

Candy Club Holdings Limited

ACN: 629 598 778

Notice of Annual General Meeting

Date: 31 July 2020

Time: 10:00 am (AEST)

Venue: Seasons Botanic Gardens Melbourne

Address: 348 St Kilda Road Melbourne VIC 3004

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 Annual General Meeting

MEETING DETAILS

Notice is hereby given that the Annual General Meeting of Candy Club Holdings Limited ACN 629 598 778 will be held at Seasons Botanic Gardens Melbourne 348 St Kilda Road Melbourne VIC 3004 on Friday, 31 July 2020 at 10:00 am AEST.

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 rather than attending the Meeting in person as physical attendance at the Meeting may be restricted to comply with the current Government COVID-19 requirements. 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 10:00am AEST on 29 July 2020.

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 10:00 am AEST on 28 July 2020 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. If you attend the meeting in person, you will need to register at the registration desk on the day. Registration will commence at 9.45 am.
3. Discussion will take place on all the items of business set out below.
4. 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.
5. Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum are defined in the Glossary.
6. 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

Item 1 - Financial statements and reports

The Meeting will consider the financial statements and reports of the Company including the income statement, balance sheet, statement of changes in equity, cash flow statement, the notes to the financial statements, the Directors' declaration and the reports of the Directors and Auditors for the period ended 31 December 2019.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports.

A representative of Company's external auditor, HLB Mann Judd, will be present at the Meeting and Shareholders will be given a reasonable opportunity to ask the Company's external auditor questions in relation to the conduct of the audit, the auditor's report, the accounting policies adopted by the Company in relation to the preparation of financial statements, and the independence of the auditor.

The Company's 2019 Annual Report can be viewed online at www.candyclub.com and on the ASX website www.asx.com.au.

Shareholders are requested to submit any written questions relating to the content of the audit report or the conduct of its audit of the Company's financial report for the period ended 31 December 2019 to the Company's external auditor by no later than 10:00 am AEST on 24 July 2020. A representative of HLB Mann Judd will provide answers to the questions at the Meeting.

Item 2 – Ordinary Resolutions

Resolution 1 - Adoption of Remuneration Report

To consider and if thought fit, pass the following resolution as a non-binding resolution:

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the period ended 31 December 2019 and included in the Directors' Report, which is attached to the Financial Statements as required under section 300A of the Corporations Act, be adopted by the Company.”

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either 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 this 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.

Resolution 2 – Election of Mr. James Baillieu as a Director

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

“That, Mr. James Baillieu, who was appointed a Director of the Company on 16 September 2019 by a resolution of the Board, retires and offers himself for re-election pursuant to Article and 108.2 of the Constitution and being eligible, is re-elected as a Director.”

Resolution 3 – Election of Mr. Andrew Clark as a Director

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

“That, Mr. Andrew Clark, who was appointed a Director of the Company on 2 October 2019 by a resolution of the Board, retires and offers himself for re-election pursuant to Article and 108.2 of the Constitution and being eligible, is re-elected as a Director.”

Resolution 4: Ratification of Prior Issue of Shares and Options 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 6,175,000 Shares and 6,175,000 listed CLBO Options on 17 April 2020 to sophisticated or 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 5: Issue of Shares to Related Party - Mr. Andrew Clark in Lieu of Fees Payable

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 1,581,780 Shares to Mr. Andrew Clark (a director of the Company) as consideration for consulting fees payable 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 Andrew Clark 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 6: Issue of Shares and Options to Related Party - Mr. Andrew Clark

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 1,250,000 Shares and 1,250,000 listed CLBO Options to Mr. Andrew Clark (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 Andrew Clark 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 way.

Resolution 7 – Approval of 10% Placement Capacity

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

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).

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 8: Issue of Convertible Notes to Related Party - 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 260,000 Convertible Notes 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 9: Issue of Convertible Notes to Related Party - 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 254,400 Convertible Notes 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 10: Issue of Convertible Notes to Related Party – 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 420,000 Convertible Notes 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

Resolution 11: Issue of Convertible Notes to Related Party – 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 385,200 Convertible Notes to Mr. James Baillieu (a director of the Company) 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. AEST on 29 July 2020.

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 – Resolutions 2, 3, 4, 6 and 7

Subject to the voting restrictions set out in the Voting Exclusion Statements, the Chairperson will vote undirected proxies on, and in favour of Resolutions 2, 3, 4, 6 and 7.

Direction to Chairman for Resolutions 1 and 5

If the proxy is the Chairman, the Chairman can also vote undirected proxies on Resolutions 1 and 5 provided that proxy form expressly authorises the Chairman to vote on Resolutions 1 and 5 even though Resolutions 1 and 5 are connected with the remuneration of key management personnel.

The Chairman will not vote any undirected proxies in relation to Resolutions 1 and 5 unless the Shareholder expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intentions in their proxy form – Subject to the voting restrictions set out in the Voting Exclusion Statements, the Chairperson intends to, and, if so authorized by a Shareholder, will, vote undirected proxies on, and in favour of Resolutions 1 and 5.

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 10:00 am AEST on 29 July 2020.

Proxy Forms received later than this time will be invalid.

Questions

The Meeting is intended to give shareholders opportunity to hear both the Chairman and the Group Chief Executive Officer to talk about the year that has just passed and also give some insight into the Company's prospects for the year ahead.

A reasonable opportunity will be given to Shareholders to ask questions and/or make comments on the management of the Company at the Meeting.

