



PROSPECTUS

NON-RENOUNCEABLE RIGHTS ISSUE

Candy Club Holdings Limited
ACN 629 598 778

For a non-renounceable entitlement issue of one (1) Share for every three (3) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.08 (8 cents) per Share, together with one (1) free-attaching Class A Option exercisable at \$0.10 on or before 31 May 2023 for every one (1) Share subscribed for, to raise up to approximately \$3,709,086 (subject to the application of the Debt Conversion Facility) before costs (**Rights Offer**).

This Prospectus includes an offer to Eligible Shareholders to subscribe for any Shortfall Securities (**Shortfall Offer**) and a further offer to offer to investors to subscribe for any Shortfall Securities in respect of which valid applications have not been received under the Shortfall Offer (**Shortfall Placement**).

IMPORTANT INFORMATION

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. Corporate Directory

Directors of the Company

Keith Cohn (Executive Director)
Robert Hines (Non-Executive Chairperson)
Zachry Rosenberg (Non-Executive Director)
Chi Kan Tang (Non-Executive Director)

Company Secretary

Justyn Stedwell

Registered Address

Level 1, Unit 1B,
205 Johnston Street
Fitzroy VIC 3065, Australia

Share Registry*

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000, Australia

Legal Advisors to the Company (Australia)

Moray & Agnew Lawyers
Level 6, 505 Little Collins Street,
Melbourne VIC 3000, Australia

Auditor*

HLB Mann Judd (Vic) Partnership
Level 9, 575 Bourke Street,
Melbourne VIC 3000, Australia

Lead Manager

Peak Asset Management Pty Ltd
Level 39, 55 Collins Street
Melbourne VIC 3000, Australia

ASX Code

CLB

**This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.*

2. Timetable

Announce Rights Offer and lodge Appendix 3B with ASX	Thursday, 4 July 2019
Lodge Prospectus with ASIC and ASX	Thursday, 4 July 2019
Notice sent to securityholders	Monday, 8 July 2019
“Ex” date	Tuesday, 9 July 2019
Record Date for determining Entitlements	Wednesday, 10 July 2019
Prospectus and personalised Entitlement and Acceptance Forms dispatched to Eligible Shareholders	Monday, 15 July 2019
Last day to extend Offer Closing Date*	Wednesday, 24 July 2019
Offer Closing Date*	Monday, 29 July 2019
Shares quoted on a deferred settlement basis*	Tuesday, 30 July 2019
ASX notified of under subscriptions*	Thursday, 1 August 2019
Issue date of Securities and dispatch of holding statements*	Tuesday, 5 August 2019
Quotation of Securities issued under the Rights Offer	Wednesday, 6 August 2019

**The Directors may extend the Offer Closing Date by giving at least 3 Business Days’ notice to ASX prior to the Offer Closing Date. As such, the date the Securities are expected to commence trading on ASX may vary. The Directors also reserve the right not to proceed with the Offer (or any part of it) at any time prior to allotment. In that event, any application money received will be returned without interest.*

3. Important Notes

This Prospectus is dated 4 July 2019. A copy of this Prospectus was lodged with the ASIC on 4 July 2019. Neither ASIC, ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus carefully and in full and seek professional advice where necessary before deciding to subscribe for Shares in the Company. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities can only be made pursuant to the original Entitlement and Acceptance Form or Shortfall Application Form attached to and forming part of this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.1 Risk Factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware of are set out in section 9 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

3.2 Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future invests and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law. These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 9.

3.3 Defined terms and abbreviations

Terms and abbreviations used in this Prospectus are defined in section 12 of this Prospectus. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

3.4 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Mr Justyn Stedwell on +61 (3) 9191 0135.

3.5 Investment decisions

The information contained in this Prospectus is not financial product advice and is not intended to be relied on as advice. The Offer contained in this Prospectus does not take into account the investment objectives, financial situation and particular needs of any Applicant. Before deciding to invest in the Company, potential investors should read the entire Prospectus and in particular the risk factors that could affect the future operations and activities of the Company and consult their professional advisers. An investment in the Securities should be considered speculative.

3.6 Disclaimer

This Prospectus has been prepared by the Company. No party other than the Company has authorised or caused the issue of this Prospectus or takes responsibility for, or makes any statements, representations or undertakings in, this Prospectus.

No person is authorised to give any information or to make any representations in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

No person named in this Prospectus guarantees the Company's performance or any return on investment made pursuant to this Prospectus. Any references to information on the Company's website are provided for convenience only. No document or other information included on the Company's website is incorporated by reference into this Prospectus.

4. Letter to Shareholders

Dear Shareholder,

On behalf of the Board of Candy Club Holdings Limited (**Company**), I am pleased to invite you to participate in a non-renounceable pro-rata 1-for-3 rights issue offer to Eligible Shareholders of Shares at an issue price of \$0.08 each, together with one (1) free-attaching Class A Option exercisable at \$0.10 on or before 31 May 2023 for every one (1) Share subscribed for and issued, to raise a total of approximately \$3.71 million (before costs and application of the Debt Conversion Facility) (**Rights Offer**).

The Rights Offer will only be made to Eligible Shareholders registered at the Record Date who will be sent an Application Form, which will be accompanied by this Prospectus. To accept your Entitlement under the Offer, you will need to complete the Application Form in accordance with the instructions on the form and as outlined in this Prospectus.

Funds raised pursuant to the Rights Offer will be applied towards increasing inventory of confectionary sold by the Company and employing additional sales personnel, as well as for general working capital and the costs of the Offer. For further details on the proposed use of funds, please refer to section 7.1 of this Prospectus.

This Prospectus includes further details of the Offer and the effect of the Offer on the Company, and a statement of the risks associated with investing in the Company. This is an important document and should be read in its entirety. If you have any doubts or questions in relation to the Prospectus you should consult your professional advisors to evaluate whether or not to participate in the Offer.

On behalf of the Board, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours faithfully,



Keith Cohn
Executive Director

5. Key Details of Offer

5.1 The Rights Offer

The Company is making a non-renounceable pro-rata offer of Shares to Eligible Shareholders (**Rights Offer**).

Eligible Shareholders are entitled to apply for one (1) Share for every three (3) Shares held on the Record Date at an issue price of \$0.08 together with one (1) free-attaching Class A Option exercisable at \$0.10 on or before 31 May 2023 for every one (1) Share subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

The Company currently has on issue:

- (a) 139,090,732 Shares;
- (b) 6,776,859 unlisted Options; and
- (c) 4,000,000 performance shares.

Based on the capital structure of the Company as at the date of this Prospectus and assuming other Shares are not issued (including on the exercise of Options, conversion of performance shares or conversion of debts under the Debt Raising) prior to the Record Date a maximum of 46,363,578 Shares and 46,363,578 Class A Options will be issued pursuant to this offer to raise up to \$3,709,086 (before expenses and subject to the application of the Debt Conversion Facility). No funds will be raised from the issue of the Class A Options.

As at the date of this Prospectus the Company has 6,776,859 unlisted Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 7.5.2 for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus. Please refer to section 8.1 for further information regarding the rights and liabilities attaching to Shares.

All of the Class A Options will be issued on the terms and conditions set out in section 8.2 of this Prospectus. All the Shares issue on exercise of the Class A Options will rank equally with the Shares on issue as at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in section 7.1.

5.2 Eligibility and Rights

The Offer is made to Eligible Shareholders only.

All Shareholders with a registered address in Australia, New Zealand, Hong Kong or the USA who are registered as the holder of Shares at 7.00 pm AEST on the Record Date are Eligible Shareholders. The Offer is not extended to Shareholders who do not meet this criteria.

