



Skin Elements Limited ASX ANNOUNCEMENT

ASX CODE:SKN

28 November 2019

Ms Penelope Reid
Advisor, Listings Compliance (Perth)
Australian Stock Exchange

Dear Penelope

Skin Elements Limited (SKN) – Board Composition, Corporate Governance and Appendix 4C Query

In response to your letter of 18 November 2019, Skin Elements Limited advises as follows:

Corporate Governance

ASX refers to:

- A. SKN's Corporate Governance Disclosure Policy, available at <http://skinelementslimited.com/pdf/Corporate-Governance-9-Disclosure-Policy.pdf>, which includes the following under 'Procedure to report information':
- 'The Managing Director/Chief Executive Officer and Chairperson will jointly agree on the text of the proposed Release. The Company Secretary may also be required to draft the Release for review;
 - The Company Secretary will then distribute the Release to the Board for their review and comment. Following consultation with the Chairperson, the Company Secretary will allow such time as is reasonable in the circumstances for the each Director to comment on the Release' (emphasis added)
- B. SKN's announcement entitled 'Appendix 4G' dated 30 September 2019 and released on MAP on 1 October 2019 that states that SKN's corporate governance statement can be found at www.skinelementslimited.com
- C. SKN's Notice of Annual General Meeting released on MAP on 31 October 2019 which includes a resolution for the issue of performance rights to Mr Peter Malone and, inter alia, states:
- The Board (other than Peter Malone) have formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Malone Securities to Mr Peter Malone as the exception in section 211 of the Corporations Act applies.'
- D. SKN's letter dated 25 November 2019 ('Response to ASX Query') responding to ASX's Board Composition, Corporate Governance and Appendix 4C Query letter dated 18 November 2019 ('ASX 18 November 2019 Query'), released together on the market announcements platform ('MAP') on 25 November 2019 which includes the following:

Natural Science by Skin Elements

32 Ord Street, West Perth
Western Australia, 6005
P 08 6311 1900
F 08 6311 1999

www.mcarthurskincare.com
www.soleoorganics.com
www.skinelementslimited.com

- *'The Company has agreed to settle the \$200,000 convertible note to Mr Li through the transfer of the Convertible Note to third parties on the same terms'.*
- E. *The attachments provided by SKN alongside the Response to ASX Query that are not for release to market.*
- F. *ASX listing rule 4.7.4 which requires an entity to give ASX copy of:*
'If the entity's corporate governance statement is not included in its annual report, a copy of its corporate governance statement current as at the effective date specified in that statement for the purposes of rule 4.10.3.'

Queries and Requests for Information

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

1. *Referring to the attachments provided by SKN and item E of the above, ASX notes that it has not received evidence to substantiate:*
 - *compliance with SKN's Corporate Governance Disclosure Policy generally;*
 - *that all directors 'have formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Malone Securities to Mr Peter Malone as the exception in section 211 of the Corporations Act applies'.*

The Company believes that it has provided evidence to substantiate compliance with SKN's Corporate Governance Disclosure Policy generally.

The Company notes that it has been advised of the resignations of Mr Zeling Li and Ms Jialin Li from the Board of Directors pending confirmation of payment of the \$200,000 which is expected to be provided today.

It is intended that Mr Craig Piercy will be appointed as a Director tomorrow.

- 1.1 *Does SKN have any other documents evidencing participation by Mr Zeling Li or Ms Jialin Li in the formation of the above view, or written correspondence to Mr Zeling Li and Ms Jialin Li regarding this decision having been reached? If yes, please provide (not for release to the market)*

The Company confirms that the process for the approval of the Notice of Meeting including formation of the view that the performance securities to Mr Malone are reasonable is:

- Assessment by the Remuneration Committee as to the reasonableness of the Performance Shares,
- Provision of the finalised notice of meeting sent to all Directors as per our Disclosure Policy, and
- Lodgement of the Notice of Meeting on MAP.

- 1.2 *Does SKN have any other documents that substantiate that each director had such time as is reasonable to comment on the Response to ASX Query letter. If yes, please provide (not for release to the market).*

All Directors work within the time constraints required. The Directors agree to meet the timeframe availability as provided by the matter as part of the membership of the Board. Time is often of the essence.

2. Who are the third parties that SKN has agreed to transfer the Convertible Note to?

The third party is Lakehouse Enterprises Pty Ltd.

3. Noting that SKN has not lodged its corporate governance statement on MAP:

3.1 please arrange for this to occur forthwith; and

The Company confirms that it has lodged its updated Corporate Governance Statement on MAP.

3.2 confirm where SKN's corporate governance statement is located on SKN's website.

The Company's Corporate Governance Statement is located on SKN's website at:

<http://skinelementslimited.com/investors.html#cg>

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

We confirm that SKN is complying with the Listing Rules and, in particular, Listing Rule 3.1. and 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 SKN'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 SKN with delegated authority from the board to respond to ASX on disclosure matters.

SKN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy.

Yours sincerely



Craig Piercy
Company Secretary

25 November 2019

Reference: ODIN11019

Mr Craig Piercy
Company Secretary
Skin Elements Limited
7/36 Ord Street
WEST PERTH WA 6005

By email: craig@senatural.com

Dear Mr Piercy

Skin Elements Limited ('SKN'): Board Composition, Corporate Governance and Appendix 4C Query

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 - *'The Company has agreed to settle the \$200,000 convertible note to Mr Li through the transfer of the Convertible Note to third parties on the same terms'.*
- E. The attachments provided by SKN alongside the Response to ASX Query that are not for release to market.
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1. Referring to the attachments provided by SKN and item E of the above, ASX notes that it has not received evidence to substantiate:
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 - that all directors *'have formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Malone Securities to Mr Peter Malone as the exception in section 211 of the Corporations Act applies'*.
 - 1.1 Does SKN have any other documents evidencing participation by Mr Zeling Li or Ms Jialin Li in the formation of the above view, or written correspondence to Mr Zeling Li and Ms Jialin Li regarding this decision having been reached? If yes, please provide (not for release to the market)
 - 1.2 Does SKN have any other documents that substantiate that each director had such time as is reasonable to comment on the Response to ASX Query letter. If yes, please provide (not for release to the market).
2. Who are the third parties that SKN has agreed to transfer the Convertible Note to?
3. Noting that SKN has not lodged its corporate governance statement on MAP:
 - 3.1 please arrange for this to occur forthwith; and
 - 3.2 confirm where SKN's corporate governance statement is located on SKN's website.
4. Please confirm that SKN is complying with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that SKN'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 SKN 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 **5 PM AWST Thursday, 28 November 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in SKN'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, SKN'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 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 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 SKN'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 SKN'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 SKN'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

Penelope Reid

Adviser, Listings Compliance (Perth)