

21 August 2019

Anjuli Sinniah
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Australian Securities Exchange
Level 40, Central Park
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By email: anujuli.sinniah@asx.com.au; ListingsCompliancePerth@asx.com.au

Dear Ms Sinniah,

Response to ASX Query

We refer to your letter dated 19 August 2019 (**ASX Query Letter**) to ECS Botanics Holdings Limited (the **Company**). Unless specifically defined otherwise, capitalised terms used in this letter have the same meaning as given in the ASX Query Letter and the Company's response to ASX of 15 August 2019.

The Company responds to each of your queries as follows using the numbering in the ASX Query Letter.

1. When did the Negotiations between the Company, the Subsidiary and TapAgrico commence and please specify the date on which the first discussion between the Company, the Subsidiary and TapAgrico commenced in relation to the Strategic Investment?

For clarity, the Company notes that the Negotiations were between the Subsidiary and TapAgrico.

The Subsidiary's preliminary Negotiations with TapAgrico regarding the potential commercial terms of the Strategic Investment commenced on 13 June 2019.

Prior to 13 June 2019, the Subsidiary and TapAgrico had the following contact:

- In early April 2019, in the ordinary course of its operations and supply chain discussions, the Subsidiary had discussions with various third parties who could potentially provide equipment to the Subsidiary to meet the future equipment needs for its proposed operational growth. TapAgrico was one of these third parties. A local Tasmanian farmer verbally introduced Mr Alex Keach (a director of the Subsidiary) to a representative of TapAgrico in early April 2019.
- On 11 April 2019, Mr Alex Keach, in his capacity as a director of the Subsidiary, initially met with a representative of TapAgrico to discuss the Australian hemp industry in general, and had general discussions regarding the Subsidiary's plans for operational growth. These discussions involved the potential for the Subsidiary and TapAgrico to work collaboratively (in some capacity yet to be decided) and whether there was any potential for TapAgrico to assist in meeting the Subsidiary's potential future equipment needs (in the context of supporting the Subsidiary's proposed operational growth, and optimising the Subsidiary's supply chain).
- On 15 April 2019, Mr Keach commenced discussions with the director of TapAgrico regarding the Subsidiary investing in TapAgrico rather than the Subsidiary purchasing equipment direct from third party manufacturers.

On 13 June 2019, Mr Keach and Mr Jason Hine (the Subsidiary's COO) met with a representative of TapAgrico and commenced cursory discussions and Negotiations regarding the potential commercial terms of the Strategic Investment.

The Negotiations remained incomplete and confidential over their course and only culminated in the Strategic Investment when the terms of the Subscription Agreement for the Strategic Investment were finalised and agreed on 12 August 2019.

- 2. If the Negotiations commenced during the Re-compliance process (specifically while the Prospectus was live in the market until Re-compliance) did the Company consider the Strategic Investment was a new circumstance that should have been disclosed by way of a supplementary prospectus pursuant to section 719 of the Corporations Act 2001 (Cth)?**

During the Re-compliance process, the discussions between the Subsidiary and TapAgrico were preliminary and incomplete. Accordingly, the Board of the Company was not involved in such early stage discussions.

As the Strategic Investment was not concluded until 12 August, 2019, the Company does not consider that a new circumstance arose or existed that should have been disclosed by way of a supplementary prospectus for the reasons set out in the answer to question 1 above.

- 3. If the Company considers that the Strategic Investment did not warrant additional disclosure by way of a supplementary prospectus, please provide the basis for that view.**

The Company considers that the incomplete Negotiations did not warrant additional disclosure by way of a supplementary prospectus as the Negotiations were incomplete and confidential between representatives of TapAgrico and Mr Alex Keach (in his capacity as a director of the Subsidiary). These confidential discussions were incomplete until such time that the terms and conditions of the Strategic Investment were finalised and the Subscription Agreement was executed by the Subsidiary and TapAgrico on 12 August 2019.

Furthermore, the Subsidiary's entry into the Subscription Agreement was not materially adverse from the point of view of an investor.

- 4. Please confirm that ECS is complying with the Listing Rules and, in particular, Listing Rule 3.1.**

The Company confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

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

The Company confirms that its responses to the questions provided in this letter have been authorised and approved by the Board of the Company.

For and on behalf of the Company

Alex Keach
Managing Director
ECS BOTANICS HOLDINGS LTD



19 August 2019

Mr Mauro Piccini
Company Secretary
Mirador Corporate

By email: mp@miradorcorporate.com

Dear Mr Piccini

ECS Botanics Holdings Limited ('ECS'): Query

ASX refers to the following:

- A. ECS's announcement entitled "Re-Compliance Prospectus" lodged on the ASX Market Announcements Platform and released at 1:06PM on 10 May 2019 (the "Prospectus"), disclosing information pertaining to the re-compliance between Axxis Technology Group Limited and ECS Botanics Pty Ltd (now ECS) ("Re-compliance Transaction") including, but not limited to, all material contracts and agreements.
- B. ECS's reinstatement to official quotation on 22 July 2019 following completion of the Re-compliance Transaction and re-compliance with chapters 1 and 2 of the Listing Rules ("Re-compliance").
- C. ECS's announcement entitled "Response to ASX Aware Query" lodged on the ASX Market Announcements Platform and released at 2:02 PM on 15 August 2019 (the "Aware Query Response"), disclosing the following:
 - (a) The commercial terms of the strategic investment into Tasmanian Agricultural Producers Pty Ltd ("TapAgrico") for a 28.4% stake in the business ("Strategic Investment") were finalised after close of market on 12 August 2019 when ECS's wholly owned subsidiary, ECS Botanics Pty Ltd ("Subsidiary") and TapAgrico signed a subscription agreement.
 - (b) Prior to the execution of the subscription agreement, there was a period of confidential and incomplete negotiation between the Subsidiary and TapAgrico ("Negotiations").
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

 - *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.”*

- G. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

Having regard to the above, and noting that the Aware Query Response states the Strategic Investment is considered to be information that a reasonable person would expect to have a material effect on the price or value of its securities, ASX asks ECS to respond separately to each of the following questions and requests for information:

1. When did the Negotiations between ECS, the Subsidiary and TapAgrico commence and please specify the date on which the first discussion between ECS, the Subsidiary and TapAgrico commenced in relation to the Strategic Investment?
2. If the Negotiations commenced during the Re-compliance process (specifically while the Prospectus was live in the market until Re-compliance) did ECS consider the Strategic Investment was a new circumstance that should have been disclosed by way of a supplementary prospectus pursuant to section 719 of the *Corporations Act 2001 (Cth)*?
3. If ECS considers that the Strategic Investment did not warrant additional disclosure by way of a supplementary prospectus, please provide the basis for that view.
4. Please confirm that ECS is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that ECS’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 ECS with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3 PM AWST Thursday, 22 August 2019**.

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, ECS’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require ECS to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

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- the reasons for the trading halt;
 - how long you want the trading halt to last;
 - the event you expect to happen that will end the trading halt;
 - that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

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 ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to ECS'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 ECS'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.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in ECS's securities under Listing Rule 17.3.

Enquiries

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

Regards

Anjuli Sinniah
Senior Adviser, Listings Compliance (Perth)