Holders of Options may participate in the Rights Offer if they exercise their Options, become the registered holders of Shares before the Record Date and are resident in Australia, New Zealand, Hong Kong or the USA.

The number of Securities to which an Eligible Shareholder is entitled is shown on each Eligible Shareholder's Entitlement and Acceptance Form accompanying this Prospectus. Fractional Entitlements will be rounded up to the nearest whole number.

To apply for Securities under the Offer, an Eligible Shareholder must complete their Application Form and lodge it with payment of the relevant application monies by no later than 5.00 pm AEST on the Offer Closing Date. Please refer to section 5.7 for further information about applying for Securities under the Offer.

An entitlement to participate in the Offer will lapse if an Eligible Shareholder does not accept their Entitlements by the Offer Closing Date. In the event Eligible Shareholders do not take up their full Entitlement, any Securities not applied for will form part of the Shortfall Offer as described in section 5.8.

The Company reserves the right (in its sole discretion) to:

- (a) reject any Application that it believes comes from a person who is not an Eligible Shareholder; and
- (b) reduce the number of Securities allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claim to be entitled to participate in the Offer proves to be false, exaggerated or unsubstantiated.

The Directors reserve the right not to proceed with the whole or any part of the Offer at any time prior to the allotment of Securities. In that event, relevant Application Monies will be refunded without interest.

5.3 Offer Opening Date and Offer Closing Date

The Offer opens for acceptances on the Offer Opening Date and all acceptances and payments must be received by the Share Registry by the Offer Closing Date.

Subject to compliance with the ASX Listing Rules and the Corporations Act (as relevant), the Company reserves the right to close the Offer early or to extend the Offer Closing Date.

The Directors may at any time decide to withdraw this Prospectus and the Offer of Securities made under this Prospectus in which case, the Company will return all Application Monies (without interest) within 28 days of giving such notice of withdrawal.

5.4 Minimum Subscription

There is no minimum subscription for the Offer.

5.5 Underwriting

The Offer is not underwritten.

5.6 Non-Renounceable Offer

The Entitlement to the Securities under the Offer is non-renounceable. Accordingly, there will be no trading rights on the ASX (or any other exchange) and you may not dispose of your Entitlements to subscribe for Securities under the Offer to any other party. If you do not take up your Entitlement to Securities under the Offer by the Offer Closing Date, the Offer to you will lapse, you will receive no benefit and your interest in the Company may be diluted. Please refer to sections 7.3 and 7.6 of this Prospectus for details of the effect of the Offer on the control and capital structure of the Company.

5.7 Rights and Liabilities of Securities

The Shares offered under this Prospectus and on the exercise of the Class A Options will be fully paid and will rank equally with existing Shares on issue.

Each Class A Option is exercisable at \$0.10 on or before 31 May 2023.

A summary of the rights and liabilities attaching to the Shares and the Class A Options is set out in section 8.

5.8 Shortfall

The Rights Offer is not underwritten. Any Securities under the Rights Offer that are not applied for will comprise the Shortfall Securities. The Offer to issue the Shortfall Securities, as described below, are separate Offer under this Prospectus.

Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Offer Closing Date, The issue price for each Share to be issued under the Shortfall offer shall be \$0.08 being the price at which Shares have been offered under the Offer.

Eligible Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for any Shares forming part of the Shortfall Offer at the same issue price of \$0.08 per Share, with one (1) free-attaching Class A Option exercisable at \$0.10 on or before 31 May 2023 for every one (1) Share subscribed for and issued.

Eligible Shareholders wishing to subscribe for any Shortfall Securities must apply for the Shortfall Securities at the same time as they apply for Securities under their Entitlement by completing the appropriate section of their Shortfall Application Form (**Shortfall Securities Applicants**). There is no limit on the number of Shortfall Securities that Shortfall Securities Applicants may apply for; however, applications for Shortfall Securities will only be satisfied to the extent that there are Shortfall Securities available to Shortfall Securities Applicants.

There is no guarantee of the number of Shortfall Securities (if any) that will be available to Shortfall Securities Applicants and the allocation of those Shortfall Securities (if any) among Eligible Shareholders will be at the discretion of the Directors. In the event that there are no Shortfall Securities, the Application Monies relating to the Shortfall Securities will be returned to the Shortfall Securities Applicants, as soon as practicable following the Offer Closing Date without interest.

In the event that Applications from Shortfall Securities Applicants exceed the number of Shortfall Securities, those Applications will be scaled back in a manner determined by the Directors in their absolute discretion.

It is an express term of the Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for if so allocated.

Application Monies relating to the Shortfall Securities applied for by but not allocated to Eligible Shareholders will be returned to those Shortfall Securities Applicants as soon as practicable following the Offer Closing Date without interest.

Shortfall Securities will not be issued to any Shortfall Securities Applicants if, in the view of the Directors, to do so would increase that applicant's voting power in the Company above 19.9% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

Shortfall Placement

If any Shortfall Securities remain after the Offer Closing Date, the Directors reserve the right to place any Shortfall Securities not allocated under the Shortfall Offer on the same terms as those offered under the Rights Offer (**Shortfall Placement**) to any parties selected by the Directors within three months after the Offer Closing Date in accordance with the Corporations Act and the ASX Listing Rules. Shortfall Securities will be issued under the Shortfall Placement at a price not less than the issue price of the Shares under the Rights Offer.

Shortfall Securities will not be issued to any applicant under the Shortfall Placement if, in the view of the Directors, to do so would increase that applicant's voting power in the Company above 19.9% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

5.9 Ineligible Shareholders

This Offer do not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the Offer are not being made to

Shareholders on the Record Date who have a registered address outside Australia, New Zealand, Hong Kong or the USA (**Ineligible Shareholders**). Neither the Prospectus nor the Application Form constitutes an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In making the decision to not extend the Offer to Ineligible Shareholders, the Company has taken into account

- (a) the small number of Shareholders outside Australia, New Zealand, Hong Kong and the USA;
- (b) the number and value of Shares that would be offered to Shareholders outside Australia, New Zealand, Hong Kong or the USA; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

The Company is not required to determine whether or not any registered Eligible Shareholder is holding Shares on behalf of persons who are resident outside Australia, New Zealand, Hong Kong or the USA (including nominees, custodians and trustees) or the identity or residence of any beneficial owners of Shares. Any Eligible Shareholders holding Shares on behalf of persons who are resident outside Australia, New Zealand, Hong Kong or the USA are responsible for ensuring that any dealing with Securities issued under the Offer do not breach the laws and regulations in the relevant overseas jurisdiction and should seek independent professional advice and observe any applicable restrictions relating to the taking up or Entitlements or the distribution of this Prospectus or the Application Form.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions.

New Zealand

The Securities are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of the Securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. It is not product disclosure statement, investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement, investment statement or prospectus under New Zealand law is required to contain.

Hong Kong

Warning: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**the SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Securities have not been and will not be sold in Hong Kong other than to “professional investors” (as defined in the SFO)

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside of Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person issued Shares may sell, or offer to sell, such

securities in circumstances that amount to an offer to the public in Hong Kong within six (6) months following the date of issues of such Shares.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authorities. Shareholders are advised to exercise caution in relation to the Offer and if in doubt should obtain independent professional advice.

USA

The Securities are not being offered to the public within US other than to existing Shareholders of the Company with registered addresses in USA and to whom the offer of the Securities is being made solely by this Rights Offer.

The Securities have not been, and will not be, registered under the Securities Act of 1933 (United States) (**USA Securities Act**) or the securities or any state or other jurisdiction of the USA and do not constitute an offer to sell, or the solicitation of an offer to buy any securities in the USA.

