

HOLISTA COLLTECH LIMITED

ACN 094 515 992

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at
Stantons International, Level 2, 1 Walker Avenue, West Perth WA 6005, Western Australia
on Tuesday, 24 November 2015 at 10:00am (WST).

Stantons International Securities has prepared an independent expert's report on the proposed Transaction and has concluded that the proposed Transaction is NOT FAIR BUT REASONABLE to the existing Shareholders. Refer to Section 3.9 for further information.

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 6141 3500.

For personal use only

HOLISTA COLLTECH LIMITED

ACN 094 515 992

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of Holista Colltech (**Company**) will be held at Stantons International, Level 2, 1 Walker Avenue, West Perth WA 6005, Western Australia on Tuesday, 24 November 2015 at 10:00am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday, 22 November 2015 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2015, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the 2015 Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Note: The vote on Resolution 1 will be an advisory vote of Shareholders only, and will not bind the Directors or the Company.

Voting Prohibition: In accordance with section 250R of the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1; or
 - (b) the person is the Chairman voting an undirected proxy which expressly authorises the Chairman to vote the proxy on a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
-

3. Resolution 2 - Approval for acquisition of Shares by Galen Bio Medical Inc

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholders approve the acquisition of a relevant interest in issued voting shares in the Company by Galen Bio Medical Inc (by way of transfer of 58,415,245 Shares) and its Associates, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Galen Bio Medical, Dr. Rajendran Marnickavasagar (and any associate of those persons).

4. Resolution 3 – Re-election of Director – Daniel O'Connor

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

"That Daniel O'Connor who retires in accordance with clause 13.2 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director."

Dated 21 October 2015

BY ORDER OF THE BOARD

Jay Stephenson
Company Secretary

For personal use only

HOLISTA COLLTECH LIMITED

ACN 094 515 992

EXPLANATORY MEMORANDUM

1. Introduction

1.1 General

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Stantons International, Level 2, 1 Walker Avenue, West Perth WA 6005, Western Australia on Tuesday, 24 November 2015 at 10:00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

1.2 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

1.3 Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. Copies of the report can be found on the Company's website www.holistaco.com or by contacting the Company on +61 8 6141 3500.

There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial year ended 30 June 2015;
- (b) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;

- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,
- may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

2. Resolution 1 – Adoption of Remuneration Report

The Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The vote on Resolution 1 is advisory only and does not bind the Company or its directors. However, the Board will actively consider the outcome of the vote and comments made by Shareholders on the Remuneration Report when reviewing the Company's future remuneration policies and practices.

3. Resolution 2 – Approval for acquisition of Shares by Galen Bio Medical Inc.

3.1 Background and Share Sale Agreement

As announced on ASX on 23 October 2015, Dr. Rajendran Marnickavasagar, who is the Managing Director and largest Shareholder of the Company (**Rajen**), entered into the Share Sale Agreement with Galen Bio Medical Inc. (**Galen**) which, subject to Shareholders approving Resolution 2, will result in Rajen selling 58,514,245 Shares (**Sale Shares**) to Galen (being an interest of approximately 38% in the Company) (**Transaction**).

The effect of the Transaction will be that Rajen will reduce his registered holding in the Company from approximately 48% (being 73,914,400 Shares) to approximately 10% (15,400,155 shares) and Galen will acquire 58,514,245 Shares (being an interest of approximately 38% of the Company).

Shareholders should note that as consideration for the Transaction Rajen will receive an interest in 75% of the issued capital of Galen (being 5,410,000 Galen shares). On completion of the Transaction, Rajen and Galen will be associates as defined in the Corporations Act. The overall control of the Company will be effectively unchanged and will remain with Rajen.

3.2 About Galen Bio Medical Inc.

Galen was incorporated in Delaware USA on 3 September 2015 as a shell company.

The sole director of Galen is Ng Zhang Hao, a resident of Singapore. It is proposed that Rajen will become a Director of Galen on completion of the Transaction. Following completion of the Transaction it is proposed, Galen will seek to raise new equity, acquire a biomedical business and seek a listing on a recognised securities exchange in the USA such as the OTC in the USA.

Galen was recently incorporated and effectively has no assets or liabilities.

3.3 Effect of the Transaction on the Company

(a) **Capital Structure**

There are no new Shares (or any other securities in the Company) being issued pursuant to the Transaction. As a result, there will be no change to the capital structure of the Company.

(b) **Voting Power of Galen and its Associates**

As noted above, the acquirer of the proposed Sale Shares is Galen.

At the date of the Notice, Galen (or its Associates) do not hold any Shares in the Company. If Resolution 2 is passed by Shareholders, Galen and its Associates (which will then include Rajen) will own shares in the Company in the following proportions:

Entity	Present Number of shares	Present % of issued share capital	Number of Shares if Resolution is approved	% of issued share capital if Resolution is approved
Rajen	73,914,400	48%	15,400,155	10%
Galen	0	0	58,514,125	38%
Total	73,914,400	48%	73,914,400	48%

At the date of the Notice of Meeting, Galen does not hold any shares in the Company. No other Associate of Galen or Rajen hold any shares in the Company.

If Shareholders pass Resolution 2, immediately after completion of the proposed Transaction, Galen will hold 58,514,125 Shares representing approximately 38% of the Company's total issued voting shares which, when combined with Rajen's holding of 15,400,155 Shares, results in a combined voting power of the parties of approximately 48%.

(c) **Increase or Decrease in Voting Power**

The voting power of Galen and its Associates in the Company may change as follows:

(i) Increase in voting power:

(A) Transaction of Shares by Galen or its Associates on and off market. Galen and its Associates could increase its Shareholding under Section 611, item 9 of the Corporations Act allowing it to acquire 3% every 6 months.

