
BUBS AUSTRALIA LIMITED

ACN 060 094 742

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2:00pm Sydney time

DATE: 29 November 2019

PLACE: Ashurst Ballroom
Level 9
5 Martin Place
Sydney NSW 2000

A copy of the Bubs Australia Limited 2019 Annual Report can be found at:

investor.bubsaustralia.com

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Jay Stephenson, on (+61 8) 9426 0666.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2:00pm (EDST) on 29 November 2019 at Ashurst Ballroom, Level 9, 5 Martin Place, Sydney NSW 2000.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 7:00pm (EDST) on 27 November 2018.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act provide that the chair of an annual general meeting can vote undirected proxies in a shareholder vote on the remuneration report where the shareholder provides express authorisation.

Further details are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report, as contained in the Company’s annual financial report for the financial year ended 30 June 2019.”

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement: A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the Voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

6. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MATTHEW REYNOLDS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of Clause 14.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Matthew Reynolds, who retires as a Director by rotation, and being eligible, is re-elected as a Director.”

7. RESOLUTION 3 – ELECTION OF DIRECTOR – MR STEVE LIN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purpose of Clause 14.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Steve Lin, a director who was appointed by the Board on 18 April 2019, retires, and being eligible, is elected as a Director.”

8. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 48,366,888 Shares to C2 Capital Global Export-to-China Fund, L.P., on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by a C2 Capital Global Export-to-China Fund, LP and any associates of C2 Capital Global Export-to-China Fund, LP. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 15,384,615 Shares to Dynamic Best Group Limited, Stable Charter Limited, and Succeed Venture Limited, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Dynamic Best Group Limited, Stable Charter Limited, and Succeed Venture Limited and any associates of Dynamic Best Group Limited, Stable Charter Limited, and Succeed Venture Limited. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 2,974,272 Shares to CW Retail Services Pty Ltd, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by CW Retail Services Pty Ltd and any associates of CW Retail Services Pty Ltd. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. RESOLUTION 7 – APPROVAL OF ISSUE OF SHARES TO CHEMIST WAREHOUSE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 9,382,355 Shares to CW Retail Services Pty Ltd (or its nominee/s), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by a CW Retail Services Pty Ltd (or its nominee/s) any associates of CW Retail Services Pty Ltd (or its nominee/s). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

12. RESOLUTION 8 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of section 136(2) and section 648G of the Corporations Act and for all other purposes, the constitution in the form tabled at the meeting and signed by the chairman of the Annual General Meeting for identification, be approved and adopted as the Company's constitution in substitution for and to the exclusion of the Company's current constitution, with effect from the close of the Annual General Meeting.”

13. RESOLUTION 9 – APPROVAL OF ISSUE OF OPTIONS TO DENNIS LIN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,770,810 Options to Dennis Lin (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Dennis Lin (or his nominee/s) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

14. RESOLUTION 10 – ADOPTION OF AN INCENTIVE OPTION PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, the Company's Option Plan, the terms out of which are summarised in the Explanatory Statement accompanying this Notice of Meeting, and all issues of securities under that Option Plan, be approved.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director who may participate in the Option Plan in relation to the Company, or any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if:
 - (i) the proxy is the Chair; and
 - (ii) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

14. RESOLUTION 11 – APPOINTMENT OF AUDITOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of Section 327B of the Corporations Act and for all other purposes, Deloitte Touche Tohmatsu, having been nominated by a Shareholder and having consented in writing to act, be appointed as auditor of the Company.”

DATED: 29 OCTOBER 2019

BY ORDER OF THE BOARD

Jay Stephenson
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

PART A ORDINARY BUSINESS OF THE AGM

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include the receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019, together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.bubsaustralia.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2019.

