



8 July 2019

Dear Shareholder,

### **Candy Club Holdings Limited – Pro-Rata Non-Renounceable Rights Issue**

As announced on 4 July 2019, Candy Club Holdings Limited ACN 629 598 778 (ASX:CLB) (**'the Company'** or **'CLB'**) is proposing to undertake a 1:3 pro-rata non-renounceable rights issue (**'Offer'**) to eligible shareholders of up to approximately 46,363,578 fully paid ordinary shares (**'Shares'**) at an issue price of \$0.08 per New Share (**'Issue Price'**) (together with one (1) free-attaching listed Class A Option to acquire Shares exercisable at \$0.10 on or before 31 May 2023 (**'New Options'**) for every one (1) Share subscribed for and issued). Shares issued under the Offer (**'New Shares'**) will rank equally with all Shares already on issue.

The Offer is being made to all shareholders of the Company (**'Shareholders'**) named on its register of members at 7.00pm (AEST) on 10 July 2019 (**'Record Date'**) whose registered address is in Australia, Hong Kong, New Zealand or the United States of America (**'Eligible Shareholders'**).

The Offer will be made on the basis of one (1) New Share for every three (3) Shares held by Shareholders at the Record Date to raise approximately \$3,709,086 before costs of the Offer (subject to the application of a Debt Conversion Facility).

The Company lodged a prospectus for the Offer (**'Prospectus'**) with the Australian Securities and Investments Commission and the Australian Securities Exchange on 4 July 2019. A copy of the Prospectus is available on ASX's and the Company's website.

Following completion of the Offer, assuming a 100% acceptance, the Company would have issued approximately 46,363,578 New Shares resulting in total Shares on issue of approximately 185,454,310 assuming no options on issue are exercised or cancelled and no existing performance rights on issue vest resulting in the issue of additional Shares before the Record Date.

Funds raised from the Offer will, after paying the expenses of the Offer, be allocated towards increasing inventory of confectionary sold by the Company and employing additional sales personnel, as well as for general working capital.

Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 15 July 2019. Their entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares and New Options.

### **Actions required of Eligible Shareholders**

There are a number of actions Eligible Shareholders may take:

- You may wish to accept all your rights to subscribe for New Shares pursuant to the Prospectus (**'Entitlement'**). To take up your Entitlement you will need to ensure that either:
  - you complete and return your Entitlement and Acceptance Form together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated in the Entitlement and Acceptance Form so that they are received by Automic (**'Share Registry'**) by no later than 5.00pm (AEST) on 29 July 2019; or

- you make a payment by BPAY® or electronic funds transfer in accordance with the instructions on your Entitlement and Acceptance Form so that the payment is received by the Share Registry by no later than 5.00pm (AEST) on 29 July 2019.
- You may wish to accept part of your Entitlement. To take up part of your Entitlement you will need to ensure that either:
  - you complete your Entitlement and Acceptance Form by filling in the number of New Shares you wish to accept in the space provide in the Entitlement and Acceptance Form and return in together with your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the application monies (at \$0.08 per New Share) so that they are received by the Share Registry by no later than 5.00pm (AEST) on 29 July 2019; or
  - you make a payment by BPAY® or electronic funds transfer in respect of the number of New Shares you wish to accept (at \$0.08 per New Share) in accordance with the instructions on your Entitlement and Acceptance Form so that the payment is received by the Share Registry by no later than 5.00pm (AEST) on 29 July 2019.
- You may do nothing. If you choose to do nothing with your Entitlement, while you will continue to hold the same number of Shares, your interest in the Company will be diluted when the New Shares are issued and you will receive no value for your Entitlement.

#### Key dates for the Offer

Event	Proposed Date
Announce 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
<b>Record Date for determining Entitlements</b>	<b>Wednesday, 10 July 2019</b>
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
<b>Offer Closing Date*</b>	<b>Monday, 29 July 2019</b>
Shares quoted on a deferred settlement basis*	Tuesday, 30 July 2019
ASX notified of under subscriptions*	Thursday, 1 August 2019
Issue date of New Securities and dispatch of holding statements*	Tuesday, 5 August 2019
Quotation of New Securities issued under the Rights Offer	Wednesday, 6 August 2019

*\*Note: the Company may extend the Offer Closing Date by giving at least 3 Business Days’ notice to ASX prior to the Offer Closing Date. The date of commencement of deferred settlement trading, issue and quotation of Shares issued under the Offer may therefore vary accordingly. The Directors also reserve the right not to proceed with the Offers (or any part of it) at any time prior to allotment. In that event, any application money received will be returned without interest.*

If you have any queries concerning the Rights Issue or the action you are required to take to subscribe for New Shares (together with New Options), please contact your professional adviser or Justyn Stedwell, the Company's company secretary on +613 9191 0135.

Yours sincerely,

**Justyn Stedwell**  
Company Secretary  
For and on behalf of  
Candy Club Holdings Limited



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The Company lodged a prospectus for the Offer (**'Prospectus'**) with the Australian Securities and Investments Commission and the Australian Securities Exchange on 4 July 2019. A copy of the Prospectus is available on ASX's and the Company's website.

Following completion of the Offer, assuming a 100% acceptance, the Company would have issued approximately 46,363,578 New Shares resulting in total Shares on issue of approximately 185,454,310 assuming no options on issue are exercised or cancelled and no existing performance rights on issue vest resulting in the issue of additional Shares before the Record Date.

Funds raised from the Offer will, after paying the expenses of the Offer, be allocated towards increasing inventory of confectionary sold by the Company and employing additional sales personnel, as well as for general working capital.

Eligible Shareholders will be mailed a Prospectus together with an Entitlement and Acceptance Form no later than 15 July 2019. Their entitlement will be set out on the personalised Entitlement and Acceptance Form accompanying the Prospectus.

For the purposes of calculating each Eligible Shareholders' entitlement, fractions of entitlements have been rounded up to the nearest whole number of New Shares and New Options.

### **Ineligible Shareholders**

A Shareholder who has a registered address outside Australia, New Zealand, Hong Kong or the United States of America (**'Ineligible Shareholder'**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Prospectus. This decision has been made pursuant to ASX Listing Rule 7.7.1(a) after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia, New Zealand, Hong Kong and the United States of America compared with the small number of ineligible Shareholders and the number and value of Shares to which they would otherwise be entitled.

If you have any queries concerning the Rights Issue or the action you are required to take to subscribe for New Shares (together with New Options), please contact your professional adviser or Justyn Stedwell, the Company's company secretary on +613 9191 0135.

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**Justyn Stedwell**  
Company Secretary  
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### **Optionholders**

The terms and conditions of the options you currently hold do not entitle you to participate in the Offer unless you exercise your options in time for Shares to be allotted and to be entered on the Company's register of members on or before the Record Date.

To exercise your options and thereby participate in the Offer, you will need to deliver the following to the Company at Unit 1B, 205-207 Johnston Street, Fitzroy VIC 3065:

1. A notice of exercise of options (attached to this letter);
2. An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and

3. Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Candy Club Holdings Limited" in Australian currency.

To ensure that the Shares to be issued upon the exercise of your options are allotted prior to the Record Date, the above must be received by the Company by no later than 7.00pm (AEST) on 9 July 2019. If received after this time, allotment of Shares upon the exercise of your options prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

If you have any queries concerning the Rights Issue or the action you are required to take to subscribe for New Shares (together with New Options), please contact your professional adviser or Justyn Stedwell, the Company's company secretary on +613 9191 0135.

Yours sincerely,

**Justyn Stedwell**  
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