(B) Cancellation of Shares held by Shareholders other than Galen and its Associates.

(ii) Decrease in voting power:

(A) Disposal of Shares held by Galen or its Associates.

(B) Issue of Shares by the Company to Shareholders other than Galen and its Associates.

For personal use only

(C) Exercise of Options by any Option holders.

The Corporations Act and ASIC Regulatory Guide 74 set out a number of regulatory requirements which must be satisfied. These are summarised below.

3.4 Item 7 of Section 611 of the Corporations Act

- (a) Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of the Company if, because of the Transaction, that person's or another person's voting power in the Company increases from:
- (i) 20% or below to more than 20%; or
 - (ii) a starting point that is above 20% and below 90%.
- (b) The voting power of a person in the Company is determined by reference to section 610 of the Corporations Act. A person's voting power in the Company is the total of the votes attaching to the Shares in the Company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest.
- (c) Under section 608 of the Corporations Act, a person will have a relevant interest in Shares if:
- (i) the person is the registered holder of the Shares;
 - (ii) the person has the power to exercise or control the exercise of votes or disposal of the Shares; or
 - (iii) the person has over 20% of the voting power in a company that has a relevant interest in Shares, then the person has a relevant interest in said Shares.
- (d) For the purpose of determining who is an associate you need to consider section 12 of the Corporations Act. Any reference in chapters 6 to 6C of the Corporations Act to an associate is as that term is defined in section 12. The definition of 'associate' in section 12 is exclusive. If a person is an associate under section 11, 13 or 15 of the Corporations Act then it does not apply to chapters 6 to 6C. A person is only an associate for the purpose of chapter 6 to 6C if he is an associate under section 12.
- (e) A person (second person) will be an associate of the other person (first person) if:
- (i) the first person is a body corporate and the second person is:
 - (A) A body corporate the first person controls;
 - (B) A body corporate that controls the first person: or
 - (C) A body corporate that is controlled by an entity that controls the first person;
 - (ii) the second person has entered, or proposes to enter into, a relevant agreement with the first person for the purpose of controlling or influencing the composition of the board of a body corporate or the conduct of the affairs of a body corporate; and
 - (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the affairs of a body corporate.

- (f) The Corporations Act defines 'control' and 'relevant agreement' very broadly as follows:
- (i) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company. In determining the capacity you need to take into account the practical influence a person can exert and any practice or pattern of behaviour affecting the financial or operating policies of the Company.
 - (ii) Under section 9 of the Corporations Act relevant agreement means an agreement, arrangement or understanding:
 - (A) whether formal or informal or partly informal and partly informal;
 - (B) whether written or oral or partly written and partly oral; and
 - (C) whether or not having legal or equitable force and whether or not based on legal or equitable rights.
- (g) Associates are determined as a matter of fact. For example where a person controls or influences the Board or the conduct of the Company's business affairs, or acts in concert with a person in relation to the entity's business affairs.
- (h) Section 611 of the Corporations Act has exceptions to the prohibition in section 606 of the Corporations Act (**Prohibition**). Item 7 of section 611 of the Corporations Act provides a mechanism by which Shareholders may approve an issue of Shares to a person which results in that person's or another person's voting power in the Company increasing from:
- (i) 20% or below to more than 20%; or
 - (ii) a starting point that is above 20% and below 90%.
- (i) To comply with the requirements of the Corporations Act (as contained in ASIC Regulatory Guide 74), the Company provides the information in Section 3.6 of the Explanatory Memorandum to Shareholders in relation to Resolution 2.

3.5 Reason Section 611 Approval is required

Resolution 2 seeks Shareholder approval, for the purpose of Item 7 of Section 611 of the Corporations Act, to allow Galen to acquire a relevant interest in the Company exceeding 20% pursuant to the transfer of the Sale Shares.

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

3.6 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Stantons International Securities annexed to this Explanatory Statement.

- (a) **The identity of Galen, its Associates and any person who will have a relevant interest in the Shares to be transferred to Galen or its Associates**

Refer to Section 3.2 for further information about Galen.

On completion of the Transaction, as a director and majority shareholder of Galen, Rajen and Galen will be Associates. As a result, while the registered holder of the Sale Shares will change, the relevant interest of Rajen (and his Associates) in the Company will not change.

(b) **Full particulars (including the number and percentage) of the shares in the Company to which Galen and its Associates will be entitled immediately before and after the Transaction**

Refer to Section 3.3(b) for full particulars (including the number and percentage) of Shares in which Galen, Rajen (and its Associates) has, or will have, a relevant interest in immediately before and after completion of the Transaction.

(c) **The identity, associations (with the Company, Galen or any of their associates) and qualifications of any person who is intended to become a director if Shareholders agree to the Transaction**

There will be no change to the Board of the Company as a result of Shareholders approving the Transaction.

(d) **Galen's intentions regarding the future of the Company if Shareholders agree to the Transaction**

Galen will be a Shareholder in the Company following Completion of the Transaction and:

- (i) there is no intention to change the business of the Company;
- (ii) there is no intention to inject further capital into the Company (other than as disclosed in this Notice);
- (iii) there is no intention to change the future employment of the present employees of the Company;
- (iv) there is no proposal whereby any property will be transferred between the Company and Galen or and its Associates; and
- (v) there is no intention to otherwise redeploy any of the fixed assets of the Company.

These intentions are based on information concerning the Company, its business and the business environment which is known to Galen at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(e) **Particulars of the terms of the proposed Transaction and any contract or proposed contract between Galen and the Company or any of their Associates which is conditional upon, or directly or indirectly dependent on, Shareholders agreement to the transfer of Shares to Galen pursuant to the Transaction**

For personal use only

The terms of the Transaction (pursuant to the terms of the Share Sale Agreement) are set out in Section 3.1. The Company is not a party to the Share Sale Agreement.

