



18 September 2019

Mr Jon Chow  
ASX Limited  
Adviser, Listings Compliance (Melbourne)  
Rialto Tower, Level 4, North Tower  
525 Collins Street  
Melbourne VIC 3000

By email: [Jon.Chow@asx.com.au](mailto:Jon.Chow@asx.com.au)

Dear Jon,

**Candy Club Holdings Limited (ASX:CLB) – Early Release of Information Query**

Candy Club Holdings Limited ACN 629 598 778 (ASX:CLB) (“**CLB**”) refers to the letter dated 16 September 2019 from ASX (“**the ASX Letter**”) in relation to:

- CLB’s announcement entitled “Appointment of Chairman, Private Placement and Bridging Loan” released on ASX’s Market Announcements Platform on 16 September 2019 in which CLB disclosed that Mr James Baillieu has been appointed Chairman of CLB effective 16 September 2019, a \$1.5 million placement to Mr Baillieu and the provision of a \$1.5 million bridging finance loan to CLB from Mr Baillieu (“**the Announcement**”); and
- the article published on 16 September 2019 in the Australian Financial Review under the headline “Sweet deal! James Baillieu to chair Candy Club” (“**the Article**”).

Adopting the numbering in the ASX Letter, in response to each of the queries raised in the ASX Letter, CLB responds as follows:

**1. Please explain how the information in the Announcement appeared in the Article.**

We confirm that CLB was not involved in the preparation of the Article, the Article did not have the approval of CLB, and the Article was published without the knowledge of CLB.

CLB had no communications with the AFR, or the journalists who wrote the Article, regarding the Announcement.

CLB has taken reasonable precautions to prevent the premature dissemination of sensitive information and placed the Company in a trading halt during the finalisation of the matters the subject of the Announcement and up until the release of the Announcement to the ASX.

CLB has made inquiries with its directors regarding the queries contained in the ASX Letter, including with its outgoing director (Mr Zachry Rosenberg) and incoming director (Mr James Baillieu), who have all confirmed that they have had no communications with AFR, or the journalists who wrote the Article, regarding the Announcement. Accordingly, CLB is not aware of how the information in the Announcement appeared in the Article.

CLB and its board members have also made enquiries with professional advisors who were advising them in relation to matters concerning the investment from Mr Baillieu and the draft Announcement including CLB’s corporate advisors Peak Asset Management and legal



advisors Moray and Agnew, and has been informed by such professional advisors that they did not release the information to the AFR or the journalists.

**2. *What arrangements does CLB have in place to ensure compliance with Listing Rule 15.7?***

In cases where certain external parties may be aware of price sensitive information before the information is released to the market, CLB uses its best commercial efforts to ensure those parties are bound by a non-disclosure agreement, or similar restrictions on disclosures of confidential information, designed to prevent them from communicating or acting on the price sensitive information until that information is released on the ASX.

CLB has a continuous disclosure policy in place which sets out procedures and measures which are designed to ensure that CLB complies with its continuous disclosure obligations ("**Continuous Disclosure Policy**"). In particular, under the Continuous Disclosure Policy, it is CLB's strict policy to not disclose price sensitive information in any forum until it has given all information to the ASX. This is standard practice for every announcement released by CLB.

As noted in the response to query 1 above, neither CLB or its directors had communications with the AFR and the relevant journalists in connection with the Article prior to the release of the Announcement to ASX.

CLB is committed to full compliance with its continuous disclosure obligations, and treats its continuous disclosure obligations seriously.

**3. *If the current arrangements are inadequate or not being enforced, what additional steps does CLB intend to take to ensure compliance with Listing Rule 15.7?***

Although CLB considers that its current arrangements are adequate, CLB will further ensure that its continuous disclosure policy and confidentiality agreements / non-disclosure agreements ensure that restrictions, and strict obligations, be placed on all third parties for whom confidential information may be provided, whether it be employees, contractors, consultants, professional advisors and service providers.

CLB and its personnel will make a concerted effort to closely monitor the dissemination of confidential information in the future.

**4. *Please confirm that CLB's responses to the above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CLB with delegated authority from the board to respond to ASX on disclosure matters.***

CLB's responses to the above items have been authorised and approved under its published Continuous Disclosure Policy and by CLB's board of directors.

Yours faithfully

**Justyn Stedwell**  
Company Secretary  
On behalf of the Board of Directors  
Candy Club Holdings Limited



16 September 2019

Mr Justyn Stedwell  
Company Secretary  
Candy Club Holdings Limited

By email: justyn@stedwell.com.au

Dear Mr Stedwell

**Candy Club Holdings Limited ('CLB'): Early release of information query**

ASX refers to the following:

- A. CLB's announcement entitled "Appointment of Chairman, Private Placement and Bridging Loan" lodged with ASX on 16 September 2019 disclosing that Mr James Baillieu has been appointed Chairman of CLB effective 16 September 2019, a \$1.5 million placement to Mr Baillieu and the provision of a \$1.5 million bridging finance loan to CLB from Mr Baillieu (the 'Announcement').
- B. The article appearing in the printed edition of today's The Australian Financial Review under the headline 'Sweet deal! James Baillieu to chair Candy Club' (the 'Article'). The Article reports each of the matters described in the Announcement.
- C. Listing Rule 3.1 which states:  
*"Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information"*
- D. Listing Rule 15.7 which states:  
*"An entity must not release information that is for release to the market to any person until it has given the information to ASX and has received an acknowledgment that ASX has released information to the market."*
- E. Page 3 of CLB's Continuous Disclosure Policy available on its website, stating:  
*"Any price-sensitive information for public announcement shall be lodged with ASX as soon as practicable and prior to external disclosure elsewhere"*

Listing Rule 15.7 requires that a listed entity not release information which is for release to the market to any person (including the media, even on an embargoed basis) until it has given the information to ASX and received an acknowledgement that ASX has released it to the market.

As the Article contained price-sensitive information available prior to the Announcement being released to ASX, it appears that CLB may have breached listing rules 3.1 and/or 15.7.

**Request for Information**

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

- 1. Please explain how the information in the Announcement appeared in the Article.
- 2. What arrangements does CLB have in place to ensure compliance with Listing Rule 15.7?
- 3. If the current arrangements are inadequate or not being enforced, what additional steps does CLB intend to take to ensure compliance with Listing Rule 15.7?

- 
4. Please confirm that CLB's responses to the above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of CLB with delegated authority from the board to respond to ASX on disclosure matters.

#### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.30 AM AEST Wednesday, 18 September 2019**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, CLB's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require CLB to request a trading halt immediately.

#### **Trading Halt**

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [ListingsComplianceMelbourne@asx.com.au](mailto:ListingsComplianceMelbourne@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to CLB's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that CLB's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

#### **Suspension**

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in CLB's securities under Listing Rule 17.3.

---

**Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

---

**Jon Chow**

Adviser, Listings Compliance (Melbourne)