

VPCL Limited

ACN 149 197 651

to be renamed Health House International Limited

PROSPECTUS

IMPORTANT: ALL REFERENCES TO SECURITIES IN THIS PROSPECTUS ARE ON A POST-CONSOLIDATION BASIS UNLESS OTHERWISE INDICATED

For the offer of up to 17.5 million *shares* at an issue price of \$0.20 each to raise up to \$3,500,000 (before costs) (***public offer***).

The *public offer* is subject to a minimum subscription requirement of \$2,500,000. The *public offer* is not underwritten.

This *prospectus* is a re-compliance prospectus for the purposes of satisfying chapters 1 and 2 of the *listing rules* and to satisfy *ASX* requirements for reinstatement of the *company's* securities to trading following a change in the nature and scale of the *company's* activities.

The *offers* made under this *prospectus* and the issue of *securities* pursuant to this *prospectus* are subject to and conditional on satisfaction of the *offer conditions*. If the *offer conditions* are not satisfied, no *securities* will be issued pursuant to this *prospectus* and the *company* will repay all money received from *applicants* without interest.



Lead manager

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
Perth WA 6000



Solicitors to the Offers

Blackwall Legal LLP
Level 26, 140 St Georges Terrace
Perth WA 6000

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 advisor.

The shares offered by this prospectus should be considered as highly speculative.

CONTENTS

| | | |
|-------|--|----|
| 1. | CORPORATE DIRECTORY..... | 3 |
| 2. | TIMETABLE | 4 |
| 3. | IMPORTANT NOTES | 5 |
| 3.1. | Lodgement and timing..... | 5 |
| 3.2. | Disclaimer..... | 5 |
| 3.3. | Offers conditional | 5 |
| 3.4. | Applications..... | 6 |
| 3.5. | Electronic prospectus | 6 |
| 3.6. | Forward-looking statements | 6 |
| 3.7. | Foreign jurisdictions..... | 7 |
| 3.8. | Photographs and diagrams..... | 7 |
| 3.9. | Speculative investment..... | 7 |
| 3.10. | Other matters | 7 |
| 4. | LETTER FROM THE CHAIRMAN | 8 |
| 5. | INVESTMENT SUMMARY..... | 9 |
| 6. | DETAILS OF THE OFFERS..... | 18 |
| 6.1. | The public offer..... | 18 |
| 6.2. | Minimum subscription..... | 18 |
| 6.3. | Further offers | 18 |
| 6.4. | Annual general meeting | 18 |
| 6.5. | Re-compliance with Chapters 1 and 2 of the listing rules | 19 |
| 6.6. | Issue of securities..... | 19 |
| 6.7. | Quotation of shares..... | 19 |
| 6.8. | Restricted securities..... | 19 |
| 6.9. | Dividend policy..... | 20 |
| 6.10. | How to apply..... | 20 |
| 6.11. | Application monies to be held on trust..... | 21 |
| 6.12. | Allocation of shares..... | 21 |
| 6.13. | Lead manager and commissions..... | 21 |
| 6.14. | Financial forecasts | 22 |
| 6.15. | CHESS and issuer sponsorship..... | 22 |
| 6.16. | Privacy..... | 22 |
| 6.17. | Taxation | 23 |
| 6.18. | Enquiries | 23 |
| 7. | PURPOSE AND EFFECT OF THE OFFERS | 24 |
| 7.1. | Purpose of the public offer and funds allocation | 24 |
| 7.2. | Effect of the offers..... | 25 |
| 7.3. | Effect on capital structure..... | 25 |
| 8. | DIRECTORS, KEY MANAGEMENT & CORPORATE GOVERNANCE | 26 |
| 8.1. | Director profiles | 26 |
| 8.2. | Directors' interests | 27 |
| 8.3. | Directors' security holdings | 27 |
| 8.4. | Remuneration of directors | 28 |

| | | |
|-------|--|-----|
| 8.5. | Key terms of agreements with directors | 29 |
| 8.6. | Corporate governance..... | 29 |
| 9. | COMPANY AND HEALTH HOUSE OVERVIEW | 34 |
| 9.1. | Company strategy | 34 |
| 9.2. | Medicinal cannabis regulatory environment..... | 35 |
| 9.3. | Health House – business overview..... | 36 |
| 9.4. | Business model | 37 |
| 9.5. | Proposed growth strategy..... | 39 |
| 9.6. | Consideration matters | 41 |
| 9.7. | Management of Health House International..... | 41 |
| 10. | FINANCIAL INFORMATION..... | 43 |
| 11. | INVESTIGATING ACCOUNTANT’S REPORT..... | 45 |
| 12. | SOLICITOR’S REPORT ON REGULATORY COMPLIANCE - UK..... | 61 |
| 13. | SOLICITOR’S REPORT ON REGULATORY COMPLIANCE - AUSTRALIA..... | 75 |
| 14. | RISK FACTORS..... | 90 |
| 14.1. | Introduction | 90 |
| 14.2. | Risks specific to the acquisition..... | 90 |
| 14.3. | Risks specific to the company | 91 |
| 14.4. | General risks..... | 95 |
| 14.5. | Speculative investment..... | 96 |
| 15. | MATERIAL CONTRACTS | 97 |
| 15.1. | Introduction | 97 |
| 15.2. | Acquisition agreement | 97 |
| 15.3. | Share purchase agreement..... | 97 |
| 15.4. | Broker mandates | 98 |
| 15.5. | Material contracts of Health House..... | 99 |
| 15.6. | Agreements with directors | 99 |
| 16. | ADDITIONAL INFORMATION | 100 |
| 16.1. | Rights attaching to shares..... | 100 |
| 16.2. | Substantial shareholders | 101 |
| 16.3. | Interests of experts and advisors..... | 102 |
| 16.4. | Consents | 103 |
| 16.5. | Litigation..... | 104 |
| 16.6. | Expenses of the offers..... | 104 |
| 17. | DIRECTORS’ AUTHORISATION | 105 |
| 18. | GLOSSARY | 106 |
| | ANNEXURE A - CORPORATE GOVERNANCE STATEMENT..... | 109 |

1. CORPORATE DIRECTORY

| | | |
|---|--|------------------------|
| <i>current directors</i> | Ms Leanne Graham | Non-Executive Chairman |
| | Mr Chris Mews | Non-Executive Director |
| | Mr David Wheeler | Non-Executive Director |
| <i>proposed directors</i> | Mr David Wheeler | Executive Chairman |
| | Mr Chris Mews | Non-Executive Director |
| | Hon. Mike Rann AC | Non-Executive Director |
| <i>company secretary</i> | Mr Chris Mews (current) | |
| | Mr Tim Slate (proposed) | |
| <i>registered office</i> | Unit 36, 38 Manchester Lane, Melbourne VIC 3000 | |
| <i>telephone</i> | +61 7 5448 7088 | |
| <i>email</i> | vpcl@cfo-one.com.au | |
| <i>website</i> | www.vpclimited.com.au | |
| <i>share registry</i> | Link Market Services Level 13, Tower 4, 727 Collins Street, Melbourne VIC 3000 | |
| <i>auditor*</i> | BDO Audit Pty Ltd Collins Square Tower 4, Level 18, 727 Collins St, Melbourne VIC 3000 | |
| <i>solicitors to the company</i> | Blackwall Legal LLP Level 26, 140 St Georges Terrace, Perth WA 6000 | |
| <i>solicitors to Health House</i> | Memery Crystal LLP 165 Fleet Street, London EC4A 2DY | |
| <i>lead manager and corporate advisor</i> | CPS Capital Group Pty Ltd Level 45, 108 St Georges Terrace, Perth WA 6000 | |
| <i>investigating accountant</i> | Moore Australia Corporate Finance (WA) Pty Ltd Exchange Plaza, 2 The Esplanade, Perth WA 6000 | |
| <i>independent solicitors (UK)</i> | Hill Dickinson LLP No. 1 St. Paul's Square, Liverpool L3 9SJ | |
| <i>independent solicitors (Australia)</i> | Lavan Level 20, 1 William St, Perth WA 6000 | |
| <i>securities exchange*</i> | Australian Securities Exchange (ASX) ASX Code: VPC (current); HHI (proposed) | |

* These entities are included for information purposes only. They have not been involved in the preparation of the prospectus and have not consented to being named in the prospectus.

2. TIMETABLE

| | |
|-------------------------|--|
| <i>21 January 2021</i> | Lodgement of <i>prospectus</i> with ASIC |
| <i>21 January 2021</i> | Lodgement of <i>prospectus</i> and Appendix 3B with ASX |
| <i>21 January 2021</i> | <i>Public offer</i> opens |
| <i>29 January 2021</i> | <i>General meeting</i> |
| <i>12 February 2021</i> | <i>Closing date</i> |
| <i>19 February 2021</i> | Completion of the <i>acquisition</i> |
| <i>26 February 2021</i> | Issue date / <i>shares</i> entered into <i>shareholders'</i> security holdings |
| <i>5 March 2021</i> | <i>Quotation</i> of <i>shares</i> issued under the <i>public offer</i> |

The above timetable is indicative only and subject to change. Subject to the *listing rules*, the *directors* reserve the right to vary these dates, including the *closing date*, without prior notice. Any extension of the *closing date* will have a consequential effect on the anticipated date for issue of the *shares*. The *directors* also reserve the right not to proceed with the whole or part of the *public offer* at any time prior to allotment. In that event, the relevant *application monies* will be returned without interest.

3. IMPORTANT NOTES

3.1. Lodgement and timing

- 3.1.1. This *prospectus* is dated 21 January 2021 and was lodged with ASIC on that date. Neither ASIC nor ASX nor any of their officers take any responsibility for the contents of this *prospectus* or the merits of the investment to which this *prospectus* relates.
- 3.1.2. No *shares* may be issued on the basis of this *prospectus* later than 13 months after the date of this *prospectus*.
- 3.1.3. Application will be made to ASX within seven days after the date of this *prospectus* for quotation of the *shares* the subject of the *public offer*.

3.2. Disclaimer

- 3.2.1. 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*.
- 3.2.2. It is important that investors read this *prospectus* in its entirety and seek professional advice where necessary. The *shares* the subject of this *prospectus* should be considered highly speculative. No document or information included on the *company's* website is incorporated by reference into this *prospectus*.

3.3. Offers conditional

The *offers* are conditional upon the following events occurring:

- (a) *shareholders* approving the *transaction resolutions* at the *general meeting* (see Section 6.4);
- (b) the *company* receiving subscriptions for the minimum subscription of the *public offer* (being \$2,500,000) (**minimum subscription**) (see section 6.2);
- (c) completion of the *acquisition*; and
- (d) ASX approving the *company's* re-compliance with the admission requirements under Chapters 1 and 2 of the *listing rules* and the *company* receiving conditional approval for re-quotation of its *shares* on ASX (see Section 6.5),

(together, **offer conditions**).

If any of the *offer conditions* are not satisfied, then the *company* will not proceed with the *public offer* and will repay all *application monies* received. If the *company* does not proceed with the *public offer*, it will not proceed with the other *offers*.

3.4. Applications

Persons wishing to apply for *securities* pursuant to the *offers* must do so using an application form as provided with a copy of this *prospectus*. The *Corporations Act* prohibits any person passing onto another person an application form unless it is attached to a hard copy of this *prospectus* or it accompanies the complete and unaltered version of this *prospectus*.

3.5. Electronic prospectus

- 3.5.1. This *prospectus* will be issued as an electronic prospectus which may be accessed on the internet at www.vpclimited.com.au. The *offers* pursuant to the electronic *prospectus* are only available to persons receiving an electronic version of this *prospectus* in Australia. The *Corporations Act* prohibits any person passing the application form on to another person unless it is attached to, or accompanied by, the complete and unaltered version of the *prospectus*. During the *offer period*, any person may obtain a hard copy of this *prospectus* by contacting the *company* at the address set out in the corporate directory in *Section 1*.
- 3.5.2. No document or information included on our website is incorporated by reference into this *prospectus*.

3.6. Forward-looking statements

- 3.6.1. 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.
- 3.6.2. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this *prospectus*, are expected to take place.
- 3.6.3. 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.
- 3.6.4. 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.
- 3.6.5. We have no intention 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 our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in *Section 14*.

3.7. Foreign jurisdictions

- 3.7.1. No action has been taken to permit the offer of *shares* under this *prospectus* in any jurisdiction other than Australia. The distribution of this *prospectus* outside Australia may be restricted by law and therefore persons into whose possession this *prospectus* comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This *prospectus* does not constitute an offer of any *shares* in any jurisdiction where, or to any person to whom, it would be unlawful to issue this *prospectus*.

3.8. Photographs and diagrams

- 3.8.1. Photographs used in this *prospectus* which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the *prospectus* or its contents or that the assets shown in them are owned by the *company*. Diagrams used in this *prospectus* are illustrative only and may not be drawn to scale.

3.9. Speculative investment

- 3.9.1. An investment in the *shares* offered under this *prospectus* should be considered highly speculative. Refer to *Section 14* for details of the key risks applicable to an investment in the *company*. Persons wishing to apply for *shares* offered under this *prospectus* should read this *prospectus* in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the *company* and the rights and liabilities attaching to the *shares* offered pursuant to this *prospectus*.
- 3.9.2. This *prospectus* does not take into account the investment objectives, financial or taxation or particular needs of any *applicant*. Before making any investment in the *company*, each *applicant* should consider whether such an investment is appropriate to his or her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for *shares* offered pursuant to this *prospectus* have any questions, they should consult their stockbroker, solicitor, accountant or other professional advisor.
- 3.9.3. There is no guarantee that the *shares* offered under this *prospectus* will make a return on the capital invested, that dividends will be paid on the *shares* or that there will be an increase in the value of the *shares* in the future.

3.10. Other matters

- 3.10.1. All financial amounts in this *prospectus* are expressed as Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this *prospectus* are due to rounding.
- 3.10.2. Defined terms and abbreviations italicised in this *prospectus* are detailed in the *glossary* in *Section 18*.

4. LETTER FROM THE CHAIRMAN

Dear Investor,

On behalf of the directors of VPCL Limited (to be re-named Health House International Limited), I am delighted to invite you to participate in an issue of *shares* to raise up to \$3,500,000 through an issue of up to 17.5 million *shares* at an issue price of \$0.20 per share (*public offer*).

On 24 November 2020, the *company* announced the execution of a binding heads of agreement with UK-registered Health House Holdings Ltd (**Health House**) for the acquisition of 100% of the issued capital in *Health House*. By entering into the *acquisition*, *Health House* will become a wholly-owned subsidiary of the *company*.

The proposed acquisition of *Health House*, described further in this *prospectus*, signifies an important transforming event that will see the *company* focus its business activities on the development of *Health House's* international medicinal cannabis distribution business. The *public offer* is being made to provide working capital for the continued growth of that business.

The *company* has assembled an experienced management team which is well qualified to exploit the potential of the *company's* business. The *board* has significant expertise and experience in the medicinal cannabis business and corporate finance, and aims to ensure that funds raised through the *public offer* will be utilised in a cost-effective manner to advance the *company's* business.

I look forward to you joining us as a *shareholder* and sharing in what we believe are exciting and prospective times ahead for the *company*.

An investment in the *company* is subject to a range of risks, which are highlighted in Section 14 of this *prospectus*. I encourage you to read this *prospectus* carefully in its entirety before you make your investment decision. If you are in any doubt as to the contents of this *prospectus*, you should seek professional advice from your stockbroker, accountant, lawyer or other professional adviser if required. Whilst an investment under the *public offer* must be considered speculative, I believe it represents an excellent opportunity to participate in an exciting new business with significant untapped potential.

On behalf of the *board*, I commend the *public offer* to you and look forward to welcoming you as a *shareholder*.

Yours sincerely,



Leanne Graham
Chairman

5. INVESTMENT SUMMARY

This *Section* is not intended to provide full information for investors intending to apply for *securities* offered pursuant to this *prospectus*. This *prospectus* should be read and considered in its entirety. The *securities* offered pursuant to this *prospectus* carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the *securities*.

| Topic | Summary | More information |
|--|--|----------------------|
| Introduction | | |
| Who is the issuer of the <i>prospectus</i>? | VPCL Limited ACN 149 197 651 to be re-named “Health House International Limited”. | <i>Section 9.1</i> |
| Who is the <i>company</i> and what does it do? | <p>VPC was registered in February 2011 and listed on ASX in July 2011 as International Coal Limited (ASX:ICX).</p> <p>In November 2015, it was reinstated to <i>quotation</i> following the acquisition of Velpic Limited, the owner of an online, cloud-based eLearning, training and induction platform. In October 2018, VPC sold the Velpic business to Damstra Technology and has since that time been looking for opportunities.</p> | <i>Section 9.1</i> |
| What is the <i>company's</i> strategy and who is <i>Health House</i>? | <p>The <i>company</i> is proposing to acquire all the share capital in <i>Health House</i>, a UK-registered private limited company registered in October 2018 with the ultimate objective of becoming a listed company with an international medicinal cannabis distribution business. To that end, during FY2020 it acquired pharmaceutical distribution businesses in the UK and Australia and has the following operating subsidiaries:</p> <p>(a) Health House International Pty Ltd (to be re-named HHI (Australia) Pty Ltd – Australian medicinal cannabis distribution business; and</p> <p>(b) Health House Pharma Limited – UK-based international pharmaceutical distribution business.</p> | <i>Section 9.2</i> |
| Key investment highlights | <p>The <i>directors</i> consider that key highlights of an investment in <i>Health House</i> include:</p> <ul style="list-style-type: none"> • a highly experienced team with networks throughout the medicinal cannabis supply chain and proven track records • access to pharmaceutical-grade (EU-GMP) product for United Kingdom, Australasian and European markets with multiple branding options and an expanding portfolio of third party products from a variety of suppliers • a diversified supply and customer base meaning no single asset or single customer risk; • significant barriers to entry from supply agreements, customers and licences; and • established businesses with consistently growing revenues incorporating three business units with diversified revenues all with potential for significant growth | <i>Section 9.1.2</i> |

| Topic | Summary | More information |
|---|--|---------------------|
| What are the <i>company's</i> key assets? | <p>The <i>company's</i> principal assets are its cash holdings of approximately \$3.75 million (as at 31 December 2020).</p> <p>Via the <i>acquisition</i>, the <i>company</i> will acquire <i>Health House</i> and its subsidiaries.</p> | <i>Section 9.1</i> |
| What is the <i>public offer</i>? | <p>The <i>company</i> is offering up to 17.5 million <i>shares</i>, each at an issue price of \$0.20, to raise up to \$3,500,000 (before costs of the <i>offers</i>).</p> <p>The <i>minimum subscription</i> is 12.5 million <i>shares</i> to raise \$2,500,000.</p> <p>The <i>public offer</i> is not underwritten.</p> | <i>Section 6.1</i> |
| What are the conditions of the <i>offers</i> | <p>The <i>public offer</i> is conditional on satisfaction of the <i>offer conditions</i>, being:</p> <ul style="list-style-type: none"> • <i>shareholders</i> approving the <i>transaction resolutions</i> at the <i>general meeting</i>; • achieving the <i>minimum subscription</i>; • completion of the <i>acquisition</i>; and • <i>ASX</i> approving the <i>company's</i> re-compliance with the admission requirements under Chapters 1 and 2 of the <i>listing rules</i>. <p>If any of the <i>offer conditions</i> are not satisfied, then the <i>company</i> will not proceed with the <i>public offer</i> and the <i>company</i> must repay all <i>application monies</i> received. If the <i>company</i> does not proceed with the <i>public offer</i> it will not proceed with the other <i>offers</i>.</p> | <i>Section 3.3</i> |
| Why are the <i>offers</i> being conducted | <p>The purposes of the <i>offers</i> are to:</p> <ul style="list-style-type: none"> • meet the requirement that the <i>company</i> re-comply with <i>ASX's</i> admission requirements in accordance with Chapters 1 and 2 of the <i>listing rules</i>; • meet the requirements of the <i>acquisition agreement</i> to enable completion of the <i>acquisition</i>; • provide funding for the development of the <i>Health House</i> business; • meet the expenses of the <i>offers</i>; and • provide working capital for the <i>company</i>. | <i>Section 7</i> |
| The acquisition of <i>Health House</i> | | |
| What is the <i>acquisition</i> | The <i>acquisition</i> involves the <i>company's</i> proposed acquisition of 100% of the issued capital of <i>Health House</i> . | <i>Section 15.2</i> |
| What are the key terms of the <i>acquisition agreement</i> | <p>The key terms of the <i>acquisition agreement</i> are as follows:</p> <ul style="list-style-type: none"> • as consideration for the acquisition of 100% of the issued capital of <i>Health House</i>, the <i>company</i> will issue the <i>consideration shares</i>; and • completion of the <i>acquisition</i> is conditional on, and subject to, a number of conditions. The following material conditions remain outstanding as at the date of this <i>prospectus</i>: <ul style="list-style-type: none"> ○ the <i>company</i> receiving valid applications under the <i>public offer</i> for at least \$2,500,000; ○ the <i>company</i> receiving conditional approval from <i>ASX</i> to reinstate its <i>securities</i> and those conditions being satisfied to the reasonable satisfaction of the <i>company</i>; | <i>Section 15.2</i> |

| Topic | Summary | More information |
|---|--|------------------|
| | <ul style="list-style-type: none"> the parties obtaining all necessary regulatory approvals (including <i>ASX</i> approvals and waivers and <i>ASIC</i> relief) to complete the <i>acquisition</i>, the expiration of any necessary statutory waiting periods and the filing of all notices and proposals required under applicable law; the <i>company</i> obtaining all requisite shareholder approvals pursuant to the <i>listing rules</i> (including but not limited to <i>listing rule 11.1</i>), the <i>Corporations Act</i> and the <i>constitution</i> to give effect to: <ul style="list-style-type: none"> the transactions contemplated by the <i>acquisition agreement</i>; the consolidation of the <i>company's</i> capital on a 1-for-50 basis; and the change of the <i>company's</i> name to “Health House International Limited”. | |
| What approvals will be sought at the annual general meeting? | <p>At the <i>general meeting</i> to be held on 29 January 2021, the <i>company</i> will seek <i>shareholder</i> approval to:</p> <ul style="list-style-type: none"> the change in nature and scale of the activities of the <i>company</i>; undertake the <i>consolidation</i>; issue 115,298,743 <i>shares</i> to the <i>Health House vendors</i>; issue up to 17.5 million <i>shares</i> under the <i>public offer</i>; issue 3,458,961 <i>shares</i> to corporate advisors; appoint Hon. Mike Rann as a <i>director</i>; and change the <i>company's</i> name to “Health House International Limited”. | Section 6.4 |
| Why is the <i>company</i> required to re-comply with Chapters 1 and 2 of the <i>listing rules</i> ? | <p>At the <i>general meeting</i>, the <i>company</i> will seek <i>shareholder</i> approval for, amongst other things, a change in the nature and scale of the <i>company's</i> activities as a result of the <i>acquisition</i>. To give effect to these changes, <i>ASX</i> requires the <i>company</i> to re-comply with Chapters 1 and 2 of the <i>listing rules</i>.</p> <p>This <i>prospectus</i> is issued to assist the <i>company</i> to re-comply with these requirements. The <i>company's</i> securities are currently suspended from trading and will remain suspended until the <i>company</i> has satisfied the <i>offer conditions</i>, including re-compliance with Chapters 1 and 2 of the <i>listing rules</i>. There is a risk that the <i>company</i> may not be able to meet the requirements for re-<i>quotation</i> on <i>ASX</i>.</p> <p>In the event the <i>offer conditions</i> are not satisfied, then the <i>company</i> will not proceed with the <i>public offer</i> and will repay all <i>application monies</i> received (without interest).</p> <p>Further, a failure to satisfy the <i>offer conditions</i> is likely to result in <i>ASX</i> exercising its discretion to de-list the <i>company</i>.</p> | Section 6.5 |
| What is the <i>company's</i> business model? | <p><i>Health House</i> is an international pharmaceutical distributor specialising in, but not limited to, distribution of medicinal cannabis products.</p> <p><i>Health House</i> provides the following services and features to the pharmaceutical products supply chain:</p> <ul style="list-style-type: none"> warehouse management – <i>Health House</i> enters all products into a warehouse management system for accurate inventory management controlled drugs storage – <i>Health House</i> has special access areas and procedures in place to deal with controlled | Section 9.4 |

| Topic | Summary | More information |
|--|--|----------------------------|
| | <p>drugs. Regular inventory checks are made to ensure secure storage</p> <ul style="list-style-type: none"> • delivery – <i>Health House</i> conducts daily deliveries made through secure logistics companies and couriers • pharmacy support – <i>Health House</i> provides inventory management and support logistics solutions to empower pharmacists to focus on patients and remain competitive in the market • efficiency – <i>Health House</i> creates efficiency in the healthcare system. Pharmacists do not need to order separately from multiple manufacturers nor manage inventory, saving time and costs • safety & security – <i>Health House</i> ensures that medicines are properly and securely handled, stored and delivered • reliability – <i>Health House</i> ensures its medicines are delivered in a time-efficient manner to a range of pharmacies, care homes and clinics. <p><i>Health House</i> will achieve its strategic objectives by:</p> <ul style="list-style-type: none"> • entering into and utilising supply and distribution agreements to provide access to pharmaceutical-grade (EU-GMP) product for United Kingdom, European and Australian markets with multiple branding options • developing its distribution capability to pharmacies, doctors, hospitals and specialist medicinal cannabis clinics. <p>Details of <i>Health House's</i> business model are included in <i>Section 9</i>.</p> | |
| Key risks | | |
| <p>Prospective investors should be aware that subscribing for <i>shares</i> involves a number of risks and uncertainties. The risk factors set out in <i>Section 14</i>, and the general risks applicable to all investments in listed securities, may affect the value of <i>shares</i> in the future. Accordingly, an investment in the <i>company</i> should be considered highly speculative. This <i>Section</i> summarises only some of the risks which apply to an investment in the <i>company</i> and investors should refer to <i>Section 14</i> for a more detailed summary of the risks.</p> | | |
| Conditional acquisition and offers | <p>As part of the <i>company's</i> change in nature and scale of activities, <i>ASX</i> will require the <i>company</i> to re-comply with Chapters 1 and 2 of the <i>listing rules</i>. This <i>prospectus</i> is issued to assist the <i>company</i> to re-comply with these requirements. The <i>company's securities</i> are currently suspended and will remain suspended until completion of the <i>acquisition</i> and the <i>offers</i>, re-compliance by the <i>company</i> with Chapters 1 and 2 of the <i>listing rules</i> and compliance with any further conditions <i>ASX</i> imposes for reinstatement to <i>quotation</i>. There is a risk that the <i>company</i> will not be able to satisfy one or more of those requirements and that the <i>shares</i> will consequently remain suspended from <i>quotation</i>.</p> <p>If the <i>offer conditions</i> are not satisfied, the <i>company</i> will not proceed with the <i>public offer</i> and will repay all <i>application monies</i> received (as applicable). If the <i>public offer</i> does not proceed, the other <i>offers</i> will not proceed.</p> | Sections 14.2.1 and 14.2.2 |

| Topic | Summary | More information |
|--|---|-----------------------|
| Dilution risk | <p>The <i>company</i> currently has 22,616,922 <i>shares</i> on issue (on a post-consolidation basis). The <i>company</i> proposes to issue 115,298,743 <i>shares</i> to the <i>Health House vendors</i> and up to 17.5 million <i>shares</i> in the <i>public offer</i>. The existing <i>shareholders</i> will retain approximately 14.2% of the issued capital of the <i>company</i>.</p> <p>There is also a risk that the interests of <i>shareholders</i> will be further diluted as a result of future raisings required in order to fund the development of the <i>Health House</i> business.</p> | <i>Section 14.2.3</i> |
| Sufficiency of funding | <p><i>Health House's</i> business strategy will require substantial expenditure and there can be no guarantees that the <i>company's</i> and <i>Health House's</i> existing cash reserves, funds raised by the <i>public offer</i> and funds generated over time by the <i>Health House</i> businesses will be sufficient to successfully achieve any or all of the objectives of the <i>company's</i> business strategy.</p> <p>Further funding may be required by the <i>company</i> to support ongoing activities and operations and the development of its distribution networks.</p> | <i>Section 14.3.7</i> |
| Risk of changes to laws and regulations | <p>The <i>company's</i> objectives to promote and operate a pharmaceutical distribution business with a focus on medicinal cannabis relies on the <i>company</i> and its subsidiaries obtaining the necessary registrations and authorities under relevant laws. The regulatory approval system for these particular activities came into effect in recent years and continue to be subject social and political debate.</p> <p>The <i>company's</i> operations are subject to a variety of laws, regulations and guidelines. The medicinal cannabis industry is evolving worldwide and has been identified as possibly posing risks in relation to law enforcement and government regulation. It is likely that governments worldwide will continue to explore the benefits, risks, regulations and operations of companies involved in medicinal cannabis. While to the knowledge of management, the <i>company</i> and its subsidiaries are currently in compliance with all current laws and regulations, there is a risk that the <i>company</i> may not be able to comply with future laws and regulations.</p> | <i>Section 14.3.4</i> |
| Uncertainty of future profitability | <p>The <i>company's</i> business will be focussed on undertaking activities which assist in achievement of its key objectives. To date, it has funded its activities principally through issuing securities.</p> <p>The <i>company's</i> profitability will be impacted by its ability to successfully obtain and comply with authorities to distribute medicinal cannabis products, its ability to execute its development and growth strategies, the ability to access key suppliers of medicinal cannabis products, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability are uncertain. Moreover, the level of such profitability cannot be predicted.</p> | |
| Loss of key relationships | <p>The medicinal cannabis industry is undergoing rapid growth and substantial change, which has resulted in increasing consolidation and formation of strategic relationships. The <i>company</i> expects this consolidation and strategic partnering to continue.</p> | <i>Section 14.3.2</i> |

