



ASX ANNOUNCEMENT

4 July 2019

Non-Renounceable Rights Issue

Candy Club Holdings Limited (**the Company**) is pleased to provide an opportunity for holders of shares in the Company (**Shareholders**) with a registered address in Australia, New Zealand, USA or Hong Kong (**Eligible Shareholders**) as at 5:00 p.m. AEST on Wednesday, 10 July 2019 (**Record Date**) to participate in a non-renounceable pro-rata rights issue (**Rights Offer** or the **Offer**).

Pursuant to the Rights Offer, the Company will issue up to approximately 46,363,578 fully paid ordinary shares in the capital of the Company (**New Shares**) at an issue price of A\$0.08 (8 cents) per New Share and up to approximately 46,363,578 options in the Company (**New Options**). The New Shares will be offered to Eligible Shareholders on the basis of one (1) New Share for every three (3) fully paid ordinary shares (**Shares**) held in the Company as at the Record Date (**Entitlement**).

In addition, for every one (1) New Share subscribed for under the Offer, the Company will issue one (1) New Option with an exercise price of A\$0.10 expiring on 31 May 2023. The Company will apply for official quotation of New Options subject to meeting ASX requirements.

Fractional entitlements under the Offer will be rounded up to the nearest whole number. The New Shares (and Shares issued upon exercise of New Options), will be fully paid, will rank equally with the Company's existing issued Shares and the Company will make an application to the ASX for official quotation of the New Shares.

If fully subscribed, the Offer will raise up to approximately A\$3,709,086 before transaction costs (and application of the Debt Conversion Facility). The Rights Offer will not be underwritten. The Company will apply the net proceeds from the Offer towards increasing inventory of confectionary sold by the Company, employing additional sales personnel, acquiring automated packaging equipment, as well as for general working capital.

The rights to subscribe for the New Shares and New Options in accordance with an Entitlement under the Offer are non-renounceable which means that Eligible Shareholders who do not wish to subscribe for some or all of their Entitlement will be unable to sell their respective Entitlements.

The Offer will also include a shortfall offer under which Eligible Shareholders who take up their full Entitlement may apply for additional New Shares and New Options not taken up by other Eligible Shareholders (**Shortfall Offer**). There is no guarantee that applicants under the Shortfall Offer will receive all or any of the additional New Shares and New Options they apply for under the Shortfall Offer. In the event of oversubscriptions from the Shortfall Offer, Shortfall Offer applications will be scaled back on a

pro-rata basis based on the application amount. Directors retain the right to place any shortfall following acceptance of Shortfall Offer applications at their discretion (**Shortfall Placement**).

The number of issued Shares at the date of this announcement and the total number of issued Shares at the close of the Offer (if fully subscribed) are as follows:

Number of Shares currently on issue	139,090,732
Number of New Shares to be issued under the Offer	Up to 46,363,578
Total Shares on issue on completion of the Offer	Up to 185,454,310

Shareholders as at the Record Date that have a registered address outside Australia, New Zealand, USA or Hong Kong (**Ineligible Shareholders**) will not be eligible to participate in the Offer. In accordance with ASX Listing Rule 7.7.1, the Company has determined that it would be unreasonable to extend the Offer to Ineligible Shareholders.

Under the Offer, Eligible Shareholders may:

- take up all of their Entitlement;
- take up all of their Entitlement and apply for additional New Shares and New Options under the Shortfall Offer;
- allow all of their Entitlement to lapse; or
- take up part of their Entitlement and allow the balance to lapse.

Eligible Shareholders who are taking up part or all of their Entitlement must ensure that the completed Entitlement and Acceptance Form and Application Money is received by the Company's share registry, Automic, by 5.00pm AEST on the Offer Closing Date (Monday, 29 July 2019).

The proposed timetable and important dates of the Rights Offer are set out below*.

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.*

Justyn Stedwell

Company Secretary

On behalf of the Board of Directors

Candy Club Holdings Limited

About Candy Club:

Candy Club is a leading specialty market confectionary company which operates a wholesale business and a direct-to-consumer subscription business in the USA. Founded in 2015 by serial entrepreneur Keith Cohn, the Company is executing an omni-channel strategy with a vision to become the world's leading specialty market confectionary company. The Company is headquartered in Los Angeles, CA, United States.