The Chair of the Meeting must allow a reasonable opportunity for the Shareholders to ask questions about, or make comments on, the Remuneration Report at the Annual General Meeting and, as such, a reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2.2 Voting consequences

If at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report at two consecutive annual general meetings and at the first of those annual general meetings, a Spill Resolution (as defined below) was not put to vote, the Company will be required to put to its shareholders a resolution proposing the calling of another general meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene a general meeting of shareholders (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the previous financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

At the Company's previous annual general meeting, the votes cast against the remuneration report at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.3 Proxy voting restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

If you appoint a member of the Key Management Personnel as your proxy (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct the proxy how they are to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member) or if you appoint any other person who is not a member of the Key Management Personnel as your proxy

You ***do not*** need to direct your proxy how to vote on this Resolution, and you ***do not*** need to tick any further acknowledgement on the proxy form.

The Board unanimously **recommends** that Shareholders vote in favour of this Resolution to adopt the Remuneration Report.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR MATTHEW REYNOLDS

Clause 14.2 of the Constitution requires that at each annual general meeting, one third of the Directors (except the Managing Director who is exempt) must retire from office. In determining the number of Directors to retire, no account is taken of the Managing Director, or directors who have been appointed under Clause 14.4 of the Constitution.

The Company's has three Directors, Mr Dennis Lin, Mr Matthew Reynolds, and Mr Steve Lin, who are eligible for retirement by rotation. As Mr Dennis Lin stood for re-election at the 2018 AGM and Mr Steve Lin stands for election under Resolution 3, Mr Matthew Reynolds will retire by rotation.

Accordingly, Mr Matthew Reynolds retires in accordance with Clause 14.2 of the Constitution and, being eligible, seeks re-election. Mr Reynolds' details are set out below.

Bio of Mr Matthew Reynolds

Mr Matthew Reynolds is a Partner at Thomson Geer lawyers who specialises in capital markets and mergers and acquisitions. He holds a Bachelor of Political Science and Economics (Hons) and a Bachelor of Laws (Hons) and is a member of the Queensland Law Society. Mr Reynolds was a non-executive director on the ASX listed Axsesstoday Limited (ASX: AXL), and was the non-executive Chairman of P2P Transport Limited (ASX: P2P), retiring from those offices on 15th April 2019. Mr Reynolds also held directorships in unlisted companies including local subsidiaries of Thai-listed Minor International PLC and Ignite Energy Limited.

The Board has considered Mr Reynolds' independence and considers that he is an independent Director.

The Board (with Mr Reynolds abstaining) unanimously **recommends** that Shareholders vote in favour of this Resolution to re-elect Mr Reynolds.

4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR STEVE LIN

Clause 14.4 of the Constitution and ASX Listing Rule 14.4 require that a Director appointed as an addition to the board must not hold office (without having being elected) past the next annual general meeting.

Mr Steve Lin was appointed a Director of the Company on 18 April 2019, and being eligible, seeks election.

Bio of Mr Steve Lin

Mr. Steve Lin has over 25 years of investment, operations and management experience in Asia. He started his career in investment banking at Morgan Stanley in New York. He then joined Goldman Sachs' Merchant Banking Division in Hong Kong and Tokyo and invested in private equity, real estate and special situations opportunities. Mr. Lin became the president and CEO – Asia of GMAC Commercial Holding Corp., managing a multi-billion dollar portfolio of real estate investments and loans. Mr. Lin has a B.A. in Economics from Harvard College.

The Board has considered Mr Lin's independence and considers that he is not an independent Director.

The Board (with Mr Lin abstaining) unanimously **recommends** that Shareholders vote in favour of this Resolution to re-elect Mr Lin.

5. RESOLUTIONS 4 AND 5 – RATIFICATION OF PRIOR ISSUES OF SHARES

5.1 General

On:

- (a) 18 April 2019, the Company issued 48,366,888 Shares via a private share placement to C2 Capital Global Export-to-China Fund, L.P. (**C2 Capital Partners**) at \$0.65 per Share to raise \$31,438,477; and
- (b) 18 April 2019, the Company issued 15,384,615 Shares to the Dynamic Best Group Limited, Stable Charter Limited, and Succeed Venture Limited (the **Deloraine Vendors**), being the vendors of Australia Deloraine Dairy Group Limited (**Deloraine**) as consideration for the acquisition of Deloraine by the Company,

(collectively, the **Placements**).

Resolutions 4 and 5 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the Placements.

