till 9 June 2020. The Recovery Movement Control Order which runs from 10 June 2020 till 31 August 2020 (whereby the movement control is been lifted in stages) has caused the economy to open up and the Company has seen sales volumes improving.

Accordingly, Rex has resumed buying 80LessTM from HCT and has a further 6 months to meet its commitment to acquire A\$1.4 million 80LessTM by 31 December 2020, as part of a five-year agreement.

In the announcement of the 13th July 2020, the Company withdrew any earnings guidance from the market as follows: “As a result of many factors, including current global, political and economic uncertainties, the Board of the Company has agreed to withdraw any and all forecasts or projections it has made previously to the market, including but not limited to commentary in relation to future sales, revenue expectations, purchase orders or sales commitments from third parties etc. “

Notwithstanding the revocation of guidance as noted above, the Company noted in its announcement dated 30 July 2020 that at that point in time the Board was of the opinion that Rex was unlikely to meet the commitment of A\$1.4m by 31 December 2020.

8. If the answer to question 6 is “yes” and HCT first became aware of the Information before the relevant date, did HCT make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.

Not applicable.

9. Please provide a detailed description of the related party relationship between iGalen and HCT directors Dr Rajen Manicka and Mr Chan Heng Fai.

iGalen is owned 47% by Dr Rajen Manicka and 53% by Singapore e-Development Limited a public listed company on the Singapore Exchange that Mr Chan Heng Fai is CEO of and a major shareholder. Mr Chan Heng Fai is a Chairman of iGalen.

For further information please refer to ASX announcement dated 21 September 2017 and subsequent ASX Q&A announcement of 28 September 2017.

10. Please provide a detailed description of the 'multilevel network' operations conducted by iGalen?

iGalen International Inc ("iGalen") is a network marketing company based in San Diego, U.S.A. launched in February 2017. iGalen has built up network of distributors in North America, the Philippines, Malaysia and Singapore.

iGalen has a longstanding commitment to source all its network marketing products exclusively from HCT. iGalen has distributed two products and intends to launch an additional two products.

iGalen has been in a dispute with their outsourced service provider which resulted in the back office being shut down. This disruption resulted in delays in payments to HCT. iGalen has found a new service provider and its priority is to settle all outstanding liabilities to HCT once it resumes operations.

11. Did HCT receive the iGalen Payment described in the 31 December 2019 Quarterly Report?

Yes approximately \$AUD472,000 was received from iGalen.

12. If the answer to question 11 is "yes", please provide the date HCT received the iGalen Payment.

Received on several dates being 19 March 2020, 24 March 2020 and 30 March 2020.

13. If the answer to question 11 is "no" and HCT has not disclosed that the iGalen Payment has not been received, please provide details and explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.

Not applicable.

14. When did HCT become aware of the Related Party Transaction Update information as disclosed in the Announcement?

HCT became aware of the Related Party Transaction Update on 29 July 2020 during the Directors review of the Management accounts (before audit) for first half of the financial year 2020. On the evening of 29 July 2020, HCT obtained preliminary audit adjustments from their Malaysian external auditors where it was agreed to impair the related party assets, and the results were released on the morning of 30 July 2020.

The Company released the information to the market once it was confident those results were complete, accurate and not misleading.

15. Does HCT consider the Related Party Transaction Update, which includes the \$A1.6 million impairment of the iGalen trade receivable and A\$0.18m loan to iGalen to be information that a reasonable person would expect to have a material effect on the price of value of its securities?

Yes.

16. If the answer to question 15 is “no” please advise the basis for that view.

Not Applicable.

17. If the answer to question 15 is “yes” and HCT has not disclosed the Related Party Update previously, please provide details and explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.

HCT became aware of the Related Party Transaction Update on 29 July 2020 during the Directors review of the Management accounts (before audit) for first half of the financial year 2020. On the evening of 29 July 2020, HCT obtained preliminary audit adjustments from their Malaysian’s external auditors where it was agreed to impair the related party assets, and the results were released on the morning of 30 July 2020.

The Company released the information to the market once it was confident those results were complete and accurate in all material aspects.

18. Please confirm that HCT is complying with the Listing Rules and, in particular, Listing Rule 3.1.

Yes.

19. Please confirm that HCT’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 HCT with delegated authority from the board to respond to ASX on disclosure matters.

Yes.

Should you require any further information or clarification, please do not hesitate to contact the undersigned.

Yours sincerely for and on behalf
Holista Colltech Limited

A handwritten signature in black ink, appearing to read 'Rajen Manicka', with a large, sweeping flourish above the name.