The Securities may not be offered or sold, directly or indirectly in the USA or to, or for the account or benefit of, US Persons, except in transactions exempt from, or not subject to, the registration requirements of the USA Securities Act and applicable US state securities law.

Custodians and Nominees

Custodian and nominees may not distribute this document, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia except, with the consent of the Company, to beneficial shareholders in certain other countries where the Company may determine it is lawful and practical to make the Offer.

No Nominee

No nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act and the Company has not sought relief from the application of section 606 of the Corporations Act to the issue or acquisition of Securities under the Offer. As such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act.

Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold).

Any Eligible Shareholder who may be at risk of exceeding the restrictions on acquiring a relevant interest in voting Shares in the Company under section 606 of the Corporations Act as a result of applying for any Securities should seek professional advice before completing and returning an Application Form. The Company expressly disclaims any responsibility for ensuring that you do not breach section 606 of the Corporations Act as a result of applying for any Securities.

6. Application for Shares

6.1 Acceptance of Offer – Eligible Shareholders only

Your acceptance of the Offer must be made on the Application Form accompanying this Prospectus. Other than as set out in paragraph (c) below, your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
 - (i) complete the Application Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency or arrange payment by BPAY®, for the amount indicated on the Application Form; or
- (b) if you only wish to accept **part** of your Entitlement:
 - (i) fill in the number of Securities you wish to accept in the space provided on the Application Form; and
 - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency or arrange payment by BPAY®, for the appropriate application monies at (\$0.08 per Share); or
- (c) if you wish to apply for your **full** Entitlement in full **and** apply for additional Securities (which will be issued at the sole discretion of the Company, scaled back to the extent required and not issued to the extent that any Applicant will increase their holding to an amount in excess of 19.9% of all the Shares on issue on completion of the Offer):
 - (i) complete the Application Form, filling in the details in the spaces provided;
 - (ii) fill in the number of Securities you wish to apply for over and above your Entitlement in the space provided on the Application Form; and
 - (iii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency or arrange payment by BPAY®, for the appropriate application monies at (\$0.08 per Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

6.2 Lodging Application Form – payment by cheque or bank draft

Other than Eligible Shareholders making payment by BPAY®, completed Application Forms together with cheques or bank drafts for the Application Monies must be mailed or delivered to:

By hand delivery:

Candy Club Holdings Limited – Rights Issue
Level 5
126 Phillip Street
Sydney NSW 2000

By post:

Candy Club Holdings Limited – Rights Issue
C/- Automic Group
GPO Box 5193
Sydney NSW 2001

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “Candy Club Holdings Limited” and crossed “Not Negotiable”.

The Application Forms do not need to be signed to be binding. If an Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Entitlement and Acceptance Form as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Your completed Application Form and cheque must reach the Share Registry no later than 5.00 pm AEST on the Offer Closing Date.

6.3 Applications by Eligible Shareholders – payment by BPAY®

For Eligible Shareholders wishing to make payment by BPAY®, payment should be made according to the instructions set out on the Application Form using the BPAY® Biller Code and Customer Reference Number shown therein. Payments via BPAY® can only be made by a holder of an account with an Australian financial institution that supports BPAY® transactions.

The reference number shown on each Application Form (**Reference Number**) is used to identify an Eligible Shareholder's holding. For Eligible Shareholders who have multiple holdings, they will have multiple Reference Numbers. They must use the Reference Number to pay for each holding separately. Failure to do so may result in an underpayment. If payment is made by BPAY® for less than an Eligible Shareholder's full Entitlements, the remaining Entitlements will form part of the Shortfall.

Please note that should you pay by BPAY®:

- (a) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Securities which is covered in full by your Application monies.

It is your responsibility to ensure that your BPAY® payment is received by the Share Registry by no later than 5.00 pm AEST on the Offer Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of Securities (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any Application Monies received or refunded.

6.4 Debt Conversion Facility

If, in addition to being an Eligible Shareholder under the Rights Offer, you are also a creditor of the Company for an amount that the Company has assessed as not being in dispute and which remains due and payable as at the Offer Closing Date, you may elect to take up some or all of your Entitlement by means of the conversion of some or all of the existing debt owed to you by the Company (**Debt Conversion Facility**). The conversion will be undertaken on a dollar for dollar basis at a price of \$0.08 per Share (with one (1) free-attaching Class A Option for each one (1) Share), and in the case of any fractional entitlements, the number of Shares and Class A Options arising from the conversion of the debt shall be rounded down to the nearest whole number. The election to settle the Application Monies owing in respect of your Entitlement by conversion of some or all of an existing debt, is provided for on the Entitlement and Acceptance Form. For clarity, the Debt Conversion Facility does not enable any creditor Eligible Shareholders to take up more Shares or Class A Options under the Rights Offer than if the Debt Conversion Facility was not available.

6.5 ASX listing

The Securities issued under the Offer are expected to be issued and holding statements despatched as soon as practicable after the Offer Closing Date, in accordance with the ASX Listing Rules and the timetable set out in section 2. Securities to be issued under the Shortfall

Offer will be issued on a progressive basis. No issue of Securities will be made until the ASX grants Official Quotation for the relevant Securities.

Application for Official Quotation of the Shares offered pursuant to this Offer will be made within seven (7) days from the date of this Prospectus. The fact that ASX may grant Official Quotation to such Shares is not to be taken in any way as an indication of the merits of the Offer or an interest in the Company.

If the ASX does not grant Official Quotation of the Shares offered pursuant to this Offer within three (3) months after the Prospectus Date (or such period as varied by ASIC), the Shares will not be allotted and Application Monies will be refunded (without interest) within the time prescribed under the Corporations Act.

The Company will also apply for Official Quotation of the Class A Options within seven (7) days from the date of this Prospectus. The Class A Options will therefore form a quoted class of securities. Any such application will be subject to the satisfaction of the ASX requirements for quotation and the Company makes no guarantee that any such application will be successful. If the application is unsuccessful, the Class A Options will remain unlisted but otherwise will remain on the same terms and conditions.

It is an Applicant's responsibility to determine their holdings before trading in Securities. Any person who sells Securities before receiving confirmation of their holding will do so at their own risk.

The Directors reserve the right not to proceed with the whole or any part of the Offer (or either of them) at any time before the allotment of Securities. In that event, relevant Application Monies will be refunded without interest.

6.6 Issue and Allotment of Securities

Securities issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the timetable set out in section 2 of this Prospectus.

Pending the allotment and issue of the Securities or payment of refunds under this Prospectus, all Application Monies will be held in a trust account until the Securities are issued. The trust account established by the Company for this purpose will be solely used for handling Application Monies. Any interest earned on the Application Monies will be for the benefit of, and will remain the sole property of, the Company and will be retained by the Company whether or not the issue of Securities takes place. Applications and Application Monies may not be withdrawn once they have been received by the Company.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and the timetable set out in section 2 of this Prospectus.

6.7 Discretions

Without limiting the other powers and discretions set out in this Prospectus, the Directors (or their delegate for this purpose) may implement the Offer in the manner they think fit and settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offer or a matter in this Prospectus, as they think fit, whether generally or in relation to any Shareholder, any Shares or Options, and the determination of the Directors (or their delegate) is conclusive and binding on all relevant Shareholders and other persons to whom the determination relates.

6.8 Brokerage

Investors will not pay brokerage as a subscriber for Securities under an Offer.

6.9 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Mr Justyn Stedwell on +61 (3) 9191 0135.

7. Purpose and Effect of the Offer

7.1 Purpose of the Offer

The purpose of the Offer is raise up to approximately \$3,709,086 (subject to the application of the Debt Conversion Facility) before expenses of the Offer. No funds will be raised from the issue of the Class A Options.