There are no contracts or proposed contracts between Galen and the Company or any of their associates which are conditional upon, or directly or indirectly dependent on, Shareholders agreement to the Transaction.

(f) **When the transfer of Shares under the Share Sale Agreement is to be made**

The Sale Shares will be transferred to Galen on Completion. Completion is expected to occur shortly after approval of the Transaction by Shareholders.

(g) **An explanation of the reasons for the proposed transfer of Shares to Galen**

As noted above, Galen is acquiring shares from Rajen by way of transfer which will result in Rajen holding a 75% interest in Galen.

The Company has been advised that Galen has short to medium term plans to raise new capital, acquire a biotech business and have its shares listed on a recognised USA securities exchange such as the OTC which will be assisted by Galen holding a substantial interest in the Company.

The Company notes that any future business opportunities or dealings between the Company and Galen will be subject to, inter alia, any shareholder approval requirements pursuant to the ASX Listing Rules and Corporations Act.

(h) **The interests of the Directors in Resolution 2**

None of the Directors have an interest in Resolution 2.

(i) **Identity of the Directors who approved or voted against the proposal to put Resolution 2 to Shareholders and the Explanatory Memorandum**

All of the Directors voted in favour of the proposal to put the Transaction to the approval of Shareholders.

(j) **Any intention of Galen to change significantly the financial or dividend policies of the Company**

Galen does not intend to change significantly the financial or dividend policies of the Company at this time.

(k) **Recommendation or otherwise of each Director as to whether Shareholders should agree to the proposed Transaction and the reasons for the recommendation or otherwise**

See Section 3.11 of this Explanatory Memorandum.

(l) **An analysis of whether the proposed Transaction is fair and reasonable when considered in the context of the interests of the Shareholders other than Galen, Rajen and their Associates.**

See Section 3.11 of this Explanatory Memorandum.

3.7 Advantages of the Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote in relation to the Transaction:

- (a) no control premium is being paid;
- (b) non-associated Shareholders are not foregoing the opportunity of receiving a takeover bid;
- (c) beneficial control of the Company is not changing significantly as, pursuant to his 75% shareholding, Rajen will control Galen. Following completion of the Transaction, Galen will own approximately 38% of the Company and Rajen will own a direct interest of 10%;
- (d) the minority shareholders of Galen will have a vested interest to ensure the Company's Share price increases and the Company's research and development projects are commercialised. At the same time, Rajen as a 75% shareholder in Galen will have the same objectives to improve the value of Galen's investment in the Company. Shareholders are likely to benefit from any increase in the Share price and improved business activities;
- (e) having Galen as a significant shareholder may be an incentive to Galen to financially support the Company in future capital raisings although there is no assurance that this will occur. It is noted that Galen has short to medium term plans to raise new capital, acquire a biotech business and have its shares listed on a recognised USA securities exchange such as the OTC. Galen would be keen to ensure its investment in the Company is successful; and
- (f) the strategic direction of the Company remains unchanged. In addition to this, given the synergies between the operations of the Company and Galen there may be future opportunities for the parties to form a mutually beneficial strategic relationship.

3.8 Disadvantages of the Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote in relation to the Transaction:

- (a) there is no guarantee of the market value of the Company's shares upon completion of the Transaction;
- (b) Galen and its Associates will hold an interest of approximately 48% in the Company. Therefore, Galen and its Associates will be able to block special resolutions and will be able to have a significant influence over ordinary resolutions; and
- (c) minority Shareholders are not being offered the same opportunity provided to Rajen to sell their Shares and become a shareholder in Galen. However, while the ultimate value of a Galen share cannot be ascertained at this point in time, in the event Galen's shares were traded on a listed exchange the future share price may appear as a disadvantage to Shareholders that are not party to the Transaction.

3.9 Independent Expert's Report

The Independent Expert's Report assesses whether transfer of the Sale Shares to Galen outlined in Resolution 2 is fair and reasonable to the Shareholders who are not associated with Galen.

For personal use only

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed Transaction the subject of Resolution 2. This assessment is designed to assist all Shareholders in reaching their voting decision.

The Independent Expert has provided the Independent Expert's Report and has provided an opinion that it believes the proposal as outlined in Resolution 2 IS **NOT FAIR BUT REASONABLE** to the Shareholders of the Company not associated with Galen. It is recommended that all Shareholders read the Independent Expert's Report in full.

The Independent Expert's Report is enclosed with this Notice of Meeting at Annexure 1.

3.10 Pro forma balance sheet

An audited balance sheet (statement of financial position) of the Company is set out in section 5.4 of the Independent Expert's Report.

A pro-forma balance sheet showing the effect of the Transaction has not been included in this Notice as the Company (and none of the balance sheet items) will be effected financially by the Transaction. Only the registered shareholder of the Sale Shares will change.

3.11 Interests and Recommendations of Directors

Dr. Rajendran Marnickavasagar has a material personal interest in the outcome of Resolution 2 and accordingly refrains from making a recommendation on Resolution 2.

The non-associated Directors, Mr Daniel O'Conner and Mr Chan Heng Fai, are of the opinion that the Transaction is in the best interests of Shareholders and, accordingly, recommend that Shareholders vote in favour of Resolution. This recommendations is based on the reasons outlined in Section 3.7 above.

The Directors who hold Shares in the Company (or whose associated entities hold Shares) that are entitled to vote intend to vote their Shares in favour of the Transaction.

The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.

4. Resolution 3 – Re-election of Director – Daniel O'Connor

Pursuant to Clause 13.2 of the Constitution one-third of the Directors (or the number nearest one third) must retire at each annual general meeting, provided always that no Director (except the Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is longer, without submitting himself or herself for re-election.