A reasonable opportunity will be given for Shareholders to ask questions of the Company's external auditor, HLB Mann Judd. These questions should be relevant to:

- a) the conduct of the audit;
- b) the preparation and contents of the audit report;
- c) the accounting policies adopted by the Company in relation to the preparation of its financial statements; and
- d) the independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to HLB Mann Judd if the question is relevant to the content of the audit report or the conduct of its audit of the Company's financial report for the period ended 31 December 2019. Relevant written questions for HLB Mann Judd must be received by the Company no later than 10:00 am AEST on 24 July 2020. A representative of HLB Mann Judd will provide answers to the questions at the Meeting.

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 – Annual Report

As required by section 317 of the Corporations Act, the Financial Report, Directors' Report and Auditor's Report of the Company for the most recent financial year will be laid before the Meeting. These reports are contained in the Annual Report, which is available online at www.candyclub.com and on the ASX website www.asx.com.au.

During this item of business, Shareholders will be given the opportunity to ask questions about, or make comments on, the management of the Company generally but there will be no formal resolution put to the Meeting.

Similarly, a reasonable opportunity will be given to shareholders, as a whole, to ask the Company's Auditor, HLB Mann Judd, questions relevant to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of its financial statements and the independence of the Auditor in relation to the audit for the financial year ended 31 December 2019.

Shareholders are requested to submit written questions relating to the content of the audit report or the conduct of its audit of the Company's financial report for the period ended 31 December 2019 to the Company's external Auditor no later than 10:00 am AEST on 24 July 2020. A representative of HLB Mann Judd will provide answers to the questions at the Meeting.

Item 2 – Resolutions

Resolution 1: Adoption of remuneration report

In accordance with Section 300A(1) of the Corporations Act the Remuneration Report is included in the Directors Report for the financial year ended 31 December 2019.

The Remuneration Report sets out details of the remuneration received by the directors and key Company executives, in addition to describing Board policy in respect of remuneration. Resolution 1 seeks shareholder approval of the adoption of the Remuneration Report by the Company.

The outcome of this resolution is not binding on the Company or the Board. However, sections 250U to 250Y of Corporations Act which set out a 'two strikes and re-election' process in relation to the shareholder vote on the Remuneration Report provide that:

- A 'first strike' will occur if this Remuneration Report resolution receives a 'no' vote of 25% or more. If this occurs, the Company's subsequent remuneration report will contain an explanation of the Board's proposed action in response to the 'no' vote or an explanation of why no action has been taken by the Board.

- A 'second strike' will occur if the resolution to adopt the Remuneration Report at the following Company Annual General Meeting also receives a 'no' vote of 25% or more. If this occurs, shareholders will vote at that Annual General Meeting to determine whether the Directors will need to stand for re-election at a separate, subsequent meeting (the 'spill resolution'). If the spill resolution passes with 50% or more of eligible votes cast, the spill meeting must take place within 90 days.

The Board believes the Remuneration of the Company's key management personnel (KMP) is appropriate and in line with market rates. The Remuneration Report is set out in the Company's 2019 Annual Report. The 2019 Annual Report can be online at www.candyclub.com and on the ASX website www.asx.com.au, (ASX Code: CLB).

Resolution 2: Election of Mr. James Baillieu as a Director

In accordance with Article 108 of the Constitution, Mr. James Baillieu, a Director appointed on 16 September 2019 by a resolution of the Board of Directors retires at the close of this Annual General Meeting and, being eligible for re-election pursuant to Articles 105 and 108.2 of the Company's Constitution, offers himself for re-election as a Director.

Mr Baillieu brings a wealth of corporate experience to CLB, having previously served as Non-Executive Chairman of BidEnergy Limited (ASX:BID), which was the best performing stock on the ASX under his leadership.

Mr Baillieu was also an early investor in Aconex Limited (ASX:ACX) and Senior Vice President of Business Development, and spent more than seven years as a consultant with McKinsey & Co, assisting businesses in Australia and internationally with strategy and operational improvement.

Mr Baillieu holds an LLB (First Class Honours) and Bachelor of Arts from the University of Melbourne.

Resolution 2 seeks approval for the re-election of James Baillieu as a Director of the Company.

Resolution 3: Election of Mr. Andrew Clark as a Director

In accordance with Article 108 of the Constitution, Mr. Andrew Clark, a Director appointed on 2 October 2019 by a resolution of the Board of Directors retires at the close of this Annual General Meeting and, being eligible for re-election pursuant to Articles 105 and 108.2 of the Company's Constitution, offers himself for re-election as a Director.

Andrew Clark brings a wealth of knowledge to the Candy Club Board gained in executive and senior leadership positions whilst working for more than 20 years in the Consumer Goods sector. Andrew's experiences have included domestic and global roles held in large multi-national and national public businesses and smaller private equity businesses covering manufacturer/supplier, wholesaler/retailer and technology/platform operations in the Australian, UK and US markets. Andrew has held various roles at Cadbury Schweppes, Reckitt Benckiser (including Global Sales Development Director and USA Vice President Trade Marketing); Nestle (Head of Sales and Category); Metcash (General Manager Merchandise: Food and Non-Food) and irexchange (CEO - FMCG).

Andrew brings to the Board a record of success in helping businesses deliver consistent growth, develop and implement business strategies, transform business operations as well as deep functional expertise in commercial activities including sales, marketing and supply.

Resolution 3 seeks approval for the re-election of Andrew Clark as a Director of the Company.