The funds raised from the Offer are planned to be used in accordance with the table below.

Funds	\$	%
Funds raised under the Offer	\$3,709,086	100.00
Total	\$3,709,086	100.00
Items of Expenditure	\$	%
Increasing inventory ¹	\$1,840,000	49.61
Employing sales personnel ²	\$100,000	2.70
Capital expenditure ³	\$200,000	5.39
Working capital	\$1,364,085	36.77
Expenses of the Offer ⁴	\$205,001	5.53
Total	\$3,709,086	100.00

Notes:

- Funds to be applied for the purchase of inventory and related materials required to meet consumer demand for the Company's products, particularly during the peak holiday seasons and Halloween period.*
- Funds to be applied for employing additional personnel as and when required to support the Company's existing sales team.*
- Funds to be applied towards purchasing automation equipment to be installed at the Company's fulfilment facility to increase the efficiency of the Company's processing and packaging processes.*
- Please refer to section 10.9 for further details relating to the estimated expenses of the Offer.*

The above table is a statement of current intentions as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied.

7.2 Effect of the Offer on the financial position of the Company

The principal effect of the Offer, assuming all Entitlements are accepted and other Shares are not issued (including on the exercise of Options, conversion of performance shares or conversion of debts under the Debt Raising) prior to the Record Date, will be to:

- increase the cash reserves and issued paid up capital by up to approximately \$3,709,086 immediately after completion of the Offer (prior to deducting the estimated expenses of the Offer and subject to the application of the Debt Conversion Facility);
- increase the total number of Shares on issue from 139,090,732 as at the date of this Prospectus to 185,454,310 Shares following completion of the Offer; and

- (a) increase the total number of Options on issue from 6,776,859 as at the date of this Prospectus to 64,142,937 Options following completion of the Offer.

7.3 Pro-Forma Balance Sheet

The unaudited balance sheet as at 30 April 2019 and the unaudited pro-forma balance sheet as at 30 April 2019 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The unaudited pro-forma balance sheet has been prepared assuming all Entitlements are accepted and other Shares are not issued (including on the exercise of Options, conversion of performance shares or conversion of debts under the Debt Raising) prior to the Record Date and including expenses of the Offer.

The unaudited pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

	Unaudited 30 April 2019	Impact of Rights Offer	Pro Forma after adjustments to unaudited 30 April 2019
ASSETS			
Current assets			
Cash and cash equivalents	722,783	3,504,085	4,226,868
Trade and other receivables	148,491	-	148,491
Inventory	3,226,328	-	3,226,328
Other	227,080	-	227,080
Total current assets	4,324,682	3,504,085	7,828,767
Non-current assets			
Property, plant and equipment	124,051	-	124,051
Intangibles	150,789	-	150,789
Other	-	-	-
Total non-current assets	274,840	-	274,840
TOTAL ASSETS	4,599,522	3,504,085	8,103,607
LIABILITIES			
Current liabilities			
Trade and other payables	2,867,569	-	2,867,569
Borrowings	906,069	-	906,069
Other	6,249	-	6,249
Total current liabilities	3,779,887	-	3,779,887
Non-current liabilities			
Borrowings	-	-	-
Total non-current liabilities	-	-	-
TOTAL LIABILITIES	3,779,887	-	3,779,887
NET ASSETS	819,635	3,504,085	4,323,720
EQUITY			
Issued capital	20,047,577	3,709,086	23,756,663
(Capital raising costs)	-	(350,201)	(350,201)
Retained earnings / (Accumulated losses)	(3,470,495)	-	(3,470,495)
Reserves	(15,757,447)	145,200	(15,612,247)
TOTAL EQUITY	819,635	3,504,085	4,323,720

7.4 Debt Raising

Prior to completion of the Offer, the Company intends to raise up to US\$750,000 pursuant to a debt facility ('Debt Raising') on the following terms:

- Interest shall accrue and be payable on the principal advanced under the Debt Raising at the interest rate of 10% per annum.
- In addition to the principal and interest, the Company shall be required to pay investors a 'Line Fee' equivalent to 3% of the respective principal amount advanced under the Debt Raising.
- Investors shall be issued 6.67 Class A Options (rounded up to the nearest whole number) for every US\$1.00 advanced under the Debt Raising, subject to the Company obtaining shareholder approval (if required). That is, a maximum of 5,002,500 Class A Options will be issued under the Debt Raising.
- The Company shall be required to repay the principal, interest and Line Fee at the earlier of 31 December 2019 or upon completion of a fundraising event (which has been defined to include the Offer).

To the extent that investors investing under the Debt Raising are Eligible Shareholders, such investors may be able to participate in the Offer via the Debt Conversion Facility. For clarity, the Debt Conversion Facility does not enable any creditor Eligible Shareholders (whether such creditor is a creditor pursuant to the Debt Raising or otherwise) to take up more Shares or Class A Options under the Rights Offer than if the Debt Conversion Facility was not available. For more information on the Debt Raising, please refer to section 6.4 of this Prospectus.

Additionally, subject to obtaining relevant approvals, where amounts payable under the Debt Raising continue to be owing following completion of the Offer, the Company can elect to convert amounts payable under the Debt Raising into securities in the Company on terms identical to the terms offered under the Offer.

7.5 Effect of Offer on capital structure

The effect of the Rights Offer on the capital structure of the Company, assuming all Entitlements are accepted, and other Shares are not issued (including on the exercise of Options, conversion of performance shares or conversion of debts under the Debt Raising) prior to the Record Date, is set out below.

7.5.1 Shares

Shares	Amount
Shares currently on issue ¹	139,090,732
Shares offered pursuant to the Rights Offer ²	46,363,578
Total Shares on issue upon completion of the Offer	185,454,310

Notes:

1. Includes:

- a. 98,392,232 Shares listed on the ASX;
- b. 34,438,212 Shares subject to 24 months escrow from the date of Official Quotation;
- c. 1,960 Shares subject to 12 months escrow from 24 October 2018;
- d. 1,871,053 Shares subject to 12 months escrow from 12 November 2018;

- e. 4,328,791 Shares subject to 12 months escrow from 13 November 2018; and
- f. 58,484 Shares subject to 12 months escrow from 28 November 2018.
2. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of Shares offered under the Rights Offer.

7.5.2 Options

Options	Amount
Options currently on issue	
Unlisted Options exercisable at US\$1.17 each on or before 1 September 2019 ¹	4,149
Unlisted Options exercisable at US\$1.17 each on or before 5 November 2019 ¹	82,990
Unlisted Options exercisable at US\$1.17 each on or before 23 February 2020 ¹	17
Unlisted Options exercisable at US\$1.17 each on or before 13 March 2020	87,668
Unlisted Options exercisable at US\$1.17 each on or before 7 April 2020 ¹	17
Unlisted Options exercisable at US\$1.17 each on or before 1 July 2020 ¹	585,387
Unlisted Options exercisable at US\$0.0029 each on or before 13 September 2020 ¹	886,005
Unlisted Options exercisable at US\$0.0029 each on or before 27 November 2021 ¹	68,248
Unlisted Options exercisable at US\$0.0029 each on or before 2 April 2022 ¹	3,412
Unlisted Options exercisable at US\$0.0029 each on or before 4 June 2022 ¹	170,620
Unlisted Options exercisable at US\$0.0029 each on or before 12 June 2022 ¹	176,483
Unlisted Options exercisable at US\$0.0029 each on or before 15 August 2022 ¹	133,698
Unlisted Options exercisable at \$0.30 on or before 13 February 2023	2,000,000
Unlisted Options exercisable at \$0.155 on or before 27 March 2023	2,578,165
Total Options on issue as at the date of this Prospectus	6,776,859
Options to be issued	
Class A Options to be issued under Debt Raising ²	5,002,500
Class A Options offered pursuant to the Rights Offer ³	46,363,578
Class A Options to be issued to Peak pursuant to the Mandate ⁴	6,000,000
Total Options on issue upon completion of the Offer	64,142,937

Notes:

1. These represent Options issued under the Company's employee share option plan which are subject to a vesting condition under which 25% of the relevant Options shall vest and be exercisable on the date being 12 months from the date of grant and the remaining 75% of the Options shall vest and be exercisable rateably on a monthly basis for the remaining 36 months prior to the expiry of the relevant Options.
2. For more information on the Debt Raising, please refer to section 7.4 of this Prospectus.