The Directors to retire are those who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, those to retire shall be determined by drawing lots unless otherwise agreed.

A Director who retires by rotation under Clause 13.2 of the Constitution is eligible for re-election.

Mr Daniel O'Connor, the Director longest in office since his last election, retires by rotation and seeks re-election.

Mr O'Connor B.Bus, MBA, FAICD (Dip), AAMI, MAIM, CPM, has spent more than 20 of his past 35 years in professional practice, with a specialisation in Intellectual Property Commercialisation. He is the

Consultant Principal and major shareholder of Xenex Consulting and the Keys2Growth program and has assisted companies expand their international trading boundaries by a disciplined process of planning, funding, and implementing key strategic business initiatives thereby adding value to all stakeholders.

Mr O'Connor has a Bachelor of Business degree in marketing and an MBA in International Business. He has commenced his doctoral degree in International Business, focused on the commercialisation of Intellectual property. He has completed the Company Directors Course and has served as a Director or Executive Officer in project companies, generally until immediately prior to an IPO or trade-sale.

The Board (other than Daniel O'Connor abstaining because of his interest in this Resolution) recommends that Shareholders vote FOR this Resolution.

For personal use only

Schedule 1 - Definitions

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2015.

Article means an article of the Constitution.

ASIC means Australian Securities and Investments Commission.

Associate has the meaning in Section 3.4 and as defined in the Corporations Act.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Chairman means the chairman of the Meeting.

Closely Related Party has the meaning in section 9 of the Corporations Act.

Company means Holista Colltech ACN 094 515 992.

Constitution means the constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Independent Expert means Stantons International Securities (AFS Licence: 448 697).

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means an option which entitles the holder to subscribe for one Share.

Proxy Form means the proxy form attached to the Notice.

Rajen means Dr. Rajendran Marnickavasagar, who is the Chairman and Managing Director of the Company and the vendor pursuant to the Share Sale Agreement.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

For personal use only

Sale Shares means 58,514,125 Shares.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Sale Agreement means the share sale agreement between Rajen and Galen pursuant to which Galen will acquire the Sale Shares.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means volume weighted average price.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

For personal use only

16 October 2015

The Directors
Holista Colltech Limited
11 Ventnor Avenue Kings Park Road
WEST PERTH WA 6005

The Independent Expert has concluded that the transaction related to Rajen swapping 58,514,125 shares held in Holista for 5,410,000 shares in Galen BioMedical, the subject of Resolution 2 outlined in this Notice of General Meeting is not fair but reasonable to Shareholders of the Company (not associated with Rajen) as at the date of this report.

Dear Sirs

Re: HOLISTA COLLTECH LIMITED (ABN 24 094 515 992) (“HOLISTA” OR “THE COMPANY”) ON THE PROPOSAL TO ALLOW DR RAJEN MARNICKAVASAGAR (“RAJEN”) TO SELL 58,415,245 OF HIS SHARES IN HOLISTA FOR 5,410,000 SHARES IN GALEN BIOMEDICAL INC (“GALEN”) AND GALEN ISSUING 5,410,000 SHARES TO RAJEN

1. Introduction

1.1 We have been requested by the Directors of Holista to prepare an Independent Expert's Report to determine the fairness and reasonableness as noted in Resolution 2 as referred to in the Notice of Meeting of Shareholders (“Notice”) and Section 3 of the Explanatory Memorandum (“EM”) attached to the Notice to be forwarded to shareholders in October 2015.

1.2 It is proposed that Rajen will sell 58,514,245 shares (approximately 38% of the issued shares on issue) in Holista for 5,410,000 shares in Galen (which post completion, will equate to a 75% interest in Galen). The effect of the proposals is that Rajen will reduce his shareholding in Holista from approximately 48% (73,914,400 shares) to approximately 10% (15,400,155 shares) and Galen will acquire an approximate 38% shareholding in Holista (58,514,245 shares in Holista).

However, as Rajen will control 75% of the issued capital of Galen and Galen will own approximately 38% of Holista and Rajen will still own a direct 10% shareholding interest, the overall control of Holista effectively remains with Rajen (but the registered holder of 58,415,245 of Rajen's current shares in Holista will change to be Galen).

1.3 The proposals involving Rajen and Galen (in effect share swaps) are known as the Proposals.

1.4 Galen was incorporated in Delaware USA on 3 September 2015 with two shareholders owing 1,800 shares with an issue value of US\$0.001 each. The sole director of Galen is currently Ng Zhang Hao, a non-USA citizen. Mr Ng Zhang Hao resides in Singapore.

For personal use only

It is proposed that Rajen will become a Director of Galen on completion of the share swap/share issue. It is proposed following the share swap/share issue, Galen will seek to raise new equity, acquire a biomedical business and seek its listing on a recognised securities exchange in the USA such as the Over the Counter Market (“OTC”) in the USA.

Further details are outlined below and in the EM attached to the Notice.

1.5 Under Section 606 of The Corporations Act 2001, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that person’s or someone else’s voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

1.6 If all of the Proposals are consummated, Galen will replace Rajen as the largest shareholder in Holista, in that it will own approximately 38% of Holista and Rajen’s shareholding in Holista will reduce to approximately 10%. Notwithstanding that Rajen will also control Galen (by owning 75% of the Galen shares then on issue), there is a legal change in control and thus shareholders are being requested to approve the change in control. The minority shareholders of Holista are not being offered the opportunity to sell their shares in Holista to Galen.

The proposed change in control of Holista from Rajen to Galen forms part of Resolution 2, the subject of this report.

The Company has requested Stantons International Securities Pty Ltd to prepare this independent expert’s report and report whether the proposal under Resolution 2 (to allow the legal change in control) is fair and reasonable to the Holista shareholders not associated with Rajen.