Resolution 4: Ratification of Prior Issue of Shares and Options under Listing Rule 7.1

Background

On 17 April 2020, the Company issued a total of 6,175,000 Shares and 6,175,000 listed CLBO Options under private placement to professional or 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 6,175,000 Shares and 6,175,000 listed CLBO Options contemplated by Resolution 4 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 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares and Options.

If Resolution 4 is passed, the issue of 6,175,000 Shares and 6,175,000 listed CLBO Options contemplated by Resolution 4 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 4, 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 4:

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	6,175,000 Shares and 6,175,000 listed CLBO Options.

Terms of issue	<p>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.</p> <p>The listed CLBO Options rank pari passu with the other listed CLBO Options on issue and are on the same terms as the other listed CLBO Options on issue the terms of which are summarised in Annexure A.</p>
Date of Issue	The Shares and listed CLBO Options were issued on 17 April 2020.
Issue price per security	The Shares were issued at an issue price of A\$0.04 (4 cents) per Share. The listed CLBO Options are attaching Options issued for nil consideration
Intended use of funds	Funds Raised will be used for working capital and to enable the Company to increase the inventory of confectionary sold and employ additional sales personnel.

A voting exclusion statement is contained in Resolution 4.

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 4.

Resolution 5: Issue of Shares to Related Party - Mr. Andrew Clark in Lieu of Fees Payable

Background

The Company has engaged Non-Executive Director Andrew Clark to provide management consulting services to the Company. Mr Clark has an excellent knowledge of the confectionery market having worked in senior roles for large multinational companies with substantial confectionery businesses. With his experience, Mr Clark is ideally placed to leverage his strategy, operational and sales expertise to help Candy Club expand its US operations and grow its sales across a diverse customer base in multiple sales channels. Mr. Clark has agreed to receive 1,581,780 Shares as consideration for payment of \$110,000 of accrued consultancy fees.

Resolution 5 seeks Shareholder approval for the issue of 1,581,780 Shares to Andrew Clark or his nominee in lieu of the payment of \$110,000 of consultancy fees payable to him.

In the event that Shareholders do not approve Resolution 5, the outstanding Consultancy fees will remain a liability of the Company and be payable in cash at a future date.

Chapter 2E of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions set out in Sections 210 to 216 of the Corporations Act apply, or shareholders have in a general meeting approved the giving of that financial benefit to that related party. The issue of Shares to Mr. Andrew Clark (or his nominee) constitutes giving a financial benefit and Mr. Andrew Clark is a related party by virtue of being a Director.

The Directors (other than Mr. Andrew Clark who has a material personal interest in Resolution 5) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Shares to Mr. Andrew Clark because the Shares form part of Andrew's remuneration and the remuneration is reasonable given Andrew's circumstances and the circumstances of the Company. The issue price of the Shares is similar to the market price of Shares at the time of the agreement to issue Shares (subject to shareholder approval) and a premium to the price at which the Company raised capital at in April 2020.

Accordingly, approval will not be sought under Chapter 2E for the issue of these Shares to Mr. Andrew Clark as the issue of the Shares constitutes 'reasonable remuneration' in accordance with Section 211 of the Corporations Act and the terms of issue are on arms-length.

12.3 ASX Listing Rule 10.11

Notwithstanding that approval will not be sought from Shareholders under Chapter 2E of the Corporations Act, under ASX Listing Rule 10.11, shareholder approval is required for the issue of any equity securities to a related party of a listed company. Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2 (Exception 14) as an exception to any requirement that may otherwise apply requiring Shareholder approval under Listing Rule 7.1. Therefore, the issue of Shares to Mr. Andrew Clark under Resolution 5 (if passed) will not reduce any of the Company's 15% Capacity under Listing Rule 7.1.

12.4 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 5:

Maximum number of securities to be issued	1,581,780 Shares.
Date of issue	If Shareholder approval is obtained, the issue of Shares will occur no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
Issue price per security	724,637 Shares will be issued at a deemed issue price of A\$0.069 (6.9 cents) per Share. 857,143 Shares will be issued at a deemed issue price of A\$0.07 (7 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.

Persons to whom securities will be issued and their relationship to the Company	Mr. Andrew Clark, or his nominee. Mr. Andrew Clark is a Director of the Company and thus falls within the category of Listing Rule 10.11.1; related party of the Company. The issue of Shares forms part of the Remuneration of Andrew Clark. Andrew Clark is entitled to receive Directors fees of \$55,000 per annum (plus superannuation) Under his consultancy contract Andrew Clark and provides additional consultancy services on as required basis at agreed commercial rates.
Details of Agreement under which Securities are being issued	The Shares are being issued as consideration for \$110,000 in management consultancy fees payable to Andrew Clark.
Intended use of funds	No funds will be raised by the Company in respect of the issue of the Shares, however it will result in payment of A\$110,000 of fees payable to Mr. Clark.

Resolution 6: Issue of Shares and Options to Related Party - Mr. Andrew Clark

Background

On 17 April 2020, the Company issued a total of 6,175,000 Shares and 6,175,000 listed CLBO Options under private placement to professional or sophisticated investors (Placement) as described in section 708 of the Corporations Act. All Shares were issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

Andrew Clark has agreed, subject to shareholder approval, to invest A\$50,000 to the Company in consideration for the issue of 1,250,000 Shares at an issue price of A\$0.04 per Share and 1,250,000 attaching Listed CLBO Options with an exercise price of \$0.10 (10 cents) and an expiry date of 31 May 2023, being on the same terms as the Placement.