3. *This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of Shares offered under the Rights Offer.*
4. *As noted in section 10.4.1, the Company has agreed to issue up to 6,000,000 Class A Options to Peak subject to the achievement of relevant milestones associated with amount of capital raised by Peak under the Debt Raising and the Offer.*

7.5.3 Performance Shares

Shares	Amount
Unlisted Performance Shares currently on issue	4,000,000
Performance Shares offered pursuant to the Rights Offer	Nil
Total Performance Shares on issue upon completion of the Offer¹	4,000,000

Notes:

1. *Assumes no performance shares currently on issue vest before completion of the Rights Offer. The Company notes that the performance milestones attaching to the performance shares have not been satisfied as at the date of this Prospectus. For clarity, those performance milestones are set out in section 3.12 of the Company's Prospectus released to the market on 18 February 2019 and are replicated below:*
 - a. *1,000,000 Class A performance shares will convert into 1,000,000 Shares upon the Company achieving accumulated revenue of at least \$15,000,000 within any 12 month period prior to 14 February 2022;*
 - b. *1,000,000 Class B performance shares will convert into 1,000,000 Shares upon the Company achieving accumulated revenue of at least \$20,000,000 within any 12 month period prior to 14 February 2022;*
 - c. *1,000,000 Class C performance shares will convert into 1,000,000 Shares upon the Company achieving accumulated revenue of at least \$25,000,000 within any 12 month period prior to 14 February 2022; and*
 - d. *1,000,000 Class D performance shares will convert into 1,000,000 Shares upon the Company achieving accumulated revenue of at least \$30,000,000 within any 12 month period prior to 14 February 2022.*

While there is currently no certainty as to whether these performance milestones will be satisfied, if they are satisfied the number of Shares on issue will increase by 4,000,000 Shares.

7.6 Effect of Offer on control of the Company

The potential effect that the issue of Shares under the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors including the level of Eligible Shareholder participation in the Offer, which Eligible Shareholders participate, the extent of any Shortfall Securities, which Eligible Shareholders apply and are issued Shortfall Securities.

If Eligible Shareholders take up their Entitlement under the Rights Offer in full, Eligible Shareholders will not be diluted (subject to treatment of fractional entitlements). If Eligible Shareholders do not exercise their Entitlement under the Rights offer, or only exercise part of their Entitlement, they will be diluted.

Ineligible Shareholders will have their holdings diluted by the Rights Offer. The extent of any dilution will depend on the level of participation in the Rights Offer.

It is not possible for the Directors to predict the final level of participation and Shortfall under the Rights Offer, or the identity of Eligible Shareholders who will subscribe for their Entitlement. The Directors are also unable to state with certainty the identity of any prospective subscribers under the Shortfall, or the total number of Shortfall Securities which will or can be placed.

The potential effect of the Entitlement Offer on the control of the Company is as follows:

- If all Eligible Shareholders take up their full Entitlement, there would be no significant effect on the control of the Company, as the Rights Offer is made pro-rata and in that case no Entitlements would lapse or revert to the Shortfall.
- If Eligible Shareholders do not take up their full Entitlements under the Rights Offer, then the interests of those Eligible Shareholders will be diluted.
- The proportional interests of Ineligible Shareholders will be diluted because those Ineligible Shareholders are not entitled to participate in the Rights Offer.

Given no nominee has been appointed for Ineligible Shareholders under section 615 of the Corporations Act, Eligible Shareholders will not be able to rely on the exception for right issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold).

Any Shortfall Securities will be issued on the basis that no person will be issued Shortfall Securities if such issue will result in their voting power in the Company increasing beyond that allowed by the takeovers prohibition in section 606 of the Corporations Act.

For illustrative purposes, the below table shows the change in percentage ownership of all Shares on issue if an Eligible Shareholder with the number of Shares in the left column does not accept all its Entitlements but all other Eligible Shareholders take up their Entitlements and the Shortfall is fully subscribed.

Eligible Shareholder	Record Date		Entitlements	Completion of Offer	
	Shares	%		Shares	%
Shareholder 1	500,000	0.36%	166,667	500,000	0.27%
Shareholder 2	1,000,000	0.72%	333,334	1,000,000	0.54%
Shareholder 3	5,000,000	3.59%	1,666,667	5,000,000	2.70%
Shareholder 4	10,000,000	7.19%	3,333,334	10,000,000	5.39%

Notes:

1. The table assumes that the Rights Offer, Shortfall Offer and/or Shortfall Placement are fully subscribed.
2. The table assumes that other Shares are not issued (including on the exercise of Options, conversion of performance shares or conversion of debts under the Debt Raising) prior to the Record Date.
3. The dilutionary effect shown in the table above is the maximum percentage on the assumption that those Entitlements which are not accepted are fully subscribed through the issue of Shortfall Securities under the Shortfall Offer and the Shortfall Placement. In the event all Entitlements are not accepted and some or all of the resulting Shortfall Securities are not subsequently subscribed for or placed through the Shortfall Offer or the Shortfall Placement, the dilutionary impact for each Eligible Shareholder not accepting their Entitlement would be a lesser percentage.

A substantial number of new Options, being the Class A Options may be issued pursuant to this Offer. While the initial issue of the Class A Options will not dilute the present interests of existing Shareholders, if holders of the Class A Options subsequently choose to exercise the Class A Options issued to them, this may affect the overall holding of existing Shareholders.

The substantial holders of the Company are listed below in section 7.7 of this Prospectus. As these holders are eligible to receive Shares with free-attaching Class A Options, it may affect their overall percentage shareholding in the Company. The final percentage interests held by Shareholders of the Company is entirely dependent upon the extent to which the Eligible Shareholders participate in the Offer and subsequently exercise the Options issued pursuant to the Offer.

7.7 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, those persons, which (together with their Associates) have a relevant interest in 5% or more of the Shares on issue are set out in the table below.

Substantial Shareholder	Shares	Voting Power ¹	Entitlement	\$
Chi Kan Tang	21,188,189	15.23	7,062,730	\$529,404.75
Instanz Nominees Pty Ltd <Hearts A/C>	12,562,500	9.03%	4,187,500	\$314,062.50
Sabone Internet Investments LLC	7,591,549	5.46%	2,530,517	\$189,788.78

Notes:

1. The voting power in the table is prior to settlement of the Offer.

In the event all Entitlements are accepted there will be no change to the identity of the substantial holders on completion of the Offer.

8. Rights and Liabilities attaching to Securities

8.1 Rights Attaching to Shares

The following is a summary of the more significant rights attaching to the Shares (being the underlying securities). This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. If Applicants require more detailed advice regarding the rights and liabilities of Shareholders, they should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Each Shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules.

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to Shares, at general meetings of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder will, in respect of each fully paid Share held by that Shareholder, or in respect of which that Shareholder is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the Corporations Act, the Directors may from time to time declare such dividends as appear to the Directors to be justified by the profits of the Company.