1.7 There are three resolutions being put to the shareholders. Resolution 1 relates to the adoption of the Remuneration Report, Resolution 2 relates to the resolution the subject of this report and Resolution 3 relates to the re-appointment of Mr Daniel O’Connor as a director of Holista.

We are not reporting on the merits or otherwise of Resolutions 1 and 3.

1.8 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the Proposals
- Corporate history and nature of business of Holista and Galen
- Future direction of Holista
- Basis of valuation of Holista shares
- Basis of valuation of Galen shares
- Fairness of the Proposals
- Conclusion as to fairness
- Reasonableness of the offer (Proposals)
- Conclusion as to reasonableness
- Shareholders decision

- Sources of information
- Appendix A and our Financial Services Guide

1.9 In determining the fairness and reasonableness of the proposal as outlined in Resolution 2, we have had regard for the definitions set out by the Australian Securities and Investments Commission (“ASIC”) in its Regulatory Guide 111, “Content of Expert Reports”. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair.

An offer may also be reasonable, if despite not being “fair”, there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the proposed Acquisition of Galen is not a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness on the Proposals as outlined in Resolution 2 in the Notice.

1.10 **In our opinion, the proposals as outlined in paragraph 1.1 and Resolution 2 may, on balance, taking into account the factors referred to in 11 below and elsewhere in this report, be considered to be not fair but reasonable to the shareholders of Holista (not associated with Rajen) as at the date of this report.**

1.11 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposals

2.1 As at 15 October 2015, there are 154,001,549 ordinary fully paid shares on issue in Holista.

The top 20 shareholders list as at 30 September 2015 discloses the following top 5 shareholders:

Shareholder	No. of fully paid shares	% of issued fully paid shares
Rajen Marnickavasagar	73,914,400	48.00
Hengfai Business Development Pte Ltd	20,898,268	13.57
Franjack Pty Ltd and Aurjoe Pty Ltd	6,694,000	4.35
Ms Srinderjit Kaur	6,625,000	4.30
Fairview Holdings Pty Ltd	4,544,538	2.95
	<u>112,676,206</u>	<u>73.17</u>

2.2 The top 20 shareholders as per the top 20 shareholders list at 30 September 2015 owned approximately 90.55% of the ordinary issued capital of the Company (top 10 is approximately 84.30%). Rajen’s shareholding is in two parcels- one of 73,875,000 shares and the other of 39,400 shares.

- 2.3 The Proposals do not affect the number of shares on issue in Holista but the shareholding of Rajen will reduce from approximately 48% to approximately 10% and the shareholding of Galen will increase from nil% to approximately 38%. As noted, Rajen will own 75% of the shares on issue in Galen (5,410,000 shares out of the 7,210,000 shares on issue).
- 2.4 The current Board of Directors is not expected to change in the near future as a result of the Proposals. The Board is currently Dr Rajen Marnickavasagar (Rajen), Mr Daniel O'Connor and Mr Chan Heng Fai (also an indirect substantial shareholder in Holista). The Company Secretary is Jay Stephenson.
- 2.5 The Company will continue to operate its various businesses. There may later on be opportunities for Holist and Galen to undertake various business opportunities, but this is not assured and there are no immediate business dealings planned (at the date of this report). The Company notes that any future business opportunities or dealings between the Company and Galen will be subject to, inter-alia, any shareholder approval requirements pursuant to the ASX Listing Rules and the Corporations Act 2001.

3. Corporate History and Nature of Businesses

Holista

3.1 Principal Activities and Significant Assets

Holista is an ASX listed (since July 2009) research driven company and is the result of the merger of Holista Biotech Sdn, Bhd. and CollTech Australia Limited and it achieved an ASX listing in February 2014. Headquartered in Malaysia, Holista is dedicated to delivering first class natural ingredients and wellness products and leads research on herbs and food ingredients from Malaysia's rain forest. Holista researches, develops, manufactures and markets "health-style" products to address the unmet and growing needs of natural medicine. It produces sheep (ovine) collagen using patented extraction methods, and is on track in nanonising and encapsulating liposomes for the ovine collagen. For more information on Holista refer to www.holistaco.com

Refer section 5.4.1 below for the audited consolidated statement of financial position of Holista as at 30 June 2015. The Company is currently not profitable. All research and development costs are expensed as incurred.

Galen

- 3.2 Galen was incorporated in Delaware USA on 3 September 2015 as a shell company with 1,800 shares on issue. We have been advised that at the date of this report, the sole shareholder is BMI Business Solutions Group LLC (unrelated to Holista and Rajen).

The sole director of Galen is Ng Zhang Ho, a non-USA citizen. It is proposed that Rajen will become a Director of Galen following the share swap/share issue. It is proposed following the share swap/share issue, Galen will seek to raise new equity, acquire a biomedical business and seek its listing on a recognised securities exchange in the USA such as the OTC in the USA.

Further details are outlined in the EM attached to the Notice and announcements made by Holista to 16 October 2015. Shareholders should also read any announcements made by Holista to the ASX in September/October 2015 and to the date of the shareholders meeting.

- 3.3 Galen was recently incorporated and effectively has no assets or liabilities.

4. **Future Directions of Holista**

4.1 We have been advised by the directors and management of Holista that:

- There are no proposals currently contemplated either whereby Holista will acquire any assets from Galen or its shareholders or where Holista will transfer any of its property or assets to Galen or its shareholders;
- The composition of the Board will not change in the short term as noted above;
- The Company may seek to raise new capital in 2016 but there are no definitive capital raisings planned;
- No dividend policy has been set;
- The Company will endeavour to enhance the value of its interests in its existing businesses and complete research and development on various products; and
- The Company may enter into joint ventures to commercialise its businesses and products.