Resolution 6 seeks Shareholder approval for the purpose of Listing Rule 10.11 and for all other purposes, for the issue of 1,250,000 Shares and 1,250,000 listed CLBO Options to Andrew Clark or his nominee.

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.

Andrew Clark 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 Securities. Accordingly, approval is sought for the issue of Placement Securities to Andrew Clark.

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 6 being passed, the issue of the Securities to Andrew Clark 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 Securities thereunder are reasonable in the circumstances as the Company and Andrew Clark were dealing at arm's length, namely the Securities are being issued to Andrew Clark on terms identical to the Placement terms offered to non-related investors as set out in Resolution 4.

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 6:

Maximum number of securities to be issued	1,250,000 Shares and 1,250,000 Listed CLBO Options.
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 Annual 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\$0.04 (4 cents) per Share. The Options are attaching Options and will be issued for nil consideration.
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 while the Options will rank pari passu with the other Listed Options (CLBO) on issue, the terms of which are summarised in Annexure A.

Persons to whom securities will be issued and their relationship to the Company	<p>Mr. Andrew Clark, or his nominee. Mr. Andrew Clark 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 Andrew Clark, but rather are being issued pursuant to participation in the Placement.</p>
Intended use of funds	<p>Funds Raised will be used for working capital and to enable the Company to increase the inventory of confectionary sold and employ additional sales personnel.</p>

Resolution 7 – Approval of 10% Placement Capacity

General

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.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An ‘eligible entity’ means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 7 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 7 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 7 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Company currently has two class of quoted Equity Securities on issue, being Shares (ASX Code: CLB) and Listed Options (ASX Code: CLBO).

The exact number of Equity Securities that the Company may issue under an approval under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A is the number of fully paid ordinary securities on issue at the commencement of the relevant period:

- I. plus the number of fully paid ordinary securities issued in the relevant period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17,

- II. plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within rule 7.2 exception 9 where:
 - a. the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - b. the issue of, or agreement to issue, the convertible securities was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- III. plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within rule 7.2 exception 16 where:
 - a. the agreement was entered into before the commencement of the relevant period; or
 - b. the agreement or issue was approved, or taken under these rules to have been approved, under rule 7.1 or rule 7.4,
- IV. plus the number of fully paid ordinary securities issued in the relevant period with approval under rule 7.1 or rule 7.4,
- V. plus the number of partly paid ordinary securities that became fully paid in the relevant period,
- VI. less the number of fully paid ordinary securities cancelled in the relevant period.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

Information required by ASX Listing Rule 7.3A

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

Minimum Price

Pursuant to ASX Listing Rule 7.1A.3, the minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the securities; or
- (ii) if the Equity Securities are not issued within 10 ASX trading days of the date in paragraph (i), the date on which the Equity Securities are issued.

Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the annual general meeting at which the approval is obtained and expiring on the first to occur of the following:

- (i) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (ii) The time and date of the entity's next annual general meeting.
- (iii) the time and date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking) after which date an approval under ASX Listing Rule 7.1A ceases to be valid.

Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Table 1

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.045 50% decrease in Issue Price	\$0.091 Issue Price	\$0.182 100% increase in Issue Price
Variable A - 236,154,102 Shares	10% Voting Dilution	23,615,410 Shares	23,615,410 Shares	23,615,410 Shares
	Funds Raised	\$ 1,074,501	\$ 2,149,002	\$ 4,298,005
50% increase in Variable A - 354,231,153 Shares	10% Voting Dilution	35,423,115 Shares	35,423,115 Shares	35,423,115 Shares
	Funds Raised	\$ 1,611,752	\$ 3,223,503	\$ 6,447,007
100% increase in Variable A 472,308,204 Shares	10% Voting Dilution	47,230,820 Shares	47,230,820 Shares	47,230,820 Shares
	Funds Raised	\$ 2,149,002	\$ 4,298,005	\$ 8,596,009

Table 1 has been prepared based on the following assumptions:

- Variable A is based on the number of Shares on issue at 19 June 2020.
- The Company issues the maximum number of equity securities available under the Additional Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.
- The table shows only the issue of equity securities under the Additional Placement Capacity and not under ASX Listing Rule 7.1.
- The issue of equity securities under the additional placement capacity includes only shares.
- The issue price of \$0.091 was the closing price of Shares as traded on ASX as at 18 June 2020. This price may fluctuate between the time of preparing this Notice and the date of the Meeting.

Risk of economic and voting dilution

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- a) as cash consideration in which case the Company intends to use funds raised for working capital and to enable the Company to increase the inventory of confectionary sold and employ additional sales personnel.

Allocation policy under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities which may be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- I. the purpose of the issue;
- II. alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- III. the effect of the issue of the Equity Securities on the control of the Company;
- IV. the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- V. prevailing market conditions; and
- VI. advice from corporate, financial and broking advisers (if applicable).

The Company has not previously sought approval for the Additional Placement Capacity.

As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 7.

Resolution 8: Issue of Convertible Notes to Related Party - Mr. Chi Kan Tang

In April 2020 the Company received a US\$250,000 loan from director Chi Kan Tang, the loan amount (US\$250,000) plus accrued interest (1% on principle per month) is convertible into Shares at a conversion price of A\$0.04 (4 cents) plus one (1) Company listed option (ASX:CLBO) per Share subject to applicable shareholder approval requirements.

The total loan amount outstanding as at 2 August 2020 (the proposed issue date of the Notes) will be US\$260,000 which includes the US\$250,000 principle amount and US\$10,000 interest accrued from 2 April 2020.

