

AHL

AHALIFE HOLDINGS LIMITED

14 November 2019

Elvis Onyura
Senior Adviser, Listings Compliance (Sydney)
Australian Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

Dear Elvis

RE: AHALife Holdings Limited ('AHL'): Appendix 4C Query

We refer to your letter of 11 November 2019. Adopting similar paragraph numbering as contained therein we respond as follows:

1. *Does AHL expect that it will continue to have negative operating cash flows for the time being and, if not, why not?*

As disclosed in the Company's recent Appendix 4C, the Company anticipates positive cash inflows of \$85k for the quarter ended 31 December 2019.

The Company has an operational plan to generate positive cash in this next quarter as a result of the restructure and redirection of the business away from expensive third party advertising and toward providing sales commerce into the Design-Milk audience.

It may continue to operate with break even cash flows in the quarter ended 31 March 2020, although these will depend on the Company trading success rates in converting Design-Milk customers to buy recently offered branded goods from the Ahalife platform.

The Company's Board and management continue to monitor this closely.

2. *Has AHL taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?*

AHL does not currently have any plans to undertake a capital raise. It has made significant changes to the how the eCommerce platform functions, resulting in a lower and predictable cost base.

3. *Does AHL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?*

AHL expects to be able to continue its operations and to meet its business objectives, on the basis of positive developments within the business which will lead to AHL reducing its cash outflows.

Beyond the new Design Milk website launch, the Company is relaunching both the Ahalife and Kaufmann Mercantile websites in Q2 and Q3 respectively, which will continue to expand the revenue opportunities of AHL's broader business.

4. *Please confirm that AHL is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.*

We confirm that the Company is in compliance with the Listing Rules and in particular Listing Rule 3.1.

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

We confirm that the response to the questions above have been authorised and approved in accordance with its published continuous disclosure policy and has been authorised by the Board of Directors.

Please do not hesitate to contact me if you require anything further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Whitten', with a stylized flourish at the end.

Andrew Whitten
Company Secretary



11 November 2019

Reference: 10479

Mr Andrew Whitten
Company Secretary
Ahalife Holdings Limited
Level 5
126 Phillip Street
Sydney NSW 2000

By email:

Dear Mr Whitten

Ahalife Holdings Limited ('AHL'): Appendix 4C Query

ASX refers to AHL's Appendix 4C quarterly report for the period ended 30 September 2019 lodged with the ASX Market Announcements Platform and released on 31 October 2019 (the 'Appendix 4C').

ASX notes that AHL has reported:

- negative net operating cash flows for the quarter of \$532,000;
- cash at the end of the quarter of \$532,000; and
- estimated cash outflows for the next quarter of \$85,000.

It is possible to conclude, based on the information in the Appendix 4C, that if AHL were to continue to expend cash at the rate indicated by the Appendix 4C, AHL may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks AHL to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does AHL expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has AHL taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does AHL expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that AHL is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that AHL'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 AHL with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that AHL considers may be relevant to ASX forming an opinion on whether AHL is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT Thursday, 14 November 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in AHL's securities under Listing Rule 17.3. 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, AHL'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.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately 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. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to AHL'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 AHL'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.

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 AHL's securities under Listing Rule 17.1. If you wish to request 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 may 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*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Elvis Onyura
Senior Adviser, Listings Compliance (Sydney)