5. **Basis of Valuation of Holista Shares**

5.1 Shares

5.1.1 In considering the proposals as outlined in Resolution 2, we have sought to determine if the consideration payable by Galen to obtain a controlling interest in Holista is fair and reasonable to the existing non-associated shareholders of Holista (not associated with Rajen).

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the ordinary shares in Holista being sold by Rajen to Galen is greater than the implicit value of the Galen shares being issued to Rajen by Galen. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Holista shares and Galen for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a Holista ordinary share (and also a Galen share) are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market price of Holista shares (and Galen shares).

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Holista's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. Holista (consolidated) made an audited loss of approximately \$42,985 for the year ended 30 June 2015 and as at 30 June 2015 has consolidated audited losses of approximately \$9,137,000.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Holista could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Holista have formed the view that there are unlikely to be any takeover bids made for Holista in the immediate future. However, if the Proposals are completed, Galen will initially control approximately 38% of

the ordinary issued capital of Holista (but noting that in effect, Galen would be 75% controlled by Rajen and thus the underlying control of Holista is not materially changing).

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an audited balance sheet (statement of financial position) of Holista (Balance Sheet "A") as at 30 June 2015.

There is no need to disclose a pro-forma balance sheet due to the Proposals as Holista is not financially affected and only the registered shareholding in Holista alters as described above.

In addition, we have assumed that the net assets of Galen approximates US\$nil.

	Audited Adjusted 30 June 2015 Holista \$000 "A"
Current Assets	
Cash assets	498
Trade and other receivables	1,782
Inventories	1,010
Other	180
Total Current Assets	3,470
Non Current Assets	
Plant and equipment	1,306
Intangibles (refer below)	189
Other financial assets	16
Total Non Current Assets	1,511
Total Assets	4,981
Current Liabilities	
Trade and other payables	1,126
Borrowings	773
Deferred tax liability	1
Current tax liability	114
Total Current Liabilities	2,014
Non-Current Liabilities	
Borrowings	676
Total non-current Liabilities	676
Total Liabilities	2,690
Net Assets/(Liabilities)	2,291
Equity	
Issued Capital	9,424
Reserves	2,196
Accumulated Losses	(9,137)
	2,483
Non-Controlling interests	(192)
Total Equity	2,291

The net asset (book value) backing per fully paid ordinary Holista share as at 30 June 2015 based on the audited balance sheet (Balance Sheet "A") and 154,001,549 ordinary shares on issue is approximately 1.487 cents.

- 5.4.2 We have accepted the Holista amounts as disclosed for all current assets and non-current assets. We have been advised by the management of Holista that they believe the carrying value of all current assets, fixed assets and liabilities at 30 June 2015 are fair and not materially misstated.
- 5.4.3 However, it is noted that that the “market” over the past year or so has consistently valued the Company at a price (based on market capitalisation) greater than the net book assets of Holista. It would appear that the investors (minorities) are ascribing a value to the potential of the research and development and business potential of at least \$15,000,000 (but based on share volumes over the past six months on extremely low volumes) and on occasions at higher values. However, we have not applied this “potential” value in ascribing a current value to a Holista share. Losses to date have been substantial and there is no certainty that the research and development projects of the Holista Group will lead to commercialisation, although the Company has a positive outlook and believe all or the vast majority of projects can be commercialised over the next few years.
- 5.4.4 Based on the adjusted net book values at 30 June 2015 equates to a value per Holista share (154,001,549 shares) of approximately 1.487 cents (ignoring the value, if any, of non-booked tax benefits and any potential value to the research undertaken on various research and development projects being undertaken by the Holista Group). See comments below on ASX share prices.
- 5.4.5 We note that the market has been informed of all of the current projects of Holista. We also note it is not the present intention of the Directors of Holista to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Holista based on the market perceptions of what the market considers a Holista share to be worth.

5.5 Market Price of Holista Fully Paid Ordinary Shares

- 5.5.1 Share prices in Holista as recorded on the ASX since 1 March 2015 up to and including 8 October 2015 (last sale before the date of this report) have been as follows:

2015	High Cents	Low Cents	Closing Price Cents	Volume 000's
March	10.5	5.0	10.5	56
April	10.0	10.0	10.0	39
May	13.0	8.5	13.0	69
June	13.0	11.0	13.0	38
July	17.0	15.0	17.0	17
August	15.0	15.0	15.0	3
September	15.0	10.0	14.5	30
October (to 8 th)	14.5	14.5	14.5	40

As can be seen from the trading volume on ASX, there was very little trading of the Holista shares before the announcement of the Proposals. There were many (and also the majority of) trading days over the six months to 8 October 2015 where there were no trades of Holista shares on ASX.

- 5.5.2 As can be seen above, the price at which shares traded varied considerably and it is difficult to arrive at a fair value for a Holista share, particularly in light of the extremely low trading volumes. Due to the extremely low volumes (no Deep Market exists), varying share price and the Company's relatively low cash position and lack of any commercialisation of most of the research and development projects that may be affecting the share price, we have

considered that the listed share price methodology is not the most appropriate methodology to use in this instance.

6. Preferred valuation method of valuing a Holista Share

6.1 In assessing the fair value of Holista and an ordinary share in Holista pre the Proposals (between Rajen and Galen) we have selected the net assets on a going concern methodology as the preferred methodology as:

- Holista does not generate significant revenues or profits and per the audited accounts has incurred losses in the financial years ended 30 June 2014 and 2015. Therefore the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and
- Although the shares of Holista are listed, as there are extremely low trading volumes on ASX and the share prices in recent times may be affected by the lack of cash resources it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the Proposals.