The Company now seeks shareholder approval for the issue of 260,000 Convertible Notes with a combined face value of US\$260,000 to enable the loan (and interest accrued) to be convertible into Shares and CLBO Options in accordance with the terms of the loan agreement. The Convertible Notes and interest on the Notes (US\$2,500 per month) will be convertible into Shares and Options at the election of the Noteholder.

Subject to the passing of this Resolution the Company will issue 260,000 Notes each with a face value of US\$1 in the Company as consideration for US\$250,000 received by the Company on 2 April 2020 and US\$10,000 in accrued interest (interest accrued up to 2 August 2020 being the proposed issue date of the Notes) pursuant to a loan agreement with Chi Kan Tang.

Notes may be converted into Shares and CLBO Options at any time at the election of the Noteholder. Notes not converted into Shares will be redeemed by the Company upon request of the Note holder on or following 2 April 2021.

Notes are convertible into Shares at a conversion price of A\$0.04 (4 cents), in addition, for each Share issued upon Conversion the Noteholder will receive 1 listed CLBO Option with an exercise price of \$0.10, expiring 31 May 2023.

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 Convertible Notes. Accordingly, shareholder approval is sought for the issue of Convertible Notes 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 8 being passed, the issue of the Convertible Notes and any Shares and Options issued upon conversion of such Notes 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 Convertible Notes and the proposed issue of the Convertible Notes thereunder are reasonable in the circumstances as the Company and Chi Kan Tang were dealing at arm's length, namely the conversion terms of the Notes are on terms identical to the placement terms offered to non-related investors as set out in Resolution 4.

Accordingly, it is the view of the Company that Shareholder approval is not required for the issue of the Convertible for the purposes of Chapter 2E of the Corporations Act and the terms are arms-length.

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 8:

<p>Maximum number of securities to be issued</p>	<p>260,000 Convertible Notes.</p> <p>The number of Shares and CLBO Options to be issued upon conversion of each Note will depend on the USD to AUD exchange rate at the time of receipt of a Conversion Notice from the Noteholder by the Company. Based on a current USD to AUD exchange rate at the time of preparing this Notice (1 USD to 1.48 AUD) 1 Note with face value of USD 1 would convert into 37 Shares and 37 CLBO Options. If the face value of all 260,000 Notes converted on this basis 9,620,000 Shares and 9,620,000 Options would be issued upon conversion of the 260,000 Notes.</p> <p>In addition, USD 2,500 interest will accrue on the Notes each month, this interest may also be converted on the same basis. On the basis that all Notes and 8 months accrued interest on the Notes is converted on 1 April 2021 and at a 1 USD to 1.48 AUD exchange rate an additional 832,500 Shares and CLB Options 832,500 would be issued upon conversion of accrued interest.</p>
<p>Date of issue</p>	<p>If Shareholder approval is obtained, the issue of the Securities is intended to occur on 2 August 2020 and in any event will occur no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).</p>
<p>Issue price per security</p>	<p>The issue price of the Convertible Notes will be US\$1 per Note. The issue price of Shares issued upon conversion the Convertible Notes will be A\$0.04 (4 cents) per Share. The listed CLBO Options are attaching Options will be issued for nil consideration.</p>

Terms of issue	<p>Convertible Notes have a face value of US\$1 per Note. Notes are convertible to Shares at a conversion price of A\$0.04 (4 cents), for each Share issued upon Conversion the noteholder will receive 1 listed CLBO Option with an exercise price of \$0.10, expiring 31 May 2023.</p> <p>Notes may be converted into Shares and CLBO Options at any time at the election of the Noteholder. Notes not converted into Shares will be redeemed by the Company upon request of the Note holder at any time on or after 1 April 2021. Upon redemption of Notes the face value of any Notes not converted plus any outstanding accrued interest is repayable to the Note holder.</p> <p>Shares issued upon conversion of Convertible Notes will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue while the Options will rank pari passu with the other Listed Options (CLBO) on issue, the terms of which are summarised in Annexure A.</p> <p>Upon conversion each Note will convert based on the USD to AUD exchange rate at the time of receipt of a Conversion notice. For each Note, the AUD amount resulting from the conversion of \$1 USD will be divided by AUD \$0.04 to determine the number of Shares issued upon conversion of each Note, for each Share issued upon conversion 1 CLBO Options will also be issued.</p> <p>US\$2,500 interest will be applied to the combined 260,000 Notes per month. Interest will be reduced pro-rata if there is a partial conversion of the Notes. Interest may be converted to Shares or paid in cash upon redemption at the option of the Noteholder.</p> <p>Notes will not be converted if such conversion would result in a breach of Section 606 of the Corporations Act unless one of the exceptions set out in Section 611 of the Corporations Act apply.</p>
Persons to whom securities will be issued and their relationship to the Company	<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 the terms of a Loan Agreement entered into between the Company and Mr. Chi Kan Tang.</p>
Intended use of funds	<p>Funds Raised have been for working capital and to enable the Company to increase the inventory of confectionary sold and employ additional sales personnel.</p>

Resolution 9: Issue of Convertible Notes to Related Party - Mr. Chi Kan Tang

In February 2020 the Company received a US\$240,000 loan from director Chi Kan Tang, the loan amount (US\$240,000) plus accrued interest (1% on principle per month) is convertible into Shares at a conversion price of A\$0.125 (12.5 cents) per Share subject to applicable shareholder approval requirements.

The total loan amount outstanding as at 6 August 2020 (the intended issue date of the Notes) will be US\$254,400 which includes the US\$240,000 principle amount and US\$14,400 interest accrued from 6 February 2020.