| Topic | Summary | More information |
|--|--|------------------------|
| | <p>Acquisitions or other consolidating transactions could harm the <i>company</i> in a number of ways, including:</p> <ul style="list-style-type: none"> • loss of strategic relationships if third parties with whom the <i>company</i> has arrangements are acquired by or enter into relationships with a competitor (which could cause the <i>company</i> to lose access to necessary resources); • the relationship between the <i>company</i> and third parties may deteriorate and have an adverse impact on the <i>company's</i> business; and • the <i>company's</i> current competitors could become stronger, or new competitors could form, from consolidations. <p>Any of these events could put us at a competitive disadvantage, which could cause us to lose access to markets. Industry consolidation could also force the <i>company</i> to expend greater resources to meet new or additional competitive threats, which could adversely affect the <i>company's</i> activities.</p> | |
| Global marketplace | The industry in which <i>Health House</i> is involved is subject to global demand and supply configurations which are beyond the capacity of the <i>company</i> to control. While the <i>company</i> will undertake all reasonable due diligence in its business decisions and operations, the <i>company</i> will have no influence or control over the activities or actions of the global market-place, where market participants' activities or actions may positively or negatively affect the operating and financial performance of the <i>company's</i> projects and business. | <i>Section 14.4.2</i> |
| Reliance on key management personnel | <i>Health House</i> has a number of key management personnel, and its future depends on retaining and attracting these and other suitable qualified personnel. There is no guarantee that the <i>company</i> will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects. | <i>Section 14.3.10</i> |
| The offers | | |
| What is the proposed use of funds raised under the <i>public offer</i>? | <p>The funds raised under the <i>public offer</i> are proposed to be used to fund the following key business activities:</p> <ul style="list-style-type: none"> • business development in UK/Europe and Australasia; • online platform development; • acquisitions of complementary businesses; • costs of the <i>offers</i>; and • administrative expenditure and working capital. | <i>Section 7.1.2</i> |
| Will the <i>company</i> be adequately funded after completion of the <i>public offer</i>? | The <i>directors</i> are satisfied that, on completion of the <i>public offer</i> , the <i>company</i> will have sufficient working capital to carry out its business objectives as set out in this <i>prospectus</i> . | <i>Section 7.1.3</i> |
| What rights and liabilities attach to the <i>shares</i> and <i>options</i> being offered? | All <i>shares</i> issued under the <i>offers</i> will rank equally in all respects with existing <i>shares</i> . The rights and liabilities attaching to the <i>shares</i> are described in <i>Section 16.1</i> . | <i>Section 16.1</i> |
| Is the <i>public offer</i> underwritten? | The <i>public offer</i> is not underwritten. | |

| Topic | Summary | More information |
|---|---|------------------|
| Who is the lead manager to the public offer? | The company has appointed CPS as lead manager to the <i>public offer</i> . CPS has agreed to raise up to \$3.5 million on a “best endeavours” basis and will receive a lead manager fee of 6% of the funds raised under the <i>public offer</i> . | Section 15.4.1 |
| Will the shares issued under the offers be listed? | The <i>company</i> will apply for listing of the <i>shares</i> on ASX under the ASX code “HHI” within seven days of the date of this <i>prospectus</i> . Completion of the <i>offers</i> is conditional on ASX approving this application. | Section 6.7 |
| What are the tax implications of investing in shares issued under the public offer? | The tax consequences of any investment in <i>securities</i> will depend on individual circumstances. Prospective investors should obtain their own tax advice before deciding to invest. | Section 6.17 |
| What is the company’s dividend policy? | <p>The <i>company</i> does not expect to pay dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the <i>Health House</i> business.</p> <p>Any future determination as to the payment of dividends by the <i>company</i> will be at the discretion of the <i>directors</i> and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the <i>company</i>, future capital requirements and general business and other factors considered relevant by the <i>directors</i>.</p> <p>No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p> | Section 6.9 |
| How do I apply for shares under the public offer? | <p>Applications for <i>shares</i> under the <i>public offer</i> must be made by completing a <i>public offer application form</i> and must be accompanied by a cheque in Australian dollars for the full amount of the <i>application</i>.</p> <p>Cheques must be made payable to “VPCL Limited – Subscription Account” and should be crossed “Not Negotiable”.</p> | Section 6.10.1 |
| When will I receive confirmation that my application has been successful? | Subject to the <i>offer period</i> being extended, it is expected that holding statements will be sent to successful <i>applicants</i> by post on or about 26 February 2021. | Section 6.12 |
| How can I find out more about the prospectus or the offers? | Questions relating to the <i>offers</i> can be directed to the <i>lead manager</i> on +61 8 9223 2222. | Section 6.18 |
| Board and management | | |
| Who are the directors? | <p>The <i>current directors</i> are:</p> <ul style="list-style-type: none"> • Leanne Graham – Non-Executive Chairman • Chris Mews – Non-Executive Director • David Wheeler – Non-Executive Director <p>On completion of the <i>acquisition</i> and the <i>offers</i>, changes will be made to the <i>board</i>, with the resignation of Ms Graham and the appointment of Hon Mike Rann, such that the <i>board</i> will then comprise:</p> <ul style="list-style-type: none"> • David Wheeler – Executive Chairman | Section 8.1 |

| Topic | Summary | More information |
|--|---|-----------------------|
| | <ul style="list-style-type: none"> Chris Mews – Non-Executive Director Hon. Mike Rann – Non-Executive Director | |
| Who are the key management personnel? | <p>Other than the <i>directors</i>, from completion of the <i>acquisition</i>, the <i>company's</i> key management personnel will be comprised of:</p> <ul style="list-style-type: none"> David Wheeler – Executive Chairman; Tim Slate – CFO and company secretary; Paul Mavor – COO (Australia); and Tony Samios – COO (UK & Europe) | Section 9.7 |
| What are the significant interests of <i>directors</i> ? | The interests of the <i>current directors</i> and <i>proposed directors</i> are detailed in Section 8.2 and 8.3. | Sections 8.2 and 8.3 |
| Are there any relationships between the <i>company</i> and parties involved in the <i>acquisition</i> or <i>offers</i> that are relevant to investors? | Yes – non-executive <i>director</i> David Wheeler is a director of <i>Health House</i> and his associates Pathways Corporate Pty Ltd and Pathways Corp Investments Pty Ltd are shareholders of <i>Health House</i> . | Sections 8.3.3 |
| Miscellaneous | | |
| What material contracts is the <i>company</i> a party to? | <p>The <i>company</i> is a party to:</p> <ul style="list-style-type: none"> the <i>acquisition agreement</i> the <i>broker mandates</i> non-executive director agreements and deeds of indemnity with each of the <i>current directors</i> | Section 15 |
| What material contracts is <i>Health House</i> a party to? | <p><i>Health House</i> is a party to:</p> <ul style="list-style-type: none"> the <i>acquisition agreement</i> a number of supply and distribution agreements with suppliers of medicinal cannabis products | Section 15.4 |
| What will be the financial position of the <i>company</i> following completion of the <i>offers</i> and the <i>acquisition</i> ? | <p>The <i>company</i> is currently listed on <i>ASX</i> and its financial history, including its 2020 Annual Report is available on its website (www.vpcllimited.com.au).</p> <p><i>Health House's</i> historical operations are comprised of the businesses owned by its operating subsidiaries which generated revenues of approx. \$6.5 million in FY2020.</p> <p>The sources and proposed use of funds available following completion the acquisition is set out in the table in Section 7.1.2.</p> <p>Further financial information regarding the <i>company</i> and <i>Health House</i> is considered in Section 10 and the <i>investigating accountant's</i> report in Section 11.</p> | Sections 7, 10 and 11 |
| Will any <i>shares</i> be subject to escrow | Subject to the <i>company</i> re-complying with Chapters 1 and 2 of the <i>listing rules</i> and the <i>company's shares</i> being reinstated to trading on <i>ASX</i> , certain <i>shares</i> being issued pursuant to the <i>offers</i> (other than the <i>public offer</i>) will be classified by <i>ASX</i> as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. | Section 6.8 |

| Topic | Summary | More information |
|-------|--|------------------|
| | <p>Some of the <i>consideration shares</i> to be issued to the <i>Health House vendors</i> will be subject to ASX's escrow requirements.</p> <p>The <i>shares</i> to be issued to the <i>company's</i> and <i>Health House's</i> corporate advisors will also be required to be held in escrow in accordance with <i>ASX</i> requirements.</p> <p>No <i>shares</i> issued under the <i>public offer</i> will be subject to escrow.</p> | |

6. DETAILS OF THE OFFERS

6.1. The public offer

- 6.1.1. By this *prospectus*, the *company* offers up to 17.5 million *shares* at an issue price of \$0.20 each to raise up to \$3,500,000 (before the costs of the *offers*) (**public offer**).
- 6.1.2. All *shares* issued pursuant to the *public offer* will rank equally with existing *shares*. Please refer to *Section 16.1* for further information regarding the rights and liabilities attaching to *shares*.
- 6.1.3. Please refer to *Section 6.10.1* for details on how to apply for *shares* under the *public offer*.

6.2. Minimum subscription

The minimum level of subscription for the *public offer* is 12.5 million shares to raise \$2,500,000. No *securities* will be issued unless the *minimum subscription* has been received. If the *minimum subscription* is not received within four months after the date of this *prospectus* (or such period as varied by ASIC), the *company* will not issue any *securities* under this *prospectus* and will repay all *application monies* received (without interest) in accordance with the *Corporations Act*.

6.3. Further offers

- 6.3.1. In addition to the *public offer*, and subject to and conditional on the *offer conditions* being satisfied, the *company* will make the following *offers* under the *prospectus*:
- (a) 115,298,743 *shares* to the *Health House vendors* (**consideration shares**) as consideration for the sale 100% of the issued capital of *Health House* (**vendor offer**); and
 - (b) 3,458,961 *shares* to the *company's* and *Health House's* corporate advisors as consideration for services provided under corporate mandates (**advisor offer**);
- 6.3.2. The *shares* to be issued pursuant to the *public offer*, the *vendor offer*, and the *advisor offer* will rank equally with existing *shares* other than in respect of *shares* issued that are subject to escrow.
- 6.3.3. A summary of the rights and liabilities attaching to *shares* is set out in *Section 16.1* of the *prospectus*.

6.4. Annual general meeting

At the *annual general meeting* to be held on 29 January 2021, the *company* will seek *shareholder* approval to:

- (a) the change in nature and scale of the activities of the *company*;
- (b) undertake the *consolidation*;
- (c) issue *shares* under the *public offer*, the *vendor offer*, and the *advisor offer*;

-
- (d) appoint Hon. Mike Rann as a *director*; and
 - (e) change the *company's* name to “Health House International Limited”,
- (together, the ***transaction resolutions***).

6.5. Re-compliance with Chapters 1 and 2 of the listing rules

- 6.5.1. At the *annual general meeting*, the *company* will seek *shareholder* approval for, amongst other things, a change in the nature and scale of the *company's* activities as a result of the *acquisition*. To give effect to these changes, *ASX* requires the *company* to re-comply with Chapters 1 and 2 of the *listing rules*. This *prospectus* is issued to assist the *company* to re-comply with these requirements.
- 6.5.2. The *company's* securities are currently suspended from trading on *ASX* and will continue to be suspended until the *company* has satisfied the *offer conditions*, including re-compliance with Chapters 1 and 2 of the *listing rules*.
- 6.5.3. There is a risk that the *company* may not be able to meet the requirements for re-*quotation* on *ASX*. In the event the *offer conditions* are not satisfied, or the *company* does not receive conditional approval for re-*quotation* on *ASX* then the *company* will not proceed with the *offers* and will repay all *application monies* received (without interest).

6.6. Issue of securities

- 6.6.1. *Securities* issued pursuant to the *offers* will be issued in accordance with the *listing rules* and the timetable set out at in *Section 0*.
- 6.6.2. Pending the issue of the *shares* under the *public offer* or payment of refunds pursuant to this *prospectus*, all *application monies* will be held by the *company* in trust for the *applicants* in a separate bank account as required by the *Corporations Act*. The *company*, however, will be entitled to retain all interest that accrues on the bank account and each *applicant* waives the right to claim interest.
- 6.6.3. Holding statements for *securities* issued under the *offers* will be mailed in accordance with the *listing rules* and timetable set out at in *Section 0*.

6.7. Quotation of shares

- 6.7.1. Application for *quotation* of the *shares* issued pursuant to this *prospectus* will be made in accordance with the timetable set out in *Section 0*. If *ASX* does not grant *quotation* of the *shares* offered pursuant to this *prospectus* before the expiration of 3 months after the date of issue of the *prospectus* (or such period as varied by *ASIC*) the *company* will not issue any *shares* and will repay all *application monies* for the *shares* within the time prescribed under the *Corporations Act*, without interest.
- 6.7.2. The fact that *ASX* may grant *quotation* to the *shares* is not to be taken in any way as an indication of the merits of the *company* or the *shares* now offered for subscription.

6.8. Restricted securities

- 6.8.1. Subject to the *company* re-complying with Chapters 1 and 2 of the *listing rules* and the *company's* securities being reinstated to trading on *ASX*, certain *securities* in the *company* will be classified by *ASX* as restricted securities and will be required to be held in

escrow for up to 24 months from the date of reinstatement of trading of the *company's securities* on ASX. During the period in which these *securities* are prohibited from being transferred, trading in *shares* may be less liquid which may impact on the ability of a *shareholder* to dispose of his or her *shares* in a timely manner.

6.8.2. The *securities* likely to be subject to escrow are:

- (a) some of the *consideration shares* to be issued to the *Health House vendors*; and
- (b) *shares* to be issued under the *advisor offer*;

6.8.3. The *company* will make submissions to ASX for “cash formula relief” in respect of the *consideration shares* to be issued to the *Health House vendors*. In the absence of this relief, all *consideration shares* will be escrowed for a period of either 12 or 24 months (depending on the relevant *Health House vendor's* relationship with the *company*).

6.9. Dividend policy

6.9.1. The *company* does not expect to declare any dividends in the near future as its focus will primarily be on using cash reserves to grow and develop the *Health House* business.

6.9.2. Any future determination as to the payment of dividends by the *company* will be at the discretion of the *directors* and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of the *company*, future capital requirements and general business and other factors considered relevant by the *directors*. No assurances can be given by the *company* in relation to the payment of dividends or that franking credits may attach to any dividends.

6.10. How to apply

6.10.1. Public offer

- (a) Applications for *shares* under the *public offer* will only be accepted on the general application form accompanying this *prospectus* (**public offer application form**). The *public offer application form* must be completed in accordance with the instructions set out on the back of the form.¹
- (b) The *public offer application form* must be accompanied by a personal cheque, payable in Australian dollars, or payment to the bank account advised by the *lead manager*, for an amount equal to the number of *shares* for which the *applicant* wishes to apply multiplied by the issue price of \$0.20 per *share*. Cheques must be made payable to “VPCL Limited – Subscription Account” and should be crossed “Not negotiable”. Applications for *shares* must be for a minimum of 10,000 *shares* (\$2,000) and thereafter in multiples of 5,000 *shares* (\$1,000).
- (c) Completed *public offer application forms* and accompanying cheques must be received by the *company* before 5.00pm (WST) on the *closing date* (being 12 February 2021, unless varied) at:

¹ Alternative application and payment processes may be specified on the *public offer application form*.

| | |
|---|--|
| Mailing address VPCL Limited c/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 | Hand delivery VPCL Limited c/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138 |
|---|--|

- (d) Applicants under the *public offer* are encouraged to lodge their *public offer application forms* as soon as possible as the *public offer* may close early without notice. An original, completed and lodged *public offer application form* together with a cheque for the *application monies*, constitutes a binding and irrevocable offer to subscribe for the number of *shares* specified in the *public offer application form*.
- (e) The *public offer application form* does not need to be signed to be valid. If the *public offer application form* is not completed correctly or if the accompanying payment is for the wrong amount, the application may still be treated by the *company* as valid. The *directors'* decision as to whether to treat such an application as valid, and how to construe, amend or complete the *public offer application form*, is final. However, an *applicant* will not be treated as having applied for more *shares* than is indicated by the amount of the cheque or direct transfer for the *application monies*.

6.11. Application monies to be held on trust

- 6.11.1. Until the *shares* are issued under this *prospectus*, the *application monies* for *shares* will be held by the *company* on trust on behalf of *applicants* in a separate bank account maintained solely for the purpose of depositing *application monies* received pursuant to this *prospectus*. If the *shares* to be issued under this *prospectus* are not admitted to *quotation* within three months after the date of this *prospectus*, no *shares* will be issued and *application monies* will be refunded in full without interest in accordance with the *Corporations Act*.

6.12. Allocation of shares

- 6.12.1. The *directors* will determine the recipients of the *shares* under the *public offer* in consultation with the *lead manager*. The *directors* (in conjunction with the *lead manager*) reserve the right to reject any application or to issue a lesser number of *shares* than that applied for. If the number of *shares* allocated is less than that applied for, or no issue is made, the surplus *application monies* will be promptly refunded by cheque to the *applicant* (without interest).
- 6.12.2. Subject to the *offer conditions* being satisfied, the issue of *securities* under the *offers* will occur as soon as practicable after the *offers* close. Holding statements will be dispatched as required by *ASX*. It is the responsibility of *applicants* to determine their allocation prior to trading in the *shares*. *Applicants* who sell the *shares* before they receive their holding statement will do so at their own risk.

6.13. Lead manager and commissions

- 6.13.1. *CPS* has been appointed as lead manager to the *public offer*. *CPS* will receive 6% (exclusive of *GST*) of the amount raised from the *shares* placed to its clients under the *public offer*. Refer to *Section 15.4* for a summary of the terms of the *CPS mandate*.

-
- 6.13.2. The *company* reserves the right to pay, via the *lead manager*, a commission of up to 6% (exclusive of *GST*) of amounts subscribed through *AFSL* holders in respect of valid *applications* lodged and accepted by the *company* and bearing the stamp of the *AFSL* holder.

6.14. Financial forecasts

- 6.14.1. 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.

6.15. CHESS and issuer sponsorship

- 6.15.1. The *company* is a participant in *CHESS*, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through *CHESS* will be *issuer sponsored* by the *company*. Because the sub-registers are electronic, ownership of *securities* can be transferred without having to rely upon paper documentation.
- 6.15.2. Electronic registers mean that the *company* will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of *securities* issued to them under this *prospectus* (as well as any other *securities* registered in their name at the time). The notice will also advise holders of their “Holder Identification Number” (if broker sponsored) or “Securityholder Reference Number” (if *issuer sponsored*) and explain, for future reference, the sale and purchase procedures under *CHESS* and *issuer sponsorship*.
- 6.15.3. Further monthly statements will be provided to holders if there have been any changes in their security holding in the *company* during the preceding month.

6.16. Privacy

- 6.16.1. If you complete an *application* for *shares*, you will be providing personal information to the *company* (directly or through the *company's* share registry). The *company* collects, holds and will use that information to assess your application, service your needs as a holder of *securities* in the *company*, facilitate distribution payments and corporate communications to you as a *shareholder*, and carry out administration.
- 6.16.2. The information may also be used from time to time and disclosed to persons inspecting the *company's securities* registers, 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 *company's* share registry.
- 6.16.3. You can access, correct and update the personal information that we hold about you. Please contact the *company* or its share registry if you wish to do so at the relevant contact numbers set out in this *prospectus*.
- 6.16.4. Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the *Corporations Act* and certain rules such as the *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 process or accept your application.

6.17. Taxation

- 6.17.1. It is the responsibility of all persons to satisfy themselves of the taxation treatment that applies to them in relation to the *offers*, by consulting their own professional tax advisers. Neither the *company* nor any of its *directors* or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

6.18. Enquiries

- 6.18.1. Any questions concerning the *offers* should be directed to the *lead manager* on +61 8 9223 2222.

7. PURPOSE AND EFFECT OF THE OFFERS

7.1. Purpose of the public offer and funds allocation

7.1.1. The purpose of the *public offer* is to raise up to \$3,500,000 (before the costs of the *offers*) to provide the *company* with additional working capital to assist in the funding of the *company's* future business activities.

7.1.2. The table below sets out the intended use of funds raised under the *prospectus* (assuming the *public offer* is fully subscribed) together with existing cash reserves over the two years following reinstatement to *quotation* of *shares* as follows:

| | min. subscription \$2,500,000 | max. subscription \$3,500,000 |
|--|----------------------------------|----------------------------------|
| Cash on hand of the <i>company</i> and <i>Health House</i> | 4,600,000 | 4,600,000 |
| Funds raised under the <i>public offer</i> | 2,500,000 | 3,500,000 |
| Total funds available | 7,100,000 | 8,100,000 |
| Use of funds | | |
| Business development – UK/Europe | 2,000,000 | 2,300,000 |
| Business development – Asia/Pacific | 1,400,000 | 1,650,000 |
| Online platform development | 800,000 | 900,000 |
| Acquisitions of complementary businesses | 1,500,000 | 1,750,000 |
| Working capital | 870,000 | 910,000 |
| Expenses associated with the <i>acquisition</i> (including expenses of the <i>offers</i>) | 530,000 | 590,000 |
| Total use of funds | 7,100,000 | 8,100,000 |

Refer to *Section 16.6* for further details relating to the estimated expenses of the *offers*.

7.1.3. On completion of the *offers*, the *board* believes the *company* will have sufficient working capital to undertake the activities detailed in the table above.

7.1.4. The above table is a statement of current intentions as of the date of this *prospectus*. As with any budget, intervening events (including business development success or failure) and new circumstances have the potential to affect the manner in which funds are ultimately applied. The *board* reserves the right to alter the way funds are applied on this basis.

7.2. Effect of the offers

The principal effects of the *offers*, assuming the *public offer* is fully subscribed, will be to:

- (a) acquire *Health House*, its subsidiaries, and its operating businesses;
- (b) increase the *company's* cash reserves by approx. \$3.7 million (after adding *Health House's* cash holdings and deducting the estimated expenses of the *offers*) immediately after completion of the *offers*; and
- (c) increase the number of *shares* on issue from 22,616,922 as at the date of this *prospectus* (on a post-*consolidation* basis) to 158,874,626 *shares* immediately after completion of the *offers*.

7.3. Effect on capital structure

7.3.1. As at the date of this *prospectus* the *company* has on issue 22,616,922 *shares* (on a post-*consolidation* basis).

7.3.2. The combined effect on the capital structure of the *company* of the *offers* is set out below.

| | <i>shares (minimum subscription)</i> | <i>shares (maximum subscription)</i> |
|---------------------------|--|--|
| <i>currently on issue</i> | 22,616,922 | 22,616,922 |
| <i>public offer</i> | 12,500,000 | 17,500,000 |
| <i>vendor offer</i> | 115,298,743 | 115,298,743 |
| <i>advisor offer</i> | 3,458,961 | 3,458,961 |
| <i>total after offers</i> | 153,874,626 | 158,874,626 |

8. DIRECTORS, KEY MANAGEMENT & CORPORATE GOVERNANCE

8.1. Director profiles

- 8.1.1. Subject to the completion of the *acquisition* it is intended that the *board* will be comprised of Messrs David Wheeler, Chris Mews and Hon. Mike Rann.

Ms Leanne Graham intends to resign as a *director* immediately following completion of the *acquisition*.

Prof. Rakesh Uppal, Mr Jason Peterson, Mr Robert Beenstock and Baroness Simone Finn will resign as directors of *Health House* following completion of the *acquisition*.

- 8.1.2. Brief profiles of the *directors* following *completion* are set out below.

Mr David Wheeler – Executive Chairman

Mr. Wheeler has more than 30 years of senior executive management, director and corporate advisory experience. He is a foundation director of Pathways Corporate, a boutique corporate advisory firm that undertakes assignments on behalf of family offices, private clients and ASX-listed companies.

Mr Wheeler has engaged in business projects in the USA, UK, Europe, New Zealand, China, Malaysia, Singapore and the Middle East. David is a Fellow of the AICD. He is a director of ASX listed companies Thred Ltd, Avira Resources Ltd, Blaze International Ltd, Protean Energy Ltd, Eneabba Gas Ltd, Ragnar Minerals Ltd, Tyranna Resources Ltd and Syntonic Ltd.

Mr Wheeler is a non-executive *director* who will become an executive *director* following *completion*.

Mr Chris Mews

Mr Mews has been in financial services for over 20 years and is experienced in the financial operation, governance and compliance of managed investment schemes, ASX listed companies and unlisted companies.

Mr Mews has held senior positions in finance, corporate secretarial and compliance. In these roles he has been a member of senior management and participated in the due diligence and acquisition of managed investment schemes and participated in various capital raisings for managed investment schemes, ASX listed companies and unlisted companies.

Mr Mews is a non-executive *director*.

Hon Mike Rann AC

The Hon Mike Rann AC CNZM, former Premier of South Australia, is a UK citizen and resident of London. He also holds Australian and New Zealand citizenship.

Mr Rann served as a politician in Australia for 26 years where he held roles dealing with both national and international relations which included his ambassador roles to the UK and Italy.

Mr Rann now resides in London where he is the Chairman of the UK registered charity The Power of Nutrition, and is a member of the UK, US and Global boards of London headquartered The Climate Group. He also holds the positions of CEO to his London based business consultancy, Rann Strategy Group.

It is proposed that Mr Rann be appointed as a non-executive *director* with effect from *completion*.

8.2. Directors' interests

Other than as set out in this *prospectus*, no *director* or proposed *director* holds, or has held within the 2 years preceding lodgement of this *prospectus* with ASIC, any interest in:

- (a) the formation or promotion of the *company*;
- (b) any property acquired or proposed to be acquired by the *company* in connection with:
 - (i) its formation or promotion; or
 - (ii) the *offers*; or
- (c) the *offers*,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a *director* or proposed *director*:

- (d) as an inducement to become, or to qualify as, a *director*; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the *company*; or
 - (ii) the *offers*.

8.3. Directors' security holdings

- 8.3.1. The *relevant interest* in the *company's securities* of each of the *current directors* as at the date of this *prospectus* (on a post-consolidation basis) is set out in the table below.

| | Leanne Graham | Chris Mews | David Wheeler |
|--------------------|---------------|------------|---------------|
| <i>shares held</i> | 13,334 | 12,500 | - |

- 8.3.2. The *relevant interest* in the *securities* of *Health House* of each of the *current directors* as at the date of this *prospectus* is set out in the table below.

| | Leanne Graham | Chris Mews | David Wheeler |
|--------------------|---------------|------------|---------------|
| <i>shares held</i> | - | - | 4,965,930 |

8.3.3. The interest in the *company's securities* of each of the *proposed directors* with effect from *completion* is set out in the table below.

| | David Wheeler ¹ | Chris Mews ² | Mike Rann |
|--------------------|----------------------------|-------------------------|-----------|
| <i>shares held</i> | 4,965,930 | 12,500 | 126,085 |

Notes:

1. Mr Wheeler will acquire his interest as consideration for his holding of *Health House shares* and will hold his interest in *securities* through his *associates* Pathways Capital Pty Ltd and Pathways Corp Investments Pty Ltd
2. Mr Mews will hold his interest in *securities* through the Hill Valley Trust

8.4. Remuneration of directors

8.4.1. The *constitution* provides that the non-executive *directors* may be paid, in aggregate for their services as *directors*, a sum not exceeding such fixed sum per annum as may be determined by the *company* in general meeting. The determination of non-executive *directors'* remuneration within that maximum will be made by the *board* having regard to the inputs and value to the *company* of the respective contributions by each non-executive *director*. The current aggregate sum has been set at an amount not to exceed \$500,000 per annum.

8.4.2. The remuneration of executive *directors* is decided by the *board*, without the affected executive *director* participating in that decision-making process and may be paid by way of fixed salary or commission.

8.4.3. *Directors* may also be reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the *company* and other miscellaneous expenses.

8.4.4. The non-executive *directors* have each executed an agreement with the *company* entitling them to remuneration in their capacities as *directors*.

8.4.5. The remuneration (including superannuation) on a per annum basis of the *current directors* for the year ended 30 June 2021 will be as follows:

| | Leanne Graham (\$) | Chris Mews (\$) | David Wheeler (\$) |
|---------------------|-----------------------|--------------------|-----------------------|
| <i>remuneration</i> | 107,000 | 42,000 | 42,000 |

8.4.6. The remuneration (including superannuation) of the non-executive *proposed directors* for the year ended 30 June 2022 will be as follows:

| | David Wheeler (\$) | Chris Mews (\$) | Mike Rann (\$) |
|---------------------|-----------------------|--------------------|-------------------|
| <i>remuneration</i> | 120,000 | 42,000 | 64,000 |

8.5. Key terms of agreements with directors

8.5.1. *Agreements with directors and proposed directors*

Each of the *directors* have been appointed (in the case of the *proposed directors*, conditional on *completion* occurring) in accordance with letters of appointment including standard terms and conditions for appointment of directors of ASX-listed entities.

8.5.2. *Deeds of indemnity and access*

The *company* is party to a deed of indemnity, insurance and access with each of the *current directors* and is proposing to enter into a similar deed with *proposed director* Mike Rann once appointed. Under these deeds, the *company* has agreed to indemnify each *director* to the extent permitted by the *Corporations Act* against any liability arising as a result of the *director* acting as a director of the *company*. The *company* is also required to maintain insurance policies for the benefit of the *directors* and must also allow the *directors* to inspect board papers in certain circumstances.

8.6. Corporate governance

The summary below identifies the key corporate governance policies and practices adopted by the *board*. The *board* is committed to ensuring continued investor confidence in the operations of the *company* and in maintaining high standards of corporate governance in the performance of their duties.

A summary of the *company's* compliance with the ASX Corporate Governance Council's Principles and Recommendation is set out in Annexure A of this *prospectus*.

8.6.1. *Roles of the board & management*

The *board* is responsible for evaluating and setting the strategic direction for the *company*, establishing goals for management and monitoring the achievement of these goals.

Subject to the specific authorities reserved to the *board* under the Board Charter, the *board* delegates to the managing director responsibility for the management and operation of the *company*. The managing director (or equivalent) is responsible for the day-to-day operations, financial performance and administration of the *company* within the powers authorised to him from time-to-time by the board. The managing director (or equivalent) may make further delegation within the delegations specified by the *board* and will be accountable to the *board* for the exercise of those delegated powers.

Further details of *board* responsibilities, objectives and structure are set out in the Board Charter on the *company's* website.

8.6.2. *Board committees*

The *board* considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate committees at this time including audit, risk, remuneration or nomination committees, preferring at this stage of the *company's* development, to manage these elements of the company's corporate

governance framework through the *board*. The *board* assumes the responsibilities normally delegated to the audit, risk, remuneration and nomination committees.

If the *company's* activities increase in size, scope and nature, the appointment of separate committees will be reviewed by the *board* and implemented if appropriate.

