

Candy Club Holdings Limited

ACN: 629 598 778

Notice of General Meeting

Date: 28 January 2021

Time: 11:00 am (AEDT)

Venue: Virtual Meeting

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.

Candy Club Holdings Limited
ACN 629 598 778
Notice of General Meeting

MEETING DETAILS

Notice is hereby given that the General Meeting of Candy Club Holdings Limited ACN 629 598 778 will be held by virtual meeting on Thursday 28 January 2021 at 11:00 am AEDT.

Due to the current Victorian Government COVID-19 non-essential gathering limits and social distancing requirements, the Company encourages shareholders to vote on resolutions via proxy form and join the Meeting via web conference facility. Proxy forms can be lodged online, by post or in person by following the proxy lodgement instructions on the proxy form, proxy forms must be received by the Company's share registry, Automic, by 11:00am AEDT on 26 January 2021.

A conference facility will be set up to allow shareholders to join the meeting via phone or web conference. To join the meeting via conference facility please register to attend by 11:00 am AEDT on 25 January 2021 by contacting the Company Secretary Justyn Stedwell by email to justyn@stedwell.com.au or by calling (03) 8395 5446.

The Australian government is implementing a wide range of measures to contain or delay the spread of COVID-19. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice of Meeting, the Company will notify Shareholders accordingly via the Company's ASX Announcement Platform at asx.com.au (ASX: CLB).

Important notes:

1. You may vote on the items of business to be considered at the Meeting, either in person at the Meeting or by completing and returning the proxy enclosed herein.
2. Discussion will take place on all the items of business set out below.
3. The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.
4. Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary.
5. As explained in the 'voting exclusion statement' below, certain shareholders are excluded from voting in relation to particular resolutions and the Company must disregard any votes cast by those shareholders. Please do not vote if your vote must be disregarded.

1. AGENDA FOR THE MEETING

Resolution 1: Ratification of Prior Issue of Shares under Listing Rule 7.1

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 19,646,310 Shares on 24 July 2020 to sophisticated and professional investors, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf any person who participated in the issue or is a counterparty to the agreement being approved.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 2: Ratification of Prior Issue of Shares under Listing Rules 7.1 and 7.1A

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 29,166,667 Shares in December 2020 to sophisticated and professional investors, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf any person who participated in the issue or is a counterparty to the agreement being approved.

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3: Issue of Shares to Related Party - Participation in Placement - Mr. Chi Kan Tang

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of 4,166,667 Shares to Mr. Chi Kan Tang (a director of the Company) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Chi Kan Tang and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that

Resolution 4: Issue of Shares to Related Party - Participation in Placement - Mr. James Baillieu

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the issue of 8,333,334 Shares to Mr. James Baillieu (a director of the Company) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of James Baillieu and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company need not disregard a vote if it is cast by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that

2. Information for shareholders

Entitlement to attend and vote at the Meeting

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that for the purpose of ascertaining a person’s entitlement to vote at the Meeting, a person will be recognized as a shareholder and the holder of Shares and will be entitled to vote at the Meeting if that person is registered as a holder of those Shares at 7:00 p.m. AEDT on 26 January 2021.

Votes

Voting on each resolution will be on a poll, every member present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, shall have one vote for each share held by him, her or it.

In the case of joint shareholders, all holders may attend the Meeting but only one holder may vote at the Meeting in respect of the relevant shares (including by proxy). If more than one joint holder is present, and more than one of the joint holders vote in respect of the relevant shares, only the vote of the joint holder whose name stands first in the register in respect of the relevant shares is counted.

Proxies

A Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of the Shareholder.

Where the Shareholder is entitled to cast two or more votes, the Shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

A proxy need not be a Shareholder and may be a body corporate.

If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the Meeting and provide satisfactory evidence of the appointment of its corporate representative prior to the commencement of the Meeting.

If a Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on the Resolutions by marking either "For", "Against" or "Abstain" on the form of proxy for that item of business. An instrument of proxy deposited or received at the registered office of the Company in which the name of the appointee is not filed in will be deemed to be given in the favour of the Chairman of the Meeting.

Voting by Proxy 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 that appointment does specify the way the proxy is to vote, then the following applies:

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

Transfer of non – chair proxy to chair in certain circumstances:

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

- (a) 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; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:

- (i) if a record of attendance is made for the meeting – the proxy is not recorded as attending the meeting;
- (ii) 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.