ASX Listing Rule 7.1 provides that the prior approval of shareholders is required in order to issue securities which, when aggregated with securities issued by the company during the previous 12 months, exceed 15% of the number of securities the company had on issue at the commencement of that 12 month period. An issue does not count towards the 15% annual placement capacity under ASX Listing Rule 7.1 if it is approved by shareholders.

ASX Listing Rule 7.4 provides that an issue of securities made without shareholder approval, will be treated as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and is subsequently approved by shareholders.

By ratifying these previous issues of securities under Resolutions 4 and 5, the Company will again have the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The Board unanimously **recommends** that Shareholders vote in favour of Resolutions 4 and 5 to ratify the Placements.

5.2 Technical Information Required by ASX Listing Rule 7.5

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Shares:

- (a) on 18 April 2019, the Company issued 48,366,888 Shares via a private share placement to C2 Capital Partners at \$0.65 per Share, to raise \$31,438,477;
- (b) on 18 April 2019, the Company issued 15,384,615 Shares to the Deloraine Vendors as consideration for the acquisition of Deloraine;
- (c) all Shares will be on the same terms and conditions as the Company's existing Shares; and
- (d) the funds raised from the Placement to C2 Capital Partners will be used to provide working capital and funding to support China growth momentum and to fund capital expenditure to further enhance vertical integration and new milk supply agreements. The Placements to the Deloraine Vendors and Chemist Warehouse were in consideration for the acquisition of Australia Deloraine Dairy Group Limited and as consideration under the alliance agreement with Chemist Warehouse, respectively.

6. RESOLUTIONS 6 AND 7 – RATIFICATION AND APPROVAL OF ISSUE OF SHARES TO CHEMIST WAREHOUSE

6.1 General

On 18 April 2019, the Company announced that it had entered into a binding heads of agreement with Chemist Warehouse Retail Group to form a four year strategic alliance relating to the sale and promotion of Bubs products in Chemist Warehouse Stores.

Bubs will pay a marketing and promotional fee to Chemist Warehouse which will be used by Chemist Warehouse to acquire shares in the Company. The maximum Bubs Shares to be issued to Chemist Warehouse is 37,069,881 Shares over a three-year period. These shares will be issued in three annual tranches, each of 12,356,627 Shares, subject to Chemist Warehouse meeting certain sales performance targets.

The issue of Shares during the first year of the agreement is to be completed across two tranches:

- (a) 2,974,272 Shares were issued on 29 August 2019 (the **Tranche 1 Shares**); and
- (b) 9,382,355 Shares are proposed to be issued to Chemist Warehouse within 3 months of the date of this Meeting (the **Tranche 2 Shares**).

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.1 in relation to the issue of the Tranche 1 Shares.

Resolutions 7 seeks Shareholder approval pursuant to ASX Listing Rule 7.3 for the Tranche 2 Shares to be issued.

ASX Listing Rule 7.1 provides that the prior approval of shareholders is required in order for a company to issue securities which, when aggregated with securities issued by the company during the previous 12 months, exceed 15% of the number of securities the company had on issue at the

commencement of that 12 month period. An issue does not count towards the 15% annual placement capacity under ASX Listing Rule 7.1 if it is approved by shareholders.

By ratifying the previous issue of securities under Resolution 6, the Company will again have the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The effect of Resolution 7 will be to allow the Company to issue the Tranche 2 Shares during the period of 3 months after the Meeting, without using the Company's 15% annual placement capacity.

The Board unanimously **recommends** that Shareholders vote in favour of Resolutions 6 and 7.