Subject to the rights of persons entitled to securities with special rights as to dividends, all dividends are paid in the proportion that the amounts paid on those Shares bear to the issue price of the Shares.

(d) Winding up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as the liquidator considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of security holders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any Shares is under the control of the Directors. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of security holders or with the written consent of the majority of security holders in the affected class, vary or abrogate the rights attaching to the securities (including Shares).

(i) **Alteration of Constitution**

The Constitution can only be amended by a special resolution passed by at least 75% of Shareholders present (in person, by proxy, attorney or representative) and voting at the general meeting.

8.2 **Rights and liabilities attaching to Class A Options**

(a) **Entitlement**

Subject to paragraph (n), each Class A Option entitled the holder to subscribe for one (1) Share upon exercise of the Class A Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Class A Option will be \$0.10 (**Exercise Price**).

(c) **Expiry Date**

Each Class A Option will expire at 5.00 pm AEST on 31 May 2023 (**Expiry Date**). Class A Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Class A Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Class A Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Class A Option Certificate (**Notice of Exercise**) and payment of the Exercise Price for each Class A Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Class A Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares in exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Class A Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the Official List of the ASX at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the Class A Options.

If a notice delivered under paragraph (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued in exercise of the Class A Options rank equally with the then issued Shares of the Company.

(i) **Quotation of Shares issued on exercise**

If the Company is admitted to the Official List at the relevant time, application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Class A Options.

(j) **Reconstruction of capital**

If at any time, the issued capital of the Company is reconstructed, all rights of a Class A Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Class A Options and holders will not be entitled to participate in new issues of capital offered to

Shareholders during the currency of the Class A Options without exercising the Class A Options.

(l) **Change in Exercise Price**

The Class A Options do not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the Class A Options can be exercised.

(m) **Transferability**

The Class A Options are transferable subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities laws.

(n) **Bonus Issues**

If prior to the Expiry Date, the Company makes a bonus issue of Shares to Shareholders, then the holders of Class A Options, upon the exercise of such Options, would be entitled to have issued to them, in addition to Shares which would otherwise be issued to them upon the exercise of the Class A Options, the Shares which would have been issued under that bonus issue (**Bonus Shares**) if, on the record date applicable to the Bonus Shares, they had been registered as the holder of the Shares to be issued to them upon exercise of the Options. Such Bonus Shares will be paid by the Company out of profits or reserves in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the Bonus Share.

9. Risk Factors

9.1 Introduction

An investment in the Company is not risk free and should be regarded as speculative.

There are specific risks which relate directly to the Company's activities. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares and the underlying Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed and do not take into account the individual circumstances of Shareholders.

The Directors strongly recommend potential Applicants to consider the risk factors described below, together with information contained elsewhere in this Prospectus and consult with their professional advisers before deciding whether to apply for Shares under this Prospectus.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

9.2 Specific Risks

(a) Consumer Demand

If consumers do not perceive the Company's products to be of sufficient quality, value or novelty, the Company may be unable to acquire new customers or retain existing customers, adversely affecting the Company's business operations and profitability.

(b) Key personnel risk

The Company's performance reflects, to a large extent, the efforts and abilities of its senior management team, and in particular the Chief Executive Officer and Executive Director of the Company, Mr Keith Cohn. Currently, the Candy Club Group employs a highly experienced and dedicated senior management team; however, its disbandment may have a material adverse impact on the operating and financial performance of the Company.

(c) Customer Acquisition Costs

Customer demand for subscription plans of the Candy Boxes is currently generated, in part, from paid online media sources such as Facebook and Google. Customer acquisition costs, in particular from online media sources may rise in the future and in such circumstances the Company could find it difficult to acquire customers at a price sufficient to make a profit.

(d) Supply of Confectionery

The Company purchases confectionery from a wide range of suppliers, including mass-market, specialist and boutique manufacturers. The Company has not entered into contracts with such suppliers, but submits purchase orders from time to time, and the continued availability of products is therefore not guaranteed.

(e) Counterparty Risk

The Company has contractual obligations and rights with respect to a number of agreements which it is a party to. These agreements may include provisions which allow for termination (for convenience or otherwise). Additionally, no assurance can

be given that all agreements will be fully performed by all contracting parties and that the Company will be successful in securing compliance with the terms of each agreement by the relevant third party. If a contracting party were to breach a material agreement or terminate a material agreement, this could have an adverse impact on the Company's business, operations and financial performance.

(f) **Additional Requirements for Capital**

While the Board believes that the Company's working capital will be sufficient to undertake the activities referred to in section 7.1, additional funding may be required. There is no assurance that additional finance and/or funding will be available when required or whether the terms of such financing will be favourable to the Company. In certain circumstances, the Company's ability to successfully operate may be subject to its ability to raise funds which will be subject to factors beyond the control of the Company and its Directors (including without limitation cyclical factors affecting the economy and financial and share markets generally). Raising further equity capital may have the effect of diluting shareholdings.

(g) **Product Liability**

Retailing food for human consumption carries an inherent risk of product liability. The Company may have to limit the retailing of its products if it cannot successfully secure or renew product liability insurance or defend itself against product liability claims.

(h) **Failure to manage Working Capital**

The Company's B2B business, where the Company's product is sold in bulk to specialty market retailers carries significant levels of trade receivables. Therefore as the Company continues to scale up its B2B business it will therefore be subject to an increased risk of not being able to collect the value of its trade receivables if the creditworthiness of its individual customers were to deteriorate. While the concentration of risk is limited as a result of the diversity of its customer base, an economic downturn could affect the solvency of customers, which in turn could adversely affect the Company's revenue and profitability and result in losses to the Company. Additionally, the Company must ensure that trade payables are maintained at appropriate levels over time and that its key suppliers are paid within reasonable periods. Any misalignment between the movement in receivables and payables could significantly affect the Company's cash position.

(i) **Retailer Credit Risk**

A proportion of the Company's revenue is sourced through the B2B business where the Company is required to pay for confectionary inventory in advance of receiving payment from the retailer customers of the B2B business. Dealing with these retailer customers therefore subjects the Company to credit risk which varies depending on the nature and size of the relevant retailer customer. This payment structure requires significant working capital, which would only increase if the Company continues to expand its business. Any write-offs for bad debts may have a materially adverse effect on the Company's results.

9.3 **General risks**

(a) **Economic risks and market conditions**

Factors, such as, but not limited to, world economic conditions, political instability, stock market trends, interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes may all have an adverse impact on our revenues, operating costs, profit margins and Share price. These factors are beyond the control of the Company and the Company cannot predict how they will impact its business.

(b) **Additional requirements for capital**

Further funds will be required for the Company to complete its current programs and achieve its current objectives. Until the Company develops or acquires an income producing asset, it will be dependent on its cash resources and the ability of the Company to obtain future equity or debt funding to support exploration.

Additional equity financing may be dilutive to Shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. There are no assurances that additional financing will be available on terms acceptable to us, or at all.

If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs.

(c) **Implications of Chapter 6 of the Corporations Act**

Shareholders may be prevented from acquiring Shares under this Prospectus where to do so would contravene the takeovers prohibition in section 606 of the Corporations Act. Section 606 prohibits a person from acquiring a "relevant interest" (as defined in the Corporations Act) in issued voting shares in a listed company if, because of the transaction, that person's or someone else's voting power in the listed company increases from 20% or below to more than 20% or from a starting point that is above 20% and below 90%, unless an exception applies. There are various exceptions to the general prohibition. However, there is no guarantee that an exception would be available in the relevant circumstances and, even if an exception was potentially available, there is a risk that the exception could not be relied upon without significant cost or delay.