8.6.3. *Diversity*

The *company* has adopted a formal Diversity Policy and is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the *company* and on the *board*.

The *company* is at a stage of its development such that the application of measurable objectives in relation to gender diversity, at various levels of the *company's* business, is not considered to be appropriate or practical.

The *board* will review this position on an annual basis and will implement measurable objectives as and when it deems the *company* requires them.

8.6.4. *Code of conduct*

The *company* has implemented a Code of Conduct which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the *company*.

An employee that breaches the Code of Conduct may face disciplinary action including, in the cases of serious breaches, dismissal.

8.6.5. *Audit*

The *board* as a whole fulfils the functions normally delegated to the Audit Committee as detailed in the Audit Committee Charter.

The *board* is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Candidates for the position of external auditor must demonstrate complete independence from the *company* through the engagement period. The *board* may otherwise select an external auditor based on criteria relevant to the *company's* business and circumstances. The performance of the external auditor is reviewed on an annual basis by the *board*.

The *board* receives regular reports from management and from external auditors. It also meets with the external auditors as and when required.

The external auditors attend the *company's* AGM and are available to answer questions from security holders relevant to the audit.

Prior approval of the *board* must be gained for non-audit work to be performed by the external auditor. There are qualitative limits on this non-audit work to ensure that the independence of the auditor is maintained.

8.6.6. *Disclosure*

The *company* has a Continuous Disclosure Policy which outlines the disclosure obligations of the *company* as required under the *listing rules* and *Corporations Act*. The policy is designed to ensure that procedures are in place so that the market is

properly informed of matters which may have a material impact on the price at which *company* securities are traded.

The *board* considers whether there are any matters requiring disclosure in respect of each and every item of business that it considers in its meetings. Individual *directors* are required to make such a consideration when they become aware of any information in the course of their duties as a *director*.

The *company* is committed to ensuring all investors have equal and timely access to material information concerning the *company*.

The *board* has designated the company secretary as the person responsible for communicating with *ASX*. The chairman, managing director (where one is appointed) and company secretary are responsible for ensuring that:

- (a) *company* announcements are made in a timely manner, are factual and do not omit any material information required to be disclosed under the *listing rules* and *Corporations Act*; and
- (b) *company* announcements are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

8.6.7. *Shareholder communication*

The *company* recognizes the value of providing current and relevant information to its *shareholders*.

The *company* respects the rights of its *shareholders* and to facilitate the effective exercise of those rights the *company* is committed to:

- (a) communicating effectively with *shareholders* through releases to the market via *ASX*, the *company* website, information mailed to *shareholders* and general meetings of the *company*; and
- (b) giving *shareholders* ready access to clear and understandable information about the *company*.

The *company* also makes available a telephone number and email address for *shareholders* to make enquiries of the *company*. These contact details are available on the “contact us” page of the *company*’s website.

Shareholders may elect to, and are encouraged to, receive communications from the *company* and its registry electronically.

The *company* maintains information in relation to its constitution, governance documents, *directors* and senior executives, *board* and committee charters, annual reports and *ASX* announcements on the *company*’s website.

8.6.8. *Risk management*

The *board* is committed to the identification, assessment and management of risk throughout the *company*’s business activities.

The *board* is responsible for the oversight of the *company's* risk management and internal compliance and control framework. The *company* does not have an internal audit function. Responsibility for control and risk management is delegated to the appropriate level of management within the *company* with the managing director having ultimate responsibility to the *board* for the risk management and internal compliance and control framework. The *company* has established policies for the oversight and management of material business risks.

The *company's* Risk Management and Internal Compliance and Control Policy recognises that risk management is an essential element of good corporate governance and fundamental in achieving its strategic and operational objectives. Risk management improves decision making, defines opportunities and mitigates material events that may impact security holder value.

The *company's* process of risk management and internal compliance and control includes:

- (a) identifying and measuring risks that might impact upon the achievement of the *company's* goals and objectives, and monitoring the environment for emerging factors and trends that affect those risks;
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

The *board* reviews the *company's* risk management framework at least annually to ensure that it continues to effectively manage risk.

8.6.9. *Independence of directors*

The independence of each proposed *director* has been determined by considering the relevant factors suggested in the Corporate Governance Principles and Recommendations (4th Edition) as published by ASX Corporate Governance Council (***recommendations***) (***independence factors***). The following table offers a brief explanation of how the *independence factors* have been applied to the proposed *directors* in anticipation of their respective appointments.

| | |
|---------------|--|
| David Wheeler | Mr Wheeler is currently considered to be independent in accordance with the <i>independence factors</i> . However, following <i>completion</i> , he will not be considered to be independent as he will be an executive of the <i>company</i> and will have a material personal interest in securities of the <i>company</i> . |
| Chris Mews | Mr Mews is considered to be independent in accordance with the <i>independence factors</i> , and there are no other factors that the <i>company</i> considers are likely to affect Mr Mews' capacity to exercise independent judgment with respect to the affairs of the <i>company</i> . |

| | |
|-----------|--|
| Mike Rann | Mr Rann is considered to be independent in accordance with the <i>independence factors</i> , and there are no other factors that the <i>company</i> considers are likely to affect Mr Rann's capacity to exercise independent judgment with respect to the affairs of the <i>company</i> . |
|-----------|--|

8.6.10. *Departures from recommendations*

In accordance with the *listing rules*, the *company* is required to report any departures from the *recommendations* in its annual financial report. The *company's* compliance with, and departures from, the *recommendations* as at the date of this *prospectus* are set out in Annexure A.

9. COMPANY AND HEALTH HOUSE OVERVIEW

9.1. Company strategy

9.1.1. *Company's existing activities*

The *company* was registered in February 2011 and listed on *ASX* in July 2011 as International Coal Limited (ASX:ICX).

In November 2015, it was reinstated to *quotation* following the acquisition of Velpic Limited, the owner of an online, cloud-based eLearning, training and induction platform.

In October 2018, *VPC* sold the Velpic business to Damstra Technology and has since that time been looking for opportunities.

9.1.2. *Company's proposed new activities and key investment highlights*

On 24 November 2020, the *company* announced the execution of a binding heads of agreement with *Health House* for the acquisition of 100% of the issued capital in *Health House* (***acquisition agreement***).

By entering into the *acquisition*, the *company* will:

- (a) acquire *Health House*, its subsidiaries, and their operating businesses;
- (b) have the funds available to exploit the *Health House* business opportunities;
- (c) have a highly experienced team with networks throughout the medicinal cannabis supply chain - the team have been pioneers in the Australian medicinal cannabis sector establishing a number of publicly-listed and unlisted companies with complementary offerings including AusCann Group, Zelira Therapeutics, Levin Growing Group and CannPal Animal Therapeutics;
- (d) have access to pharmaceutical-grade (EU-GMP) product for United Kingdom, Australasian and European markets with multiple branding options and an expanding portfolio of third-party products from a variety of suppliers;
- (e) have a diversified supply and customer base with no single asset or single customer risk and significant barriers to entry from supply agreements, customers and licences; and
- (f) have an established business with consistently growing revenue incorporating the three business units (*HHI*, P&D Pharmaceuticals and Gee's Pharmacy) with diversified revenues, all with potential for significant growth.

9.2. Medicinal cannabis regulatory environment

The medicinal cannabis sector is heavily regulated with the holding of relevant licences and authorisations being a critical pre-condition for participation in medicinal cannabis distribution activities.

9.2.1. *Medicinal cannabis regulation in the United Kingdom*

- (a) In the United Kingdom, the principal statutory measure as it relates to drugs/narcotics is the *Misuse of Drugs Act 1971* (**MDA**) which specifies that drugs in three categories (according to their relative harm), namely in Classes A, B and C, are controlled by Schedule 2 of the *MDA*. Cannabis and its derivatives come under Class B. The *MDA* sets out different criminal offences, such as importation, production and supply, possession and cultivation of cannabis.

The *MDA* provides the Secretary of State with the necessary authority to make exceptions in certain circumstances in order to make lawful activities which, under the *MDA*, would under other circumstances be deemed unlawful.

- (b) The *Misuse of Drugs Regulations 2001* (**MDR**) regulate the availability of controlled drugs that have a recognised and legitimate use, by putting them in 1 of 5 schedules to the *MDR*. The schedule into which a drug is placed dictates the extent to which it is lawful to import, export, produce, supply and administer and possess the drug and also imposes requirements around prescription writing, record keeping, labelling and safe custody. Drugs listed in schedule 1 of the *MDR* can only be possessed or supplied under a Home Office licence and have (until recently) not been able to be prescribed by a medical practitioner. Cannabis and its derivatives have traditionally been placed in schedule 1 of the *MDR*.
- (c) Included at *Section 12* is a legal opinion as to *HHH's* compliance with the medicinal cannabis regulatory regime in the UK.

9.2.2. *Medicinal cannabis regulation in Australia*

- (a) In Australia, the medicinal cannabis sector is regulated at both the state and Commonwealth levels. All of *HHH's* regulated activity in Australia is undertaken by its subsidiary *HHI*.
- (b) At the Commonwealth level:
 - (i) the import and export of medicinal cannabis is primarily regulated by the Office of Drug Control, a division of the Department of Health, under the *Customs (Prohibited Imports) Regulations 1956* (Cth) and *Customs (Prohibited Exports) Regulations 1958* (Cth) respectively; and
 - (ii) the supply of medicinal cannabis regulated principally under the *Therapeutic Goods Act 1989* (Cth) and the *Therapeutic Goods Regulations 1990* (Cth).

-
- (c) At the state level, *HHI's* activities are regulated, in addition to the Commonwealth laws and regulations, by the *Medicines and Poisons Act 2014* (WA) and the *Medicines and Poisons Regulations 2016* (WA), which relate principally to storage requirements at *HHI's* secure storage facility in Western Australia.
 - (d) Included at *Section 13* is a legal opinion as to *HHH's* compliance with the medicinal cannabis regulatory regime in Australia.

9.3. Health House – business overview

9.3.1. *Health House* was registered in October 2018 with the ultimate objective of becoming a listed company with an international medicinal cannabis distribution business. To that end, during FY2020 it acquired distribution businesses in the UK and Australia and now has the following operating subsidiaries:

- (a) Health House International Pty Ltd (to be re-named *HHI* (Australia) Pty Ltd) (***HHI***) – Australian medicinal cannabis distribution business

In October 2019, *Health House* acquired *CliniCann*, the ultimate holding company of *HHI*, a fully licensed and regulated specialised importer, exporter, consolidator and distributor of medicinal cannabis products. *HHI* distributes medicinal cannabis products to almost 700 pharmacies, over 200 doctors and eight specialist medicinal cannabis clinics from which generates revenues of approximately \$300,000 per month.

HHI acquires locally-produced medicinal cannabis products and also imports medicinal cannabis from Canada, Germany, Netherlands, Macedonia, Slovenia, the UK and the USA and wholesales direct to Australian pharmacies, hospitals and researchers. *HHI* recently completed its first export to Lesotho which was the first export of Australian cannabis into this market.

HHI is a significant distributor of medicinal cannabis in Australia. The business was established in 2016 and was acquired by *CliniCann* in March 2019. *CliniCann* was subsequently acquired by *Health House* in October 2019.

- (b) Health House Pharma Limited (***HH Pharma***) - international pharmaceutical distribution business

In September 2019, *Health House* subsidiary *HH Pharma* acquired certain trading assets of an established pharmaceutical products distribution business P & D Pharmaceuticals in the UK (***P&D assets***). *Health House* has sought to develop the business of the *P&D assets* in order to achieve organic growth in the general pharmaceuticals sector as well as establishing a secure wholesale distribution network for expansion into the proposed supply of medicinal cannabis products. With a 30-year trading history, *HH Pharma* supplies pharmacies, hospitals, government departments, veterinarians, ambulance works, and other wholesalers with general pharmaceutical products.

HH Pharma holds a Wholesale Dealers Licence and a Controlled Drugs Licence which allows it to procure and sell medicinal products within the EU. It has a network of 3,500 customers in 17 countries and holds accounts with some of the largest established and reputable wholesalers in the UK such as Alliance, AAH, Phoenix, Alloga and Mawdsley-Brookes as well as direct relationships with manufacturers such as Teva, Bristol Myers Squibb, Boehringer Ingelheim, Thornton & Ross and Baxter.

HH Pharma generates revenues of approximately £250,000 per month (not including Gees Pharmacy revenues referred to below).

In September 2020, *HH Pharma* acquired Gees Pharmacy, a direct to consumer, web-based pharmaceutical distributor which dispenses 9,000-10,000 general pharmaceutical prescriptions a month and delivers to about 400 patients their monthly prescriptions. It currently fulfils prescriptions for 40 UK care homes, holds Pharmaceutical Council and registered premises approvals as well as NHS contracts to dispense medicines to the NHS, generating revenues of approximately £80,000 per month.

- 9.3.2. *Health House* group revenues for FY2020 were approx. A\$6.5 million (including *HH Pharma* revenues of £2.2 million for a 9-month period).

9.4. Business model

- 9.4.1. *Health House* intends to become an international pharmaceutical distributor specialising in, but not limited to, distribution of medicinal cannabis products.

- 9.4.2. *Health House* has supply agreements in place with a number of EU Good Manufacturing Practice (GMP) certified manufacturers and producers of high-quality medicinal cannabis products. The EU GMP licence is issued by the European Medicines Agency and is the most highly credentialled in the world for compliance for the production and manufacturing of pharmaceutical grade medicinal products.



- 9.4.3. The medicinal cannabis sector is a large and growing market:

Australasia & SE Asia

Providing significant growth opportunity for *Health House*, the Australian medicinal cannabis market is forecast to become the fifth largest cannabis industry internationally, with expenditure predicted to rise from \$52 million in 2018 to \$2.1b by 2028². Medicinal cannabis has been legal in Australia since 30 October 2016.

New Zealand also offers a significant opportunity for growth as the *Misuse of Drugs (Medicinal Cannabis) Regulations 2019* were amended in April 2020 to

² Prohibition Partners, The Oceania Cannabis Report

enable licensed businesses and individuals to cultivate, export, possess and supply medicinal cannabis products in New Zealand. This led to the launch of the Medicinal Cannabis Scheme in April 2020, providing direct patient access to medicinal cannabis products.

This provides easier and simpler access for patients as specialist sign-off will not be required for most prescriptions. General medical practitioners in New Zealand do not need ministerial approval to prescribe medicinal cannabis products and, once an unapproved product has been assessed by the Medicinal Cannabis Agency as meeting quality requirements, all general medical practitioners can prescribe that product.

The recently released report named ‘Asia Pacific Cannabis Market’ has estimated the medicinal cannabis market in the Asia Pacific region will reach approx. US\$23 billion by 2027, up from approx. US\$2.3 billion in 2019. This shows a compound annual growth rate of 28.6% and is attributed to increasing research and legislative changes.

In South-East Asia, Thailand is one of the largest producers of cannabis and has become an official cannabis production hub for legalised medicinal cannabis. This came as a result of the legalisation of medicinal cannabis use in February 2019.

Additionally, in January 2018 Singapore announced that it would start developing chemical compounds found in the marijuana plant as a part of a US\$19 million investment into synthetic biology and in early 2019, Japan approved clinical trials for Epidiolex, a cannabis compound found in cannabidiol extract for oral solution used in treating epilepsy.

The UK & Europe

In November 2018, the United Kingdom introduced new regulations defining and legalising the use of “cannabis-based products for medicinal use in humans”. Products meeting this definition would be moved to Schedule 2 under the *Misuse of Drugs Regulations 2001* and the *Misuse of Drugs (Designation) Order 2015*, thereby allowing these cannabis-based products to be made available on prescription from certain qualified doctors. By 2024, the UK medicinal cannabis market is predicted to be worth nearly US\$1.3 billion³, servicing nearly 340,000 active patients.

Furthermore, In December 2020, the United Nations (UN) voted in favour of the removal of cannabis and its derivatives from schedule IV on recommendations from the World Health Organisation (WHO). Cannabis and its derivatives are now contained under Schedule I of the 1961 UN Single Convention on Narcotic Drugs.

The removal of cannabis and its derivatives from schedule IV means that the UN accepts the opinion of the WHO that cannabis is not “liable to produce ill-effects” on the scale of other drugs in Schedule IV, and that cannabis has significant potential therapeutic value.

The removal of cannabis and its derivatives as a schedule IV drug will have a significant positive impact on *Health House’s* European operations by removing

³ Prohibition Partners, The UK Cannabis Report

the red-tape which currently creates geographical limitations on the movement of medicinal cannabis products, and will further facilitate global research into medicinal phytocannabinoid derived products. This will also create an easier pathway for more commercial opportunities by allowing the introduction and sale of medicinal cannabis products into new EU markets in the future.

9.4.4. *Health House's* growth strategy is to continue to grow its operations across Australasia, South East Asia and the UK and Europe. *Health House* provides the following services and features to the pharmaceutical products supply chain:

- (a) warehouse management – *Health House* enters all products into a warehouse management system for accurate inventory management
- (b) controlled drugs storage – *Health House* has special access areas and procedures in place to deal with controlled drugs. Regular inventory checks are made to ensure secure storage
- (c) delivery – *Health House* conducts daily deliveries made through secure logistics companies and couriers
- (d) pharmacy support – *Health House* provides inventory management and support logistics solutions to empower pharmacists to focus on patients and remain competitive in the market
- (e) efficiency – *Health House* creates efficiency in the healthcare system. Pharmacists do not need to order separately from multiple manufacturers nor manage inventory, saving time and costs
- (f) safety & security – *Health House* ensures that medicines are properly and securely handled, stored and delivered
- (g) reliability – *Health House* ensures its medicines are delivered in a time-efficient manner to a range of pharmacies, care homes and clinics.

9.4.5. *Health House* will achieve its strategic objectives by:

- (a) entering into and utilising supply and distribution agreements to provide access to pharmaceutical-grade (EU-GMP) product for United Kingdom, European and Australasian markets with multiple branding options; and
- (b) developing its distribution capability to pharmacies, doctors, hospitals and specialist medicinal cannabis clinics.

9.5. Proposed growth strategy

Health House's three-pillar growth strategy focuses on growing its revenue streams and rapidly growing its core operations to become a leading international pharmaceutical distributor specialising in medicinal cannabis products.

- *Acquisitive expansion*

Leveraging the *Health House* management team's proven track record of the successful acquisition and integration of existing, established businesses, *Health House* will opportunistically explore further potential acquisitions to strengthen and expand its distribution footprint, at an accelerated pace, in both existing and new geographies.

To date, *Health House* has completed three successful acquisitions:

- *HHI*, a fully licenced and regulated specialised Australian importer, exporter, consolidator and distributor of medicinal cannabis in October 2019;
- the assets of an established pharmaceutical products distribution business P & D Pharmaceuticals (UK) in September 2019, allowing it to rapidly expand its distribution capabilities; and
- Gee's Pharmacy, an acquisition that has established *Health House's* online capacity, in September 2020.

- *Distribution and geographical expansion*

Health House is focusing on expanding and growing its operations across key strategic markets including Australasia, South East Asia, the UK and Europe. Leveraging the deep industry relationships of its experienced management team, the *company* will focus on entering into new distribution agreements across these core regions as well as leveraging its existing agreements. In doing this, *Health House* will fast-track market penetration and provide access to a suite of pharmaceutical-grade products to customers in new markets.

Additionally, *Health House* continues to work with government departments and its consultants to move quickly to leverage and capitalise on legislative changes regarding registration and patient access to medicinal cannabis.

- *Staff and inventory strengthening*

To support its growing operations and global footprint, the *company* will expand its work force to include regional employees for the development of the business over the next 24 months. These roles will support the management and growth of the *company's* commercial and industry relationships in new and existing regions to expedite organic growth and market penetration.

Health House will also focus on securing new supply agreements with GMP-certified producers and manufactures of medicinal cannabis products to increase the volumes and continue to expand its range products for distribution.

Health House is confident in its ability to fully and seamlessly integrate new subsidiaries, teams and distribution channels into its operations to achieve long term value and organic revenue and commercial growth.

9.6. Consideration matters

- 9.6.1. The *board* considers that the quantum of the *consideration shares* to be issued to the *Health House vendors* in relation to the *acquisition* reflects reasonable fair value for *Health House* in view of the key investment highlights set out in *Section 9.1.2* and the *company* having conducted arm's length negotiations with representatives of *Health House* to arrive at the commercial terms of the *acquisition*.
- 9.6.2. In determining the consideration for the *acquisition*, the *board* considered:
- (a) *Health House's* business model and strategy;
 - (b) the commercial activities of *Health House's* subsidiaries in the UK, Europe and Australasia; and
 - (c) the successful track record of the *Health House* management team.
- 9.6.3. For accounting purposes, the acquisition of *Health House* will be accounted for as a reverse acquisition and *Health House* deemed to be the accounting acquirer in the business combination. The pro-forma financial information set out in *Section 10* has therefore been prepared as a continuation of the business and operations of *Health House*. Accordingly, the pro-forma consolidated statement of financial position of the *company* as at 30 June 2020 incorporates the net assets of the *company* and *Health House* as if the group was headed by *Health House*. At the acquisition date, the net assets of *Health House* are recorded at their book values and the net assets of the *company* are recorded at their fair values.
- 9.6.4. Using this method, the *investigating accountant* has determined that the fair value of 100% of the *company* is \$4,523,384 (based on the pre-announcement assessed preferred fair value of a *share*). Consequently, a listing expense of \$350,118 will be expensed to the income statement of the consolidated entity which represents the excess of the deemed fair value of the share-based payment less the pro forma net assets of the *company* of \$4,173,266, immediately prior to *completion*.
- 9.6.5. It should be noted that the fair value referred to above was based on the pro forma adjustments as at 30 June 2020, and will require re-determination based on the identifiable assets and liabilities as at *completion*, which may result in changes to the fair value determined by the *investigating accountant*.

9.7. Management of Health House International

David Wheeler – Executive Chairman

David Wheeler's credentials as a proposed executive chairman are set out in *Section 8.1.2*.

Paul Mavor – Chief Operating Officer - Australia

Paul is a registered pharmacist in both Australia and the United Kingdom. His company, *HHI* (acquired by *Health House* in September 2019), was granted the

first medicinal cannabis import licence in Australia and is currently importing and distributing medicinal cannabis products to eligible patients.

Over the last 30 years he has owned several retail pharmacies and worked both in Australia and the United Kingdom. In the last three years he has focused on researching medicinal cannabis and has been an invited speaker and attendee at many of the world's leading medicinal cannabis conferences with deep relationships in the medicinal and patient advocacy sectors.

Tony Samios – Chief Operating Officer – UK & Europe

Tony is a start-up and operations specialist with over 20 years of senior leadership experience and track record of successful management and commercial achievement. Tony has managed various companies from start up to exit.

Prior to joining *Health House*, Tony was European managing director of New Frontier Data, the premier global data and industry reporting firm in the legal cannabis and hemp industry. Previous roles include senior consulting roles in med tech start-ups, Global SVP of Operations at Karhoo, COO of Caliber Interactive, and formerly Group COO of Steak Media and Head of Operations at Espotting.

Tony has proven ability to manage complex organisations, deliver new strategies, revenues and operational policies in highly competitive business environments. Tony also gained over a decade of experience overseeing international trading operations in Europe, Africa and the Middle East.

Tim Slate – CFO and company secretary

Tim Slate has over 13 years' of chartered accounting and company secretarial experience.

Tim is the founder of Catalyst Corporate, a boutique firm that provides accounting, secretarial and corporate advice to a number of private and ASX-listed companies.

Tim has a Bachelor of Commerce from the University of Western Australia, is a Chartered Accountant, is an Associate Member of the Governance Institute of Australia and is a Graduate of the Australian Institute of Company Directors.

10. FINANCIAL INFORMATION

Following the change in the nature of activities, the *company* will be focused on developing the *Health House* business. Therefore, the *company's* past operations and financial historical performance will not be of significant relevance to future activities.

The *directors* consider that it is not possible to accurately predict the future revenues or profitability of the *company* or the *Health House* business or whether any material profitability will eventuate.

Prior to the date of this *prospectus*, the *company* has been operating its technology development business. As stated above, the *directors* do not consider that the *company's* activities to date provide sufficient evidence to predict any future material revenues or profitability.

Although *Health House* is a relatively new company, the acquisitions it made in FY2020 have established trading histories, with some elements of the UK business being in operation for more than 30 years, and the Australian operations established more than five years ago.

Notwithstanding the existence of a trading history, *Health House's* long-term strategy is to become a significant global distributor of medicinal cannabis products. That market is in the early stages of development, with the legal status and clinical efficacy of medicinal cannabis being works in progress from a global perspective. Accordingly, no assurance can be given that the *company* will achieve commercial viability through the acquisition of *Health House* and the implementation of its business plan.

The funding for the *company's* future activities will be generated from the *public offer*, existing cash reserves of the *company* and *Health House*, and cash flows derived from ongoing operations. The *company* may need to raise further capital in the future to continue to develop the *Health House* business, and such amounts may be raised by further equity raisings, or the *company* may consider other forms of debt or quasi-debt funding if required.

As a result of the above, the *company* is not in a position to disclose any of the key financial ratios or financial information other than the financial statements included in *Section 11*.

For convenience, the pro-forma consolidated statement of financial position of the *company* as at 30 June 2020 is extracted from the *investigating accountants report* and set out below. We note that the pro-forma consolidated statement of financial position of the *company* is based on the minimum subscription under the *public offer* of \$2.5 million.

VPCL LIMITED AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATUTORY HISTORICAL STATEMENT OF FINANCIAL POSITION AND UNAUDITED CONSOLIDATED PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The unaudited pro-forma consolidated statement of financial position represents the audited consolidated Statutory Historical Statement of Financial Position of the Company as at 30 June 2020 adjusted for subsequent events and pro-forma transactions outlined in Note 1 of Appendix 4 of the *investigating accountants report*. It should be read in conjunction with the notes to the historical and pro-forma financial information.

| | | Actual 30 June 2020 AUD\$ | Subsequent events 30 June 2020 AUD\$ | Pro forma adjustments 30 June 2020 AUD\$ | Unaudited Pro-Forma 30 June 2020 AUD\$ |
|--------------------------------------|------|---------------------------------|---|---|---|
| | Note | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 4 | 3,343,249 | 3,938,750 | 2,478,813 | 9,760,812 |
| Receivables | 5 | 342,912 | 72,194 | 1,090,815 | 1,505,921 |
| Other current assets | | 28,211 | - | - | 28,211 |
| Investments held for sale | 6 | 500,000 | (375,000) | - | 125,000 |
| Financial assets at amortised cost | | - | - | 247,061 | 247,061 |
| Inventory | | - | 126,399 | 649,042 | 775,441 |
| Total Current Assets | | 4,214,372 | 3,762,343 | 4,465,731 | 12,442,446 |
| Non-current assets | | | | | |
| Property, plant & equipment | | - | 54,171 | 110,824 | 164,995 |
| Intangible assets | | - | - | 1,826,127 | 1,826,127 |
| Total Non-Current Assets | | - | 54,171 | 1,936,951 | 1,991,122 |
| Total Assets | | 4,214,372 | 3,816,514 | 6,402,682 | 14,433,568 |
| Current liabilities | | | | | |
| Trade and other payables | 7 | 41,106 | (277,463) | 1,976,359 | 1,740,002 |
| Lease liabilities | | - | - | 29,288 | 29,288 |
| Borrowings | | - | - | 455,827 | 455,827 |
| Total Current Liabilities | | 41,106 | (277,463) | 2,461,474 | 2,225,117 |
| Non - Current liabilities | | | | | |
| Trade and other payables | | - | - | 90,531 | 90,531 |
| Lease liabilities | | - | - | 31,483 | 31,483 |
| Borrowings | | - | - | 12,453 | 12,453 |
| Total Non-Current Liabilities | | - | - | 134,467 | 134,467 |
| Total Liabilities | | 41,106 | (277,463) | 2,595,941 | 2,359,584 |
| Net Assets | | 4,173,266 | 4,093,977 | 3,806,741 | 12,073,984 |
| Equity | | | | | |
| Issued capital | 8 | 33,216,771 | 4,437,977 | (24,036,834) | 13,617,914 |
| Share-based payment reserve | | 2,320,472 | - | (2,320,472) | - |
| Share premium | | - | - | 7,023,737 | 7,023,737 |
| Other reserves | | - | - | (4,632,068) | (4,632,068) |
| Translation reserve | | - | - | 14,793 | 14,793 |
| Accumulated losses | | (31,363,977) | (344,000) | 27,757,585 | (3,950,392) |
| Total Equity | | 4,173,266 | 4,093,977 | 3,806,741 | 12,073,984 |

11. INVESTIGATING ACCOUNTANT'S REPORT

14 January 2021

The Directors
VPCL Limited
Unit 36, 38 Manchester Lane
MELBOURNE VIC 3000

Dear Directors

Investigating Accountant's Report

1. Introduction

This report has been prepared at the request of the Directors' of VPCL Limited ("VPCL" or "the Company") for inclusion in the Prospectus.

On 24 November 2020, the Company announced it had signed an agreement to acquire 100% of the issued share capital of Health House Holdings Limited and its subsidiaries ("Health House") (the "Acquisition").

Amongst other things, shareholder approval of the Acquisition and the significant change to the nature and scale of the Company's activities that will result from the Acquisition, will be required at an upcoming general meeting of shareholders. In addition, the Company will need to apply for re-admission to the Official List of the Australian Securities Exchange Limited ("ASX").

Pursuant to the Prospectus, the Company is offering a minimum of 12,500,000 fully paid ordinary shares (on a post-consolidation basis) at an issue price of A\$0.20 (20 cents per share), payable in full on application to raise a minimum of AUD\$2,500,000 ("Capital Raising" or the "Public Offer"). The maximum offering is 17,500,000 fully paid ordinary shares raising a maximum of \$3,500,000.

Expressions defined in the Prospectus have the same meaning in this report.

2. Basis of Preparation

This report has been prepared to provide investors with information in relation to historical financial information of Health House for the year ended 30 June 2020 and of VPCL for the years ended 30 June 2018, 2019 and 2020, as well as pro-forma financial information as at 30 June 2020.

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 Australian Accounting Standards applicable to financial reports in accordance with the Corporations Act 2001.