6.2 Technical Information Required by ASX Listing Rules 7.3 and 7.5

In accordance with ASX Listing Rules 7.3 and 7.5, the following information is provided in relation to Resolutions 6 and 7:

- (a) the number of Tranche 1 Shares issued is 2,974,272 Shares;
- (b) the maximum number of Tranche 2 Shares is 9,382,355 Shares;
- (c) the Tranche 1 Shares were issued to CW Retail Services Pty Ltd in one tranche on 29 August 2019;
- (d) the Tranche 2 Shares will be issued shortly after the Meeting and, in any event, no later than 3 months after the date of the Meeting;
- (e) the Tranche 2 Shares will be issued in one tranche;
- (f) the Tranche 1 Shares and the Tranche 2 Shares are on the same terms and conditions as the Company's existing Shares;
- (g) the Tranche 2 Shares will be issued to CW Retail Services Pty Ltd (or its nominee/s) for nil cash consideration in consideration for marketing and promotional services;
- (h) the deemed issue price of the Tranche 1 was \$1.15 per Share and the deemed issue price of Tranche 2 will be the 5 day VWAP prior to the issue of the Shares;
- (i) no funds were raised from the Tranche 1 Shares and no funds will be raised from the issue of the Tranche 2 Shares.

7. RESOLUTION 8 – REPLACEMENT OF CONSTITUTION

7.1 General

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 8 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules, since the current Constitution was adopted prior to such amendments to the Corporations Act and ASX Listing Rules coming into force.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website at investor.bubsaustralia.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9426 0666). Shareholders are invited to contact the Company if they have any queries or concerns.

7.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the proposed changes to ASX Listing Rule 15.12 which is due to be finalised and released in December 2019. Under this change, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will instead permit the Company to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is

intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 8.

8. RESOLUTION 9 – APPROVAL OF ISSUE OF OPTIONS TO DENNIS LIN

8.1 General

Resolution 9 seeks Shareholder approval for the issue of 4,770,810 Options on the terms and conditions set out in section 8.3 below to Dennis Lin (or his nominee/s) under his Executive Chairman Agreement and on the terms and conditions set out in the Explanatory Statement. Mr Lin was appointed the Chairman of the Company on 18 August 2017 and appointed to Executive Chairman on 22 October 2019.

The terms and conditions of these Options are consistent with the terms and conditions of the Options issued to the CEO, Kristy Carr in 2018 (other than the gross sales figures in the Vesting Conditions, and that the Vesting Conditions refer to Normalised EBITDA), as approved by Shareholders at the Company's 2018 AGM. [The Company will amend the Vesting Conditions attaching to Kristy Carr's Options to be consistent to refer to Normalised EBITDA.]

8.2 Chapter 2E of the Corporations Act

The Board has considered the application of Chapter 2E of the Corporations Act to the grant of Options to Mr Lin and considers that the financial benefit given by such grant constitutes reasonable remuneration to Mr Lin, given (i) the circumstances of the Company, (ii) Mr Lin's role and responsibilities as an officer and employee of the Company; and (iii) that Mr Lin's remuneration package was negotiated on an arm's length basis. Accordingly, it is the Board's view that section 211(1) of the Corporations Act applies and therefore the Company is not seeking shareholder approval for the purposes of section 208 of the Corporations Act.

8.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

As the grant of the Options to Mr Lin involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

8.4 Technical information required by ASX Listing Rule 10.13

In accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 9:

- (a) the Options will be granted to Mr Lin (or his nominee/s);
- (b) the number of Options to be issued is 4,770,810;
- (c) the Options will be issued no later than 1 month after the date of the Meeting;
- (d) the Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Options are set out in Section 8.5 below.

If approval is obtained for the issue of Options under ASX Listing Rule 10.11, Listing Rule 7.2 (exception 14) will apply. On this basis, the grant of Options to Mr Lin (or his nominee/s) will not require shareholder approval under Listing Rule 7.1 and the options will not be included in the Company's 15% annual placement capacity.

The Board (Mr Lin abstaining) unanimously **recommends** that Shareholders vote in favour of this Resolution to approve the issue of Options to Mr Lin.

8.5 Terms of Related Party Options

The Related Party Options will be issued on the following terms and conditions:

Number of Options	4,770,810
Exercise Price	\$0.10
Vesting Date	Any time on or before the Expiry Date provided the Vesting Condition has been satisfied.
Vesting Conditions	<p>(i) 2,385,405 Options Vest in the Company 3 months after issue and on the achievement of \$50,000,000 in gross sales and \$2,000,000 in Normalised EBITDA as at the Company's full year results; and</p> <p>(ii) 2,385,405 Options Vest in the Company 3 months after issue and on the achievement of \$60,000,000 in gross sales and \$4,000,000 in Normalised EBITDA as at the Company's full year results.</p>
Expiry Date	<p>Each Option will expire at 5:00pm (EST) on the earlier of:</p> <p>(i) three years after the date of issue; and</p> <p>(ii) the date on which Mr Lin ceases to be an employee of the Company.</p>

There is no loan proposed in relation to the proposed grant of the Options. The Options may only be transferred to a related party of Dennis Lin.

