

Hot Chili Limited

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ASX Announcement

18 May 2020

NON-RENOUNCEABLE ENTITLEMENT OFFER NOTICE TO EXCLUDED SHAREHOLDERS

Please find attached a letter to ineligible shareholders.

ASX CODE

HCH

Contact

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Authorised by:

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Company Secretary

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Dear Shareholder,

**HOT CHILI LIMITED – NON-RENOUNCEABLE ENTITLEMENT OFFER
NOTICE TO EXCLUDED SHAREHOLDERS**

On 18 May 2020, Hot Chili Limited (ASX Code: HCH) (**Company**) announced its intention to undertake a non-renounceable rights issue of 2 (two) fully paid ordinary shares in the Company (**New Shares**) for every 9 (nine) fully paid ordinary shares in the Company (**Shares**) held at 5.00pm (WST) on Thursday, 21 May 2020 (**Record Date**) at an issue price of \$0.015 per New Share, together with 1 (one) free attaching Option, exercisable at \$0.025 on or before 20 May 2022, for every 2 (two) New Shares subscribed for (**New Options**), to raise up to approximately \$3,900,000 (before costs) (**Entitlement Offer**).

The Entitlement Offer is made pursuant to a prospectus dated 18 May 2020 issued by the Company (**Prospectus**).

On 18 May 2020, the Company also announced it had successfully arranged the issue of 333,333,334 Shares by way of private placement to various sophisticated and professional investors in Australia and overseas (**Placement Participants**), at an issue price of \$0.015 per share, to raise \$5,000,000 (before costs) (**Placement**). Placement Participants are entitled to 1 (one) free attaching Option, exercisable at \$0.025 on or before 20 May 2022, for every 2 (two) New Shares issued under the Placement, conditional on Shareholders approving the issue of the Placement Options at the upcoming general meeting of the Company.

A copy of the Prospectus is available on ASX's website (www.asx.com.au) by searching the announcements platform under the Company code 'HCH' and on the Company's website (www.hotchili.net.au).

The purpose of this letter is to notify you of the Entitlement Offer and explain why the Company does not consider that you are eligible to apply for New Shares and New Options (**New Securities**) under the Entitlement Offer. This letter is not an offer to issue New Securities to you, nor an invitation for you to apply for New Securities.

Eligibility criteria

The Entitlement Offer is made to eligible shareholders only (**Eligible Shareholders**), being shareholders who, as at 5.00pm (WST) on Thursday, 21 May 2020 (or such other date as may be determined by the directors of the Company, subject to the ASX Listing Rules) (**Record Date**):

- (a) have a registered address listed on the Company's share register in Australia, New Zealand, Chile, Hong Kong, Singapore or the United Kingdom;
- (b) are not in the United States and are not a US person or acting for the account or benefit of a person in the United States or a US person; and
- (c) are eligible under all applicable securities laws to receive an offer under the Rights Issue, without the use of a prospectus, disclosure document or other lodgement, filing, registration or qualification.

Unfortunately, according to the Company's records, you do not satisfy the criteria for an Eligible Shareholder stated above. You will therefore not be able to participate in the Entitlement Offer and will not be sent a copy of the Prospectus.

The Company has determined (pursuant to ASX Listing Rule 7.7.1(a)) that it would be unreasonable to make the Entitlement Offer to shareholders in countries other than Australia, New Zealand, Chile, Hong Kong, Singapore or the United Kingdom (**Excluded Shareholders**), having regard to:

1. the small number of shareholders outside Australia, New Zealand, Chile, Hong Kong, Singapore and the United Kingdom;
2. the number and value of New Shares that would be offered to shareholders outside Australia, New Zealand, Chile, Hong Kong, Singapore and the United Kingdom; and
3. the costs of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

Action required

You are not required to do anything in response to this letter.

Further information

If you have any queries concerning the matters set out in this letter, please contact your financial adviser, or the Company Secretary by phone on +61 8 9315 9009 or email at Lloyd@hotchili.net.au.

Thank you for your continued support as a shareholder of the Company.

Yours faithfully

Lloyd Flint

Company Secretary
Hot Chili Limited