The report does not address the rights attaching to the shares to be issued in accordance with the Offer, nor the risks associated with accepting the Offer. Moore Australia Corporate Finance (WA) Pty Ltd has not been requested to consider the prospects for VPCL nor the merits and risks associated with becoming a shareholder, and accordingly has not done so, nor purports to do so.

Consequently, Moore Australia Corporate Finance (WA) Pty Ltd has not made, and will not make any recommendation, through the issue of this report, to potential investors of the Company, as to the merits of the Offer and takes no responsibility for any matter or omission in the Prospectus, other than responsibility for this report.

3. Background

VPCL is a public company which is incorporated in Australia and was listed on the Australian Securities Exchange (ASX: VPC) in July 2011 as International Coal Limited (ASX: ICX). In November 2015, it was reinstated to quotation following the acquisition of Velpic Limited (ASX: VPC), the owner of an online, cloud-based eLearning, training and induction platform. In October 2018, VPCL sold the Velpic business to Damstra Technology, changed its name to VPCL Limited and has since that time been looking for investment opportunities. The Company's shares have been suspended on the ASX since 19 November 2018.

Moore Australia Corporate Finance (WA) Pty Ltd as trustee – ABN 41 421 048 107.

An independent member of Moore Global Network Limited - members in principal cities throughout the world.

Liability limited by a scheme approved under Professional Standards Legislation.

3. Background (continued)

On 24 November 2020, the Company announced an agreement to acquire 100% of the issued share capital of Health House. The Heads of Agreement is subject to a number of conditions including VPCL receiving shareholder approval, all necessary approvals required by law, the consolidation of its issued share capital on a 1-for-50 basis and a capital raising of not less than AUD\$2,500,000 before costs.

The consideration for the acquisition of Health House is AUD\$23,039,749 to be satisfied by VPCL issuing 115,298,743 ordinary shares, on a post consolidation basis, on completion.

The Company is also proposing to issue 3,458,961 ordinary shares on a post consolidation basis, to corporate advisors.

The acquisition of Health House will result in a significant change to the nature and scale of the Company's operations.

Health House is a UK-registered private limited company registered in October 2018 with the ultimate objective of becoming a listed company with an international medicinal cannabis distribution business. Since incorporation, Health House has acquired interests in a medicinal cannabis distribution business, a general pharmaceutical distribution business and a web-based direct to consumer pharmacy.

For accounting purposes, the acquisition of Health House will be accounted for as a reverse acquisition and Health House deemed to be the accounting acquirer in the business combination. The pro-forma financial information has therefore been prepared as a continuation of the business and operations of Health House. Accordingly, the pro-forma consolidated statement of financial position of VPCL as at 30 June 2020 incorporates the net assets of VPCL and Health House as if the group was headed by Health House. At the acquisition date, the net assets of Health House are recorded at their book values and the net assets of VPCL are recorded at their fair values.

Further information about the acquisition of Health House and its future plans can be found in other sections of the Prospectus.

4. Scope of Report

The Directors of the Company have requested Moore Australia Corporate Finance (WA) Pty Ltd prepare an Investigating Accountant's Report on:

- The consolidated Statutory Historical Statement of Profit or Loss and other Comprehensive income of Health House for the year ended 30 June 2020, and of VPCL for the three years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- The consolidated Statutory Historical Statement of Cash flows of Health House for the year ended 30 June 2020, and of VPCL for the three years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- The consolidated Statutory Historical Statement of Financial Position of Health House as at 30 June 2020, and of VPCL as at 30 June 2018, 30 June 2019 and 30 June 2020; and
- The consolidated pro-forma Statement of Financial Position of VPCL as at 30 June 2020 adjusted on the basis of the acquisition of 100% of the share capital of Health House (using 30 June 2020 consolidated statutory historical statement of financial position of Health House) and the completion of certain other transactions as disclosed in this report.

The consolidated Pro Forma Statement of Financial Position is provided for illustrative purposes only and is not represented as being necessarily indicative of VPCL's future financial position.

The scope of our report included the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cashflows of Health House for the year ended 30 June 2020 because post completion of the acquisition the accounts of the Company will be treated as a continuation of the business and operations of Health House. Health House acquired its current operating subsidiaries early in the 30 June 2020 financial year and accordingly had no material trading results in prior years.

4. Scope of Report (continued)

Sources of information

The Statutory Historical Financial information for VPCL has been extracted from the audited consolidated financial statements of VPCL for the three years ended 30 June 2018, 30 June 2019 and 30 June 2020. These financial statements were subject to audit by the Company's auditor in accordance with Australian Auditing Standards.

Statutory Historical and Pro-Forma Financial Information

The Statutory Historical Financial Information for Health House has been extracted from the audited consolidated financial statements of Health House Holdings for the year ended 30 June 2020. These financial statements were subject to audit by Health House's auditor in United Kingdom.

The consolidated Statutory Historical Statement of Profit or Loss and other Comprehensive income of Heath House for the year ended 30 June 2020, and of VPCL for the three years ended 30 June 2018, 30 June 2019 and 30 June 2020 are included at Appendix 1 and are presented without adjustment.

The consolidated Statutory Historical Statement of Cash flows of Health House for the year ended 30 June 2020, and of VPCL for the three years ended 30 June 2018, 30 June 2019 and 30 June 2020 are included at Appendix 2 and are presented without adjustment.

The consolidated Statutory Historical Statement of Financial Position of Health House as at 30 June 2020, and of VPCL as at 30 June 2018, 30 June 2019 and 30 June 2020 are included at Appendix 3 and presented without adjustment.

The consolidated Pro Forma Historical Statement of Financial Position of VPCL as at 30 June 2020 adjusted to include funds to be raised pursuant to the Prospectus and the completion of certain other transactions is included at Appendix 3, as if those events and transactions occurred as at 30 June 2020.

5. Scope of Review

Directors' Responsibilities

The Directors of VPCL are responsible for the preparation and presentation of the Statutory Historical and Pro Forma Historical financial information, including the determination of the Pro Forma transactions. The Directors are also responsible for the Information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Financial Information presented in the Prospectus that is free from material misstatement whether due to fraud or error.

Our Responsibilities

We have conducted our engagement in accordance with Australian Auditing Standard ASRE 2405 Review of Historical Financial Information Other than a Financial Report. We have also considered and complied with the requirements of ASAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document and ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used to compile the pro-forma financial information, nor have we, in the course of this engagement, performed an audit of the financial information used in compiling the pro-forma financial information, or the pro-forma information itself.

The purpose of the compilation of the pro-forma information is solely to illustrate the impact of the proposed acquisition on unadjusted financial information of the Company as if the event had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed Capital Raising and related transactions would be as presented.

We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- a) a review of contractual arrangements;

5. Scope of Review (continued)

- b) a review of financial statements, management accounts, work papers, accounting records and other documents, to the extent considered necessary;
- c) a review of work papers of the auditors of VPCL and of Health House, including making enquiries of the auditors to the extent considered necessary;
- d) a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, with the accounting policies adopted by VPCL and Health House;
- e) a review of the assumptions used to compile the condensed consolidated pro-forma statement of financial position; and
- f) enquiry of directors, management and advisors of VPCL and of Health House.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

These procedures have been undertaken to form a limited assurance conclusion as to whether we have become aware that the consolidated Statutory Historical and Pro Forma Historical Financial Information, set out in Appendix 1 to 4, do not present fairly, in all material respects, in accordance with Australian Accounting Standards and the accounting policies adopted by the Company. This view is consistent with our understanding of the financial position of the Company as at 30 June 2020, the pro forma financial position as at 30 June 2020, and of its financial results and cash flows for the years ended 30 June 2018, 2019 and 2020.

6. Measurement of assets and liabilities acquired

The acquisition of VPCL (for accounting purposes VPCL is treated as the acquiree) as recorded in the consolidated pro-forma statement of financial position reflects provisional amounts allocated to the assets and liabilities acquired.

The assets and liabilities acquired will be remeasured after completion of the acquisition. Whilst the total net assets acquired are not expected to change significantly, the allocation between the different types of assets acquired may change somewhat as a result of this re-measurement.

7. Conclusion

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the consolidated Statutory Historical Statement of Profit and Loss and other Comprehensive income of Health House for the year ended 30 June 2020, and of VPCL for the three years ended 30 June 2018 30 June 2019 and 30 June 2020, as set out in Appendix 1, do not present fairly the results for the period then ended in accordance with the accounting methodologies required by Australian Accounting Standards.
- the consolidated Statutory Historical Statement of cashflows of Health House for the year ended 30 June 2020, and of VPCL for the three years ended 30 June 2018, 30 June 2019 and 30 June 2020, as set out in Appendix 2, do not present fairly the cashflows for the period then ended in accordance with accounting methodologies required by Australian Accounting Standards;
- the consolidated Statutory Historical Statement of Financial Position of Health House as at 30 June 2020, and of VPCL as at 30 June 2018, 30 June 2019 and 30 June 2020, as set out in Appendix 3, do not present fairly the assets and liabilities, in accordance with the accounting methodologies required by Australian Accounting Standards;
- the consolidated pro-forma Statement of Financial Position of the Company, as set out in Appendix 3, does not present fairly the assets and liabilities of the Company and its controlled entities as at 30 June 2020 in accordance with the accounting methodologies required by Australian Accounting Standards and on the basis of assumptions and transactions set out in Note 1 of Appendix 4.

8. Subsequent Events

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 30 June 2020 not otherwise disclosed in this report or the Prospectus that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

The following subsequent events were noted:

- On 24 July 2020, the Company completed a sale of 100% of its investment in Lumi Financial Holdings Ltd to existing Lumi shareholders, at a transaction price of AUD\$0.10 per share to net total proceeds of AUD\$500,000.
- In August 2020, the Company reached a deed of settlement with Pro9 Global Ltd in relation to the loan funds (including accrued interest) of AUD\$693,563 owed by Pro 9 Global Ltd to VPCL. Under the terms of the deed, the company accepted settlement of AUD\$200,000 in cash plus 2.5 million shares in Pro9 Global Ltd. An amount of AUD\$9,092 related to interest was recovered post balance date. The Board has determined the fair value of the shares issued to be AUD\$125,000. In September 2020, the equity component comprising 2.5 million shares in Pro9 Global Ltd and AUD\$200,000 as the cash component of the settlement of the loan repayment was received from Pro9 Global Ltd.
- In July 2020, Health House issued 14,259,801 shares at GBP £0.10 per share (equivalent to approximately AUD\$0.182), to raise GBP £1,425,980 (AUD\$2,595,284) before costs.
- On 1 September 2020, Health House, via its subsidiary, Health House Pharma Limited, purchased the trade and fixed assets of Gees Pharmacy, web-based pharmacy business in the UK, for cash of GBP £183,893 (approximately AUD\$332,056) and issued capital of GBP £140,000 (approximately \$254,800)
- In October 2020, Health House issued 10,730,000 shares at GBP £0.05 per share (equivalent to approximately AUD\$0.091), to raise GBP £536,500 (AUD\$976,430) before costs.
- The settlement of various liabilities owing to directors, employees and consultants of Health House by way of an issue of ordinary shares having a value of GBP £352,452 (approximately AUD\$641,463).

9. Other Matters

Moore Australia Corporate Finance (WA) Pty Ltd does not have any pecuniary interest that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion on this matter.

Moore Australia Corporate Finance (WA) Pty Ltd will receive a professional fee for the preparation of this Investigating Accountant's Report.

Moore Australia Corporate Finance (WA) Pty Ltd were not involved in the preparation of any other part of the Prospectus and accordingly makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Moore Australia Corporate Finance (WA) Pty Ltd consents to the inclusion of this report in the Prospectus in the form and context in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully



Neil Pace
Director

Moore Australia Corporate Finance (WA) Pty Ltd

Appendix 1

HEALTH HOUSE HOLDINGS LIMITED AND ITS SUBSIDIARIES AUDITED CONSOLIDATED STATUTORY HISTORICAL STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Below is Health House's consolidated Statutory Historical Statement of Profit or Loss and other Comprehensive income for the year ended 30 June 2020. The results of VPCL have not been included and the statement does not incorporate the pro-forma adjustments set out in Appendix 4.

| | Actual Year end 30 June 2020 AUD\$ |
|--|---|
| Revenue | 5,949,118 |
| Cost of sales | (4,613,695) |
| Gross profit | 1,335,423 |
| Expenses | |
| Administrative expenses | (3,847,184) |
| Other income | 59,317 |
| Operating Loss | 2,452,444 |
| Finance income | 630 |
| Finance costs | (54,093) |
| Loss before taxation | (2,505,907) |
| Taxation | - |
| Loss after taxation | (2,505,907) |
| Other comprehensive income | 15,279 |
| Total comprehensive income for the period | (2,490,628) |

Investors should note that past results are not a guarantee of past performance.

Appendix 1

VPCL LIMITED AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATUTORY HISTORICAL STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Below is VPCL's consolidated Statutory Historical Statement of Profit or Loss and other Comprehensive income for the three years ended 30 June 2018, 30 June 2019 and 30 June 2020. The results of Health House have not been included and the statement does not incorporate the pro-forma adjustments set out in Appendix 4.

| | Actual Year end 30 June 2018 AUD\$ | Actual Year end 30 June 2019 AUD\$ | Actual Year end 30 June 2020 AUD\$ |
|---|---|---|---|
| Revenue from continuing operations | | | |
| Other income | 239,413 | 771,744 | 64,655 |
| Foreign Exchange Gain | - | 72,344 | 7,758 |
| Expenses | | | |
| Production cost | (1,195) | - | - |
| Compliance cost | (86,888) | (47,341) | (45,663) |
| Directors' fees | (162,698) | (172,949) | (156,000) |
| Depreciation and amortisation | (625) | (43) | - |
| Doubtful debts expense | (58,768) | - | - |
| Employee benefits expense | (6,132) | (180,659) | 15,131 |
| Fair value Loss | - | - | (400,000) |
| Finance charges on Damstra early settlement | - | - | (92,313) |
| Impairment of receivable | - | - | (359,471) |
| Marketing expense | (28,673) | - | - |
| Professional & consulting fees | (196,227) | (415,989) | (361,939) |
| Rent & utilities | - | (212,586) | (52,834) |
| Reversal of Doubtful Debt provision | - | - | 15,160 |
| Share-based payments | (20,100) | 111,669 | - |
| Travel expenses | (10,852) | (12,129) | (425) |
| Other expenses | (64,180) | (91,912) | (46,901) |
| Profit/(Loss) before income tax expense from continuing operations | (396,925) | (177,851) | (1,412,842) |
| Income tax expense | - | - | - |
| Profit/(Loss) after income tax expense from continuing operations | (396,925) | (177,851) | (1,412,842) |
| Profit/(Loss) from discontinued operation | (7,699,631) | 3,087,737 | - |
| Income tax expense | - | - | - |
| Profit/(Loss) after income tax expense for the year | (8,096,556) | 2,909,886 | (1,412,842) |
| Other comprehensive income | - | - | - |
| Total comprehensive income for the year | (8,096,556) | 2,909,886 | (1,412,842) |

Investors should note that past results are not a guarantee of past performance.

Appendix 2

HEALTH HOUSE HOLDINGS LIMITED AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATUTORY HISTORICAL STATEMENT OF CASH FLOWS

Below is Health House's consolidated Statutory Historical Statement of Cash Flows for the year ended 30 June 2020. The results of VPCL have not been included and the statement does not incorporate the pro-forma adjustments set out in Appendix 4.

| | Actual Year end 30 June 2020 AUD\$ |
|---|---|
| Cash flows from operating activities | |
| Cash used in operations | (1,928,569) |
| Net cash used in operating activities | (1,928,569) |
| Cash flows from investing activities | |
| Purchase of bonds | (254,560) |
| Cash balance of subsidiary acquired | 584,641 |
| Purchase of tangible assets | (4,114) |
| Purchase of intangible assets | (76,433) |
| Purchase of P&D trade assets | (691,969) |
| Net cash received in investing activities | (442,435) |
| Cash flows from financing activities | |
| Proceeds from issue of shares & options | 2,511,549 |
| Proceeds from loans | 420,021 |
| Payments under finance lease | (65,784) |
| Net cash from financing activities | 2,865,786 |
| Net increase in cash and cash equivalents | 494,782 |
| Cash and cash equivalents at the beginning of the financial year | - |
| Exchange differences | 15,279 |
| FX Exchange rate adjustments | (16,248) |
| Cash and cash equivalents at the end of the financial year | 493,813 |

Investors should note that past results are not a guarantee of past performance.

Appendix 2

VPCL LIMITED AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATUTORY HISTORICAL STATEMENT OF CASH FLOWS

Below is VPCL's consolidated Statutory Historical Statement of Cash Flows for the three years ended 30 June 2018, 30 June 2019 and 30 June 2020. The results of Health House have not been included and the statement does not incorporate the pro-forma adjustments set out in Appendix 4.

| | Actual Year end 30 June 2018 AUD\$ | Actual Year end 30 June 2019 AUD\$ | Actual Year end 30 June 2020 AUD\$ |
|---|---|---|---|
| Cash flows from operating activities | | | |
| Receipts from customer inclusive of GST | 2,286,250 | 435,176 | - |
| Payments to suppliers and employees | (5,441,551) | (2,471,283) | (678,838) |
| Interest received | 223,720 | 161,597 | 38,077 |
| Interest received Income Tax – R&D rebate | 12,702 | 4,186 | - |
| Cash receipts from other operation activities | - | 78,695 | - |
| Net cash used in operating activities | (2,918,879) | (1,791,629) | (640,761) |
| Cash flows from investing activities | | | |
| Payments for plant, and equipment | (410) | - | - |
| Proceeds from disposal of plant and equipment | 1,163 | - | - |
| Proceeds from sale of investments, net of cash given up | - | 2,718,647 | 2,289,012 |
| Loan funds advanced | (1,282,338) | (670,000) | (510,000) |
| Net cash received in investing activities | (1,281,585) | 2,048,647 | 1,779,012 |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares & options | 3,218,983 | - | - |
| Share issue transaction costs | (320,673) | - | - |
| Net cash from financing activities | 2,898,310 | - | - |
| Net (decrease) / increase in cash and cash equivalents | (1,302,154) | 257,018 | 1,138,251 |
| Cash and cash equivalents at the beginning of the financial year | 3,250,134 | 1,947,980 | 2,204,998 |
| Cash and cash equivalents at the end of the financial year | 1,947,980 | 2,204,998 | 3,343,249 |

Investors should note that past results are not a guarantee of past performance.

Appendix 3

HEALTH HOUSE HOLDINGS LIMITED AND ITS SUBSIDIARIES AUDITED CONSOLIDATED STATUTORY HISTORICAL STATEMENT OF FINANCIAL POSITION

Below is the audited consolidated Statutory Historical Statement of Financial Position of Health House as at 30 June 2020. The Financial position of VPCL has not been included and the statement does not incorporate the pro-forma adjustments set out in Appendix 4.

| | Actual 30 June 2020 AUD\$ |
|------------------------------------|--|
| Current Assets | |
| Cash and cash equivalents | 493,813 |
| Trade and other receivables | 1,090,815 |
| Financial assets at amortised cost | 247,061 |
| Inventory | 649,042 |
| Total Current Assets | 2,480,731 |
| Non-Current Assets | |
| Plant and equipment | 110,824 |
| Intangible assets | 1,826,127 |
| Total Non-Current Assets | 1,936,951 |
| Total Assets | 4,417,682 |
| Current Liabilities | |
| Trade and other payables | 1,976,359 |
| Lease liabilities | 29,288 |
| Borrowings | 455,827 |
| Total Current Liabilities | 2,461,474 |
| Non-Current Liabilities | |
| Trade and other payables | 90,531 |
| Lease liabilities | 31,483 |
| Borrowings | 12,453 |
| Total Current Liabilities | 134,467 |
| Total Liabilities | 2,595,941 |
| Net Assets | 1,821,741 |
| Equity | |
| Share capital | 1,841,360 |
| Share premium | 7,023,737 |
| Other reserves | (4,632,068) |
| Translation reserve | 14,793 |
| Retained earnings | (2,426,081) |
| Total Shareholder Equity | 1,821,741 |

Investors should note that past results are not a guarantee of past performance.

Appendix 3

VPCL LIMITED AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATUTORY HISTORICAL STATEMENT OF FINANCIAL POSITION

Below is the audited consolidated Statutory Historical Statement of Financial Position of VPCL as at 30 June 2018, 30 June 2019 and 30 June 2020. The Financial position of Health House has not been included and the statement does not incorporate the pro-forma adjustments set out in Appendix 4.

| | Actual 30 June 2018 AUD\$ | Actual 30 June 2019 AUD\$ | Actual 30 June 2020 AUD\$ |
|----------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Current assets | | | |
| Cash and cash equivalents | 1,947,980 | 2,204,998 | 3,343,249 |
| Receivables | 392,427 | 1,251,051 | 342,912 |
| Other current assets | 84,836 | 13,614 | 28,211 |
| Investments held for sale | - | - | 500,000 |
| Total Current Assets | 2,425,243 | 3,469,663 | 4,214,372 |
| Non-Current assets | | | |
| Receivables | - | 1,309,248 | - |
| Investments | 1,282,338 | 900,000 | - |
| Plant and equipment | 53,470 | - | - |
| Intangible assets | 23,662 | - | - |
| Total Non-Current Assets | 1,359,470 | 2,209,248 | - |
| Total Assets | 3,784,713 | 5,678,911 | 4,214,372 |
| Current liabilities | | | |
| Trade and other payables | 931,853 | 92,803 | 41,106 |
| Provisions | 64,968 | - | - |
| Total Current Liabilities | 996,821 | 92,803 | 41,106 |
| Total Liabilities | 996,821 | 92,803 | 41,106 |
| Net Assets | 2,787,892 | 5,586,108 | 4,173,266 |
| Equity | | | |
| Issued capital | 33,216,771 | 33,216,771 | 33,216,771 |
| Share-based payment reserve | 2,432,141 | 2,320,472 | 2,320,472 |
| Accumulated losses | (32,861,020) | (29,951,135) | (31,363,977) |
| Total Equity | 2,787,892 | 5,586,108 | 4,173,266 |

Investors should note that past results are not a guarantee of past performance.

Appendix 3

VPCL LIMITED AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATUTORY HISTORICAL STATEMENT OF FINANCIAL POSITION AND UNAUDITED CONSOLIDATED PRO FORMA HISTORICAL STATEMENT OF FINANCIAL POSITION

The unaudited pro-forma consolidated statement of financial position represents the audited consolidated Statutory Historical Statement of Financial Position of the Company as at 30 June 2020 adjusted for subsequent events and pro-forma transactions outlined in Note 1 of Appendix 4. It should be read in conjunction with the notes to the historical and pro-forma financial information.

| | Note | Actual 30 June 2020 AUD\$ | Subsequent events 30 June 2020 AUD\$ | Pro forma adjustments 30 June 2020 AUD\$ | Unaudited Pro-Forma 30 June 2020 AUD\$ |
|--------------------------------------|------|---------------------------------|---|---|---|
| Current assets | | | | | |
| Cash and cash equivalents | 4 | 3,343,249 | 3,938,750 | 2,478,813 | 9,760,812 |
| Receivables | 5 | 342,912 | 72,194 | 1,090,815 | 1,505,921 |
| Other current assets | | 28,211 | - | - | 28,211 |
| Investments held for sale | 6 | 500,000 | (375,000) | - | 125,000 |
| Financial assets at amortised cost | | - | - | 247,061 | 247,061 |
| Inventory | | - | 126,399 | 649,042 | 775,441 |
| Total Current Assets | | 4,214,372 | 3,762,343 | 4,465,731 | 12,442,446 |
| Non-current assets | | | | | |
| Property, plant & equipment | | - | 54,171 | 110,824 | 164,995 |
| Intangible assets | | - | - | 1,826,127 | 1,826,127 |
| Total Non-Current Assets | | - | 54,171 | 1,936,951 | 1,991,122 |
| Total Assets | | 4,214,372 | 3,816,514 | 6,402,682 | 14,433,568 |
| Current liabilities | | | | | |
| Trade and other payables | 7 | 41,106 | (277,463) | 1,976,359 | 1,740,002 |
| Lease liabilities | | - | - | 29,288 | 29,288 |
| Borrowings | | - | - | 455,827 | 455,827 |
| Total Current Liabilities | | 41,106 | (277,463) | 2,461,474 | 2,225,117 |
| Non - Current liabilities | | | | | |
| Trade and other payables | | - | - | 90,531 | 90,531 |
| Lease liabilities | | - | - | 31,483 | 31,483 |
| Borrowings | | - | - | 12,453 | 12,453 |
| Total Non-Current Liabilities | | - | - | 134,467 | 134,467 |
| Total Liabilities | | 41,106 | (277,463) | 2,595,941 | 2,359,584 |
| Net Assets | | 4,173,266 | 4,093,977 | 3,806,741 | 12,073,984 |
| Equity | | | | | |
| Issued capital | 8 | 33,216,771 | 4,437,977 | (24,036,834) | 13,617,914 |
| Share-based payment reserve | | 2,320,472 | - | (2,320,472) | - |
| Share premium | | - | - | 7,023,737 | 7,023,737 |
| Other reserves | | - | - | (4,632,068) | (4,632,068) |
| Translation reserve | | - | - | 14,793 | 14,793 |
| Accumulated losses | | (31,363,977) | (344,000) | 27,757,585 | (3,950,392) |
| Total Equity | | 4,173,266 | 4,093,977 | 3,806,741 | 12,073,984 |

Investors should note that past results are not a guarantee of past performance.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

1. The Preparation of the Unaudited consolidated Pro-Forma Historical Statement of Financial Position

The 30 June 2020 audited consolidated statement of financial position of VPCL has been adjusted to reflect the impact of the following proposed transactions or actual transactions which have taken place subsequent to 30 June 2020:

- The acquisition by VPCL of 100% of the issued share capital of Health House, satisfied by the issue of 115,298,743 VPCL shares at AUD\$0.20 per share (on a post-consolidation basis). As the acquisition is required to be accounted for as a reverse acquisition the pro-forma financial information has therefore been prepared as a continuation of the business and operations of Health House.
- The consolidation of the Company's capital on the basis that every 50 shares be consolidated into 1 share.
- Pursuant to this Prospectus, a capital raising of a minimum of AUD\$2,500,000. For the purposes of the pro forma, we have assumed AUD\$2,500,000 will be raised via the issue of 12,500,000 ordinary shares for AUD\$0.20 per share (on a post consolidation basis). If more capital was to be raised then the impact would be to increase cash and cash equivalents and issued capital by the amount of the additional cash raised, net of additional costs incurred in raising this additional capital.
- The payment from cash of estimated total expenses of the offer of AUD\$525,000 of which AUD\$406,000 has been debited to issued capital as share issue costs and the balance of AUD\$119,000 expensed to accumulated losses.
- The issue of 3,458,961 ordinary shares for AUD\$0.20 per share (on post consolidation basis) totaling AUD\$691,192, to the corporate advisors, which has been expensed to accumulated losses.
- The sale of VPCL Investments held for sale for AUD\$500,000 on 24 July 2020.
- The settlement of Loans receivable as at 30 June 2020 of AUD\$334,092 in August 2020, converted to Cash and equity investment assets held for sale.
- The acquisition by Health House of the trade and fixed assets of Gees Pharmacy on 1 September 2020 for consideration of cash of AUD\$332,056 (GBP £183,893) and issued capital of AUD\$254,800 (GBP £140,000). This resulted in an increase of AUD\$406,286 to the receivables, AUD\$126,399 to Inventory and AUD\$54,171 to Property, Plant and Equipment assets.
- Health House capital raising performed in July 2020, raising a gross amount of AUD\$2,595,284 (GBP £1,425,980).
- Health House capital raising performed on 7 October 2020, raising a gross amount of AUD\$976,430 (GBP £536,500).
- The settlement of various liabilities owing to directors, employees and consultants of Health House by way of an issue of ordinary shares having a value of GBP £352,452 (approximately AUD\$641,463).

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

2. Basis of Preparation

The consolidated Statutory Historical Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (“AAS”) (including the Australian Accounting Interpretations), issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards (“IFRS”) and Interpretations issued by the International Accounting Standards Board.

The Pro Forma historical Financial Information has been prepared in accordance with the recognition and measurement requirements of AAS, other than that it includes certain adjustments which have been prepared in a manner consistent with AAS, which reflect the impact of certain transactions as if they had occurred on or before 30 June 2020.

The Financial Information is presented in an abbreviated form and does not include all of the disclosures, statements or comparative information required by AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

Accounting policies have been consistently applied throughout the periods presented. Significant accounting policies of the Company, relevant to the Financial Information are set out in Note 2 of Appendix 4 below.

Acquisition of Health House

The Company has agreed to acquire 100% of the issued share capital of Health House. Under the terms of AASB 3 “*Business Combinations*”, Health House is deemed to be the accounting acquirer in the business combination. Consequently, the transaction has been accounted for as a reverse acquisition.

The pro-forma financial report has been prepared as a continuation of the business and operations of Health House.

Going concern

This financial information has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to meet its existing and future obligations will depend on its ability to raise funds pursuant to the Prospectus or from other sources and to complete the acquisition of Health House.

Foreign Exchange Rates applied to the Statutory Historical Financial Information

Health House functional currency is Pound Sterling (GBP £) due to current operations being located in the United Kingdom. For each table within the financial information section of this Prospectus the relevant information has been restated in Australian dollars. To translate the financial information into Australian dollars (AUD\$) we have used the following conversion rates based on the Reserve Bank of Australia’s (RBA) published foreign exchange rate tables:

| Foreign Currency Conversion Rates | |
|---|--------------|
| GBP £ to AUD\$ exchange rate | 30 June 2020 |
| Average rate used in translating the statutory historical income statement and statement of cash flows | 1.8702 |
| Exchange rate used in translating the statutory historical (and pro forma historical) statement of financial position | 1.8106 |

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

3. Business Combination

Reverse acquisition of VPCL by Health House

Under the terms of AASB 3 "Business Combinations", Health House is deemed to be the accounting acquirer in the business combination. Consequently, the transaction has been accounted for as a reverse acquisition.

Health House, as the deemed acquirer, will account for the acquisition of VPCL. Accordingly, the pro-forma consolidated statement of financial position of VPCL as at 30 June 2020 incorporates the net assets of VPCL and Health House as if the group was headed by Health House.