The Company now seeks shareholder approval for the issue of 254,400 Convertible Notes with a combined face value of US\$254,400 to enable the loan (and interest accrued) to be convertible into Shares in accordance with the terms of the loan agreement. The Convertible Notes and interest on the Notes (US\$2,400 per month) will be convertible into Shares at the election of the Noteholder.

Subject to the passing of this Resolution the Company will issue 254,400 Notes each with a face value of US\$1 in the Company as consideration for US\$240,000 received by the Company and US\$14,400 in accrued interest (interest accrued up to 6 August 2020 being the intended issue date of the Notes).

Notes may be converted into Shares at any time at the election of the Noteholder. Notes are convertible into Shares at a conversion price of A\$0.125 (12.5 cents). Notes not converted into Shares will be redeemed by the Company upon request of the Note holder anytime on or following 6 February 2021.

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 Convertible Notes. Accordingly, shareholder approval is sought for the issue of Convertible Notes 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 9 being passed, the issue of the Convertible Notes 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 Convertible Notes and the proposed issue of the Convertible Notes thereunder are reasonable in the circumstances as the Company and Chi Kan Tang were dealing at arm's length and terms are at arms-length or terms more favorable to the Company.

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 9:

Maximum number of securities to be issued	<p>254,400 Convertible Notes.</p> <p>The number of Shares to be issued upon conversion of each Note (if this occurs) will depend on the USD to AUD exchange rate at the time of receipt of a Conversion Notice from the Noteholder by the Company. Based on a current USD to AUD exchange rate at the time of preparing this Notice (1 USD to 1.48 AUD) 1 Note with face value of USD 1 would convert into 11.84 Shares. If the face value of all 254,400 Notes converted on this basis 3,012,096 Shares would be issued upon conversion of the Notes.</p> <p>In addition, US\$2,400 interest will accrue on the Notes each month until converted or redeemed, this interest may also be converted on the same basis. On the basis that Notes and 6 months accrued interest are converted on 6 February 2021 and a 1 USD to 1.48 AUD exchange rate an additional 170,496 Shares would be issued upon conversion of accrued interest.</p>
Date of issue	<p>If Shareholder approval is obtained, the issue of the Convertible Notes is intended to occur on 6 August 2020. In any event the issue will occur no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).</p>
Issue price per security	<p>The issue price of the Convertible Notes will be US\$1 per Note. The issue price of Shares issued upon conversion the Convertible Notes will be A\$0.125 (12.5 cents) per Share.</p>

Terms of issue	<p>Convertible Notes have a face value of US\$1 per Note and are convertible to Shares at a conversion price of A\$0.12.5 (12.5 cents) at any time at the election of the Noteholder until redeemed by the Company. Notes not converted into Shares will be redeemed by the Company upon request of the Note holder at or anytime following 6 February 2021.</p> <p>Shares issued upon conversion of Convertible Notes will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.</p> <p>Upon conversion each Note will convert based on the USD to AUD exchange rate at the time of receipt of a Conversion notice. For each Note, the AUD amount resulting from the conversion of \$1 USD will be divided by AUD \$0.125 to determine the number of Shares issued upon conversion of each Note.</p> <p>US\$2,400 interest will be applied to the combined 254,400 Notes per month. Interest will be reduced pro-rata if there is a partial conversion of the Notes. Interest may be converted to Shares at 12.5 cents per Share or be paid in cash upon redemption at the option of the Noteholder.</p> <p>Notes will not be converted if such conversion would result in a breach of Section 606 of the Corporations Act unless one of the exceptions set out in Section 611 of the Corporations Act apply.</p>
Persons to whom securities will be issued and their relationship to the Company	<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 the terms of a Loan Agreement entered into between the Company and Mr. Chi Kan Tang.</p>
Intended use of funds	<p>Funds Raised have been used for working capital and to enable the Company to increase the inventory of confectionary sold and employ additional sales personnel.</p>

Resolution 10: Issue of Convertible Notes to Related Party - Mr. James Baillieu

In March 2020 the Company received a US\$400,000 loan from director James Baillieu, the loan amount (US\$400,000) plus accrued interest (1% on principle per month) is convertible into Shares at a conversion price of A\$0.04 (4 cents) plus one (1) Company listed option (ASX:CLBO) per Share subject to applicable shareholder approval requirements.

The total loan amount outstanding as at 19 August 2020 (the proposed issue date of the Notes) will be US\$420,000 which includes the US\$400,000 principle amount and US\$20,000 interest accrued from 19 March 2020.

The Company now seeks shareholder approval for the issue of 420,000 Convertible Notes with a combined face value of US\$420,000 to enable the loan (and interest accrued) to be convertible into Shares and CLBO

Options in accordance with the terms of the loan agreement. The Convertible Notes and interest on the Notes (US\$4,000 per month) will be convertible into Shares and Options at the election of the Noteholder.

Subject to the passing of this Resolution the Company will issue 420,000 Notes each with a face value of USD \$1 in the Company as consideration for US\$400,000 received by the Company and US\$20,000 in accrued interest (interest accrued up to 19 August 2020 being the proposed issue date of the Notes).

Notes may be converted into Shares and CLBO Options at any time at the election of the Noteholder. Notes not converted into Shares will be redeemed by the Company upon request of the Note holder on or following 19 March 2021).