There are no participation rights or entitlements inherent in the Options and Dennis Lin will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

An Option does not confer the right to a change in exercise price or a change in the number of underlying shares over which the Option can be exercised. The terms upon which the Options will be granted will not prevent the Options being re-organised as required by the ASX Listing Rules on the re-organisation of the capital of the Company under the Corporations Act.

9. RESOLUTION 10 – ADOPTION OF AN INCENTIVE OPTION PLAN

9.1 Background

Resolution 10 seeks Shareholder approval for the adoption of the employee incentive scheme titled Incentive Option Plan (**Option Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that the prior approval of shareholders is required in order to issue or agree to issue more equity securities which, when aggregated with securities issued by the

company during the previous 12 months, exceed 15% of the number of securities that the company had on issue at the commencement of that 12 month period.

Under exception 9 of ASX Listing Rule 7.2, Listing Rule 7.1 does not apply to an issue of shares under an employee incentive scheme if, within three years before the date of issue the holders of the ordinary shares in the company have approved the issue of securities under the employee incentive scheme.

If Resolution 10 is passed, the Company will be able to issue Options under the Option Plan to eligible employees over a period of 3 years from the date of approval without impacting on the Company's ability to issue up to 15% of its total ordinary securities without prior Shareholder approval in any 12 month period.

ASIC Class Order 14/1000 (Class Order) provides that a company that makes an offer of securities under an employee incentive scheme must, at the time of making the offer, have reasonable grounds to believe that the number of underlying securities in a class of underlying securities that form part of the issued capital of the company that have been or may be issued (i) as a result of offers made in reliance on ASIC Class Order 14/1000 at any time during the previous three year period, or (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of underlying securities in that class on issue.

The objective of the Option Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Option Plan and future issue of Options under the Plan will provide eligible employees with the opportunity to participate in the future growth of the Company. The Plan will also provide eligible participants with some alignment with the interests of the company's Shareholders.

Under ASX Listing Rule 10.14, shareholder approval is required for a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained, to acquire securities under an employee incentive scheme. Accordingly, any such issues under the Option Plan will require separate shareholder approval.

Resolution 10 seeks shareholder approval under ASX Listing Rule 7.2 (exception 9) for the Company's Option Plan and the issue of securities under that Plan.

9.2 Previous issues

No Options have previously been issued under the Option Plan.

9.3 Other employee incentive schemes

Other than the Option Plan, the Company does not operate any other employee incentive schemes.

9.4 Key terms and conditions of the Option Plan

A summary of the key terms and conditions of the Option Plan is set out in Schedule 1. In particular, Shareholders should note that the maximum number of Shares to be issued as a result of offers made will not exceed 0.5% of the total number of Shares on issue at the date of the Offer. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (+61 8 9426 0666). Shareholders are invited to contact the Company if they have any queries or concerns.

9. RESOLUTION 11 - APPOINTMENT OF AUDITOR

The Company's current auditor, Ernst and Young, has resigned as auditor of the Company.

The Directors have considered this matter and now recommend that Deloitte Touche Tohmatsu be appointed as auditor to the Company. The Company acknowledges that Deloitte Touche Tohmatsu has in writing consented to being appointed as the Company's auditor.

In accordance with the Corporations Act, Mrs Kristy Carr, a Shareholder, and Director, has nominated Deloitte Touche Tohmatsu to be appointed auditor. A copy of that nomination is attached to the Notice of Annual General Meeting (Schedule 2).

Glossary

\$ means Australian dollars.

Annual General Meeting or Meeting means the meeting convened by this Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means Bubs Australia Limited (ACN 060 094 742).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

EST means Eastern Standard Time as observed in Sydney, New South Wales.

