

ASX Announcement**16 October 2019****HOLISTA COLLABORATES TO DEVELOP WORLD'S FIRST COMBINED SUITE OF HEALTHY BUBBLE TEA INGREDIENTS AMIDST CONCERNS OF DIABETES AND OBESITY**

- **Holista CollTech (ASX:HCT) and SunFresh Fruit Hub to develop three healthy ingredients for the fast-growing multi-billion-dollar Bubble Tea industry**
- **Tapioca starch 'pearls', sugar syrup and sugar caramel to be produced in Malaysia under License from HCT will lower the Glycemic Index compared to ingredients currently used in the beverage**
- **The ingredients will be tested at the University of Sydney around November 2019 and expected to enter the market in early 2020**
- **All key ingredients can be produced under license in domestic markets, potentially leading to job creation.**

PERTH/KUALA LUMPUR, 16 OCTOBER 2019 – Holista CollTech Ltd (ASX:HCT, **Holista**) and SunFresh Fruit Hub Sdn Bhd (**Fruit Hub**) announced today a research and development collaboration to produce three key healthy ingredients for the global Bubble Tea industry, a popular global drink fad that has raised serious concerns about its effect on diabetes and obesity.

Holista, a food ingredients specialist listed in Australia and Fruit Hub, which processes and packages fruit juices and beverage ingredients, said that while the Bubble Tea sector is growing rapidly, many consumers are not aware of the consequences to personal health.

A typical 500 ml Bubble Tea drink contains at least 8.5 teaspoons of sugar, although customers can opt for a less-sweetened product. Each cup can contain anywhere between 281 to 640 calories.

Bubble Tea originated in Taiwan and has spread rapidly to other parts of Asia. The Taiwan Bubble Tea market alone is expected to grow to US\$3.21 billion by 2023 from US\$1.96 billion in 2016, according to Allied Market research. An independent market analysis firm, Straits Research, has estimated Malaysia's Bubble Tea market at US\$49.8 million (RM209 million) and growing at a rate of 6.9 per cent from 2019 to 2026.

Holista and Fruit Hub will co-develop healthy versions of three Bubble Tea ingredients without altering the taste and mouth-feel. All three ingredients will have a lower Glycemic Index (**GI**), which measures a food's impact on blood sugar. A lower GI is healthier as more time is taken to digest and absorb glucose. A higher GI spikes up blood sugar levels, causing diabetes and increasing the chances of obesity, stroke and heart disease.

The first is low-GI 'pearls', tapioca starch balls measuring 0.8 to 1.0 cm each which account for about a third of the drink's calorie count. Holista will combine its patented GI-Lite™, an all-natural formula with tapioca starch to lower the GI without any discernible change in taste or texture.

Fruit Hub is processing the 'pearls' at its facility in Lanchang, Pahang state, Malaysia using a formula of its Taiwanese partner, YongDa Food Technology Co. Ltd. Subject to final tests, the partners expect to lower the GI of the 'pearls' from the 70-75 currently to below 55.

The second is a sugar syrup using Holista's proprietary low-GI and low-calorie sugar, 80Less™, that has 80% fewer calories and yet delivers the same taste sensation; this not only reduces unhealthy effects but also lowers costs for manufacturers and vendors.

The third is Holista's proprietary low-GI sugar caramel (brown sugar) which retains sweetness with lower calories. Made from molasses, it is used as a pre-pour to sweeten the 'pearls' or as a medium to cook them.

All three products will be tested by the Sydney University GI Research Service (**SUGiRS**) by the end of next month before hitting local and international markets by the first quarter of 2020. SUGiRS has already validated the low-GI versions of flour-based noodles and flatbreads co-produced by Holista with scores that are significantly lower than products currently available.

While Holista has gained global market acceptance for its low-GI noodles (sold to China and Korea) and roti canai and chappati flatbreads (sold in Malaysia and overseas), it had not addressed the Bubble Tea sector until the opportunity came up to collaborate with Fruit Hub.

Fruit Hub's parent company in Taiwan supplies tapioca 'pearls' to several Bubble Tea chains in Greater China with a combined network of over 5,000 stores. Fruit Hub has started manufacturing the 'pearls' in Lanchang, Malaysia with production expected to hit 12.5 tonnes a day or 300,000 tonnes – equivalent to 6 million cups of the drink – a month by December 2019. HCT and Fruit Hub through this collaboration will provide the low GI ingredients to some of this manufacturing.

According to a popular online food delivery app, Bubble Tea orders in Southeast Asia increased 3,000% in 2018 year on year. The app is connected to the 4,000 Bubble Tea outlets in the region, which are growing at a rate of 200%. Its data also shows that consumers in the region consume at least 4 cups a month, led by Thailand (6 cups), Philippines (5) and 3 for each of Malaysia, Singapore and Indonesia.

Malaysia has been ranked as Asia's most obese nation with 17.5% and 17.6% rate of diabetes and obesity, respectively. The Malaysian government introduced a sugar tax on 1 July 2019, one of the first countries in Southeast Asia to do so.

Dr Rajen Manicka, Founder and CEO of Holista, said, *"The Bubble Tea fad is not going to go away. The challenge is to offer a healthier version which can significantly reduce the potential of higher incidence of diabetes and obesity. We are combining science with the market reach and understanding of the needs of Bubble Tea manufacturers and vendors to offer a healthier alternative without increasing cost of production"*

Ms Foong Wai Fong, Managing Director of Fruit Hub, said, *“This is a Malaysian collaboration by an Australian company which can transform the global Bubble Tea industry for the better. Fruit Hub has a strong network among the major Bubble Tea chains. We are confident that these three ingredients will make a real difference and can take the creative beverage industry to a new level – a tastier and healthier version in which consumers can enjoy the drink without health concerns.”*

“It is our vision that this endeavour will place Malaysia as a centre of innovation in the beverage sector.” she added.

END OF PRESS RELEASE

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About Holista CollTech Ltd

Holista CollTech Ltd (**Holista**) is a research-driven biotech company, the result of a merger between Holista Biotech Sdn Bhd and CollTech Australia Ltd. Headquartered in Perth and with extensive operations in Malaysia, the company is dedicated to delivering first-class natural ingredients and wellness products globally. Holista is a leader in ingredients for the making of healthier food.

Listed on the Australian Securities Exchange (**ASX**), Holista researches, develops, manufactures and markets *“health-style”* products to address the unmet and evolving needs of natural medicine. Holista’s suite of ingredients, among other things, includes low-GI baked products, reduced-sodium salts, low-fat fried foods and low calories sugar without compromising taste, odour and mouthfeel. Holista remains the only company to produce sheep (ovine) collagen using patented extraction methods.

For more information, please refer to <http://www.holistaco.com>

About SunFresh Fruit Hub Sdn Bhd

SunFresh Fruit Hub Sdn Bhd (**Fruit Hub**) is a post-harvest collection, processing and packaging centre formed by anchor farmers in the Malaysian Government's initiative called The Permanent Food Production Park or Taman Kekal Pengeluaran Makanan (TKPM). SunFresh Fruit Hub Sdn Bhd operates the Fruit Hub in Lanchang.

The Food Production Park was officially opened by the then Prime Minister, Datuk Seri Abdullah Haji Ahmad Badawi in 2009 to address the nation's food security. The Fruit Hub collects, processes, packages and sells fresh fruits, and related processed fruit products as ingredients to wholesale trade buyers. It also accepts OEM processing for labelled products, both for domestic and overseas markets.

For more information, please refer to <http://www.thefruithub.com/>