Undirected vote

Subject to the voting restrictions set out in the Voting Exclusion Statements, the Chairperson will vote undirected proxies on, and in favour of all Resolutions.

A form of proxy accompanies this Notice.

A corporate shareholder must sign the proxy form in accordance with its constitution or otherwise in accordance with the Corporations Act.

To be effective, the instrument of appointment of a proxy (and power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority) must be received by the Company's share registry, Automic, by mail at GPO Box 5193 Sydney NSW 2001, in person Level 5, 126 Phillip Street Sydney NSW 200, by email at meetings@automicgroup.com.au or online at <https://investor.automic.com.au/#/loginsah> by 11:00 am AEDT on 26 January 2021.

Proxy Forms received later than this time will be invalid.

Questions

If you have any questions in regard to this Notice, please contact the Company Secretary, Justyn Stedwell, on +61(0) 3 8395 5446.

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Item 1 – Resolutions

Resolution 1: Ratification of Prior Issue of Shares under Listing Rule 7.1

Background

On 24 July 2020, the Company issued a total of 19,646,310 Shares under private placement to professional and sophisticated investors as described in section 708 of the Corporations Act. All Shares were issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of 19,646,310 Shares referred to in Resolution 1 does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without shareholder approval under Listing Rule 7.1 for the 12 month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain shareholder approval for such issued under Listing Rule 7.1.

To this end Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

If Resolution 1 is passed, the issue 19,646,310 Shares referred to in Resolution 1 will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

In the event that Shareholders do not approve Resolution 1, the issue will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 1:

Persons to whom securities will be issued	The Securities were issued to professional and sophisticated investors, none of which were related parties of the Company at the time of the issue.
Number of securities issued	19,646,310 Shares.
Terms of issue	The Shares are Ordinary Fully Paid Shares and rank pari passu with the other Shares on issue and are on the same terms as the other Shares on issue.
Date of Issue	The Shares were issued on 24 July 2020.
Issue price per security	The Shares were issued at an issue price of A\$0.12 (12 cents) per Share.
Intended use of funds	Funds Raised have been used to accelerate the Company's successful B2B growth strategy.

A voting exclusion statement is contained in Resolution 1.

Directors' recommendation

The Directors recommend Shareholders vote in favour of this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 1.

Resolution 2: Ratification of Prior Issue of Shares under Listing Rules 7.1 and 7.1A

As announced on 26 November 2020, the Company completed a \$5 million placement to institutional and sophisticated investors at an issue price of 12 cents per Share (**Placement**). On 1 and 2 December 2020 the Company issued 29,166,667 Shares pursuant to the Placement (**Placement Shares**). Of the 29,166,667 Placement Shares, 5,309,329 Placement Shares were issued without the prior approval of Shareholders and in accordance with Listing Rule 7.1, and 23,857,338 Placement Shares were issued without the prior approval of Shareholders and in accordance with Listing Rule 7.1A.

Company Directors Mr James Baillieu and Mr Kan Tang have subscribed for the balance of the Placement, \$1.5 million collectively, to be issued subject to shareholder approval sought under Resolutions 3 and 4.

Resolution 2 seeks Shareholder approval to ratify the previous issue of 29,166,667 Placement Shares for the purposes of Listing Rule 7.4 and all other purposes.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Security comprising up to 10% of its issued capital. The Company obtained this approval at its annual general meeting held on 31 July 2020.

The issue of 29,166,667 Placement Shares referred to in Resolution 2 does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part

of the aggregate 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further Equity Securities without shareholder approval under Listing Rules 7.1 and 7.1A for the 12 month period following the issue date.

Listing Rule 7.4 allows the shareholders of a listed company to ratify an issue of Equity Securities after it has been made or agreed to be made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issues did not breach Listing Rule 7.1 and 7.1A). If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities under Listing Rule 7.1 or 7.1A (as applicable) without shareholder approval.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain shareholder approval for such issued under Listing Rule 7.1 or 7.1A (as applicable).

To this end Resolution 2 seeks Shareholder approval to ratify, pursuant to Listing Rule 7.4, the previous issue of 29,166,667 Placement Shares.