EDST means Eastern Daylight Savings Time as observed in Sydney, New South Wales.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Option means an option to acquire one Share.

Option Plan or Plan means the option plan for eligible participants proposed for Shareholder approval in Resolution 10.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

SCHEDULE 1 – TERMS AND CONDITIONS OF INCENTIVE OPTION PLAN

The principle terms of the Incentive Option Plan (**Option Plan**) are summarised below:

- (a) **Eligibility:** Participants in the Option Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options under the Option Plan (**Eligible Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Options, up to a specified number of Options, upon the terms set out in the Option Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on ASIC Class Order 14/1000 (the **Class Order**) at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer. Notwithstanding the Class Order, the Company has resolved the maximum number of Shares to be issued as a result of offers made will not exceed 0.5% of the total number of Shares on issue at the date of the Offer.
- (d) **Issue price:** Unless the Options are quoted on ASX, Options issued under the Option Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option (**Vesting Conditions**).
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Options due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Options, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;

- (B) a Relevant Person suffering severe financial hardship;
- (C) any other circumstance stated to constitute “special circumstances” in the terms of the relevant offer made to and accepted by the Participant; or
- (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,

(Special Circumstances), or

- (ii) a change of control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(g) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:

- (i) an unauthorised dealing in, or hedging of, the Option occurring;
- (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iii) in respect of unvested Option only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iv) in respect of vested Options only, a Relevant Person ceases to be an Eligible Participant and the Options granted in respect of that Relevant Person are not exercised within one (1) month (or such later date as the Board determines) of the date that Relevant Person ceases to be an Eligible Participant;
- (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
- (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option; and
- (vii) the expiry date of the Option.

(h) **Not transferrable:** Subject to the ASX Listing Rules, Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant’s legal personal representative or upon bankruptcy to the participant’s trustee in bankruptcy.

(i) **Shares:** All Shares resulting from the exercise of the Options issued under the Plan will rank equally with the Shares of the same class on issue, except as regards any rights attaching to such shares by reference to a record date prior to the date of their issue.

(j) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Options (**Restriction Period**). During the Restriction Period, a Participant must

not dispose of or otherwise deal with any restricted Shares. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.

- (k) **Quotation of Shares:** If Shares of the same class as those issued upon exercise of Options issued under the Option Plan are quoted on ASX, the Company will, subject to the ASX Listing Rules, apply to ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the disposal of Shares ends. The Company will not apply for quotation of any Options on ASX.
- (l) **No Participation Rights:** There are no participation rights or entitlements inherent in the Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (m) **Change in exercise price or number of underlying securities:** An Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- (n) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), the terms of the Options will be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (o) **Amendments:** Subject to express restrictions set out in the Option Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Option Plan, or the terms or conditions of any Option granted under the Option Plan including giving any amendment retrospective effect.

SCHEDULE 2 – NOMINATION OF AUDITOR

24 October 2019

Bubs Australia Limited

I, Kristy-Lee Newland Carr, being a member of Bubs Australia Limited (**Company**), nominate Deloitte Touche Tohmatsu in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Act**) to fill the office of auditor of the Company.

Please distribute copies of this notice of this nomination as required by section 328B(3) of the Act.

Signed and dated 24 October 2019:



Kristy Carr



BUB
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:00pm (Sydney time) Wednesday, 27 November 2019.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/we being a member/s of Bubs Australia Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Bubs Australia Limited to be held at Ashurst Ballroom, Level 9, 5 Martin Place, Sydney, New South Wales on Friday, 29 November 2019 at 2:00pm (Sydney time) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 9 and 10 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 9 and 10 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 9 and 10 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain			For	Against	Abstain
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Adoption of an Incentive Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director – Mr Matthew Reynolds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Election of Director – Mr Steve Lin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
4	Ratification of prior issue of 48,366,888 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
5	Ratification of prior issue of 15,384,615 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
6	Ratification of prior issue of 2,974,272 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
7	Approval of issue of Shares to Chemist Warehouse	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
8	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
9	Approval of issue of Options to Dennis Lin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

BUB

2 5 7 5 2 3 A



Computershare