30 June 2020 has been deemed as the acquisition date for the purposes of the pro-forma, with the net assets of Health House as at 30 June 2020 being recorded at their book value and the net assets of VPCL as at 30 June 2020 being recorded at their fair value.

Details of the fair value of assets and liabilities acquired, and excess consideration are as follows:

| | |
|---|----------------|
| Purchase consideration: | AUD\$ |
| Being the deemed fair value of consideration paid for VPCL | 4,523,384 |
| Less: fair value of net identifiable assets acquired on reverse acquisition (see below) | (4,173,266) |
| Premium paid | 350,118 |

The premium paid has been expensed in the statement of profit or loss and other comprehensive income as a cost of listing.

Details of the fair value of identifiable assets and liabilities of VPCL as at 30 June 2020 (deemed acquisition date) are as follows:

| | Book carrying value Actual 30 June 2020 AUD\$ | Fair value Pro-forma 30 June 2020 AUD\$ |
|---------------------------|--|--|
| Assets | | |
| Cash and cash equivalents | 3,343,249 | 3,343,249 |
| Receivables | 342,912 | 342,912 |
| Other current assets | 28,211 | 28,211 |
| Investments held for sale | 500,000 | 500,000 |
| Liabilities | | |
| Trade and other payables | 41,106 | 41,106 |
| Net Assets | 4,173,266 | 4,173,266 |

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

| | Actual 30 June 2020 AUD\$ | Pro-Forma Consolidated 30 June 2020 AUD\$ |
|--|---------------------------------|--|
|--|---------------------------------|--|

4. Cash and Cash Equivalents

CURRENT

| | | |
|--------------------------|-----------|-----------|
| Cash at bank and on hand | 3,343,249 | 9,760,812 |
|--------------------------|-----------|-----------|

The movements in cash at bank are as follows:

| | |
|--|-----------|
| Actual – VPCL holding as at 30 June 2020 | 3,343,249 |
|--|-----------|

| | |
|--|---------|
| Actual – Health House holding as at 30 June 2020 | 493,813 |
|--|---------|

Pro-forma adjustments:

| | |
|--|-----------|
| Issue of shares by VPCL pursuant to Prospectus before costs (assuming minimum is raised of 12,500,000 shares) | 2,500,000 |
|--|-----------|

| | |
|--|-----------|
| Costs of the offer and the acquisition | (525,000) |
|--|-----------|

| | |
|--|---------|
| Subsequent event - Sales of VPCL Investments held for sale | 500,000 |
|--|---------|

| | |
|--|---------|
| Subsequent event - Settlement of Pro9 Global Ltd Loan receivable | 209,092 |
|--|---------|

| | |
|--|-----------|
| Subsequent event - Issue of 14,259,801 Health House ordinary shares to new and current investors (Before costs) | 2,595,284 |
|--|-----------|

| | |
|--|-----------|
| Subsequent event - Purchase of Gee Pharmacy trade and assets | (332,056) |
|--|-----------|

| | |
|--|---------|
| Subsequent event - Issue of 10,730,000 Health House ordinary shares to new and current investors (Before costs) | 976,430 |
|--|---------|

9,760,812

Note: The proforma cash balance has been prepared on the basis that the proposed minimum capital of AUD\$2,500,000 (12,500,000 shares) shall be raised. In the event the maximum capital of AUD\$3,500,000 (17,500,000) is raised, this will increase the Cash and Cash Equivalents and Issued capital by \$1,000,000 before additional costs of the offer, to AUD\$10,516,012 and AUD\$13,751,651 respectively.

5. Trade and Other Receivables

CURRENT

| | | |
|-----------------------------|---------|-----------|
| Trade and other receivables | 324,912 | 1,505,921 |
|-----------------------------|---------|-----------|

The movements in trade and other payables are as follows:

| | |
|--|---------|
| Actual – VPCL holding as at 30 June 2020 | 342,912 |
|--|---------|

| | |
|--|-----------|
| Actual – Health House holding as at 30 June 2020 | 1,090,815 |
|--|-----------|

Pro-forma adjustments:

| | |
|--|-----------|
| Subsequent event - Settlement of Pro9 Global Ltd Loan receivable | (334,092) |
|--|-----------|

| | |
|--|---------|
| Subsequent event - Purchase of Gee Pharmacy trade and assets | 406,286 |
|--|---------|

1,505,921

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

| | Actual 30 June 2020 AUD\$ | Pro-Forma Consolidated 30 June 2020 AUD\$ |
|--|---------------------------------|--|
| 6. Investments held for sale | | |
| CURRENT | | |
| Investments held for sale | 500,000 | 125,000 |
| The movements in provisions are as follows: | | |
| Actual – VPCL holding as at 30 June 2020 | | 500,000 |
| Actual – Health House holding as at 30 June 2020 | | - |
| Pro-forma adjustments: | | |
| Subsequent event - Sales of VPCL Investments held for sale | | (500,000) |
| Subsequent event - Settlement of Pro9 Global Ltd Loan receivable | | 125,000 |
| | | 125,000 |
| 7. Trade and Other Payables | | |
| CURRENT | | |
| Trade and other payables | 41,160 | 1,740,002 |
| The movements in trade and other payables are as follows: | | |
| Actual – VPCL holding as at 30 June 2020 | | 41,160 |
| Actual – Health House holding as at 30 June 2020 | | 1,976,359 |
| Payables settled post 30 June 2020 by way of a share issue | | (277,463) |
| | | 1,740,002 |

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

| | Actual 30 June 2020 AUD\$ | Pro-Forma Consolidated 30 June 2020 AUD\$ |
|--|--|--|
| 8. Share Capital | | |
| Movements in ordinary share capital | No. of shares Legal parent (VPCL) | AUD\$ Legal parent (VPCL) |
| Ordinary issued and paid up share capital | | |
| Actual balance as at 30 June 2020 | 1,130,846,123 | 33,216,771 |
| Consolidation on a 50 for 1 basis | (1,108,229,201) | - |
| Balance as at 30.06.2020 on a post consolidation basis | 22,616,922 | 33,216,771 |
| Pro-forma adjustments: | | |
| Reverse acquisition adjustment to reverse opening share capital value in VPCL | - | (33,216,771) |
| Reverse acquisition adjustment to recognise opening share capital value in Health House | - | 1,841,360 |
| Deemed consideration for the issue of ordinary shares by VPCL as purchase consideration for Health House | 115,298,743 | 4,523,384 |
| Shares issued pursuant to current prospectus to raise A\$2,500,000 at \$0.20 per share on a post consolidation basis | 12,500,000 | 2,500,000 |
| Shares issued to Advisors at \$0.20 per share on a post consolidation basis | 3,458,961 | 691,192 |
| Transaction costs relating to capital raising | - | (406,000) |
| Subsequent event – issue of Health House shares as part consideration for Gees Pharmacy | - | 254,800 |
| Subsequent Event – issue of Health House shares to settle various liabilities | - | 641,463 |
| Subsequent event - Issue of 14,259,801 Health House ordinary shares to new and current investors (Before costs) | - | 2,595,284 |
| Subsequent event - Issue of 10,730,000 Health House ordinary shares to new and current investors (Before costs) | - | 976,430 |
| Pro-forma balance as at 30 June 2020 | 153,874,626 | 13,617,914 |

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

9. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current year.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB Interpretation 23 Uncertainty over Income Tax Treatments (Adopted 1 July 2019)

Interpretation 23 requires the assessment of whether the effect of uncertainty over income tax treatments should be included in the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The Interpretation outlines the requirements to determine whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances.

There has been no impact from the adoption of Interpretation 23 in this reporting period.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The consolidated entity has adopted this standard from 1 July 2019 and it has not resulted in any material impact on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Reverse acquisition

A reverse acquisition occurs when the acquirer is the entity whose equity interests have been acquired and the issuing entity is the acquiree. This might be the case when a private entity arranges to have itself 'acquired' by a smaller public entity as a means of obtaining a stock exchange listing. Although legally the issuing entity is regarded as the parent and the private entity is regarded as the subsidiary, the legal subsidiary is the acquirer if it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

b) Going Concern

For the year ended 30 June 2020 the consolidated entity recorded net cash inflows of \$1,138,251, a cash balance of \$3,343,249 and a net loss of \$1,412,842.

The disposal of the consolidated entity's Software-as-a-Service business and Brand Technology Agency means that at present, the consolidated entity does not have a substantive project. This indicates a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The consolidated entity has a stable cash position at 30 June 2020 as well as the additional realisation of assets post reporting date and are in advanced negotiations relating to the acquisition of a new business.

Management believe that there are sufficient funds to meet the consolidated entity's working capital requirements as at the date of this report, while management continues to review potential future business opportunities.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business as the directors are confident the consolidated entity will complete the proposed acquisition that is currently subject to regulator approval.

Should the consolidated entity not be able to continue as a going concern due to lack of operations, it may be required to release its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

c) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 20.

d) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of VPCL Limited ('company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended. VPCL Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

e) Foreign currency translation

The financial statements are presented in Australian dollars, which is VPC's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

f) Revenue recognition

The consolidated entity recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

g) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

VPC (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

h) Discontinued operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

i) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

j) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

k) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

l) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

m) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or Loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. In all other cases, the loss allowance is recognised in profit or loss.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

n) Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

o) Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured.

p) Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

q) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

r) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

s) Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of VPC, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

u) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Determining the stage for impairment

At each reporting date, the consolidated entity assesses whether there has been a significant increase in credit risk for loans receivable since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date. This includes quantitative and qualitative information. Refer to Note 8. Loan receivables will move through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and reverses any previously assessed significant increase in credit risk since origination, then the allowance for impairment losses reverts from lifetime ECL to 12-months ECL. Loans receivable that have not deteriorated significantly since origination are considered to have a low credit risk. The allowance for impairment losses for these loans receivable is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs. The fair value of the settlement shares for the Pro 9 Global Ltd loan has been made in reference to the last capital raising price.

Appendix 4

NOTES TO THE CONSOLIDATED FINANCIAL POSITION

10. Events After the Reporting Date

On 24 July 2020, the Company completed a sale of 100% of its investment in Lumi Financial Holdings Ltd to existing Lumi shareholders, at a transaction price of AUD\$0.10 per share to net total proceeds of AUD\$500,000.

In August 2020, the Company reached a deed of settlement with Pro9 Global Ltd in relation to the loan funds (including accrued interest) of AUD\$693,563 owed by Pro 9 Global Ltd to VPCL. Under the terms of the deed, the company accepted settlement of AUD\$200,000 in cash plus 2.5 million shares in Pro9 Global Ltd. An amount of AUD\$9,092 related to interest was recovered post balance date. The Board has determined the fair value of the shares issued to be AUD\$125,000. In September 2020, the equity component comprising 2.5 million shares in Pro9 Global Ltd and AUD\$200,000 as the cash component of the settlement of the loan repayment was received from Pro9 Global Ltd.

In July 2020, Health House issued 14,259,801 shares at GBP £0.10 per share (equivalent to approximately AUD\$0.182), to raise GBP £1,425,980 (AUD\$2,595,284) before costs.

The acquisition by Health House of the trade and fixed assets of Gees Pharmacy on 1 September 2020 for consideration of cash of AUD\$332,056 (GBP £183,893) and issued capital of AUD\$254,800 (GBP £140,000). This resulted in an increase of AUD\$406,286 to the receivables, AUD\$126,399 to Inventory and AUD\$54,171 to Property, Plant and Equipment assets.

In October 2020, Health House issued 10,730,000 shares at GBP £0.05 per share (equivalent to approximately AUD\$0.091), to raise GBP £536,500 (AUD\$976,430) before costs.

The settlement of various liabilities owing to directors, employees and consultants of Health House by way of an issue of ordinary shares having a value of GBP £352,452 (approximately AUD\$641,463).

We are not aware of any other significant events subsequent to 30 June 2020, other than those mentioned above.

MOORE AUSTRALIA CORPORATE FINANCE (WA) PTY LTD
Australian Financial Services License No. 240773
FINANCIAL SERVICES GUIDE

This Financial Services Guide is issued in relation to our Investigating Accountants Report for VPCL Limited ("VPCL"). Our report has been prepared at the request of the Directors of VPCL for inclusion in the Prospectus in respect of the proposed acquisition of Health House Holdings Ltd ("Health House") and subsequent re-listing of VPCL on the Australian Securities Exchange.

Moore Australia Corporate Finance (WA) Pty Ltd

Moore Australia Corporate Finance (WA) Pty Ltd ("MACF") has been engaged by the directors of VPCL to prepare an Investigating Accountants Report in respect of the initial public offering of fully paid ordinary shares in VPCL and listing of VPCL on the Australian Securities Exchange.

MACF holds an Australian Financial Services Licence – Licence No 240773.

Financial Services Guide

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial Services we are licensed to provide

MACF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

Our report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in this report.

General Financial Product Advice

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the proposed transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that we may receive

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be between \$15,000 and \$20,000 plus GST.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MACF or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

Referrals

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

MACF is the licensed corporate advisory arm of Moore Australia (WA) Pty Ltd, Chartered Accountants. The directors of MACF may also be partners in Moore Australia (WA) Pty Ltd Chartered, Accountants.

Moore Australia (WA) Pty Ltd, Chartered Accountants is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MACF's contact details are set out on our letterhead.

Neither MACF nor its related entities have previously provided any professional services to VPCL.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Australia (WA) Pty Ltd, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with Australian Financial Complaints Authority Limited ("AFCA"). AFCA is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MACF is a member of AFCA. AFCA may be contacted directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1800 931 678
Email: info@afca.org.au

12.

SOLICITOR'S REPORT ON REGULATORY COMPLIANCE - UK

The Directors
VPCL Ltd
Unit 36
38 Manchester Lane
Melbourne
Victoria 3000
Australia

Our Ref: 12019656.1.JKD.KFM
Doc Ref: 165895677.1
Date: 22 December 2020

Dear Sirs

English Legal Opinion

1 Introduction

- 1.1. We have been appointed as the English legal advisers to VPCL Ltd (**VPC** or the **Company**) in connection with its proposed re-admission to trading on the Australian Securities Exchange (**ASX**) and its proposed reverse takeover of Health House Holdings Limited (**HHH**) (the **Transaction** or **Re-Admission**).
- 1.2. We have been instructed by VPC in connection with its application for re-admission to the ASX and to provide a legal opinion in connection with the publication of a notice of general meeting and a prospectus. We have been asked to prepare our opinion in connection with the UK members of the HHH group, being, (i) HHH; (ii) Health House Pharma Limited (**HH Pharma**); and (iii) Health House Distribution UK Limited (**HH Distribution**).
- 1.3. This Opinion relates only to the laws of England and Wales and is given on the basis that it is to be governed by and construed in accordance with the laws of England and Wales, as currently in force and effect on the date of this Opinion. We express no opinion about the laws of any other jurisdiction or factual matters or about any changes to the laws of England and Wales (or to the interpretation or application thereof) which might occur after the date of this Opinion.

2 Definitions

- 2.1. Capitalised terms in this Opinion shall have the same meaning given to them in Schedule 1 ("**Definitions**") unless the context specifically requires a different interpretation.

hilldickinson.com

The Hill Dickinson Legal Services Group has offices in Liverpool, Manchester, London, Sheffield, Piraeus, Singapore, Monaco and Hong Kong.

Hill Dickinson LLP
50 Fountain Street
Manchester M2 2AS
Tel: +44 (0)161 817 7200
Fax: +44 (0)161 817 7201

- 2.2. References in this Opinion to the “**Parties**” or a “**Party**” shall be to the parties or any party to the Documents (as the case may be). We have not examined any other documents or made any other enquiries.

3 Activities Undertaken by HHH

- 3.1. HHH is an international pharmaceutical distribution group which includes medicinal cannabis products. We understand that HHH is a holding company and is not engaged in any commercial activities.
- 3.2. HHH has two English subsidiaries, HH Pharma and HH Distribution. HH Distribution is a dormant subsidiary which has not traded. For the purposes of this legal opinion our review focuses on the current activities of HH Pharma described in paragraphs 3.3 to 3.5.
- 3.3. On 5 September 2019, HH Pharma acquired the trading business and assets of P&D, a pharmaceutical products distribution business operating in the UK. HH Pharma utilises a distribution network acquired from P&D to supply medicinal cannabis products to pharmacies, hospitals, government departments, veterinarians and wholesalers in the UK.
- 3.4. On 1 September 2020, HH Pharma acquired the trading business and assets of an established online pharmacy business operating with the trading name, Gee’s Pharmacy. Gee’s fulfils prescriptions for care homes as well as individuals and dispenses medicines to the National Health Service in England.
- 3.5. HH Pharma is engaged in the activity of supplying unlicensed medicinal products, including CBPMs, as a wholesale distributor within the UK. In accordance with UK law, HH Pharma is required to hold certain licences and authorisations to lawfully undertake those activities in the UK and these approvals are briefly described below:
- 3.5.1. a UK Controlled Drug Licence dated 15 October 2020 (due to expire on 14 October 2021) issued by the UK Home Office allowing the possession and supply of drugs in Schedules 2, 3 and 4 and the supply of drugs in Schedule 5 of the Misuse of Drugs Regulations 2001;
- 3.5.2. a Wholesale Distribution Authorisation issued by the MHRA dated 4 September 2019 allowing the distribution by way of wholesale dealing of medical products for human use and storage of these products on UK premises as specified; and
- 3.5.3. a certificate of Good Distribution Practice compliance of a wholesale distributor issued by the MHRA following an inspection on 7 September 2018,
- and as more particularly described in Schedule 3 of this Opinion. HH Pharma’s current Wholesale Distribution Authorisation and UK Controlled Drug Licence allows it to import CBPMs from within the EU. The Wholesale Distribution Authorisation authorises HH Pharma to export medicinal products by way of wholesale dealing to other countries within the EEA.
- 3.6. For the avoidance of doubt, we express no view as to the lawfulness of activities undertaken by HHH’s Australian subsidiaries or business operations.

4 Medicinal Cannabis Regulation in the UK

We understand that the Company requires an independent legal report providing a summary of medicinal cannabis regulation in the UK, as it relates to the current activities of

the HH UK Subsidiaries. A regulatory overview is set out at Schedule 2 of this Opinion. This summary is not intended to be exhaustive.

5 Medicinal Cannabis Licences and Authorisations held by each HH Pharma

5.1. We are of the opinion that as at the date of this Opinion:

- 5.1.1. the description of the Licences as set out in Schedule 2 are, subject to any qualification contained in this Opinion, complete and accurate;
- 5.1.2. HH Pharma holds directly the interest in the Licences;
- 5.1.3. so far as we are aware, based on reasonable enquiries of the Directors of the HH UK Subsidiaries there are currently no pending Licence applications;
- 5.1.4. so far as we are aware, based on reasonable enquiries, the Licences are current, valid and subsisting as at the date of this Opinion, are in full force and effect and have not been suspended or terminated;
- 5.1.5. HH Pharma's distribution of cannabis-based products for medicinal use from the Premises has been certified as being in compliance with GDP;
- 5.1.6. HH Pharma operates a pharmacy under the trading name "Gee's Pharmacy" and the pharmacy is recorded as "registered" on the register maintained by the General Pharmaceutical Council with the unique registration number 1113465. The registration is linked to the premises of HH Pharma at Unit 36, Woolmer Way, Bordon, Hampshire, GU35 9QF, UK; and
- 5.1.7. the circumstances of the Transaction will not result in the modification, termination, suspension or revocation of any of the Licences and or Authorisations considered as part of this Opinion.

6 Documents

For the purposes of this Opinion, we have examined the result of the Search and copies of the following documents provided to us by HHH and its Directors (the **Documents** and each a **Document**):

- (a) UK Controlled Drug Licence;
- (b) a copy of the Wholesale Distribution Authorisation;
- (c) a copy of the GDP Certificate; and
- (d) an extract of the register of General Pharmaceutical Council website as at the Search Date confirming that HH Pharma is licensed in the UK.

7 Assumptions

7.1. The Opinion is based on the following assumptions:

- 7.1.1. the genuineness of all signatures and seals on the Documents, the accuracy of all statements appearing in such Documents and the conformity to the originals of all Documents supplied to us and the authenticity of the originals of such Documents;

- 7.1.2. that all copies (whether certified, photocopied, faxed, electronic or otherwise) of the Documents are true and correct copies of the authentic original of which it is a copy and that both the original and the copies are complete;
 - 7.1.3. that the Documents have been duly authorised, executed and delivered by each Party;
 - 7.1.4. that the Documents are comprehensive and complete and constitute all of the documentation which is available and necessary to consider to render this Opinion (including, by way of example, all annexures and appendices relevant to each of the respective Licences);
 - 7.1.5. that (save as expressly referred to herein) any copies and all documents dated earlier than the date of this Opinion on which we have expressed reliance remain accurate, complete and in full force and effect at the date of this Opinion and that there have been no amendments or variations to or modifications to the Documents and/or of the terms thereof (including, without limitation, any waiver or forgoing of any breaches or defaults) and further that there have been no supplementary, additional or further terms or agreements effecting the same in any manner and that each of the Documents is the sole agreement (whether in writing, oral or otherwise) relating to its subject matter;
 - 7.1.6. that all Documents on which we have relied are, where appropriate, in the form reflected in the records of any relevant authority or agency and all Documents have been executed in the same forms as those examined by us; and
 - 7.1.7. that the information contained on the GPC website, pursuant to the Search, is up to date and accurate as at the Search Date.
- 7.2. We have not taken any steps to verify any of these above mentioned assumptions.

8 Conclusion

- 8.1. We have made such examination of the laws of England and Wales as in our judgement is necessary or appropriate for the purposes of this Opinion. We do not, however, purport to be qualified to advise upon, and express no opinion in this Opinion as to, the laws of any jurisdiction other than England and Wales.
- 8.2. On the foregoing basis and subject to the assumptions on which this Opinion is based, including the matters referred to in paragraph 7 (above) and the qualifications set out in paragraph 9, we are of the opinion that as at the date of this Opinion:
 - 8.2.1. HH Pharma holds all licences, authorisations and approvals (the “**Approvals**”) required to be able to undertake the Activities in England and Wales; and
 - 8.2.2. provided that the HH Pharma continues to maintain and ensure the renewal of such Approvals, it will continue to comply with local requirements based on the current regulatory framework in England and Wales.

9 Qualifications

- 9.1. Our opinion is subject to the following qualifications:
 - 9.1.1. this Opinion is given only with respect to English law in force as at the date of this Opinion, as applied by English courts;

- 9.1.2. no opinion is expressed or implied as to the laws of any jurisdiction other than England and Hill Dickinson LLP does not hold itself out to be an expert on, or even generally familiar with, any laws other than the laws of England and Wales;
- 9.1.3. the Approvals held by each HH UK Subsidiary (as applicable) are subject to ongoing compliance with their terms and conditions (including relevant legal and regulatory requirements). Failure to observe such requirements may result in their revocation, termination or suspension. No opinion is expressed as to HH Pharma's ability to comply with those requirements on an ongoing basis nor do we express any view as to the likelihood of the renewal of such licences or authorisations where an expiration date has been appointed;
- 9.1.4. no opinion is expressed or implied as to the possible commercial, technical, financial or tax consequences of any particular arrangement and/or agreement;
- 9.1.5. in basing the statements and opinions herein on matters of which we are aware, the words "so far as we are aware" or "we are not aware of" or similar expressions mean that in the course of our acting as solicitors to the HHH, no information has come to the attention of the solicitors of our practice who have worked on matters on behalf of HHH that would give us actual knowledge or actual notice that any such opinions or statements are not accurate; and
- 9.1.6. that the opinion is subject to any change of law or the interpretation or application thereof after the date of this Opinion.

10 Benefit

- 10.1. This Opinion has been provided solely for the benefit of VPCL Ltd (**only**) in connection with this Transaction. This Opinion may not (in whole or in part) be used, referred to in or relied upon for any other purpose, without the express written consent of Hill Dickinson LLP, except that reference may be made to this Opinion in any documentation reasonably required for the purposes of the Transaction (including, inter alia, the Prospectus and Notice).
- 10.2. This Opinion is strictly limited to the matters stated in it and does not apply by implication to other matters.

Yours faithfully



Hill Dickinson LLP

SCHEDULE 1

Definitions

Activities means a) the activity of supplying CBPMs, as a wholesale distributor within the UK under the terms of the Licences and b) the operation of an online pharmacy business operating with the trading name, Gee's Pharmacy, pursuant to its registration with the GPC, in England and Wales

CBPM means cannabis-based products for medicinal use

Documents means the documents referred to in paragraph 6 of this Opinion

EEA means the European Economic Area

EU means the European Union

GDP means the standards of good distribution practices in relation to the wholesale of medical products and active substances

GPC the General Pharmaceutical Council, who are responsible for maintaining a register of pharmacist, pharmacy technicians and pharmacies in England and Wales

HH Distribution means Health House Distribution UK Limited, a private limited company, incorporated in England with Company Number 11674356

HHH means Health House Holdings Limited, a private limited company incorporated in England with Company Number 11625145

HH Pharma means Health House Pharma Limited, a private limited company incorporated in England with Company Number 11974169

HH UK Subsidiaries means together, HH Pharma and HH Distribution, and each a "**HH UK Subsidiary**"

IMP means investigational medicinal products

Inspectorate means the inspectorate of the MHRA, which is responsible for licensing and inspecting all UK manufacturers, wholesale dealers and importers of medicines, clinical trials and toxicology laboratories

Licences means licenses held by HH Pharma and as are particularly summarised in Schedule 3 of this Opinion

MDA 1971 means the Misuse of Drugs Act 1971

MDR 2001 means the Misuse of Drugs Regulations 2001

MHRA means the Medicines and Healthcare products Regulatory Agency

MS Licence means Manufacturer's "Specials" Licence

Opinion means the opinions set out in paragraphs 5 and 8, subject to all assumptions and qualifications set out in this document

P&D means P&D Pharmaceuticals (now renamed Gees Pharma Limited), a private limited company, incorporated in England with Company Number 02701446

Premises means Units 36 and 38, Woolmer Way, Bordon, Hampshire GU35 9QF

Search means our search of the online GPC directory located at www.pharmacyregulation.org as at the Search Date

Search Date means 22 December 2020 at 01:14 a.m. (London time), being the last practicable date to conduct a search prior to the publication of this Opinion

Specials means a medicinal product meeting the special need exemption under Regulation 167 of the 2012 Regs

THC means tetrahydrocannabinol

UK Controlled Drug Licence means the controlled drug licence issued by the Home Office to HH Pharma and the terms of which are particularised in Part B of Schedule 3

Wholesale Distribution Authorisation means the wholesale distribution licence issued by the MHRA to HH Pharma and the terms of which are particularised in Part A of Schedule 3

2004 Regs means the Medicines for Human Use (Clinical Trials) Regulations 2004

2012 Regs means Human Medicines Regulations 2012

2015 Order means the Misuse of Drugs (Designation) (England, Wales and Scotland) Order 2015

2018 Regs means the Misuse of Drugs (Amendments) (Cannabis and Licence Fees) (England, Wales and Scotland) Regulations 2018

SCHEDULE 2

UK Regulatory Framework in relation to Cannabis and CBMPs

Set out below is an overview of the regulation of cannabis and CBMPs in the United Kingdom, and is not intended to be exhaustive.

UN Conventions and UK Framework in relation to Cannabis

The three important international UN Conventions in relation to narcotic drugs are the Single Convention on Narcotic Drugs 1961 (amended by the 1972 Protocol (the “**1961 Narcotics Convention**”), the Convention on Psychotropic Substances 1971, and the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988. The aim of such conventions are to advance the global objective of implementing measures to ensure that narcotic drugs are subject to appropriate restrictions and controls.

The United Kingdom is a signatory to all three conventions. The MDA 1971 was introduced in order to give effect to the provisions of the 1961 Narcotics Convention and the Convention on Psychotropic Substances 1971. The conventions require member states to establish and operate a domestic licensing regime. The Home Office acts as the National Cannabis Agency in the UK, as required by the UN Conventions for the control of narcotics, and is responsible for the operation of the domestic licensing regime.

Schedule 2 of the MDA 1971 designates drugs into three categories based upon their perceived risk to public health: Class A, B and C. Drugs placed into Class A (such as cocaine and heroin) are perceived as being the most harmful and drugs placed in Class C as the least harmful. Nevertheless, the unlawful use of drugs placed into each class are subject to strict criminal penalties, including long custodial sentences and heavy fines. Cannabis and its derivatives fall under Class B and undertaking certain activities in relation to Cannabis (including, inter alia, importation and exportation, production, supply, possession and cultivation of Cannabis) will be treated as a criminal offence subject to criminal penalties, unless such activities are undertaken pursuant to a licence granted by the Home Office.

MDR 2001 regulates the availability of controlled drugs that have a recognised and legitimate use, by putting them in 1 of 5 schedules to MDR 2001. The schedule to which a drug is allocated determines the nature of the controls on its production and use. Those drugs listed in Schedule 1 of the MDR 2001 are not considered to have a legitimate medicinal use and can only be cultivated, produced, possessed or supplied under a UK Controlled Drug License issued by the Home Office. Furthermore, pursuant to the MDA 1971 and the 2015 Order, activities in respect of certain designated drugs can only be lawfully carried out under a Home Office licence. As such, medical practitioners carrying out activities in relation to these drugs require a licence.

Legalisation of CBPMs in the UK

Drugs listed in Schedule 2 of the MDR 2001 can be prescribed by a medical practitioner without the need for a Home Office licence. The Secretary of State in exercise of its powers under section 7, 10, 22, 30 and 31 of MDA 1971, introduced the 2018 Regulations, which came into force on 1 November 2018 following consultation with the Advisory Council on the Misuse of Drugs. As from

1 November 2018, “Cannabis-based products for medicinal use in humans” (“CBPM”) - a defined category of cannabis, cannabis resin, cannabidiol and cannabidiol derivatives – are listed under Schedule 2 of the MDR 2001 meaning that CBPMs are capable of being prescribed to patients without the requirement of a Home Office licence. Any cannabis-based substance falling outside of this definition (for example, a cannabis-based substance classified as a medicine but produced for recreational use) will remain listed in Schedule 1 drug of the 2001 Regulations.

Licensed Medicines

A medicinal product placed on the market in the UK must be subject to marketing authorisation. A marketing authorisation means that the product is a licensed medicine, which has been approved by the MHRA. A product will only achieve marketing authorisation after undergoing stringent pre-clinical research and clinical trials to ensure that such products satisfy criteria for safety, quality and efficacy.