If Resolution 2 is passed, the 29,166,667 Placement Shares issued on 1 and 2 December 2020 will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

In the event that Shareholders do not approve Resolution 2:

- (a) 5,309,329 Placement Shares issued on 2 December 2020 will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date; and
- (b) 23,857,338 Placement Shares issued on 1 and 2 December 2020 will continue to be included in the Company's 10% limit under Listing Rule 7.1A, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 23,857,338, Equity Securities until the earlier of:
 - (i) 31 July 2021;
 - (ii) the Company's next annual general meeting; or
 - (iii) the date Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 2:

Persons to whom securities will be issued	The Securities were issued to professional and sophisticated investors, none of which were related parties of the Company at the time of the issue.
Number of securities issued	29,166,667 Shares.

Terms of issue	The Shares are Ordinary Fully Paid Shares and rank pari passu with the other Shares on issue and are on the same terms as the other Shares on issue.
Date of Issue	The Shares were issued on 1 and 2 December 2020.
Issue price per security	The Shares were issued at an issue price of A\$0.12 (12 cents) per Share.
Intended use of funds	Funds Raised will be used to increase the Company's inventory levels to support accelerating growth and for working capital.

A voting exclusion statement is contained in Resolution 2.

Directors' recommendation

The Directors recommend Shareholders vote in favour of this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 2.

Resolution 3: Issue of Shares to Related Party - Participation in Placement - Mr. Chi Kan Tang

Background

As announced on 26 November 2020, the Company completed a \$5 million placement to institutional and sophisticated investors at an issue price of 12 cents per Share (**Placement**). On 1 and 2 December 2020 the Company issued 29,166,667 Shares pursuant to the Placement (**Placement Shares**). The Placement Shares were issued pursuant to the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A.

It is proposed that Mr. Chi Kan Tang participate in the placement and has subscribed for 4,166,667 Shares raising \$500,000.

Resolution 3 seeks Shareholder approval for the issue of 4,166,667 Placement Shares to Mr. Chi Kan Tang (or his nominee) arising from his participation in the Placement (**Participation**).

ASX Listing Rule 10.11

Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party of the entity. With reference to section 228 of the Corporations Act, a "related party" of the Company includes the directors of the Company and any entities that the directors control.

Chi Kan Tang is a related party of the Company by virtue of being a director of the Company.

It is the view of the Company that the exceptions set out in Listing Rule 10.12 do not apply to the proposed issue of the Placement Shares. Accordingly, approval is sought for the issue of Placement Shares to Chi Kan Tang.

ASX Listing Rule 7.2

Exception 14 of Listing Rule 7.2 provides that where shareholder approval is obtained under Listing Rule 10.11, additional shareholder approval is not required under Listing Rule 7.1.

Accordingly, subject to Resolution 3 being passed, the issue of the Securities to Chi Kan Tang will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Company considers that the terms of the Placement and the proposed issue of the Placement Shares thereunder are reasonable in the circumstances as the Company and Chi Kan Tang were dealing at arm's length, namely the Securities are being issued Chi Kan Tang on terms identical to the Placement terms offered to non-related investors as set out in Resolution 2.

Accordingly, it is the view of the Company that Shareholder approval is not required for the issue of the Placement Securities for the purposes of Chapter 2E of the Corporations Act.

Information required by ASX Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following particulars of the allotment and issue contemplated by Resolution 3:

Maximum number of securities to be issued	4,166,667 Shares.
Date of issue	If Shareholder approval is obtained, the issue of the Securities will occur no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
Issue price per security	The Shares will be issued at an issue price of A\$0.12 (12 cents) per Share.
Terms of issue	The Shares will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.

<p>Persons to whom securities will be issued and their relationship to the Company</p>	<p>Mr. Chi Kan Tang, or his nominee. Mr. Chi Kan Tang is a Director of the Company and thus falls within the category of Listing Rule 10.11.1; related party of the Company.</p> <p>The issue of the Securities is not intended to remunerate or incentivise Chi Kan Tang, but rather are being issued pursuant to participation in the Placement.</p>
<p>Intended use of funds</p>	<p>Funds Raised will be used to increase the Company's inventory levels to support accelerating growth and for working capital.</p>

A voting exclusion statement is contained in Resolution 3.

Directors' recommendation

The Directors (other than Mr. Chi Kan Tang who has a material personal interest in the outcome of Resolution 3) recommend Shareholders vote in favour of this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 3.

