

26 July 2022

Update to shareholders

Palla Pharma Limited (In Liquidation) (ASX:PAL)
ACN 107 872 453 ('the Company')

We refer to the appointment of Craig Shepard and Bryan Webster as Liquidators of the Company on 9 March 2022 pursuant to Section 499 of the Corporations Act 2001 ('the Act').

Lodgement of formal request for removal from ASX official list

The Liquidators of the Company have formally applied to the ASX requesting the removal of the Company from the ASX official list pursuant to ASX Listing Rule 17.11.

In-principle approval for delisting

The Company has received in-principle advice from the ASX that the Company would likely be removed from the official list on a date to be determined by the ASX in consultation with the Company.

Reasons for the proposed delisting

The Liquidators have lodged the formal request for the following reasons:

- The Company was suspended from quotation on 15 December 2021 under Listing Rule 17.2 at the Company's request. This suspension has remained in place during the entirety of the administration and liquidation periods and the Liquidators do not intend to lift it.
- The Company's business ceased to trade on 15 February 2022 and is being wound down by the Liquidators. All employees have been terminated (with two employees working out their notice period) and the main trading site premises disclaimed and exited.
- The Company is expected to be deregistered at the conclusion of the liquidation (anticipated to take place in 2023).
- On 9 June 2022, under Section 104-145 of the Income Tax Assessment Act 1997, the Liquidators declared that they have reasonable grounds to believe that there is no likelihood that the shareholders of the Company will receive any distribution for their shares in the liquidation.
- The Liquidators are relying on the exemption set out in ASIC Corporations (Externally-Administered Bodies) Instrument 2015/251 ('the Instrument') in relation to the Company's financial reporting obligations under Part 2M.3 of the Act, including but not limited to Sections 315(1), 315(4), 316, 319(1) and 320(1) of the Act. The Liquidators are also relying on the exemption set out in the Instrument and will not hold an annual general meeting.

Consequences of delisting

The consequences for the Company and its shareholders if it is removed from the official list include:

- The shares of the Company will no longer be quoted or traded on the ASX;

- The shares will remain worthless as declared by the Liquidators on 9 June 2022;
- Shareholders will not be able to sell or transfer their shares in the lead up to, or after, the Company's removal from the official list; and
- The financial reporting obligation and annual general meeting exemptions set out in the Instrument will continue to apply.

Remedies available to shareholders

In circumstances where a shareholder considers the removal from the official list to be contrary to the interests of shareholders as a whole or oppressive to, unfairly prejudicial to, or unfairly discriminatory against a shareholder or group of shareholders, that shareholder may apply to the court for an order under Part 2F.1 of the Act.

In circumstances where a shareholder considers the removal from the official list involves 'unacceptable circumstances', that shareholder may apply to the Takeovers Panel for a declaration of unacceptable circumstances and other orders under Part 6.10 Division 2 Subdivision B of the Act.

Indicative timetable

The ASX proposes to remove the Company from the official list at the close of trading on 2 August 2022.

Member queries

The Company continues to have arrangements in place to respond, free of charge, to members' and creditors' queries in relation to the consequences and progress of the external administration. Relevant information will also be posted on KordaMentha's website in the Creditors Information section.

The contact details of the Liquidators are:

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