Notes are convertible into Shares at a conversion price of A\$0.04 (4 cents), in addition, for each Share issued upon Conversion the Noteholder will receive 1 listed CLBO Option with an exercise price of \$0.10, expiring 31 May 2023.

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 Convertible Notes. Accordingly, shareholder approval is sought for the issue of Convertible Notes 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 10 being passed, the issue of the Convertible Notes 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 Convertible Notes and the proposed issue of the Convertible Notes thereunder are reasonable in the circumstances as the Company and James Baillieu were dealing at

arm's length, namely the conversion terms of the Notes are on terms identical to the placement terms offered to non-related investors as set out in Resolution 4.

Accordingly, it is the view of the Company that Shareholder approval is not required for the issue of the Convertible for the purposes of Chapter 2E of the Corporations Act and the terms are arms-length.

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 10:

Maximum number of securities to be issued	<p>420,000 Convertible Notes.</p> <p>The number of Shares and CLBO Options to be issued upon conversion of each Note will depend on the USD to AUD exchange rate at the time of receipt of a Conversion Notice from the Noteholder by the Company. Based on a current USD to AUD exchange rate at the time of preparing this Notice (1 USD to 1.48 AUD) 1 Note with face value of USD 1 would convert into 37 Shares and 37 CLBO Options. If the face value of all 420,000 Notes converted on this basis 15,540,000 Shares and 15,540,000 CLBO Options would be issued upon conversion of the 420,000 Notes.</p> <p>In addition, up to US\$4,000 interest will accrue on the Notes each month, this interest may also be converted on the same basis. On the basis that all Notes and accrued interest on the Notes is converted on 19 March 2021 and at a 1 USD to 1.48 AUD exchange rate an additional 1,036,000 Shares and CLB Options 1,036,000 would be issued upon conversion of accrued interest.</p>
Date of issue	<p>If Shareholder approval is obtained, the issue of the Securities will occur no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).</p>
Issue price per security	<p>The issue price of the Convertible Notes will be US\$1 per Note. The issue price of Shares issued upon conversion the Convertible Notes will be A\$0.04 (4 cents) per Share. The listed CLBO Options are attaching Options will be issued for nil consideration.</p>

Terms of issue	<p>Convertible Notes with a face value of US\$1 per Note. Notes are convertible to Shares at a conversion price of A\$0.04 (4 cents), for each Share issued upon Conversion the noteholder will receive 1 listed CLBO Option with an exercise price of \$0.10, expiring 31 May 2023.</p> <p>Notes may be converted into Shares and CLBO Options at any time at the election of the Noteholder. Notes not converted into Shares will be redeemed by the Company upon request of the Note holder at any time on or after 1 April 2021. Upon redemption of Notes the face value of any Notes not converted plus any outstanding accrued interest is repayable to the Note holder.</p> <p>Shares issued upon conversion of Convertible Notes will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue while the Options will rank pari passu with the other Listed Options (CLBO) on issue, the terms of which are summarised in Annexure A.</p> <p>Upon conversion each Note will convert based on the USD to AUD exchange rate at the time of receipt of a Conversion notice. For each Note, the AUD amount resulting from the conversion of \$1 USD will be divided by AUD \$0.04 to determine the number of Shares issued upon conversion of each Note, for each Share issued upon conversion 1 CLBO Options will also be issued.</p> <p>US \$4,000 interest will be applied to the combined 420,000 Notes per month. Interest will be reduced pro-rata if there is a partial conversion of the Notes. Interest may be converted to Shares or paid in cash upon redemption at the option of the Noteholder.</p> <p>Notes will not be converted if such conversion would result in a breach of Section 606 of the Corporations Act unless one of the exceptions set out in Section 611 of the Corporations Act apply.</p>
Persons to whom securities will be issued and their relationship to the Company	<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 the terms of a Loan Agreement entered into between the Company and James Baillieu.</p>
Intended use of funds	<p>Funds Raised have been for working capital and to enable the Company to increase the inventory of confectionary sold and employ additional sales personnel.</p>

Resolution 11: Issue of Convertible Notes to Related Party - Mr. James Baillieu

In January 2020 the Company received a US\$360,000 loan from director James Baillieu, the loan amount (US\$360,000) plus accrued interest (1% on principle per month) is convertible into Shares at a conversion price of A\$0.125 (12.5 cents) per Share subject to applicable shareholder approval requirements.

The total loan amount outstanding as at 29 August 2020 (the intended issue date of the Notes) will be US\$385,200 which includes the US\$360,000 principle amount and US\$25,200 interest accrued from 29 January 2020.

The Company now seeks shareholder approval for the issue of 385,200 Convertible Notes with a combined face value of US\$385,200 to enable the loan (and interest accrued) to be convertible into Shares in accordance with the terms of the loan agreement. The Convertible Notes and interest on the Notes (USD\$3,600 per month) will be convertible into Shares at the election of the Noteholder.

Subject to the passing of this Resolution the Company will issue 385,200 Notes each with a face value of USD \$1 in the Company as consideration for US\$360,000 received by the Company and US\$25,200 in accrued interest (interest accrued up to 29 August 2020 being the intended issue date of the Notes).

Notes may be converted into Shares at any time at the election of the Noteholder. Notes are convertible into Shares at a conversion price of A\$0.125 (12.5 cents). Notes not converted into Shares will be redeemed by the Company upon request of the Note holder anytime on or following 29 January 2021.

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 Convertible Notes. Accordingly, shareholder approval is sought for the issue of Convertible Notes 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 11 being passed, the issue of the Convertible Notes 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 Convertible Notes and the proposed issue of the Convertible Notes thereunder are reasonable in the circumstances as the Company and James Baillieu were dealing at arm's length and terms are at arms-length or terms more favorable to the Company.