Resolution 4: Issue of Shares to Related Party - Participation in Placement - Mr. James Baillieu

Background

As announced on 26 November 2020, the Company completed a \$5 million placement to institutional and sophisticated investors at an issue price of 12 cents per Share (**Placement**). On 1 and 2 December 2020 the Company issued 29,166,667 Shares pursuant to the Placement (**Placement Shares**). The Placement Shares were issued pursuant to the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A.

It is proposed that Mr. James Baillieu participate in the placement and has subscribed for 8,333,334 Shares raising \$1,000,000.

Resolution 4 seeks Shareholder approval for the issue of 8,333,334 Placement Shares to Mr. James Baillieu (or his nominee) arising from his participation in the Placement (**Participation**).

ASX Listing Rule 10.11

Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party of the entity. With reference to section 228 of the Corporations Act, a "related party" of the Company includes the directors of the Company and any entities that the directors control.

James Baillieu is a related party of the Company by virtue of being a director of the Company.

It is the view of the Company that the exceptions set out in Listing Rule 10.12 do not apply to the proposed issue of the Placement Shares. Accordingly, approval is sought for the issue of Placement Shares to James Baillieu.

ASX Listing Rule 7.2

Exception 14 of Listing Rule 7.2 provides that where shareholder approval is obtained under Listing Rule 10.11, additional shareholder approval is not required under Listing Rule 7.1.

Accordingly, subject to Resolution 4 being passed, the issue of the Securities to James Baillieu will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Company considers that the terms of the Placement and the proposed issue of the Placement Shares thereunder are reasonable in the circumstances as the Company and James Baillieu were dealing at arm's length, namely the Securities are being issued James Baillieu on terms identical to the Placement terms offered to non-related investors as set out in Resolution 2.

Accordingly, it is the view of the Company that Shareholder approval is not required for the issue of the Placement Securities for the purposes of Chapter 2E of the Corporations Act.

Information required by ASX Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following particulars of the allotment and issue contemplated by Resolution 4:

Maximum number of securities to be issued	8,333,334 Shares.
Date of issue	If Shareholder approval is obtained, the issue of the Securities will occur no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
Issue price per security	The Shares will be issued at an issue price of A\$0.12 (12 cents) per Share.
Terms of issue	The Shares will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.

<p>Persons to whom securities will be issued and their relationship to the Company</p>	<p>Mr. James Baillieu, or his nominee. Mr. James Baillieu is a Director of the Company and thus falls within the category of Listing Rule 10.11.1; related party of the Company.</p> <p>The issue of the Securities is not intended to remunerate or incentivise James Baillieu, but rather are being issued pursuant to participation in the Placement.</p>
<p>Intended use of funds</p>	<p>Funds Raised will be used to increase the Company's inventory levels to support accelerating growth and for working capital.</p>

A voting exclusion statement is contained in Resolution 4.

Directors' recommendation

The Directors (other than Mr. James Baillieu who has a material personal interest in the outcome of Resolution 4) recommend Shareholders vote in favour of this Resolution. The Chair intends to vote all available proxies in favour of this Resolution 4.

Justyn Stedwell

Company Secretary

On behalf of the Board of Directors

Candy Club Holdings Limited

GLOSSARY

In the Notice of Meeting and Explanatory Statement the following terms have the following meanings:

AEDT means Australian Eastern Daylight Time.

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

Board means the Board of Directors of the Company

Company means Candy Club Holdings Limited ACN 629 598 778.

Constitution means the constitution of the Company.

Corporations Act means 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.

Explanatory Statement means the explanatory statement to this notice of General Meeting.

Meeting means the General Meeting of the Shareholders of the Company to be held on 28 January 2021, to which the Notice of Meeting and Explanatory Statement relate.

Notice or **Notice of Meeting** means this notice of General Meeting of the Company dated 23 December 2020.

Option means an option to acquire a Share.

Resolution means a resolution referred to in the Notice.

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

Shareholder means a holder of Shares.

Words importing the singular include the plural and vice versa.

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Your proxy voting instruction must be received by **11.00am (AEDT) on Tuesday, 26 January 2021**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

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

Joint holding: Where the holding is in more than one name, all Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WECHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)

+61 2 9698 5414 (Overseas)