6.2 As stated at paragraph 5.4.5 we have assessed the value of a Holista share prior to the Proposals on a book net asset basis on a going concern basis as follows:

Preferred

Net asset per share (cents)	<u>1.487</u>
------------------------------------	---------------------

We note that, the book net asset value may not necessarily reflect fair values in the current economic circumstances of the Company. The market is ascribing some value to the research and development interests of the Holista Group as the range of market capitalisations in the six months to 8 October 2015 is well in excess of net asset backings during that period.

6.3 As noted above the estimated net asset value share approximates 1.487 cents which is materially less than the last ASX share price of 14.5 cents (20,000 shares traded) on 8 October 2015 (the last trading share price date before the date of this report).

6.4 The future value of an Holista share will depend upon, inter alia:

- the future success of the existing research and development projects of the Holista Group and the current business interests of Holista;
- the state of Australian and overseas stock markets;
- the strength and performance of the Board and management and/or who makes up the Board and management of Holista;
- Foreign exchange rates;
- general economic conditions;
- the liquidity of shares in Holista; and
- possible ventures and acquisitions entered into by Holista.

7. **Basis of Valuation of Galen**

7.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

7.2 Galen is a recently incorporated company. The shareholder (only 1) in Galen does not have an active market to trade its shares. It is noted that the issue of shares on incorporation were undertaken at US\$0.001 each.

7.3 It is estimated that the net assets of Galen is US\$nil and thus arguably, the value of a share in Galen is US\$nil.

7.4 To estimate the fair market value of the shares in Galen, we have considered valuation methodologies recommended by ASIC Regulatory Guideline 111 regarding valuation reports of independent experts and common market practice. These are discussed below.

7.5 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The capitalisation of maintainable earnings methods estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings is appropriate where the company's earnings are relatively stable. The most recent share trading history provides evidence on the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. Industry-specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence on market value of a company, since they may not account for company-specific factors.

7.6 Discounted cash flow method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection or forecast of future cash flows can be made with a reasonable degree of confidence. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

7.7 Asset-based methods

Asset-based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset-based methods include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net asset on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter timeframe. Since winding up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis, estimates the market values of the net assets of the company but does not take account of realisation costs.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets. Asset-based methods are appropriate when companies are not profitable or a significant proportion of a company's assets are liquid.

7.8 Selection of Valuation Methodologies

All of the valuation methodologies considered above have significant limitations or restrictions in their application to Galen.

Capitalisation of maintainable earnings is not appropriate because Galen is not presently profitable. Recent share trading is also not applicable as noted above. The discounted cash flow method has not been applied because no reliable prospective financial information is available. An asset-based method is limited by the fact that the Galen has no assets.

7.9 In this section we consider the valuation of Galen. We have considered the valuation of Galen in assessing whether or not the proposal outlined in Resolution 2 is fair and reasonable for Holista's non-associated shareholders. In forming our opinion on the value of Galen we have, inter-alia:

- Considered the stage of development of Galen and the lack of prospective financial information available;
- Considered the appropriateness of the valuation methodologies available; and
- Considered the ability of Galen to continue as a going concern without funding.

7.10 Valuation of Galen

As discussed, the capitalisation of maintainable earnings, discounted cash flow and asset-based methodologies have limitations in their application to Galen. It is noted that there are no internal valuations prepared and no adoption of cash flow and profit and loss forecasts.

7.11 Summary of valuation methodology and conclusion

We are unable to conclude upon a meaningful valuation range for Galen due to the lack of readily available and reliable financial projections and information. It is our opinion that in the absence of assets, it would be currently fair to state that the fair value of Galen (and a share in Galen) is US\$nil.

8. Conclusion as to Fairness

8.1 The proposal pursuant to Resolution 2 from a minority shareholders point of view is believed fair if the value of the shares in Holista held by Rajen to be swapped for shares in Galen is equal to or less than the value of the shares in Galen to be issued to Rajen.

8.2 Owing to the nature of the business of Holista, valuations depend significantly on the values placed on the research and development interests of the company. The valuation of such interests and valuing future profitability and cash flows is extremely subjective because it

involves assumptions regarding future events that are not capable of independent substantiation.

8.3 We have been unable to determine a fair value for Galen. In arriving at our view that we are unable to form an opinion on the value of Galen, we have, inter-alia, referred to the following factors:

- The relative newness of the company and nil revenues to meet all costs;
- The ability to produce positive cash flow and profits over a period of time is materially uncertain;
- Galen needs to obtain sufficient working capital to meet its planned objectives; and
- The lack of any current business and cash flow models.

8.4 We have concluded that the current fair value of a Galen share is US\$nil and therefore **we conclude that the proposal pursuant to Resolution 2 is not fair.**

9. Reasonableness of the Proposals

9.1 We set out below some of the advantages and disadvantages and other factors pertaining to the Proposals that we considered in arriving at our conclusion on the reasonableness of the matters raised pursuant to Resolution 2.

Advantages

9.2 Beneficial Control (as defined under the the Corporations Act 2001) is not changing significantly as Rajen will control Galen (75% of Galen) who will own approximately 38% of the issued capital of Holista and Rajen will still own a direct 10% shareholding interest. The minority shareholders in Galen will have a vested interest to ensure Holista's share price increases and Holista's research and development projects are commercialised. At the same time, Rajen as a 75% shareholder in Galen will have the same objectives to improve the share price and businesses of Holista. All Holista shareholders would benefit from an increased share price and improved business activities.

9.3 Having Galen as a significant shareholder may be an incentive to Galen to financially support Holista in future capital raisings although there is no assurance that this will occur. It is noted that Galen has short to medium term plans to raise new capital, acquire a biotech business and have its shares listed on a recognised USA securities exchange such as the OTC. Galen would be keen to ensure its investment in Holista is successful. There may be future opportunities for Holista and Galen to undertake business undertakings with each other.