Dr Rajen Manicka
CEO



11 August 2020

Reference: 22234

Mr Dean Jagger
Company Secretary
Holista Colltech Limited

By email: dean.jagger@automicgroup.com.au

Dear Mr Jagger

Holista Colltech Limited('HCT'): General – Aware Query

ASX refers to the following:

- A. HCT's announcement entitled "Appendix 4C Quarterly Report: lodged on the ASX Market Announcements Platform and released at 1:11 PM AEDT on 30 January 2020 ('December 2019 Quarterly Report') which contained the following statements:
- (i) "...we are also in the process of negotiation of payment of A\$424,710 from the MLM company called iGalen that we supply to and that payment is expected by the end of first quarter 2020." ('iGalen Payment')
- B. HCT's announcement entitled "Appendix 4C Quarterly Report" lodged on the ASX Market Announcements Platform and released at 1:16 PM AEST on 30 July 2020 (the 'Announcement'), disclosing the following matters:
- (i) "The Company now expects revenue for the six months ended 30 June 2020 is expected to be \$3 million which is 10% lower than the prior corresponding period" ('Revenue Update');
- (ii) "On 11 March 2020, Holista announced its maiden 80Less™ sale of A\$1.4 million by 31 December 2020, which was part of a five-year agreement with Malaysia's Rex Industry Berhad, to supply 80Less™ for a range of sweetened drinks to be sold in Malaysia and Singapore. Due to the impact of the lockdown, commercialization of the product has been delayed and in 1H FY2020 Holista recorded A\$82k of sales of 80Less™ to Rex." ('80Less™ Sales Update')
- (iii) "The Company expects to report a loss before income tax expense for the 6 months to 30 June 2020 of approximately A\$5m. This includes a foreign exchange loss of A\$0.3m and a \$3.2m provision for impairment dissected as follows:

	(A\$)
US Subsidiary good will	584,353
Loan to Shipley	294,533
Prepayment to Proimmune	464,920
iGalen Trade Receivable	1,614,443
Loan to iGalen	180,701
	3,138,950

iGalen is a related party of Dr Rajen Manicka and Mr Chan Heng Fai, with principal business in multilevel network and has a longstanding agreement to sources of its network marketing products exclusively from Holista." ('Related Party Transaction Update')

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- (together, the 'Information').
- C. 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.
- D. 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" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*
- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- "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 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."*
- F. ASX's policy position on the concept of "confidentiality", which is 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 listed 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 ceases to be confidential information for the purposes of this rule."*
- G. ASX's Listed @ASX Compliance Update released on 31 March 2020, which acknowledged the challenges faced by listed entities from the uncertainties surrounding the coronavirus pandemic ("Compliance Update"). The Compliance Update stated the following with respect to earnings guidance:
- "Many listed entities that issued earnings guidance prior to the outbreak of COVID-19 have taken the opportunity to withdraw that guidance. That is both acceptable and understandable in the circumstances.*
- Entities that have not reviewed their published guidance in light of COVID-19 are strongly encouraged to do so and, if it is no longer current, to update it, or, perhaps more sensibly for most entities in the current highly uncertain climate, to simply withdraw it."*

Request for information

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

1. When did HCT first become aware of the Revenue Update as set out in the Announcement?
2. Does HCT consider the Revenue Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is “no”, please advise the basis for that view.
4. If the answer to question 2 is “yes” and HCT first became aware of the Revenue Update information before the relevant date, did HCT make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.
5. When did HCT first become aware of the 80Less™ Update as set out in the Announcement?
6. Does HCT consider the 80Less™ Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
7. If the answer to question 6 is “no” please advise the basis for that view.
8. If the answer to question 6 is “yes” and HCT first became aware of the Information before the relevant date, did HCT make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.
9. Please provide a detailed description of the related party relationship between iGalen and HCT directors Dr Rajen Manicka and Mr Chan Heng Fai.
10. Please provide a detailed description of the ‘multilevel network’ operations conducted by iGalen?
11. Did HCT receive the iGalen Payment described in the 31 December 2019 Quarterly Report?
12. If the answer to question 11 is “yes”, please provide the date HCT received the iGalen Payment.
13. If the answer to question 11 is “no” and HCT has not disclosed that the iGalen Payment has not been received, please provide details and explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.
14. When did HCT become aware of the Related Party Transaction Update information as disclosed in the Announcement?
15. Does HCT consider the Related Party Transaction Update, which includes the \$A1.6 million impairment of the iGalen trade receivable and A\$0.18m loan to iGalen to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
16. If the answer to question 15 is “no” please advise the basis for that view.

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17. If the answer to question 15 is “yes” and HCT has not disclosed the Related Party Update previously, please provide details and explain why this information was not released to the market at an earlier time, commenting specifically on when you believe HCT was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps HCT took to ensure that the information was released promptly and without delay.
 18. Please confirm that HCT is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 19. Please confirm that HCT’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 HCT 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 **1:00 PM AWST Friday, 14 August 2020**. 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, HCT’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 HCT to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@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 HCT’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 HCT’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to HCT’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 HCT’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

Dale Allen
Principal Adviser, Listings Compliance (Perth)