10. Additional Information

10.1 Continuous disclosure obligations

This is a Prospectus for the offer of continuously quoted securities and options to acquire continuously quoted securities (as defined in the Corporations Act) of the Company and is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Further, as an ASX-listed company whose Shares are quoted on the ASX under the code 'CLB', the Company is subject to the ASX Listing Rules which require it to immediately notify the ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

This Prospectus is a "transaction specific prospectus". In general terms a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospectus of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX Listing Rules as applicable from time to time which apply to disclosing entities and which require the Company to notify ASIC of information available to the stock market conducted by ASX, from the date of the Company's admission to the Official List of the ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, an office of ASIC during normal office hours; and
- (c) the Company will provide a copy of each of the following documents, free of charge, to any person on request from the Prospectus Date until the Offer Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 31 December 2018, being the annual financial report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
 - (ii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act in the period from lodgement of the annual financial report referred to in paragraph (i) above until the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal business hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report for the financial year ended 31 December 2018 (on 29 March 2019) and before the lodgement of this Prospectus with ASIC are set out in the table below:

Date	Description of Announcement
14/06/2019	Candy Club launches its e-commerce store
13/06/2019	Change of Director's Interest Notice
06/06/2019	Change of Director's Interest Notice
17/05/2019	Top 20 security holders
08/05/2019	Results of Meeting
08/05/2019	AGM Presentation
29/04/2019	Quarterly Activities Report & Appendix 4C
26/04/2019	Change of Director's Interest Notice
23/04/2019	CLB Expands Across 12 Airports & Casino Resorts in the USA
12/04/2019	Clarification Announcement – Resignation of Non-Exec Director
05/04/2019	Notice of Annual General Meeting/Proxy Form
29/03/2019	Appendix 4G & Corporate Governance Statement

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal business hours. The announcements are also available through the Company's website www.candyclub.com.

10.2 Litigation

As at the Prospectus Date, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

10.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on the ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were*:

	Price	Date
Highest	\$0.165	8 April 2019
Lowest	\$0.076	28 June 2019
Last	\$0.086	3 July 2019

*Source: www.asx.com.au

10.4 Material Agreements

10.4.1 Peak Mandate

The Company has entered into a mandate with Peak pursuant to which the Company appoints Peak as lead manager in respect of the Debt Raising and the Offer (**Mandate**).

Fees and expenses

Subject to completion of the Offer, the Company has agreed to pay Peak:

- (a) a capital raising fee of 6% of the total amount raised by Peak under the Offer; and
- (b) a management fee of 1% of the total amount raised under the Offer (whether such capital is raised by Peak or another party)

Entitlement to Options

The Mandate further provides that on completion of the Offer, Peak (and/or its nominees) will be entitled to subscribe for up to 3,000,000 Class A Options subject to the achievement of relevant milestones associated with participation in the Offer by relevant Eligible Shareholders with registered addresses in Australia.

Debt Raising

In addition to providing services in relation to the Offer, the Mandate also provides for the engagement of Peak to provide corporate advisory and capital raising services in relation to the Debt Raising. Peak will be entitled to receive a capital raising fee of 6% of the total amount raised by Peak under the Debt Raising as well as up to 3,000,000 Class A Options subject to the achievement of relevant milestones associated with the amount of capital raised under the Debt Raising from relevant Eligible Shareholders with registered addresses in Australia. For more information on the Debt Raising, please refer to section 7.4 of this Prospectus.

The remainder of the terms and conditions of the Mandate are considered to be on market standard terms.

10.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed director holds or has held within the two (2) years preceding the lodgement of this Prospectus any interest in:

- (a) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (b) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or proposed director or to any entity in which such a Director or proposed Director is a partner or director, either to induce them to become, or to qualify as, a Director or otherwise for services rendered by them or by the entity in connection with the formation or promotion of the Company or the Offer.

10.6 Interests of Directors in Securities

The relevant interests of each Director in the securities of the Company held either directly or through their Associates in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, and current proposed intentions with respect to their Entitlements, are set out in the table below. This table includes securities that are held both directly and indirectly through their Associates.

Director	Existing Shares		Rights Offer Entitlement		Proposed extent of acceptance of Entitlement
	Shares	Voting Power	Entitlement	Application Monies	
Keith Cohn^{1, 2}	9,091,947*	6.54%	3,030,649	\$227,298.68	125,000
Robert Hines	310,000	0.22%	103,334	\$7,750.05	103,334
Zachry Rosenberg^{1, 3}	2,422,853	1.73%	804,285	\$60,321.38	804,285
Chi Kan Tang⁴	21,188,189	15.23%	7,062,730	\$529,704.75	7,062,730
Total	33,012,989	23.73%	11,000,998	\$825,074.85	8,095,349

1. Assumes no performance shares currently held are converted into Shares prior to the Record Date. As all performance milestones have not been satisfied as at the date of this Prospectus, it is unlikely any performance shares will be converted into Shares for the purposes of increasing the holders' Entitlement under the Rights Offer.
2. Assumes no Options currently held are exercised prior to the Record Date for the Rights Offer. As all existing Options on issue are currently out of the money, it is unlikely that any Options will be exercised for the purposes of increasing the holders' Entitlement under the Rights Offer.
3. 1,775,620 of these Shares are held by RJIR Pty Ltd <ZDR Family Trust> (RJIR Pty Ltd is a company controlled by Mr Rosenberg) and 599,275 Shares are held by Instanz Australia Pty Ltd <Instanz PE Unit Trust A/C No 2> (Mr Rosenberg is a beneficiary of the Instanz PE Unit Trust).
4. Mr Rosenberg and Mr Tang have indicated that to the extent that they have participated in the Debt Raising, they be utilising the Debt Conversion Facility, to the maximum extent possible, to participate in the Rights Offer.

10.7 Remuneration of Directors

The Constitution provides that the Directors may be paid for their services as Directors. The cash remuneration payable to each Director is as follows:

Director	Amount ¹
Keith Cohn²	US\$275,000 per annum
Robert Hines	A\$60,000 ¹ per annum
Zachry Rosenberg³	A\$40,000 ¹ per annum
Chi Kan Tang	A\$40,000 ¹ per annum

Notes:

1. The amounts are inclusive of superannuation.
2. In addition, Mr Keith Cohn has also been issued 2,000,000 performance shares which are convertible into up to 2,000,000 Shares subject to the achievement of relevant performance milestones.
3. In addition, Mr Zachry Rosenberg has been issued 2,000,000 performance shares which are convertible into up to 2,000,000 Shares subject to the achievement of relevant performance milestones.

10.8 Director indemnity deeds

The Company has entered into a deed of indemnity with each of the Directors. Under such deeds, the Company has undertaken, subject to the restriction in the Corporations Act, to

indemnify all Directors against all losses or liabilities incurred by each director in their capacities as Directors of the Company.

10.9 Cash Expenses of the Offer

In the event that all Entitlements are accepted, the total cash expenses of the Offer are estimated to be approximately \$205,001 and are expected to be applied towards the items set out in the table below:

Expense	Amount
ASIC lodgement fees	\$3,206
ASX listing fees	\$13,395
Peak's fees (cash) ¹	\$165,000
Legal fees	\$20,000
Prospectus printing and postage	\$3,400
Total	\$205,001

Notes:

- In addition to this amount, Peak is entitled to receive up to 6,000,000 Class A Options pursuant to the Mandate. For more information on the terms of remuneration payable to Peak under the Mandate, please refer to section 10.4.1 of this Prospectus.*

10.10 Interests of experts and advisers

Other than as disclosed in this Prospectus:

- all other persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this prospectus do not have, and have not had in the two (2) years before the Prospectus Date, any interest in:
 - the formation or promotion of the Company;
 - property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offer; or
 - the Offer; and
- amounts have not been paid nor agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the Offer.