As at the date of this Opinion, two CBMPs produced by GW Pharmaceuticals have received marketing authorisation: Epidyolex (cannabidiol) oral solution and Sativex (nabiximols). In addition, the UK’s National Institute for Health and Care Excellence (“**NICE**”) has confirmed that these CBMP are each considered a cost-effective form of treatment capable of being reimbursed routinely by the National Health Service in the UK.

Unlicensed Medicines (“specials”)

Regulation 167 of the 2012 Regs provides an exemption from the requirement that a medicinal product has a marketing authorisation to be supplied, where (amongst other requirements) manufacturers and distributors satisfy the relevant conditions contained in Regulation 167. Such products are commonly referred to as “Specials” since they can only be supplied to meet the “special needs” of an individual patient. CBMPs can be supplied as “specials” where specific conditions contained in Regulation 167 are met.

In the UK, a patient can only be prescribed “specials” by a Specialist Doctor who is on the GMC’s Specialist Register. If a doctor is on the GMC Specialist Register, it will say so as part of their status on the medical register which can be checked online. An MS Licence must be obtained from the MHRA in order to lawfully manufacture “Specials”. We understand that HH Pharma is not involved in the manufacture and or assembly of “specials”.

UK Controlled Drugs Licence

Any person intending to possess, manufacture, produce or supply controlled drug(s) (which would include Cannabis) in England must apply to the Home Office for a UK Controlled Drugs Licence. Companies wanting to possess, manufacture, produce, supply, import or export CBPMs need such a licence. We understand that HH Pharma has obtained a controlled drugs licence for this purpose and the details of that licence are set out in Schedule 3. HH Pharma will be required to comply with and observe the conditions of its licence at all times.

Wholesale Distribution Authorisation

The MHRA regulates medicines, medical devices and blood components for transfusion in the UK and is responsible for ensuring their safety, quality and effectiveness in accordance with the 2012 Regs. The MHRA has established a regime for the authorisation of medicinal products for human use; including the manufacture, import, distribution and supplying of those products, and the labelling and advertising of them.

The MHRA is responsible for issuing, subject to applicants meeting a number of conditions and regulatory requirements, licences to manufacture and to distribute medicinal products. The MHRA is able to impose conditions in respect of the issuance of such a licence. Failure to comply with the provisions of the 2012 Regs is a criminal offence, subject to criminal sanctions (including, a custodial sentence).

In the UK, a person must hold a valid Wholesalers Distribution Authorisation (“**WDA**”) (also often referred to as ‘Wholesalers Dealer’s Licence’) if in the course of their business, they are engaged in (a) procuring, holding, supplying or selling medicinal products for human use sources in the UK or another EEA Member State, to anyone other than members of the public; (b) importing medicinal products from a non-EEA Member State for export to a non-EEA Member State; and (c) exporting medicinal products to a non-EEA Member State. The conditions to obtaining a WDA are set out in Regulations 43 to 45 of the 2012 Regulations and, in addition, compliance with EU Guidelines on Good Distribution Practices of Medicinal Products for Human Use (2013/C 343/01). The MHRA has provided guidance to applicants for a WDA (Guidance Note 6 “Notes for applicants and holders of a Wholesale Dealer’s License (WDA(H)) or Broker Registration” (the “**WDA Guidance Note**”)).

The holder of a WDA must only supply unlicensed medicinal products to (i) the holder of a WDA license relating to these products; (ii) the holder of an authorisation granted by the competent authority of another EEA member state authorising the supply of those products by way of wholesale dealing; (iii) any person who may lawfully supply medicinal products in circumstances corresponding to retail sale; or (iv) any person who may lawfully administer those products.

We understand that HH Pharma has been granted a WDA by the MHRA under the 2012 Regs’the terms and conditions of which are set out in Schedule 3. Under the terms of the WDA, HH Pharma is prohibited from importing licenced and “specials” from outside the EEA-area unless it applies for and obtains a manufacturing licence and or a manufacturers “specials licence” (as applicable). HH Pharma may, however, export medicinal products by way of wholesale dealings to other EEA member states.

GDP Certification

The GDP Inspectorate carries out regular and repeated inspections of wholesale distribution sites. Inspection enables the MHRA to confirm that the license holders are complying with the conditions of their license, the 2012 Regs and GDP requirements. Further details of the inspection procedures are summarised in paragraph 9 of the WDA Guidance Note. We note HH Pharma holds a valid GDP Certificate in respect of the Premises.

Schedule 3

Licences

Part A: Wholesale Distribution Authorisation

| | |
|-----------------------------|---|
| Description | Wholesale Distribution Authorisation |
| Licensors: | Medicines and Healthcare Products Regulatory Agency |
| Licensee | Health House Pharma Ltd |
| Premises | 38 Woolmer Way, Bordon, Hampshire GU35 9QF |
| Responsible Persons: | Mr Ian James Greenep A variation application is submitted to add Mrs Susan Denyse Matthews as RP |
| Expiry date | Continues in force from the date of issue by the Licensing Authority unless cancelled, suspended, revoked or varied. |
| Licence details: | Authorising distribution within the EEA by way of wholesale dealing of medicinal products for human use by the authorisation holder named and storage of such products on the storage premises listed. |
| Conditions | <p>Holder must not sell or supply a medicinal product, or offer it for sale or supply unless:</p> <ul style="list-style-type: none">• There is a marketing authorisation, article 126a authorisation, certificate or registration or traditional herbal registration in force• The sale or supply or offer for sale or supply is in accordance with the authorisation• The sale or supply of the medicinal is pursuant to an exemption from the requirements to hold such authorisation (a special medicinal product), under the provisions of the human medicines regulations 2012 (SI 2012/1916). <p>The authorisation holder must inform the Licensing Authority no later than 28 days prior to the sourcing from the EEA of a special medicinal product.</p> <p>To import licensed medicinal products from outside the EEA an application for a manufactures licence that authorises import must be obtained.</p> <p>To import a special medicinal product from out the EEA into the UK, an application for a manufacturers "Specials licence" that authorises import must also be made and a licence granted.</p> <p>Manufacturing and/or assembly processes of medicinal products require a manufacturer's licence.</p> |

Part B: UK Controlled Drug Licence (Schedule 1)

| | |
|------------------------|--|
| Description | UK Controlled Drug Licence |
| Licensor | Home Office Drugs & Firearms Licensing |
| Licensee | Health House Pharma Limited t/a P&D Pharmaceuticals |
| Premises | 38 Woolmer Way GU35 9QF |
| Expiry Date | 14 OCT 2021 |
| Licence details | <p>Valid in respect of the following schedules to the Misuse of Drugs Regulations 2001 SI 2001/3998 to:</p> <p>Schedule 2</p> <ul style="list-style-type: none">• Possess• Supply <p>Schedule 3</p> <ul style="list-style-type: none">• Possess• Supply <p>Schedule 4 – Part 1</p> <ul style="list-style-type: none">• Possess• Supply <p>Schedule 4 – Part 2</p> <ul style="list-style-type: none">• Possess• Supply <p>Schedule 5</p> <ul style="list-style-type: none">• Supply |
| Conditions | <p><u>Security</u></p> <p>Stocks of drugs shall at all times be in the charge of the licensee or responsible person appointed by him and kept securely. All drugs subject to the 'safe storage' provisions specified in the Misuse of Drugs (Safe Custody) Regulations 1973 (those listed in schedule 1, 2 & certain Schedule 3 drug) shall be securely stored in accordance with those provisions.</p> |

Record Keeping

The licensee shall keep records: in accordance with the record keeping requirements set out in the Misuse of Drugs Regulations 2001, unless the provisions set out in regulation 19(3) apply. Those records, which may be in (bound) hard copy or electronic form, must be retained at the premises to which they relate, for a period of at least two years from the date the last entry is made. Where specified by the Regulations, 'registers' must be maintained in accordance with those Regulations. You may be required to produce in paper form pages from your computerised record.

The licence and any stocks of drugs shall be produced for inspection when required by any person duly authorised under section 23 of the 1971 Act.

In the event of the licensee ceasing to require a licence or licence(s) above at the licensed premises, or if the authority of the licence is revoked by the Secretary of State, the licensee shall return the licence immediately to the address below. The licensee must provide full details in respect of the destruction of any residual stocks of controlled drugs.

Theft and Losses

The licensee must take reasonable precautions to safeguard theft or loss of any drugs in their possession. Thefts or losses should be notified immediately to the Police and the Home Office in writing.

Furnishing of information

The licensee must furnish the Secretary of State such information in relation to this licence as may be required, in accordance with the requirements set out in Regulation 26(1) to the Misuse of Drugs Regulations 2001.

In addition to the record keeping requirements detailed above, the licensee must provide the following information to the Head of Drug Licensing at the address below and where required, an 'Annual Statistical Return' by the last day in January each year at the latest of:-

- The amount of the drug in his possession or coming into his possession
- The amount of the drug supplied; and
- The amount of the drug used

13.

SOLICITOR'S REPORT ON REGULATORY COMPLIANCE - AUSTRALIA



1 William Street
Perth Western Australia 6000

Tel +61 8 9288 6000
Fax +61 8 9288 6001

lavan.com.au

Our ref: MDR:KRB:1167237
Contact: Marc De Ronchi
Direct Line: (08) 9288 6704
Email: marc.deronchi@lavan.com.au
Partner: Krista Bates
Direct Line: (08) 9288 6787
Email: krista.bates@lavan.com.au

120

Representing
Western Australians
for more than 120 years

22 December 2020

The Board of Directors
VPCL Ltd
Unit 36, 38 Manchester Lane
Melbourne VIC 3000

Legal Opinion on Compliance with Regulatory Regime for Medicinal Cannabis

Request for Legal Opinion

- 1 This legal opinion (**Opinion**) has been prepared for inclusion in a notice of meeting to be issued by VPCL Ltd (ACN 149 197 651) (**VPC**) in respect of the proposed acquisition of all of the shares in the capital of Health House Holdings Ltd (Company Number 116 251 145) registered in the United Kingdom (**HH**) (**Transaction**).
- 2 We are instructed that the proposed acquisition of HH by VPC includes the indirect acquisition by VPC of the following Australian HH subsidiary companies:
 - 2.1 CliniCann Limited (ACN 619 271 626) (**Clinicann**);
 - 2.2 Health House Australia Pty Ltd (ACN 626 641 290) (**HHA**) (formerly known as Health House Holdings Limited (ACN 626 641 290)); and
 - 2.3 Health House International Pty Ltd (ACN 161 601 083) (**HHI**),(collectively, the **Australian HH Group**).
- 3 We are further instructed that in relation to the Transaction, the ASX requires VPC to provide, amongst other things, an independent solicitors' report regarding medicinal cannabis, being a product, including but not limited to a substance, composition,

A full service Western Australian firm:

Aged Care
Asian Investment
Banking & Finance
Construction & Infrastructure
Corporate, Commercial & Tax

Education
Employment & Safety
Energy
Family Law
Insolvency & Reconstruction

Intellectual Property
Liquor Licensing
Litigation & Dispute Resolution
Media & Defamation
Mining & Resources

Planning & Environment
Private Wealth
Property & Leasing
Wills & Estates

Our values:

Commitment
Integrity

Lavan respectfully acknowledges the traditional owners of the land on which we live and work.

preparation or mixture, that contains, or is manufactured from, any part of the genus cannabis plant (**Medicinal Cannabis**) regulation in Australia.

- 4 For the purpose of this Opinion, we have considered the laws and regulations of Australia, including its States and Territories (**Relevant Jurisdictions**) which apply to the import, export, storage or supply of Medicinal Cannabis from within Australia (**Cannabis Operations**) in so far as they relate to the Activities (as defined in paragraph 5.2 of this Opinion) (**Relevant Laws**).

Cannabis Operations

- 5 We are instructed that:
- 5.1 Clinicann and HHA do not undertake any Cannabis Operations and act only as holding companies of HHI; and
 - 5.2 HHI currently undertakes the following Cannabis Operations (**Activities**):
 - 5.2.1 importing of Medicinal Cannabis which is classified as a “therapeutic good”¹ for human medical or scientific purposes (**Therapeutic Medicinal Cannabis**) from Authorised Entities (as defined in paragraph 50.11 of this Opinion) within Australia and overseas;
 - 5.2.2 exporting of Therapeutic Medicinal Cannabis from Western Australia to Authorised Entities in overseas jurisdictions;
 - 5.2.3 storing of Therapeutic Medicinal Cannabis at HHI’s secure facility (**HHI Secure Facility**); and
 - 5.2.4 supplying of Therapeutic Medicinal Cannabis from Western Australia to Authorised Entities in all Relevant Jurisdictions.
- 6 We are further instructed that HHI does not currently undertake or propose to undertake any other Cannabis Operations.

Regulatory Framework

Overview

- 7 Within the Federal jurisdiction:
- 7.1 the Activities undertaken by HHI are primarily regulated by the following Relevant Laws:
 - 7.1.1 *Australian Code of Good Wholesaling Practice for Medicines in Schedules 2, 3, 4 and 8* (at 1 April 2011) (**Wholesale Code**),

¹ *Therapeutic Goods Act 1989* (Cth) s 3 (definition of ‘therapeutic goods’).

which applies to most Cannabis Operations in Australia and includes policies, principles and practices in relation to facility, personnel, stock handling, transport and security requirements. The Wholesale Code is enforced through the Relevant Laws of each Relevant Jurisdiction;

- 7.1.2 *Biosecurity Act 2015 (Cth)*;
- 7.1.3 *Customs (Prohibited Imports) Regulations 1956 (Cth) (CPI Regs)*;
- 7.1.4 *Customs (Prohibited Exports) Regulations 1958 (Cth) (CPE Regs)*;
- 7.1.5 *Narcotic Drugs Act 1967 (Cth) (ND Act) and Narcotic Drugs Regulations 2016 (Cth) (ND Regs)*;
- 7.1.6 *Single Convention on Narcotic Drugs 1961*;
- 7.1.7 *Standard for the Uniform Scheduling of Medicines and Poisons (Poisons Standard)*; and
- 7.1.8 *Therapeutic Goods Act 1989 (Cth) (TG Act) and Therapeutic Goods Regulations 1990 (Cth) (TG Regs)*.

- 8 In addition to the Federal laws and regulations, each State and Territory regulates Cannabis Operations conducted within their own Relevant Jurisdictions.
- 9 We are instructed that the Activities are conducted by HHI from the HHI Secure Facility located within the Western Australian jurisdiction. Accordingly, in this Opinion we have referred to certificates, licences, consents, approvals, permits or authorisations (**Authorisation**) required under the Relevant Laws of Western Australia for conducting the Activities. Where a Relevant Jurisdiction other than Western Australia requires its own separate Authorisation, we have addressed the necessary Authorisations where they arise.
- 10 In Western Australia the Activities undertaken by HHI are regulated, in addition to the Federal laws and regulations, by the following Relevant Laws:
 - 10.1 *Medicines and Poisons Act 2014 (WA) (MP Act)*; and
 - 10.2 *Medicines and Poisons Regulations 2016 (WA) (MP Regs)*.

Importation of Medicinal Cannabis

- 11 At the Federal level, importation of Medicinal Cannabis is primarily regulated by the Office of Drug Control (**ODC**), a division of the Department of Health, under the CPI Regs.

- 12 Regulation 5 of the CPI Regs requires a person importing a schedule 4 “drug” (which includes cannabinoids, cannabis (including extracts and tinctures of cannabis), cannabis resin and tetrahydrocannabinols)² to obtain from the ODC:
- 12.1 a licence to import (**ODC Import Licence**); and
 - 12.2 permission to import (**ODC Import Permit**), which must be obtained at the time of each individual consignment and is valid for that specified consignment only.
- 13 An ODC Import Licence will only be granted where:
- 13.1 all information requested by the ODC has been furnished;
 - 13.2 the applicant and, where appointed or employed, each of its agents and employees is a fit and proper person; and
 - 13.3 the premises on which it is proposed to keep the drugs is secure.³
- 14 The granting of an ODC Import Licence is subject the holder’s compliance with:
- 14.1 keeping the drugs in in safe custody at all times;
 - 14.2 ensuring transport of the drugs is safely carried out;
 - 14.3 reasonable directions given by the ODC or Comptroller-General of Customs for ensuring no danger of loss or theft of any drugs;
 - 14.4 disposing the drugs solely for medical or scientific purposes only;
 - 14.5 the record keeping requirements set out under regulation 5(9) of the CPI Regs;
 - 14.6 producing any books, drugs or information to the ODC or Comptroller-General of Customs on request; and
 - 14.7 any additional conditions or requirements specified on the ODC Import Licence.⁴
- 15 An ODC Import Permit will only be granted where:
- 15.1 all information requested by the ODC has been furnished;

² *Customs (Prohibited Imports) Regulations 1956* (Cth) (‘CPI Regs’) sch 4.

³ *Ibid* reg 5(7).

⁴ *Ibid* reg 5(9).

- 15.2 if the drugs are for manufacture, the applicant holds the relevant manufacturer's licence under the ND Act and, if required, under a Relevant Law of the State or Territory in which the premises are located;
 - 15.3 if the drugs are required for sale or supply, the applicant, under a Relevant Law of the State or Territory in which the premises are, or from which the applicant conducts that business are situated, holds a licence authorising the sale or supply of the drugs from at or from those premises; and
 - 15.4 if neither paragraph 15.2 or 15.3 applies, the imported drugs are solely for medical or scientific purposes.⁵
- 16 In addition to the ODC Import Licence and ODC Import Permit:
- 16.1 a biosecurity import permit (**BICON Permit**) must be obtained from the Department of Agriculture and Water Resources allowing for the importation of Medicinal Cannabis;⁶
 - 16.2 where the imported product is Therapeutic Medicinal Cannabis:
 - 16.2.1 the BICON Permit must authorise the product as being for human purposes; and
 - 16.2.2 the product must be accompanied by a declaration form which declares that the Medical Cannabis Product conforms with the *Therapeutic Goods (Standard for Medical Cannabis) (TGO 93) Order 2017* (Cth) (**TGO 93**).
- 17 As set out at paragraph 15.3 of this Opinion, an ODC Import Licence will not be granted if HHI does not hold the relevant Western Australian Authorisations to conduct the Activities from the HHI Secure Facility. In relation to the Activities undertaken by HHI in Western Australia, HHI must obtain the Western Australian Authorisations to supply Medicinal Cannabis as detailed in paragraph 31 of this Opinion.

Exportation of Medicinal Cannabis

- 18 At the Federal level, exportation of Medicinal Cannabis is primarily regulated by:
- 18.1 the ODC under the CPE Regs, ND Act and ND Regs; and
 - 18.2 the Therapeutic Goods Administration (**TGA**) under the TG Act and TG Regs.
- 19 Regulation 10 of the CPE Regs requires a person exporting a schedule 8 “drug” (which includes cannabis, cannabis resin and tetrahydrocannabinols)⁷ to obtain:

⁵ CPI Regs reg 5(10).

⁶ Biosecurity Act 2015 (Cth) s 177.

- 19.1 a licence to export from the ODC (**ODC Export Licence**);⁸
 - 19.2 permission to export from the ODC (**ODC Export Permit**);⁹ and
 - 19.3 an authorisation from the appropriate governmental authority of the country to which the drug is to be exported, authorising the importation of the drug into that country.¹⁰
- 20 The granting of an ODC Export Licence is subject to the holder's compliance with:
- 20.1 the record keeping requirements set out under regulations 10B(1)(a) and 10B(1)(b) of the CPE Regs;
 - 20.2 producing any books or information to the ODC or Comptroller-General of Customs on request; and
 - 20.3 ensuring that there is no danger of loss or theft of a drug in the exporter's possession.¹¹
- 21 The holder of an ODC Export Permit must:
- 21.1 export the drug from Australia within 3 months of receiving the ODC Export Permit;
 - 21.2 ensure the drug is exported only to the country specified on the ODC Export Permit; and
 - 21.3 produce the ODC Export Permit to customs on request.¹²
- 22 In addition to the above Federal Authorisations:
- 22.1 all Medicinal Cannabis products exported from Australia must conform with TGO 93;¹³ and
 - 22.2 only the following Medicinal Cannabis may be exported from Australia:
 - 22.2.1 Medicinal Cannabis manufactured in Australia under a Licence to Manufacture Therapeutic Goods issued by the TGA;

⁷ *Customs (Prohibited Exports) Regulations 1958* (Cth) sch 8 pt 2.

⁸ *Ibid* reg 10(1)(a)(i).

⁹ *Ibid* reg 10(1)(a)(ii).

¹⁰ *Ibid* reg 10(3)(d).

¹¹ *Ibid* reg 10B(1).

¹² *Ibid* regs 10(1)(a)(iii)-(v).

¹³ *Therapeutic Goods Act 1989* (Cth) ('TG Act') ss 14-14A.

- 22.2.2 Medicinal Cannabis products registered on the Australian Register of Therapeutic Goods (**ARTG**) or listed as “export-only”; or
 - 22.2.3 extracts of cannabis (or cannabis resin) manufactured under a ND Act licence which are not in final dosage form.¹⁴
- 23 An ODC Export Licence will not be granted if HHI does not hold the relevant Western Australian Authorisations to conduct the Activities from the HHI Secure Facility. In relation to the Activities undertaken by HHI in Western Australia, HHI must obtain the Western Australian Authorisations to supply Medicinal Cannabis as detailed in paragraph 31 of this Opinion.

Storage of Medicinal Cannabis

- 24 All Relevant Jurisdictions regulate the storage of Medicinal Cannabis as a condition to granting and maintaining their relevant Authorisations to undertake the specified Cannabis Operations.
- 25 At the Federal level:
- 25.1 the ODC published the *Guideline: Security of Medicinal Cannabis (Security Guideline)* to assist in designing and meeting the security standards for undertaking certain Cannabis Operations;¹⁵ and
 - 25.2 the TGA published the Wholesale Code which prescribes additional policies and guidelines for, amongst other things, storing and securing Medicinal Cannabis.
- 26 In addition to the Federal Security Guideline and Wholesale Code, in Western Australia, storage of Medicinal Cannabis and poisons is regulated under the MP Regs. Each category of poison identified in the schedules to the Poisons Standard requires a different subset of storage and security requirements.

Supply of Medicinal Cannabis

- 27 At the Federal level, supply of Medicinal Cannabis is regulated by the TGA under the TG Act and TG Regs.
- 28 For the supply of Therapeutic Medicinal Cannabis, the TG Act and TG Regs provide a national system of controls and a framework for the States and Territories to adopt in the interests of a uniformed approach.¹⁶ It is an offence to supply Therapeutic

¹⁴ ‘Import and export’, *The Office of Drug Control* (Web Page, 20 April 2020) <<https://www.odc.gov.au/import-and-export>>; ‘Export of medicinal cannabis’, *The Office of Drug Control* (Web Page, 10 April 2018) <<https://www.odc.gov.au/publications/export-medicinal-cannabis>>.

¹⁵ ‘Guideline: Security of Medicinal Cannabis’, *The Office of Drug Control* (Web Page, 16 September 2020) <<https://www.odc.gov.au/publications/guideline-security-medicinal-cannabis>>.

¹⁶ *TG Act* s 4.

Medicinal Cannabis unless the product is approved by the TGA and registered on the ARTG. However, supply of unapproved Therapeutic Medicinal Cannabis may be permitted where supplied under:

- 28.1 the Authorised Prescriber Scheme;
- 28.2 the Special Access Scheme; or
- 28.3 a Clinical Trial Scheme,

(Unapproved Therapeutic Goods).¹⁷

- 29 The supplier of Medicinal Cannabis must ensure that the Medicinal Cannabis complies with all applicable quality standards, including TGO 93. Under the TG Act, it is both a civil and criminal offence to supply Medicinal Cannabis that does not comply with the applicable standards.¹⁸
- 30 In addition to the Federal laws and regulations, in Western Australia the supply of Medicinal Cannabis is regulated by the WA Department of Health under the MP Act and MP Regs.
- 31 A supplier of Medicinal Cannabis from a facility in Western Australia is required to:
 - 31.1 in relation to the supply of a substance listed in Schedules 2, 3, 4 and 8 of the Poisons Standard, obtain a WA Wholesale/Manufacture Licence;¹⁹ and
 - 31.2 in relation to the supply of a substance listed in Schedule 9 of the Poisons Standard, obtain a WA Schedule 9 Licence.²⁰
- 32 A WA Wholesale/Manufacture Licence must specify:
 - 32.1 the poison/poisons to which the licence applies; and
 - 32.2 the activities that are authorised.²¹
- 33 A WA Schedule 9 Licence may only authorise the supply or manufacture of a Schedule 9 poison for educational, experimental or research purposes, or for a purpose prescribed by the MP Regs.²²
- 34 The holder of a WA Wholesale/Manufacture Licence must:

¹⁷ *TG Act* ss 18, 19, 31A, 31B.

¹⁸ *Ibid* ss14-14A.

¹⁹ *Medicines and Poisons Act 2014 (WA)* s 34.

²⁰ *Ibid* s 35.

²¹ *Ibid* s 34.

²² *Ibid* s 35.

- 34.1 ensure that any supply is carried out by, or under the direction of, a responsible person;
 - 34.2 ensure that any supply of Schedule 4 or 8 poison is only to an authorised professional authority or appropriate licence holder; and
 - 34.3 ensure that records are kept and produced for inspection in accordance with regulations 78(3)-(6).²³
- 35 To supply Therapeutic Medicinal Cannabis from a facility located within Western Australia to another Relevant Jurisdiction, the supplier is not required to obtain separate wholesale/supply authorisations from any other Relevant Jurisdiction unless, if the substances are not Schedule 2, 3 or 4 substances listed under the Poisons Standard, however a separate wholesale licence from Tasmania may be required if the substances involved are declared restricted substances (Schedule 4D)²⁴ or Schedule 8 substances.

Opinion

Compliance with the Regulatory Regime for Medicinal Cannabis

- 36 We confirm that, subject to the qualifications and assumptions set out at paragraph 50, we are of the following opinion.

Importation of Therapeutic Medicinal Cannabis

- 37 HHI currently holds the following Authorisations under the Relevant Laws to import Therapeutic Medicinal Cannabis into Australia:
- 37.1 ODC Import Licence valid until 31 December 2020 to import drugs listed in Schedule 4 of the CPI Regs;
 - 37.2 ODC Import Licence valid until 31 December 2021 to import drugs listed in Schedule 4 of the CPI Regs;
 - 37.3 BICON Permits to:
 - 37.3.1 import specified Medicinal Cannabis products for human therapeutic use including for use in clinical trials valid until 17 April 2021; and
 - 37.3.2 import cannabis seeds from various countries valid until 5 June 2021 and 25 August 2021 respectively;

²³ *Medicines and Poisons Regulations 2016 (WA)* regs 76-78.

²⁴ *Poisons (Declared Restricted Substances) Order 2017 (Tas)* sch 1.

- 37.4 WA Wholesale/Manufacture Licence valid until 30 June 2021 to supply poisons listed in Schedules 2, 3, 4 and 8 of the Poisons Standard for human or veterinary use; and
- 37.5 WA Schedule 9 Licence valid until 30 June 2021 to possess and supply poisons listed in Schedules 9 of the Poisons Standard.
- 38 In addition to the above, HHI is listed publicly on the ODC website as licenced to import Medicinal Cannabis under regulation 5 of the CP Regs.
- 39 In relation to the importation of Therapeutic Medicinal Cannabis by HHI, subject to HHI:
 - 39.1 maintaining the ODC Import Licence;
 - 39.2 obtaining the requisite ODC Import Permit at the time of each consignment of Therapeutic Medicinal Cannabis;
 - 39.3 maintaining the relevant BICON Authorisations;
 - 39.4 maintaining the WA Authorisations;
 - 39.5 maintaining compliance with the Wholesale Code; and
 - 39.6 importing the substances specified on each of the relevant Authorisations only,

we are of the opinion that HHI is compliant with the Relevant Laws in relation to its Activities in so far as they relate to the importation of Therapeutic Medicinal Cannabis.

Exportation of Therapeutic Medicinal Cannabis

- 40 HHI currently holds the following Authorisations under the Relevant Laws to export Therapeutic Medicinal Cannabis from Australia:
 - 40.1 ODC Export Licence valid until 31 December 2020 to export drugs listed in Schedule 8 of the CPE Regs; and
 - 40.2 ODC Export Licence valid until 31 December 2021 to export drugs listed in Schedule 8 of the CPE Regs.
- 41 In relation to the exportation of Therapeutic Medicinal Cannabis, we are instructed that HHI currently exports a single Therapeutic Medicinal Cannabis product registered and listed on the ARTG as “export-only”.
- 42 Subject to HHI:
 - 42.1 maintaining the ODC Export Licence;

- 42.2 obtaining the requisite ODC Export Permit at the time of each consignment of Therapeutic Medicinal Cannabis; and
- 42.3 obtaining the requisite authorisation from the appropriate governmental authority of the country to which the drug is to be exported, authorising the importation of the drug into that country,

we are of the opinion that HHI is compliant with the Relevant Laws in relation to its Activities in so far as they relate to the exportation of Therapeutic Medicinal Cannabis.

Storage of Medicinal Cannabis

- 43 HHI is required to store Medicinal Cannabis securely in accordance with the Relevant Laws. Secure storage is a condition for granting and maintaining Authorisations from the Relevant Jurisdictions.
- 44 We have been provided with a copy of the security and vulnerability assessment report dated 2 September 2020 (**Security Report**) for the HHI Secure Facility and rely on the statements made therein as to HHI's compliance with the security requirements under the Relevant Laws.
- 45 In this regard, we note that the Security Report confirms that at the date of issue of the Security Report the HHI Secure Facility was sufficient and compliant under the Relevant Laws.
- 46 Subject to:
 - 46.1 reliance on and accuracy of the statements made in the Security Report; and
 - 46.2 HHI, maintaining the HHI Secure Facility's compliance with the Relevant Laws in relation to storage and security of Cannabis Products, including the Security Guideline, the Wholesale Code and the Relevant Laws of Western Australia,

we are of the opinion that HHI is compliant with the Relevant Laws in relation to its Activities in so far as they relate to the storage of Medicinal Cannabis.