Disadvantages

9.4 By approving the Proposals, the minority shareholders in Holista are not being offered the same opportunity provided to Rajen to sell their shares in Holista and become a shareholder in Galen (who may eventually be listed on the OTC in the USA). However, the ultimate value of a Galen share at this stage cannot be ascertained (refer comments below) but the share price of a Galen share when it trades on OTC may make the Proposals seem unfair. The investment in a USA based company however provides challenges such as, inter-alia, FX risk, harder to sell shares and country risk. Minority shareholders in Holista have certainty in being a shareholder in Holista and they can sell their shares if they wish on ASX.

Other Factors

- 9.5 It is the view of the Independent Board members of Holista that the Proposals as outlined in Resolution 2 are in the best interests of all the existing minority shareholders of Holista.
- 9.6 There is always the possibility that Galen may in the future make a takeover bid for the remaining shares in Holista as it would already own 38% of the issued capital of Holista and Holista minority shareholders may be advantaged. Rajen himself may have no desire or financial ability to launch a takeover offer.
- 9.7 Despite the Proposals, the underlying control over Holista remains with Rajen. The assets and liabilities of the Holista Group are unaffected by the Proposals being consummated.

Conclusion as to Reasonableness

- 9.8 **After taking into account the factors referred to in 11 above and elsewhere in this report we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the proposed Acquisition as noted in paragraphs 1.1 and 1.2 and Resolution 2 in the Notice may be considered, on balance, to be reasonable to the existing non-associated shareholders of Holista at the date of his report.**

10. Shareholder Decision

- 10.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the matters outlined in Resolution 2 are fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolution 2 but we have been requested to determine whether the proposals pursuant to Resolution 2 are fair and/or reasonable to those shareholders not associated with Rajen. The responsibility for such a voting recommendation lies with the independent directors of Holista.
- 10.2 In any event, the decision whether to accept or reject Resolution 2 is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position.

If in any doubt as to the action they should take in relation to the proposals under Resolution 2 (and all other Resolutions), shareholders should consult their own professional adviser.

- 10.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Holista. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposals under Resolution 2. Shareholders should consult their own professional adviser in this regard.

11. Sources of Information

- 11.1 In making our assessment as to whether the Proposals as noted in Resolution 2 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company and Galen that is relevant to the current circumstances. In addition, we have held discussions with the management of Holista about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Holista.

11.2 Information we have received includes, but is not limited to:

- a) Drafts of the Notice and EM of Holista to 16 October 2015;
- b) Discussions with management of Holista;
- c) Details of historical market trading of Holista ordinary fully paid shares recorded by ASX for the period 1 June 2014 to 15 October 2015;
- d) Shareholding details of Holista as supplied by the Company's share registry as at 30 September 2015;
- e) Audited financial statements of Holista for the years ended 30 June 2015 and 30 June 2014;
- f) Announcements made by Holista to the ASX to 15 October 2015;
- g) The details on the incorporation of Galen in the USA and a list of Galen Shareholders as at 15 October 2015.

14.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



J P Van Dieren - FCA
Director

For personal use only

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 16 October 2015, relating to the matters noted in Resolution 2 in the Notice of Meeting to Shareholders and the Explanatory Memorandum proposed to be distributed to the Holista shareholders in October 2015.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. Stantons International Audit and Consulting Pty Ltd, who owns 100% of the shares in Stantons International Securities Pty Ltd, are the Auditors of Holista. There are no other relationships with Holista, Rajen and Galen other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion.

The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$12,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren and Martin Michalik have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd does not hold any securities in Holista and Galen. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities Pty Ltd is the holder of an Australian Financial Services Licence (no 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, and Mr Martin Michalik, ACA, the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Holista in order to assist them to assess the merits of the matters raised as outlined in Resolution 2 the Explanatory Memorandum (to shareholders) to which this report relates. This report has been prepared for the benefit of Holista's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term value of Holista and Galen and their assets. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Galen (Stantons International Audit and Consulting Pty Ltd completed an audit of Holista for the year ended 30 June 2015). Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DUE CARE AND DILIGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolution 2 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 2.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Holista and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd's experience and qualifications), Holista has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Holista may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Holista; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Holista or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Holista or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd

A draft of this report was presented to Holista directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 16 October 2015**

1. Stantons International Securities ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (“FSG”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

For personal use only

5. **Benefits that we may receive**

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. **Remuneration or other benefits received by our employees**

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. **Associations and relationships**

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. **Complaints resolution**

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

For personal use only

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details set out above.

Telephone 08 9481 3188
Fax 08 9321 1204
Email jvdieren@stantons.com.au

For personal use only

HOLISTA COLLTECH LIMITED

ACN 094 515 992

PROXY FORM

Step 1 – Appoint a Proxy to Vote on Your Behalf

I/We being member(s) of HOLISTA COLLTECH LIMITED hereby appoint:

The Chairman of the Meeting (mark box)

OR

If you are **NOT appointing the Chairman of the Meeting** as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of the Company to be held at Stantons International, Level 2, 1 Walker Avenue, West Perth WA 6005, Western Australia on Tuesday, 24 November 2015 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below. **The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.** In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 2 – Instructions as to Voting on Resolutions

PLEASE NOTE: If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval for acquisition of Shares by Galen Bio Medical Inc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Daniel O'Connor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Step 3 – Sign

Authorised signature/s

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Proxy Notes:

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at the Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the address below no later than 48 hours prior to the time of commencement of the Meeting.

Lodge your vote:

By hand:

Company Secretary
Holista Colltech
Suite 12
Level 1, 11 Ventnor Avenue
West Perth
Western Australia

By post:

Company Secretary
Holista Colltech
PO Box 52
West Perth
WA 6872
Australia

By facsimile:

+61 8 6141 3599

For personal use only