Peak is the lead manager in respect of the Offer and will be paid such fees as are outlined at section 10.4.1 for services provided in connection with the Offer. Peak has received (or is entitled to receive) approximately \$50,386 in fees from the Company for services provided over the period two (2) years prior to the Prospectus Date. Peak (and its nominees) have also received 7,244,312 fully paid ordinary shares and 2,000,000 options exercisable at \$0.30 on or before 13 February 2023 for the provision of such services.

Moray & Agnew Lawyers has acted as solicitors to the Company in relation to the Offer and is entitled to be paid approximately \$20,000 (excluding GST and disbursements) for services provided in connection with the Offer. In addition, Moray & Agnew Lawyers has received (or is entitled to receive) approximately \$49,915 in fees from the Company for services provided over the period two (2) years prior to the Prospectus Date.

10.11 Consents

Peak has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its consent to be named in this Prospectus as the lead manager of the Offer in the form and context in which it is named.

Moray & Agnew Lawyers has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its consents to be named in this Prospectus as the Company's solicitors in the form and context in which it is named.

Peak and Moray & Agnew Lawyers:

- (a) did not authorise or cause the issue of this Prospectus;
- (b) does not make, or purport to make any statement in this Prospectus nor is any statement in this Prospectus based on any statement by any of those parties other than as specified in this section; and
- (c) to the maximum extent permitted by law, expressly disclaims any responsibility or liability for any part of this Prospectus other than a reference to its name and a statement contained in this prospectus with consent of that party as specified in this section.

10.12 Electronic prospectus

If you have received this prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 (3) 9191 0135 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at www.candyclub.com.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.13 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

10.14 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company currently operates an electronic issuer-sponsored register and an electronic CHES sub-register. The two sub-registers together will comprise the Company's register of Shares.

The Company will not issue certificates. Applicants who are allotted Shares under this Prospectus will be provided with a transaction confirmation statement which sets out the number of Shares allotted to the Applicant. Applicants who elect to hold Shares on the issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement) which sets out the number of Shares allotted to the Shareholder under this Prospectus. For Applicants who elect to hold their Shares on the CHES sub-register, the Company will issue an advice that sets out the number of the Shares allotted to the Applicant under this Prospectus. At the end of the month of allotment, CHES, acting on behalf of the Company, will provide those Shareholders with a holding statement that confirms the number of Shares held and any transactions during that month.

A holding statement (whether issued by CHES or the Company) will also provide details of the applicable Holder Identification Number in case of a holding on the CHES sub-register

or Reference Number in case of a holding on the issuer-sponsored sub-register. Following distribution of these initial holding statements, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that Shareholder's holding of securities in the Company changes.

A Shareholder may request a holding statement at any other time. However, a charge may be imposed by the Share Registry for additional statements.

10.15 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process the application.

10.16 Taxation

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Ne Securities under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of potential Applicants. The Company, its advisers and officers do not accept any responsibility or liability for any taxation consequences to potential Applicants in relation to the Offer. Shareholders should therefore consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances. The Company cannot, and does not, offer any advice to Shareholders relating to taxation implications.

10.17 Alteration of Terms or Withdrawal of the Offer

The Company reserves the right, at its discretion, to vary, suspend or withdraw the Offer at any time, subject to the Corporations Act, the ASX Listing Rules and any other law or regulation to which the Company is subject. Any variation, suspension or cancellation does not give rise to any liability on the part of, or any action against, the Company or any Director and will be binding on all Shareholders.

10.18 Governing Law

The Offer and the contracts arising due to acceptance by Shareholders of the Offer are governed by the law in force in Victoria, Australia.

11. Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consent to the lodgement of this Prospectus with ASIC.



Robert Hines
Non-Executive Chairman
For and on behalf of
Candy Club Holdings Limited

12. Definitions

\$ or A\$	means Australian dollars.
AEST	means Australian Eastern Standard Time.
Applicant	means a Shareholder who applies for Shares pursuant to the Rights Offer or a Shareholder or other party who applies for Shortfall Securities pursuant to the Shortfall Offer.
Application Form	means the Entitlement and Acceptance Form or Shortfall Application Form as the context require.
Application Monies	means monies received by the Company from Applicants with respect to the Application Form.
ASIC	means the Australian Securities and Investments Commission.
ASX	means Australian Stock Exchange Limited ACN 008 624 691 or the Australian Securities Exchange (as the context requires).
ASX Listing Rules	means the listing rules of ASX as at the date of this Prospectus.
ASX Settlement Operating Rules	means the settlement rules of the securities clearing house which operates CHES.
Board	means the Board of Directors of the Company unless the context indicates otherwise.
Business Day	means a day that is not a Saturday, Sunday or a public holiday in Melbourne, Victoria.
Class A Option	means a Class A Option issued on the terms set out in section 8.2.
Company	means Candy Club Holdings Limited ACN 629 598 778, being a company incorporated in Victoria, Australia.
Constitution	means the Constitution of the Company as may be amended from time to time.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Debt Conversion Facility	means the facility described in section 6.4 of this Prospectus.
Debt Raising	means the capital raising described in section 7.4 of this Prospectus.
Directors	means one or more directors of the Company.
Eligible Shareholder	means a Shareholder who has a registered address in Australia, New Zealand, Hong Kong or the USA as at the Record Date.
Entitlement	means the entitlement of a Shareholder who is eligible to participate in the Rights Offer.
Entitlement and Acceptance Form	means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Hong Kong	means the Hong Kong Special Administrative Region of the People's Republic of China.
Offer	means the Rights Offer, the Shortfall Offer and/or the Shortfall Placement, as the context requires.
Offer Closing Date	means 29 July 2019 or such earlier or later date as the Directors may determine.
Official List	means the list of securities permitted to Official Quotation.
Official Quotation	means official quotation by ASX in accordance with the ASX Listing Rules.
Option	means an option to acquire Shares in the Company.
Optionholder	means a holder of Options in the Company.
Peak	means CoPeak Pty Ltd ACN 607 161 900 (trading as Peak Asset Management ABN 81 891 265 739), a corporate authorised representative (#1249050) of Arrow Securities Group Pty Ltd (AFSL #448218).
Prospectus	means this prospectus dated 4 July 2019 and which was lodged with ASIC on that date.
Prospectus Date	means the date of this Prospectus.
Record Date	means 10 July 2019.
Rights Offer	means the non-renounceable rights issue the subject of this Prospectus.
Securities	means the Shares and the Class A Options offered pursuant to the Entitlement.
Share	means a fully paid ordinary share in the capital of the Company.
Share Registry	means Automic Pty Ltd (trading as Automic).
Shareholder	means a holder of Shares.
Shortfall	means the Shares not applied for under the Rights Offer (if any) and offered under the Shortfall Offer and/or the Shortfall Placement (as the context requires).
Shortfall Application Form	means the shortfall application form either attached to or accompanying this Prospectus.
Shortfall Offer	means the offer of Shortfall Securities under the 'Shortfall Offer' on the terms and conditions set out in section 5.8.
Shortfall Securities	means those Securities issued pursuant to the Shortfall.

Shortfall Placement	means the offer of Shortfall Securities under the 'Shortfall Placement' on the terms and conditions set out in section 5.8.
US Person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	means the <i>United States Securities Act of 1933</i> , as amended.
US\$	means the lawful currency of the USA.
USA	means the United States of America.