Supply of Therapeutic Medicinal Cannabis

- 47 HHI currently holds the following Authorisations under the Relevant Laws to supply Therapeutic Medicinal Cannabis in Australia:
 - 47.1 WA Wholesale/Manufacture Licence valid until 30 June 2021 to supply poisons listed in Schedules 2, 3, 4 and 8 of the Poisons Standard for human or veterinary use;
 - 47.2 WA Schedule 9 Licence valid until 30 June 2021 to possess and supply poisons listed in Schedules 9 of the Poisons Standard; and

- 47.3 Qld Wholesale Approval valid until 9 April 2021 to supply “all forms of medicinal cannabis prepared for use for human therapeutic purposes” with the type Cannabidiol, Tetrahydrocannabinol or a ratio of both.
- 48 We are instructed that all Therapeutic Medicinal Cannabis products distributed by HHI within Australia are Unapproved Therapeutic Goods supplied under:
 - 48.1 the Special Access Scheme - Category B; and
 - 48.2 the Authorised Prescriber Scheme.
- 49 In relation to the supply of Therapeutic Medicinal Cannabis by HHI, subject to HHI:
 - 49.1 maintaining the WA Wholesale/Manufacture Licence and WA Schedule 9 Licence;
 - 49.2 maintaining the Qld Wholesale Approval;
 - 49.3 only supplying the substances specified on each Authorisation; and
 - 49.4 where a substance is classed as a Schedule 4D or Schedule 8 Substance that is being supplied to Tasmania, obtaining a separate Tasmanian wholesale licence,

we are of the opinion that HHI is compliant with the Relevant Laws in relation to its Activities in so far as they relate supply within the Relevant Jurisdictions.

Assumptions and qualifications

- 50 This Opinion is based on the following assumptions and qualifications:
 - 50.1 only HHI undertakes the Activities;
 - 50.2 this Opinion is based on the documentation, information, confirmations and responses provided by members of the Australian HH Group entities and their employees, officers, directors and agents during due diligence conducted by us for the purpose of this Opinion (**Due Diligence Material**);
 - 50.3 in respect of all factual matters (as distinct from matters of Australian law) relating to this Opinion, we have relied on the Due Diligence Material;
 - 50.4 all such factual matters stated in any Due Diligence Material provided to, and reviewed by, us for the purpose of this Opinion was when provided, and as at the date of this Opinion remain, true, accurate, correct and not misleading in all material respects and contain no material omissions (**Correct**);
 - 50.5 all statements made in respect of the operations of the Australian HH Group in the draft NOM provided to us by Blackwall Legal on 18 November 2020 are Correct;

- 50.6 the Australian HH Group's management have reviewed this Opinion and confirmed its factual accuracy;
- 50.7 the Authorisations and other documents to which we have referred in this Opinion remain accurate and in full force and effect, and there have been no variations to any such Authorisations or documents;
- 50.8 all copies of Authorisations and documents provided to us are true, accurate and complete and conform to the originals;
- 50.9 there has neither been historical non-compliance by any member of the Australian HH Group in respect of any Authorisations, nor has there been any breach by any member of the Australian HH Group of any other applicable law or regulations in respect of any of their operations or activities;
- 50.10 in respect of documents entered into by any member of the Australian HH Group with any individual, partnership, firm, company, government, joint venture, association, authority, corporation or other body corporate including, where applicable, that party's executors, administrators, substitutes, successors and permitted assigns (**Business Partner**), that document has neither been amended or suspended since its execution nor has there been a breach of any of the provisions of any such documents by any party thereto;
- 50.11 each Business Partner (other than a member of the Australian HH Group) has obtained and currently and validly holds the requisite certificates, licences, consents, approvals, permits, authorisations required to be held by it in respect of its conducting its business operations (**Authorised Entity**);
- 50.12 this Opinion is strictly limited to the Australian HH Group's compliance with the Relevant Laws for its Activities and does not apply by implication to any other matters;
- 50.13 this Opinion relates to the Relevant Laws in force at the date of this Opinion and is limited to matters of Australian law and practice as at the date of this Opinion. We neither express opinion as to (nor have we investigated) of the laws or practice of any other jurisdiction;
- 50.14 other than company searches for the Australian HH Group entities, we have not conducted any searches in any official registry or with any public authorities in relation to any matter in relation to the Australian HH Group and/or any of the Authorisations;
- 50.15 we give this Opinion in respect of the facts, law and policies (including as to interpretation) as of the date of this Opinion only and we disclaim any obligation to update this Opinion for any change in the facts or law occurring after the date of this Opinion, which might affect this Opinion;

- 50.16 the statements made in this Opinion are given only to the extent that a law firm, having the role described above, could reasonably be expected to have become aware of relevant facts and to have identified the implications of those facts; and
- 50.17 we give this Opinion in our capacity as Australian legal advisor to VPC in relation to the Transaction.

Yours faithfully

A handwritten signature in blue ink, appearing to read "KB" followed by a stylized flourish.

Krista Bates
Partner

Please notify us if this communication has been sent to you by mistake. If it has been, any privilege between solicitor and client is not waived or lost and you are not entitled to use it in any way.

14. RISK FACTORS

14.1. Introduction

- 14.1.1. The *shares* offered under this *prospectus* are considered highly speculative. An investment in the *company* is not risk free and the *directors* strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this *prospectus* and to consult their professional advisors before deciding whether to apply for *shares* pursuant to this *prospectus*.
- 14.1.2. There are specific risks which relate directly to the *company's* business. 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*.
- 14.1.3. The following is not intended to be an exhaustive list of the risk factors to which the *company* is exposed.

14.2. Risks specific to the acquisition

14.2.1. Completion risk

Pursuant to the *acquisition agreement*, the key terms of which are summarised in *Section 15.2*, the *company* has agreed to acquire 100% of the issued share capital of *Health House*, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the *acquisition* cannot be fulfilled and, in turn, that completion of the *acquisition* does not occur.

If the *acquisition* is not completed, the *company* will incur costs relating to advisors and other costs without any material benefit being achieved.

14.2.2. Re-quotation of shares on ASX

As part of the *company's* change in nature and scale of activities, *ASX* requires the *company* to re-comply with Chapters 1 and 2 of the *listing rules*. This *prospectus* is issued to assist the *company* to re-comply with these requirements. The *company's securities* have been suspended from trading on *ASX* since November 2018. It is anticipated that the *company's securities* will remain suspended until completion of the *acquisition*, the *public offer*, re-compliance by the *company* with Chapters 1 and 2 of the *listing rules* and compliance with any further conditions *ASX* imposes on such reinstatement. There is a risk that the *company* will not be able to satisfy one or more of those requirements and that its *securities* will consequently remain suspended from *quotation*. If this occurs, it is likely that the *company* will be de-listed from *ASX*.

In the event that the *offer conditions* are not satisfied, or the *company* does not receive conditional approval for re-quotation on *ASX*, the *company* will not proceed with the *public offer* and will repay all *application monies* received.

14.2.3. *Potential dilution*

Upon implementation of the *offers*, assuming the *public offer* is fully subscribed, the number of *shares* will increase from 22,616,922 currently on issue (on a post-*consolidation* basis) to 158,874,627. This means that each existing *share* will represent a lower proportion of the ownership of the *company*.

It is not possible to predict what the value of the *company* or a *share* will be following the completion of the *offer* being implemented and the *directors* do not make any representation as to such matters.

The last closing price of *shares* on ASX prior to the *prospectus* being lodged of \$0.20 (on a post-*consolidation* basis) is not a reliable indicator as to the potential trading price of *shares* after completion of the *offers*.

14.2.4. *Liquidity risk*

On *completion*, the *company* proposes to issue *shares* to the *Health House vendors* (i.e. *consideration shares*) and to corporate advisors under the *advisor offer*. The *company* understands that ASX will treat at least some of these securities as restricted securities in accordance with Chapter 9 of the *listing rules*.

The *company* will make submissions to ASX for “look-through relief” and the application of the “cash formula” in respect of *consideration shares* to be issued to the *Health House vendors* (based on date on which they subscribed for *Health House shares* and the amount of capital contributed by those *Health House vendors* when subscribing for *Health House shares*). In the absence of this relief, all *consideration shares* will be escrowed for a period of either 12 or 24 months (depending on the relevant *Health House vendor’s* relationship with the *company*).

However, if look-through relief is granted and the cash formula applied, the number of *consideration shares* that will be subject to ASX-imposed escrow will be reduced (1) by the number of *Health House shares* issued more than 12 months prior to *completion* and (2) for *Health House shares* issued less than 12 months prior to *completion*, in proportion to the deemed amount paid by *Health House vendors* for the *consideration shares* to be issued to them, based on the amount paid for their *Health House shares* when compared with the value of the *consideration shares* (based on the issue price under the *public offer*).

Based on the post-*acquisition* capital structure (assuming no further *shares* are issued), the *consideration shares* will equate to approximately 72.6% of the issued *share* capital on an undiluted basis (assuming the *public offer* is fully subscribed). This could be considered an increased liquidity risk as a significant proportion of issued capital may not be able to be traded freely for a period of time.

14.3. Risks specific to the company

(N.B. References to the “*company*” in this *Section* are intended to include the activities of *Health House* following *completion*.)

14.3.1. *Risk of adverse publicity*

The distribution of controlled substances by the *company* and the regulatory approvals needed to continue the enterprise may generate public controversy. Political and

social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, the *company's* activities. These pressures could also limit or restrict the introduction and marketing of the *company's* products. Adverse publicity from cannabis misuse or adverse side effects from cannabis or other cannabinoid products may adversely affect the commercial success or market penetration achievable by the *company's* products. The nature of the *company's* business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, the *company's* reputation may be harmed.

14.3.2. *Loss of key relationships*

The medicinal cannabis industry is undergoing rapid growth and substantial change, which has resulted in increasing consolidation and formation of strategic relationships. It is expected that this consolidation and strategic partnering will continue. Acquisitions or other consolidating transactions could harm the *company* in a number of ways, including:

- (a) loss of strategic relationships if third parties with whom we have arrangements are acquired by or enter into relationships with a competitor (which could cause the *company* to lose access to necessary resources);
- (b) the relationships between the *company* and third parties may deteriorate and have an adverse impact on the *company's* business; and
- (c) the *company's* current competitors could become stronger, or new competitors could form, from consolidations.

Any of these events could put us at a competitive disadvantage, which could cause us to lose access to markets. Consolidation could also force us to expend greater resources to meet new or additional competitive threats, which could also harm the *company's* results.

14.3.3. *Risk of adverse events or other safety issues associated with product*

If any of the products sold by the *company* cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, a number of potentially significant negative consequences could result, including:

- (a) regulatory authorities may withdraw their approval, or require more onerous labelling statements for any product that is approved;
- (b) the *company* could be sued and held liable for harm caused to patients; or
- (c) the *company's* reputation may suffer.

The *company's* distribution activities may voluntarily be suspended or terminated if at any time the *board* believes that they present an unacceptable risk to consumers, or that they are unlikely to receive regulatory approval or unlikely to be successfully commercialised.

14.3.4. *Risk of changes to laws and regulations*

The *company's* operations are subject to a variety of laws, regulations and guidelines. The medicinal cannabis industry is evolving globally and has been identified as possibly posing risks in relation to law enforcement and government regulation. It is

likely that governments worldwide, including in Australia and the UK, will continue to explore the benefits, risks, regulations and operations of companies involved in medicinal cannabis industry. While, to the knowledge of management, the *company* is currently in compliance with all current laws, changes to laws and regulations due to matters beyond the control of the *company* may cause adverse effects to its operations.

The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the *company's* operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial position and financial performance of the *company* and its *shares*. In addition, there is a risk that legal action may be taken against the *company* in relation to commercial, legal, regulatory or other matters.

14.3.5. *Exposure to product liability claims, regulatory action and litigation*

These risks will arise if the *company's* product is alleged to have caused significant loss or injury. In addition, the manufacture of medicinal cannabis involves the risk of injury to consumers due to tampering by unauthorised third parties or product contamination. Previously unknown adverse reaction resulting from human consumption of medicinal cannabis alone or in combination with other medication or substances could occur. The *company* may be subject to various product liability claims, including among other products distributed by the *company* caused injury or illness, inadequate instructions for use or warnings concerning possible side effects. A product liability claim or regulatory action against the *company* could result in increased costs, could adversely affect the *company's* reputation with its clients and consumers generally and could have a material adverse effect on the *company's* results of operations and financial conditions.

14.3.6. *Product liability and uninsured risks*

Through its intended business, the *company* is exposed to potential product liability risks which are inherent in undertaking research into the clinical efficacy of, and the manufacture and supply of medicinal cannabis products. It will be necessary to secure insurance to help manage such risks. The *company* may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, the *company's* insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.

Although the *company* endeavours to work to rigorous standards there is still the potential for adverse events. These events could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, and injury to the *company's* reputation or increased insurance costs.

If the *company* fails to meet its clients' expectations, the *company's* reputation could suffer and it could be liable for damages.

Further, the *company* is exposed to the risk of catastrophic loss to necessary equipment or facilities which would have a serious impact on the *company's* operations. The *company* gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

14.3.7. *Funding risk*

The funds proposed to be raised pursuant to the *prospectus*, combined with existing cash reserves and projected cash flows, are considered sufficient to meet the immediate objectives of the *company*. However, the *company's* ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the *company* may incur may depend in part on its ability to raise additional funds. The *company* may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the *company's* activities and future projects may result in delay and indefinite postponement of development or research. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the *company* and might involve substantial dilution to *shareholders*.

Further, the *company*, in the ordinary course of its operations and developments, may be required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The *company's* ability to provide such assurances is subject to external financial and credit market assessments, and its own financial position. Loan agreements and other financing rearrangements such as debt facilities, convertible note issue and finance leases (and any related guarantee and security) that may be entered into by the *company* may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the *company* would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the *company* or default under a finance lease could also result in the loss of assets.

The *company* is exposed to risks associated with its financial instruments (consisting of cash, receivables, accounts payable and accrued liabilities due to third parties from time to time). This includes the risk that a third party to a financial instrument fails to meet its contractual obligations; the risk that the *company* will not be able to meet its financial obligations as they fall due; and the risk that market prices may which will affect the *company's* income.

14.3.8. *Unforeseen expenditure risk*

Expenditure may need to be incurred that has not been taken into account. Although the *company* is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the *company*.

14.3.9. *New market*

The market for the *company's shares* is subject to uncertainty and there can be no assurance that an active market for the *company's shares* will develop or continue after reinstatement of the *company's securities* to trading. The price at which the *company's shares* trade on *ASX* after reinstatement may be higher or lower than the price at which *shares* are issued under the *public offer* and could be subject to fluctuations in response to variations in operating performance and general operations and business risk, as well as external operating factors over which the *directors* and the *company* have

no control, such as exchange rates, changes to government policy, legislation or regulation and other events or factors.

There can be no guarantee that an active market in the *company's shares* will develop or that the price of *shares* will increase.

14.3.10. *Loss of key personnel*

The responsibility to oversee the day-to-day operations and the strategic management of the *company* depends substantially on its senior management and its key personnel. There can be no assurance that there will be no detrimental effect on the *company* if one or more of these employees cease their employment.

14.3.11. *Management of growth*

There is a risk that management of the *company* will not be able to implement the *company's* growth strategy after *completion*. The capacity of the *company's* management to properly implement and manage the strategic direction of the *company* may affect the *company's* financial performance.

14.4. General risks

14.4.1. *Market conditions*

Share market conditions may affect the value of the *company's* quoted securities regardless of the *company's* operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the *company* nor the *directors* warrant the future performance of the *company* or any return on an investment in the *company*.

14.4.2. *Economic and government risk*

The future viability of the *company* is also dependent on a number of other factors affecting performance of all industries and not just the medicinal cannabis industry including, but not limited to, the following:

- (a) general economic conditions in jurisdictions in which the *company* operates;
- (b) changes in government policies, taxation and other laws in jurisdictions in which the *company* operates;

-
- (c) the strength of the equity markets in Australia and throughout the world, and in particular investor sentiment towards the medicinal cannabis sector;
 - (d) movement in, or outlook on, interest rates, exchange rates, and inflation rates in jurisdictions in which the *company* operates; and
 - (e) natural disasters, social upheaval or war in jurisdictions in which the *company* operates.

14.4.3. COVID-19

The outbreak of the COVID-19 pandemic is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had, and may continue to have, a significant impact on capital markets and share prices. The *company's* share price may be adversely affected by the economic uncertainty caused by COVID-19.

Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the *company's* operations and are likely to be beyond the control of the *company*. The *company's* ability to freely move people and product internationally may be the subject of delays or cost increases. The effects of COVID-19 on the *company's* share price may also impede the *company's* ability to raise capital or require the *company* to issue capital at a discount, which may in turn cause dilution to *shareholders*.

14.5. Speculative investment

- 14.5.1. The above list of risk factors ought not to be taken as exhaustive of the risks faced by the *company* or by investors in the *company*. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the *company* and the value of the *shares* offered under this *prospectus*.
- 14.5.2. Therefore, the *shares* to be issued pursuant to this *prospectus* carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those *shares*. Potential investors should consider that the investment in the *company* is highly speculative and should consult their professional advisors before deciding whether to apply for *shares* pursuant to this *prospectus*.

15. MATERIAL CONTRACTS

15.1. Introduction

Set out below are summaries of various contracts entered into by the *company* and *Health House* which are or may be material to the *offers* or the operation of the business of the *company* or otherwise are or may be relevant to a potential investor in the *company*.

15.2. Acquisition agreement

15.2.1. On 24 November 2020, the *company* entered into the *acquisition agreement* with *Health House* whereby the *company* agreed to acquire 100% of the capital of *Health House*. The acquisition of *Health House* is to be effected by way of the *share purchase agreement* referred to below.

15.2.2. The terms and conditions of the *acquisition agreement* are reflected in the terms and conditions of the *share purchase agreement* set out in *Section 15.3* below.

15.3. Share purchase agreement

15.3.1. Pursuant to the *acquisition agreement*, on the *company* will enter into a share purchase agreement with *Health House vendors* representing more than 60% of the *Health House shares* (***share purchase agreement***). On acquiring 60% of the *Health House shares*, the *company* will, in accordance with the provisions of the *Health House constitution* (see *Section 15.3.2* below), be entitled to compulsorily acquire the balance of the *Health House shares*, the consequence of which will be that *Health House* will become a wholly-owned subsidiary of the *company*.

The key terms of the *share purchase agreement* are:

- (a) conditions precedent: *completion* is conditional on:
- (i) the *company* undertaking the *public offer* and receiving valid applications for at least the minimum amount of capital required by *ASX* to meet the re-compliance requirements of Chapters 1 and 2 of the *listing rules* at an issue price to be agreed between the *company* and *Health House*;
 - (ii) the *company* receiving conditional approval from *ASX* to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of the *company* and *Health House*;
 - (iii) the parties obtaining all necessary regulatory approvals (including *ASX* approvals and waivers and *ASIC* relief) to complete the *acquisition*, the expiration of any necessary statutory waiting periods and the filing of all notices and proposals required under applicable law;
 - (iv) the *company* obtaining all requisite *shareholder* approvals pursuant to the *listing rules* (including but not limited to *listing rule 11.1*), the *Corporations Act* and the *constitution* to give effect to:

-
- (1) the transactions contemplated by the *acquisition agreement*; and
 - (2) the change of the *company's* name from “VPCL Limited” to “Health House International Limited”;
- (b) consideration: the consideration payable to each *Health House vendor* varies according to the number of *Health House shares* they hold, but the combined total consideration is 115,298,743 *consideration shares*;
 - (c) further issues of securities: subject to *completion* occurring, the *company* has agreed to issue 3,458,961 *shares* as consideration for services provided under the *broker mandates*;
 - (d) warranties and indemnities: the *acquisition agreement* contains standard warranties and indemnities customary for transactions of this nature, along with usual threshold and limitation of liability provisions.
- 15.3.2. The terms of *Health House's* constitution include “drag along” provisions pursuant to which *Health House shares* held by *Health House vendors* which are not parties to the *share purchase agreement* may be compulsorily acquired on the same terms as those acquired under the *share purchase agreement*. Accordingly, subject to completion occurring under the *share purchase agreement*, the balance of the *Health House shares* will be acquired under the “drag along” provisions.

15.4. Broker mandates

- 15.4.1. On 25 September 2020, the *company* entered into a corporate advisory mandate with CPS Capital Group Pty Ltd (**CPS**) whereby *CPS* agreed, inter alia, to introduce, review and assess potential investment opportunities for the *company* to consider as potential acquisitions (**CPS mandate**).
- 15.4.2. In accordance with the *CPS mandate*, *CPS* introduced *Health House* to the *company*.
- 15.4.3. The *broker mandate* provides that, on completion of a successful acquisition that has been introduced to the *company* by *CPS*, the *company* shall pay, in cash or shares, an asset introduction fee of 1.0% of the value of the asset introduced (**introduction fee**).
- 15.4.4. *CPS* and the *company* have agreed that, subject to *completion* occurring, the *company's* obligation to pay the *introduction fee* will be satisfied by the issue of 1,152,987 *shares* to *CPS* (being an amount equal to 1.0% of the 115,298,743 *consideration shares* to be issued to the *Health House vendors* in consideration for the *company's* purchase of 100% of the issued capital of *Health House*). The issue of *shares* to *CPS* as the *introduction fee* is the subject of a resolution to be considered by *shareholders* at the *general meeting*.
- 15.4.5. By way of the *CPS mandate*, the *company* also entered into a capital raising and corporate advisory mandate with *CPS*, the material terms of which are as follows:
- (a) *CPS* has been engaged to provide corporate advisory and capital raising services on an exclusive basis, including acting as lead manager to the *public offer*.
 - (b) *CPS* has agreed to place, on a best endeavours basis, 17,500,000 *shares* at an issue price of \$0.20, to raise \$3,500,000 under the *public offer*.

-
- (c) The *company* must pay *CPS*:
 - (i) a capital raising fee equal to 6% (exclusive of GST) on all funds raised under the *public offer*; and
 - (ii) a monthly corporate advisory retainer of \$5,000 for the 12-month period following reinstatement.
 - (d) The *CPS mandate* otherwise contains terms and conditions considered standard for agreements of this nature.

1.1.2. *Health House* has also entered corporate advisory mandates with *Merchant Group* and Mr Fabio Pannuti pursuant to which those parties will each be issued 1,152,987 *shares* as facilitation fees in respect of *Health House's* recent capital raising activities and its sale to the *company*.

15.5. Material contracts of Health House

15.5.1. *HHH* and its subsidiaries are parties to a number of supply and distribution agreements with manufacturers and suppliers of medicinal cannabis products. Key suppliers include Aurora/Cannimed, Little Green Pharma, Ananda Hemp, Satipharm, Zelira Therapeutics, IX Biopharma and HAPA. With the growing number of medicinal cannabis manufacturers globally, the *company* considers that access to high-quality products will be increasingly assured.

15.5.2. The only other material agreement to which *HHH* is a party is the *acquisition agreement* (see *Section 9.1.2*).

15.6. Agreements with directors

A summary of the agreements with *directors* is set out in *Section 8.5*.

16. ADDITIONAL INFORMATION

16.1. Rights attaching to shares

16.1.1. The following is a summary of the more significant rights and liabilities attaching to *shares* being offered pursuant to this *prospectus*. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of *shareholders*. To obtain such a statement, persons should seek independent legal advice. Full details of the rights and liabilities 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.

16.1.2. General meetings

- (a) Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the company.
- (b) Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution.

16.1.3. Voting rights

- (a) Subject to the *constitution* and to any rights and restrictions attaching to any class of shares, at meetings of *shareholders* or other classes of *shareholder*, each *shareholder* entitled to attend and vote may attend and vote in person or by proxy or by attorney and, where the *shareholder* is a body corporate, by representative.
- (b) On a show of hands every *shareholder* present having the right to vote at the meeting has one vote. On a poll, every *shareholder* present has one vote for each fully paid *share* and, the case of partly paid *shares* or *share* held by the *shareholder*, a fraction of a vote equivalent to the proportion which the amount paid (but not credited) is of the total amounts paid and payable (excluding amounts credited) on the *share* or *shares* held.

16.1.4. Dividend rights

Subject to the *Corporations Act* and to any special rights or restrictions attached to any *shares*, *directors* may from time to time authorise the *company* to pay interim and final dividends which appear to the *directors* to be justified by the profits of the *company*.

16.1.5. Winding-up

If the *company* is wound up, the liquidator may, with the authority of a special resolution, 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 he 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 *shareholders*.

16.1.6. *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* and the *listing rules*.

16.1.7. *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 *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.

16.1.8. *Variation of rights*

- (a) Under section 246B of the *Corporations Act*, the *company* may, with the sanction of a special resolution passed at a meeting of *shareholders*, vary or abrogate the rights attaching to *shares*.
- (b) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the *company* is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

16.2. Substantial shareholders

- 16.2.1. As at the date of this *prospectus*, the following *shareholders* are a “substantial shareholder” (being a *shareholder* who holds a *relevant interest* in the voting power of *shares* of 5% or more of the *shares* on issue):

| Holder name | Existing shares* | % relevant interest |
|---------------------------------------|------------------|---------------------|
| Chameleon Creative Pty Ltd | 2,133,831 | 9.43% |
| The Trust Company (Australia) Limited | 2,000,000 | 8.84% |

(*on a post-consolidation basis)

- 16.2.2. On completion of the *offers* (and assuming the *public offer* is fully subscribed and no new investors under the *public offer* become substantial holders) the substantial *shareholders* will be as set out below:

| Holder name | Shares held immediately following completion | % relevant interest on completion |
|-----------------------------|--|-----------------------------------|
| Jason Peterson ¹ | 15,292,388 | 9.6% |
| New Frontier Pty Ltd | 11,161,239 | 7.0% |
| Gemelli Nominees Pty Ltd | 10,073,429 | 6.3% |

-
1. Having a *relevant interest* as a director and controller of Sunset Capital Management Pty Ltd, Cityscape Asset Pty Ltd and Celtic Capital Pty Ltd

16.2.3. The *company* will announce to *ASX* details of its top 20 *shareholders* (following completion of the *offers*) prior to reinstatement of *shares* to *quotation*.

16.3. Interests of experts and advisors

16.3.1. Other than as set out below or elsewhere in this *prospectus*, no promoter of the *company* or person 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* has, or had within the 2 years preceding lodgement of this *prospectus* with ASIC, any interest in:

- (a) the formation or promotion of the *company*;
- (b) any property acquired or proposed to be acquired by the *company* in connection with its formation or promotion or in connection with the *offers*,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with the formation or promotion of the *company* or the *offers*.

16.3.2. Moore Australia Corporate Finance (WA) Pty Ltd will be paid \$20,000 (plus GST) for preparing the *investigating accountant's* report contained in this *prospectus*. Moore Australia Corporate Finance (WA) Pty Ltd has been paid \$20,000 (excluding GST and disbursements) for other professional services provided to the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.

16.3.3. Lavan has been paid approx. \$35,000 (plus GST) for preparing its independent solicitor's report on Health House's Australian regulatory compliance contained in this *prospectus*. Lavan has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.

16.3.4. Hill Dickinson LLP has been paid approx. \$13,000 for preparing its independent solicitor's report on Health House's UK regulatory compliance contained in this *prospectus*. Hill Dickinson LLP has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.

16.3.5. CPS will be paid a lead manager fee of \$210,000 in respect of the *public offer* (if fully subscribed). CPS has also acted as the *company's* corporate advisor since November 2016 and is entitled to an introduction fee of 1,152,987 *shares* pursuant to the terms of the CPS *mandate*, subject to *completion* occurring. It has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.

16.3.6. *Merchant Group* will be paid a corporate fee of 1,152,987 *shares* pursuant to the terms of a corporate mandate with *Health House*, subject to *completion* occurring. *Merchant Group* has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.

16.3.7. Mr Fabio Pannuti will be paid a corporate fee of 1,152,987 *shares* pursuant to the terms of a corporate mandate with *Health House*, subject to *completion* occurring. Mr Pannuti has not otherwise been paid fees by the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.

-
- 16.3.8. Blackwall Legal LLP has acted as the *company's* solicitors in relation to the *acquisition* and the *offers*. The *company* estimates it will pay Blackwall Legal LLP approximately \$120,000 (excluding GST and disbursements) for these services. Blackwall Legal LLP has been paid \$28,835 (excluding GST and disbursements) for other professional services provided to the *company* during the 2 years prior to the lodgement of this *prospectus* with ASIC.

16.4. Consents

- 16.4.1. Chapter 6D of the Corporations act imposes a liability regime on the *company* (as the offeror of the securities), the *directors*, the persons named in the prospectus with their consent as incoming directors, any underwriters, persons named in the *prospectus* with their consent having made a statement in the *prospectus* and persons involved in a contravention in relation to the *prospectus*. Although the *company* bears primary responsibility for the *prospectus*, the other parties involved in the preparation of the *prospectus* can also be responsible for certain statements in it.
- 16.4.2. Other than as set out below, each of the parties referred to in this *Section*:
- (a) has not authorised or caused the issue of this *prospectus*;
 - (b) does not make, or purport to make, any statement in this *prospectus* other than those referred to in *Section 16.3*;
 - (c) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this *prospectus* other than a reference to its name and a statement included in this *prospectus* in *Section 16.3* with the consent of that party; and
 - (d) was not involved in the preparation of this *prospectus* or any part of it except where expressly attributed to that person.
- 16.4.3. *Health House* has given its written consent to the inclusion of the statements attributed to it in this *prospectus* in the form and context in which those statements are included. *Health House* has not withdrawn its consent prior to lodgement of this *prospectus* with ASIC.
- 16.4.4. Moore Australia Corporate Finance (WA) Pty Ltd has given its written consent to being named as the *investigating accountant* in this *prospectus* and to the inclusion of the Investigating Accountant's Report in *Section 11* in the form and context in which the information and report are included. Moore Australia Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.
- 16.4.5. Lavan has given its written consent to being named as an independent solicitor in this *prospectus* and to the inclusion of the Solicitor's Report (Australian compliance) in *Section 13* in the form and context in which the information and report are included. Lavan has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.
- 16.4.6. Hill Dickinson LLP has given its written consent to being named as an independent solicitor in this *prospectus* and to the inclusion of the Solicitor's Report (UK compliance) in *Section 12* in the form and context in which the information and

report are included. Hill Dickinson LLP has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.

- 16.4.7. CPS has given its written consent to being named as the lead manager in this *prospectus*. CPS has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.
- 16.4.8. Link Market Services has given its written consent to being named as the *company's* share registry in this *prospectus*. Link Market Services has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.
- 16.4.9. Blackwall Legal LLP has given its written consent to being named as the solicitors to the *company* in this *prospectus*. Blackwall Legal LLP has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.
- 16.4.10. Memery Crystal LLP has given its written consent to being named as the solicitors to *Health House* in this *prospectus*. Memery Crystal LLP has not withdrawn its consent prior to the lodgement of this *prospectus* with ASIC.

16.5. Litigation

As at the date of this *prospectus*, neither the *company* or *Health House* is involved in any legal proceedings and the *directors* are not aware of any legal proceedings pending or threatened against the *company* or *Health House*.

16.6. Expenses of the offers

In the event that the *public offer* is fully subscribed, the total expenses of the *offers* (inclusive of the costs associated with the other elements of *acquisition*) are estimated to be approximately \$590,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

| | |
|--|-----------|
| <i>ASIC fees</i> | \$3,206 |
| <i>ASX listing fees</i> | \$100,748 |
| <i>lead manager's fee</i> | \$210,000 |
| <i>legal, accounting and consultants' fees</i> | \$250,000 |
| <i>printing & distribution</i> | \$6,000 |
| <i>miscellaneous</i> | \$20,046 |
| <i>total</i> | \$590,000 |

17. 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* and proposed *director* has consented to the lodgement of this *prospectus* with ASIC.



Leanne Graham
Chairman

for and on behalf of
VPCL Limited

21 January 2021

18. GLOSSARY

In this *prospectus*, unless the context otherwise requires, the following terms have the following meanings:

| | |
|-------------------------------------|---|
| <i>acquisition</i> | the acquisition of <i>Health House</i> by the <i>company</i> in accordance with the <i>share purchase agreement</i> . |
| <i>acquisition agreement</i> | has the meaning given to that term in <i>Section 9.1.2</i> . |
| <i>advisor offer</i> | has the meaning given to that term in <i>Section 6.3.1(b)</i> . |
| <i>AFSL</i> | Australian financial services licence. |
| <i>applicant</i> | a person who applies for <i>shares</i> pursuant to an <i>offer</i> . |
| <i>application</i> | a valid application to subscribe for <i>shares</i> under this <i>prospectus</i> . |
| <i>application monies</i> | money submitted by <i>applicants</i> in respect of <i>applications</i> . |
| <i>ASIC</i> | the Australian Securities and Investments Commission. |
| <i>ASX</i> | ASX Limited ACN 008 624 691, or where the context requires, the Australian Securities Exchange which it runs. |
| <i>board</i> | the board of <i>directors</i> . |
| <i>broker mandate</i> | has the meaning given to that term in <i>Section 15.4</i> . |
| <i>business day</i> | a day (other than a Saturday or a Sunday) on which banks in Perth, Western Australia are open for business. |
| <i>CHESS</i> | <i>ASX's</i> Clearing House Electronic Subregistry System. |
| <i>CliniCann</i> | CliniCann Limited ACN 619 271 626, a wholly-owned subsidiary of <i>Health House</i> . |
| <i>closing date</i> | the closing date of the <i>public offer</i> , being 12 February 2021 (unless varied). |
| <i>company</i> | VPCL Limited ACN 149 197 651, a public company incorporated and existing in Australia and listed on <i>ASX</i> (ASX: VPC) (to be re-named Health House Holdings Limited). |
| <i>company secretary</i> | the secretary of the <i>company</i> , Mr Chris Mews. |
| <i>completion</i> | completion of the sale and purchase of not less than 60% of the issued capital of <i>Health House</i> . |
| <i>completion date</i> | the date on which <i>completion</i> occurs. |

| | |
|--|--|
| <i>consideration shares</i> | has the meaning given to that term in <i>Section 6.3.1(a)</i> . |
| <i>consolidation</i> | the consolidation of the <i>company's</i> capital on a 1-for-50 basis. |
| <i>constitution</i> | the constitution of the <i>company</i> from time to time. |
| <i>Corporations Act</i> | the <i>Corporations Act 2001</i> (Cth). |
| <i>CPS</i> | CPS Capital Group Pty Ltd ACN 088 055 636 AFSL 294848. |
| <i>CPS mandate</i> | the agreement between the <i>company</i> and <i>CPS</i> dated 25 September 2020, a summary of which is set out in <i>Section 15.4</i> . |
| <i>current directors</i> | the <i>directors</i> as at the date of this <i>prospectus</i> , as set out in <i>Section 1</i> . |
| <i>director</i> | a director of the <i>company</i> . |
| <i>dollar, \$, A\$ or AUD</i> | the lawful currency for the time being of the Commonwealth of Australia. |
| <i>general meeting</i> | the general meeting of <i>shareholders</i> to be held on 29 January 2021. |
| <i>glossary</i> | this glossary of terms. |
| <i>Health House</i> | Health House Holdings Limited (CN 11625145), a private company limited by shares, incorporated and existing in the United Kingdom. |
| <i>Health House shares</i> | fully paid ordinary shares in the capital of <i>Health House</i> . |
| <i>Health House vendors</i> | all of the holders of <i>Health House shares</i> . |
| <i>investigating accountant</i> | Moore Australia Corporate Finance (WA) Pty Ltd, the author of the Investigating Accountant's Report at <i>Section 11</i> . |
| <i>issuer sponsored</i> | <i>securities</i> issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in <i>CHESS</i> . |
| <i>listing rules</i> | the official listing rules of <i>ASX</i> from time to time. |
| <i>minimum subscription</i> | has the meaning given to that term in <i>Section 3.3(b)</i> . |
| <i>notice of meeting</i> | the notice convening the <i>general meeting</i> at which the <i>company</i> will seek <i>shareholder</i> approval for the <i>acquisition</i> and related matters. |
| <i>offer conditions</i> | has the meaning given to that term in <i>Section 3.3</i> . |
| <i>offer period</i> | the period between the date of this <i>prospectus</i> and the <i>closing date</i> . |
| <i>offers</i> | together, the <i>public offer</i> , the <i>vendor offer</i> , and the <i>advisor offer</i> . |

| | |
|---|--|
| <i>pound or £</i> | the lawful currency for the time being of the United Kingdom. |
| <i>proposed directors</i> | the <i>directors</i> to take office at and with effect from <i>completion</i> , as set out in <i>Section 1</i> . |
| <i>prospectus</i> | this prospectus dated 21 January 2021. |
| <i>public offer</i> | the offer to the public under this <i>prospectus</i> , as set out in <i>Section 6.1</i> . |
| <i>public offer application form</i> | the application form attached to or accompanying this <i>prospectus</i> . |
| <i>quotation</i> | has the meaning given to that term in the <i>listing rules</i> . |
| <i>related party</i> | has the meaning given to that term in sections 9 and 228 of the <i>Corporations Act</i> . |
| <i>relevant interest</i> | has the meaning given by sections 608 and 609 of the <i>Corporations Act</i> . |
| <i>Section</i> | a section of this <i>prospectus</i> . |
| <i>securities</i> | has the meaning given to that term in section 92 of the <i>Corporations Act</i> . |
| <i>settlement operating rules</i> | the settlement rules of the securities clearing house which operates <i>CHESS</i> . |
| <i>share</i> | a fully paid ordinary share in the capital of the <i>company</i> . |
| <i>share purchase agreement</i> | has the meaning given to that term in <i>Section 15.3.1</i> . |
| <i>shareholders</i> | the holders of <i>shares</i> from time to time. |
| <i>transaction resolutions</i> | has the meaning given in <i>Section 6.4</i> . |
| <i>vendor offer</i> | has the meaning given to that term in <i>Section 6.3.1(a)</i> . |
| <i>WST</i> | Western Standard Time, being the time in Perth, Western Australia. |

ANNEXURE A - CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement discloses the extent to which the *company* will follow the *recommendations* set by the ASX Corporate Governance Council. The *recommendations* are not mandatory, however the *recommendations* that will not be followed have been identified and reasons provided for not following them along with what (if any) alternative governance practices the *company* intends to adopt in lieu of the *recommendation*.

Due to the size and nature of the incoming *board* and the magnitude of the *company's* operations upon completion of the *acquisition*, the *board* does not consider that the *company* will gain any benefit from individual *board* committees and that its resources would be better utilised in other areas, as the incoming *board* is of the strong view that at this stage the experience and skill set of the incoming *board* is sufficient to perform these roles. Under the *company's* Board Charter, the duties that would ordinarily be assigned to individual committees will be carried out by the full *board* under the written terms of reference for those committees.

| Recommendation | Complies? | Comments |
|---|-----------|---|
| Principle 1: Lay solid foundations for management and oversight | | |
| <p>1.1 A listed entity should have and disclose a board charter setting out:</p> <ul style="list-style-type: none"> (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management. | Yes | <p>The Board Charter is disclosed on the <i>company's</i> website.</p> <p>The <i>board</i> is accountable to the shareholders and investors for the overall performance of the <i>company</i> and takes responsibility for monitoring the <i>company's</i> business and affairs and setting its strategic direction, and establishing and overseeing the <i>company's</i> financial position.</p> <p>The <i>board</i> is responsible for:</p> <ul style="list-style-type: none"> • appointment of the chairman, CEO and other senior executives and the determination of their terms and conditions including remuneration and termination; • assessing the performance of the CEO and other senior executives where appropriate; • driving the strategic direction of the <i>company</i>, ensuring appropriate resources are available to meet objectives and monitoring management's performance; • reviewing and ratifying systems of risk management, accounting and internal compliance and control, codes of conduct and legal compliance; • approving and monitoring the business plan, budget and the adequacy and integrity of financial and other reporting; |

| Recommendation | Complies? | Comments |
|--|-----------|--|
| | | <ul style="list-style-type: none"> • approving the annual and half yearly accounts and any other significant announcements; • approving significant changes to the organisational structure; • approving the issue of any shares, options, equity instruments or other securities in the <i>company</i> (subject to compliance with the <i>listing rules</i>); • ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making; • recommending to shareholders the appointment and/or removal of the external auditor; • meeting with the external auditor, at their request, without management being present; • determining the size and composition of the <i>board</i>; • reporting to shareholders, stakeholders and the investment community on the performance of the <i>company</i>; and • approving the <i>company's</i> remuneration framework. <p>Due to the size and scope of the <i>company's</i> business, responsibility for the day-to-day management of the <i>company's</i> business activities is handled by the <i>directors</i>.</p> |
| <p>1.2 A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p> | Yes | <p>As part of each AGM notice of meeting, the following information is included for all <i>directors</i> who are up for election:</p> <ul style="list-style-type: none"> • biographical details • other material directorships • If 1st election: <ul style="list-style-type: none"> ○ any material adverse information, ○ any interest/position/association that may influence or impact independent judgement, ○ if the <i>board</i> considers the candidate to be independent. • If re-election: <ul style="list-style-type: none"> ○ term of office currently served, ○ if board considers them independent. |
| <p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p> | Yes | <p>There are letters of appointment for each of the <i>directors</i>.</p> |

| Recommendation | Complies? | Comments |
|---|------------------|--|
| <p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p> | <p>Yes</p> | <p>The company secretary of VPCL is Chris Mews (<i>company secretary</i>). Some of his responsibilities include:</p> <ul style="list-style-type: none"> • The <i>company secretary</i> is accountable directly to the <i>board</i>. • The <i>company secretary</i> will advise the <i>board</i> and its committees on governance matters. • When requested by the <i>board</i>, the <i>Company Secretary</i> will facilitate the flow of information to the <i>board</i>, between the <i>board</i> and its committees and between senior executives and non-executive directors. • The <i>company secretary</i> is to facilitate the induction of new <i>directors</i>. • The <i>company secretary</i> is to facilitate the implementation of <i>board</i> policies and procedures. • The <i>company secretary</i> coordinates, organises and attends <i>board</i> and <i>shareholder</i> meetings and ensures that correct procedures are followed and accurately captured in minutes. • Each <i>director</i> is able to communicate directly with the <i>company secretary</i> and vice versa. • The <i>company secretary</i> maintains corporate governance and compliance systems to ensure adherence to the <i>constitution</i>, the <i>listing rules</i> and applicable other laws. • All <i>directors</i> have access to the advice and services provided by the <i>company secretary</i>. • The <i>board</i> has the responsibility for the appointment and removal of the <i>company secretary</i>. |
| <p>1.5 A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(i) the measurable objectives set for that period to achieve gender diversity;</p> | <p>Partially</p> | <p>The <i>company</i> recognises that a diverse and talented workforce is a competitive advantage and that the <i>company's</i> success is the result of the quality and skills of our people. As such, the <i>board</i> has adopted a workplace diversity policy which can be found on the VPCL website. The Policy is to recruit and manage on the basis of qualification for the position and performance, regards of gender, age, nationality, race, religious beliefs, cultural background, sexuality, marital status or physical ability. It is essential that the <i>company</i> employs the appropriate person for each job and that each person strives for a high level of performance. The board reviews the Workplace Diversity Policy and the composition of the personnel for VPCL annually.</p> |

| Recommendation | Complies? | Comments |
|--|-----------|--|
| <p>(ii) the entity's progress towards achieving those objectives; and:</p> <p>(iii) either:</p> <p>A. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or</p> <p>B. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> | | |
| <p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | Yes | A copy of the Board Performance Evaluation Process can be found in the Corporate Governance section of the <i>company's</i> website. The performance of the <i>board</i> is reviewed regularly by the chairman. The chairman conducts performance evaluations which involve an assessment of each <i>board</i> member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors are assessed is aligned with the financial and non-financial objectives of VPCL. |
| <p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p> | No | The <i>board</i> does not conduct performance reviews of senior executives given there are currently no such roles in the organisation. |
| Principle 2: Structure the board to be effective and add value | | |

| Recommendation | Complies? | Comments |
|--|-----------|---|
| <p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> | Yes | <p>Given the size and position of VPCL the role of the remuneration and nomination committee is performed by the full <i>board</i>. The remuneration and nomination committee's charter can be found on the <i>company's</i> website in the Corporate Governance section.</p> <p>Nominations of new <i>directors</i> or executives are considered by the <i>board</i>.</p> <p>The <i>board</i> also assesses its balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. The <i>directors</i> are confident that this process for selection and review is appropriate for the size of the <i>company</i> and full details of all <i>directors</i> are provided to <i>shareholders</i> in the annual report and on the <i>company's</i> website.</p> |
| <p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p> | No | <p>The <i>company</i> identifies the following as the main areas of skills required by the <i>board</i> to successfully service the <i>company</i>:</p> <ul style="list-style-type: none"> • executive and non-executive experience • industry experience and knowledge • leadership • corporate governance and risk management • strategic thinking • desired behavioural competencies • geographic experience • capital markets experience • subject matter expertise <ul style="list-style-type: none"> ○ accounting ○ capital management |

| Recommendation | Complies? | Comments |
|---|-----------|---|
| | | <ul style="list-style-type: none"> ○ corporate finance ○ industry taxation ○ risk management ○ legal <p>Where there is a known skills shortage, these skills are outsourced to experienced consultants and experts, to the extent where the <i>board</i> is comfortable any deficiency is being met. The <i>board</i> reviews the skills matrix annually.</p> |
| <p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> | Yes | <p>The <i>company</i> recognises that independent directors are important in assuring shareholders that the <i>board</i> is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The <i>board</i> assesses each of the <i>directors</i> against specific criteria to decide whether they are in a position to exercise independent judgment.</p> <p><i>Directors</i> are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.</p> <p>In making this assessment, the <i>board</i> considers all relevant facts and circumstances.</p> <p>Relationships that the <i>board</i> will take into consideration when assessing independence are whether a <i>director</i>:</p> <ul style="list-style-type: none"> • is a substantial shareholder of the <i>company</i> or an officer of, or otherwise associated directly with, a substantial shareholder of the <i>company</i>; • is employed, or has previously been employed in an executive capacity by the <i>company</i> or another <i>company</i> member, and there has not been a period of at least three years between ceasing such employment and serving on the <i>board</i>; • has within the last three years been a principal of a material professional advisor or a material consultant to the <i>company</i> or another <i>company</i> member, or an employee materially associated with the service provided; • is a material supplier or customer of the <i>company</i> or other <i>company</i> member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or |

| Recommendation | Complies? | Comments |
|--|-----------|--|
| | | <ul style="list-style-type: none"> has a material contractual relationship with the <i>company</i> or another <i>company</i> member other than as a <i>director</i>. |
| 2.4 A majority of the board of a listed entity should be independent directors | Yes | The <i>board</i> is currently comprised of three non-executive <i>directors</i> , all of whom are independent. |
| 2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity. | Yes | In recognition of the importance of independent views and the <i>board's</i> role in supervising the activities of management the chairman is an independent, non-executive director. |
| 2.6 A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively. | Yes | <p>The <i>company</i> has an informal program for the induction of new <i>directors</i>. This induction covers all aspects of the <i>company's</i> operations including the provision of information and meetings with relevant consultants to ensure that new <i>directors</i> can fulfil their responsibilities.</p> <p><i>Directors</i> are encouraged to participate in appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their role as a <i>director</i>. The chairman of the <i>board</i> will assess individual <i>board</i> members skills during the performance review of each director. Any training or skill gaps identified are tabled to the Board to consider options to fill gaps identified</p> |
| Principle 3: Instil a culture of acting lawfully, ethically and responsibly | | |
| 3.1 A listed entity should articulate and disclose its values. | | |
| 3.2 A listed entity should: <ul style="list-style-type: none"> (a) have and disclose a code of conduct for its directors, senior executives and employees; and (b) ensure that the board or a committee of the board is informed of any material breaches of that code | Yes | <p>A copy of the Code of Conduct can be found in the Corporate Governance section of the <i>company's</i> website.</p> <p>The <i>board</i> endeavours to ensure that its <i>directors</i>, officers, employees and consultants act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The Code of Conduct sets out the principles, practices, and standards of personal behaviour the <i>company</i> expects people to adopt in their daily business activities.</p> <p>All <i>directors</i>, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the <i>company's</i> expectations as set out in the Code of Conduct.</p> |

| Recommendation | Complies? | Comments |
|--|-----------|--|
| | | <p>All <i>directors</i>, officers, employees and consultants are expected to:</p> <ul style="list-style-type: none"> • comply with the law; • act in the best interests of the <i>company</i>; • be responsible and accountable for their actions; and • observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts. |
| <p>3.3 A listed entity should:</p> <p>(a) have and disclose a whistleblower policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p> | Yes | A copy of the Whistleblower Policy can be found in the Corporate Governance section of the company's website. |
| <p>3.4 A listed entity should:</p> <p>(a) have and disclose an anti-bribery and corruption policy; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.</p> | No | The <i>company</i> does not have an anti-bribery and corruption policy. |
| Principle 4: Safeguard the integrity of corporate reports | | |
| <p>4.1 The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> | Yes | <p>The <i>board</i> acts as Audit and Risk Committee. All directors are considered independent. The Audit and Risk Committee charter can be found on the <i>company's</i> website in the Corporate Governance section.</p> <p>The Audit and Risk Committee is responsible for reviewing the integrity of the <i>company's</i> financial reporting and overseeing the independence of the external auditors. The Audit and Risk Committee sets aside time to deal with issues and responsibilities to ensure the integrity of the financial statements of the <i>company</i> and the independence of the auditor.</p> <p>The Audit and Risk Committee reviews the audited annual and half-year financial statements and any reports which accompany published financial statements and recommends their approval to the members. The Audit and Risk Committee also reviews annually the appointment of the external auditor, their independence and their fees.</p> |

| Recommendation | Complies? | Comments |
|---|------------|--|
| <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p> | | <p>The Audit Committee is also responsible for establishing policies on risk oversight and management.</p> <p><u>External Auditors</u></p> <p>The <i>company's</i> policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is the auditor's policy to rotate engagement partners on listed companies at least every five years.</p> <p>An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.</p> <p>There is no indemnity provided by the <i>company</i> to the auditor in respect of any potential liability to third parties.</p> <p>Non-audit services provided by the auditors during the year are detailed in the financial statements.</p> |
| <p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> | <p>Yes</p> | <p>The CEO and the CFO, or equivalent, provide to the <i>board</i> written certification that in all material respects:</p> <p>(a) the <i>company's</i> financial statements present a true and fair view of the <i>company's</i> financial condition and operational results and are in accordance with relevant accounting standards;</p> <p>(b) the statement given to the <i>board</i> on the integrity of the <i>company's</i> financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the <i>board</i>; and</p> <p>(c) the <i>company's</i> risk management and internal compliance and control system is operating efficiently and effectively.</p> <p>As a matter of process the <i>board</i> receives this certification from the CEO and CFO, or those within the <i>company</i> that perform the duties of the CEO and CFO, outlining compliance with Principle 4.2 before the finalisation of any financial statements</p> |

| Recommendation | Complies? | Comments |
|--|-----------|--|
| 4.3 A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor. | Yes | The external auditor is requested to attend the annual general meeting and be available to answer <i>shareholder</i> questions about the conduct of the audit and preparation and content of the audit report. |
| Principle 5: Make timely and balanced disclosure | | |
| 5.1 A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under Listing Rule 3.1. | Yes | <p>A copy of the “Disclosure Policy” can be found in the Corporate Governance section of the <i>company’s</i> website.</p> <p>The <i>company</i> believes that all <i>shareholders</i> should have equal and timely access to material information about the <i>company</i> including its financial situation, performance, ownership and governance. The <i>company’s</i> “Disclosure Policy” encourages effective communication with <i>shareholders</i> by requiring that <i>company</i> announcements:</p> <ul style="list-style-type: none"> • be factual and subject to internal vetting and authorisation before issue; • be made in a timely manner; • not omit material information; • be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions; • comply with the <i>listing rules’</i> continuous disclosure requirements; and • be placed on the <i>company’s</i> website promptly following release. <p><i>Shareholders</i> are encouraged to participate in general meetings. Copies of addresses by the chairman are disclosed to the market and posted on the <i>company’s</i> website. The <i>company’s</i> external auditor attends the annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the <i>company</i> and the independence of the auditor in relation to the conduct of the audit.</p> <p>The Company’s “Disclosure Policy” described above reinforces the <i>company’s</i> commitment to continuous disclosure and outlines management’s accountabilities and the processes to be followed for ensuring compliance.</p> <p>The policy also contains guidelines on information that may be price sensitive. The <i>company secretary</i> has been nominated as the person responsible for communications with <i>ASX</i>. This role includes</p> |

| Recommendation | Complies? | Comments |
|---|-----------|--|
| | | responsibility for ensuring compliance with the continuous disclosure requirements with the <i>listing rules</i> and overseeing and coordinating information disclosure to the <i>ASX</i> . |
| 5.2 A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made. | Yes | All material market announcements are circulated to the <i>board</i> prior to being announced. |
| 5.3 A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation. | Yes | Any new and substantive investor or analyst presentation are released on the ASX Market Announcements Platform ahead of the presentation. |
| Principle 6: Respect the rights of security holders | | |
| 6.1 A listed entity should provide information about itself and its governance to investors via its website. | Yes | The <i>company's</i> website can be found at www.vpcllimited.com , where there are links to the <i>directors</i> and their details, the <i>constitution</i> , charters and corporate governance policies. Also included are links to all financial reports, announcements, notices of meetings, research reports and presentations and any external media commentary made on the <i>company</i> . |
| 6.2 A listed entity should have an investor relations program that facilitates effective two-way communication with investors. | Yes | The <i>company</i> has established a Shareholder Communications Policy which underpins the investor relations program. A copy of this policy can be found on the <i>company's</i> website. The <i>board's</i> policy is to seek to inform <i>shareholders</i> of all major developments affecting the <i>company</i> by allowing investors and other financial market participants to gain a greater understanding of the <i>company's</i> business, governance, financial performance and prospects. |
| 6.3 A listed entity should disclose how it facilitates and encourages participation at meetings of security holders. | Yes | The <i>company</i> has policies and procedures that enable <i>shareholders</i> to receive the reports and participate in shareholder meetings by attendance or by written communication. The <i>board</i> seeks to notify all <i>shareholders</i> so they can be fully informed for voting at the Annual General Meeting or any General Meetings that arise. Shareholders who have made an election receive a copy of the <i>company's</i> annual report by mail or email; otherwise, the annual report is available on the <i>company's</i> website. |

| Recommendation | Complies? | Comments |
|---|-----------|--|
| 6.4 A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands. | Yes | The <i>company</i> has the capability to communicate with <i>shareholders</i> electronically through its website, email communications and via the share registry. Electronic contact details are provided on the <i>company's</i> website |
| 6.5 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically. | Yes | The <i>company</i> provides its <i>shareholders</i> the option to receive communications from and send communications to, the <i>company</i> and the share registry electronically. |
| Principle 7: Recognise and manage risk | | |
| <p>7.1 The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, and discloses:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> | Yes | The <i>board</i> has adopted a formal Risk Management Policy and associated procedures so as to formalise the process of managing material business risks of the <i>company</i> . A copy of the Policy is available on the <i>company's</i> website. |

| Recommendation | Complies? | Comments |
|---|-----------|--|
| <p>7.2 The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p> | Yes | <p>The Risk Management Policy requires management to design and implement risk management processes and systems to identify and manage the <i>company's</i> material business risks and report to the <i>board</i> on whether those risks are being managed effectively.</p> <p>The <i>board</i> is regularly briefed and involved in discussions in relation to many of the material business risks facing the <i>company</i>.</p> <p>The risk management framework is reviewed at least annually by the board and has been reviewed in June 2020 for the year ended 30 June 2020.</p> <p>The CEO and the CFO, or equivalent, are required to make a declaration in accordance with section 295A of the <i>Corporations Act</i> that the <i>company's</i> financial reports present a true and fair view in all material respects of the <i>company's</i> financial condition and operational results and are in accordance with relevant accounting standards, and to provide assurance that the declaration is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects</p> |
| <p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p> | Yes | <p>The <i>company</i> does not have a formal internal audit function. The <i>board</i> does not consider there to be a need for an internal audit function having regard to the size, geographic location and complexity of the <i>company's</i> current operations.</p> <p>The <i>board</i> periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed.</p> |
| <p>7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p> | Yes | <p>The <i>board</i> identifies and manages the following as material economic, environmental and social sustainability risks:</p> <p>Listed entities have economic risks with regard to the capital markets, and this impacts that <i>company's</i> ability to raise funds for working capital requirements. The <i>company</i> constantly monitors its cash reserves and the state of the capital markets however is well capitalised at the date of this report.</p> <p>The <i>company</i> has not formally identified any social sustainability risks.</p> |

| Recommendation | Complies? | Comments |
|---|-----------|--|
| Principle 8: Remunerate fairly and responsibly | | |
| <p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director; and discloses:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> | Yes | <p>The role of the remuneration and nomination committee is performed by the <i>board</i> given its current size and operations. The remuneration and nomination committee's charter can be found on the <i>company's</i> website in the Corporate Governance section.</p> <p>The role of a Remuneration Committee is to assist the <i>board</i> in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.</p> <p>The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO or executive <i>directors</i>, reviewing and making recommendations on the <i>company's</i> incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive <i>directors</i> and undertaking reviews of the CEO's performance.</p> <p>The <i>board</i> policy is to remunerate <i>directors</i> at market rates for time, commitment and responsibilities taking into account the size and operations of the <i>company</i>. The <i>board</i> determines payments to the <i>directors</i> and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for non-executive <i>directors</i> are not linked to the performance of the <i>company</i>.</p> <p>However, to align <i>directors'</i> interests with <i>shareholders'</i> interests, <i>directors</i> are encouraged to hold shares in the <i>company</i>.</p> <p>The <i>company's</i> aim is to remunerate at a level that will attract and retain high-calibre directors and employees.</p> <p><i>Company</i> officers and directors are remunerated to a level consistent with the size of the <i>company</i>.</p> <p>The <i>board</i> believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.</p> <p>In accordance with best practice corporate governance, the structure of non-executive <i>director</i> and executive compensation is separate and distinct.</p> <p>In determining remuneration, the <i>board</i> has taken a view that the full <i>board</i> will hold special meetings or sessions as required. No director participates</p> |

| Recommendation | Complies? | Comments |
|--|------------|--|
| | | <p>in any deliberation regarding his or her remuneration or related issues. The <i>board</i> is confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by <i>directors</i> and executives in the current period are contained in the “Remuneration Report” within the Directors’ Report of the Annual Report.</p> |
| <p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p> | <p>Yes</p> | <p>A copy of the Remuneration Policy can be found in the Corporate Governance section of the <i>company’s</i> website.</p> <p>The <i>company</i> has structured the remuneration of its senior executives, where applicable, such that it comprises a fixed salary, statutory superannuation and participation in the <i>company’s</i> Employee Incentive Option Plan.</p> <p>The <i>company</i> believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of <i>shareholders</i> and improves the <i>company’s</i> performance.</p> <p>Non-executive <i>directors</i> are paid their fees out of the maximum aggregate amount approved by <i>shareholders</i> for non-executive director remuneration.</p> <p>The <i>company</i> does not adhere to Guidelines for non-executive director remuneration ‘Non-executive directors should not receive options with performance hurdles’. The <i>company</i> has previously granted options to non-executive <i>directors</i> and, potentially, will do so in the future.</p> <p>They also provide an incentive that ultimately benefits both <i>shareholders</i> and the option holder, as option holders will only benefit if the market value of the underlying shares exceeds the option strike price.</p> <p>Ultimately, <i>shareholders</i> will make that determination.</p> <p>The Remuneration Report contained in the Annual Report outlines the <i>director</i> and executive remuneration arrangements of the <i>company</i> in accordance with the requirements of the <i>Corporations Act 2001</i> and the <i>Corporations Regulations</i>. It also provides the remuneration disclosure required by AASB 124 Related Party Disclosures.</p> <p>There are no schemes for retirement benefits, other than superannuation, for non-executive <i>directors</i>, where applicable.</p> |

| Recommendation | Complies? | Comments |
|--|-----------|---|
| <p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p> | Yes | <p>The <i>company's</i> Securities Trading Policy provides that participants in an equity-based remuneration scheme are not allowed to use derivatives to hedge against the equity position provided via the equity-based remuneration scheme.</p> <p>A copy of the Security Trading Policy can be found on the Corporate Governance home page on the <i>company's</i> website.</p> |