Accordingly, it is the view of the Company that Shareholder approval is not required for the issue of the Convertible Notes 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 11:

Maximum number of securities to be issued	<p>385,200 Convertible Notes.</p> <p>The number of Shares to be issued upon conversion of each Note (if this occurs) will depend on the USD to AUD exchange rate at the time of receipt of a Conversion Notice from the Noteholder by the Company. Based on a current USD to AUD exchange rate at the time of preparing this Notice (1 USD to 1.48 AUD) 1 Note with face value of USD 1 would convert into 11.84 Shares. If the face value of all 385,200 Notes converted on this basis 4,560,768 Shares would be issued upon conversion of the Notes.</p> <p>In addition, US\$3,600 interest will accrue on the Notes each month until converted or redeemed, this interest may also be converted on the same basis. On the basis that Notes and all accrued interest are converted on 29 January 2021 (5 months interest) and a 1 USD to 1.48 AUD exchange rate an additional 213,120 Shares would be issued upon conversion of accrued interest.</p>
Date of issue	<p>If Shareholder approval is obtained, the issue of the Convertible Notes is intended to occur on 29 August 2020. In any event the issue will occur no later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).</p>
Issue price per security	<p>The issue price of the Convertible Notes will be US\$1 per Note. The issue price of Shares issued upon conversion the Convertible Notes will be A\$0.125 (12.5 cents) per Share.</p>

Terms of issue	<p>Convertible Notes have a face value of US\$1 per Note and are convertible to Shares at a conversion price of A\$0.125 (12.5 cents) at any time at the election of the Noteholder until redeemed by the Company. Notes not converted into Shares will be redeemed by the Company upon request of the Note holder at or anytime following 29 January 2021.</p> <p>Shares issued upon conversion of Convertible Notes will rank pari passu with the other Shares on issue and will be on the same terms as the other Shares on issue.</p> <p>Upon conversion each Note will convert based on the USD to AUD exchange rate at the time of receipt of a Conversion notice. For each Note, the AUD amount resulting from the conversion of \$1 USD will be divided by AUD \$0.125 to determine the number of Shares issued upon conversion of each Note.</p> <p>US\$3,600 interest will be applied to the combined 385,200 Notes per month. Interest will be reduced pro-rate if there is a partial conversion of the Notes. Interest may be converted to Shares at 12.5 cents per Share or be paid in cash upon redemption at the option of the Noteholder.</p> <p>Notes will not be converted if such conversion would result in a breach of Section 606 of the Corporations Act unless one of the exceptions set out in Section 611 of the Corporations Act apply.</p>
Persons to whom securities will be issued and their relationship to the Company	<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 the terms of a Loan Agreement entered into between the Company and Mr. James Baillieu.</p>
Intended use of funds	<p>Funds Raised have been used for working capital and to enable the Company to increase the inventory of confectionary sold and employ additional sales personnel.</p>

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:

AEST means Australian Eastern Standard Time.

Annual Report means the Directors' Report, Financial Report and Independent Auditor's Report in respect of the period ended 31 December 2019.

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 Annual General Meeting.

Meeting means the Annual General Meeting of the Shareholders of the Company to be held on 31 July 2020, to which the Notice of Meeting and Explanatory Statement relate.

Notice or **Notice of Meeting** means this notice of Annual General Meeting of the Company dated 30 June 2019.

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.

Annexure A – CLBO Option Terms

Rights and liabilities attaching to CLBO Options

- (a) **Entitlement**
Subject to paragraph (n), each CLBO Option entitles the holder to subscribe for one (1) Share upon exercise of the CLBO Option.
- (b) **Exercise Price**
Subject to paragraph (l), the amount payable upon exercise of each CLBO Option will be A\$0.10 (**Exercise Price**).
- (c) **Expiry Date**
Each CLBO Option will expire at 5.00 pm AEST on 31 May 2023 (**Expiry Date**). CLBO Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period**
The CLBO Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise**
The CLBO Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the CLBO Option Certificate (**Notice of Exercise**) and payment of the Exercise Price for each CLBO Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each CLBO Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of Shares on exercise**
Within 15 Business Days after the Exercise Date, the Company will:
 - (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of CLBO Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the Official List of the ASX at the time, apply for Official Quotation of Shares issued pursuant to the exercise of the CLBO Options.

If a notice delivered under paragraph (g)(i) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (h) **Shares issued on exercise**
Shares issued in exercise of the CLBO Options rank equally with the then issued Shares of the Company.
- (i) **Quotation of Shares issued on exercise**
If the Company is admitted to the Official List at the relevant time, application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the CLBO Options.
- (j) **Reconstruction of capital**
If at any time, the issued capital of the Company is reconstructed, all rights of a CLBO Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (k) **Participation in new issues**
There are no participation rights or entitlements inherent in the CLBO Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the CLBO Options without exercising the CLBO Options.
- (l) **Change in Exercise Price**
The CLBO Options do not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the CLBO Options can be exercised.
- (m) **Transferability**
The CLBO Options are transferable subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities laws.
- (n) **Bonus Issues**
If prior to the Expiry Date, the Company makes a bonus issue of Shares to Shareholders, then the holders of CLBO Options, upon the exercise of such Options, would be entitled to have issued to them, in addition to Shares which would otherwise be issued to them upon the exercise of the CLBO Options, the Shares which would have been issued under that bonus issue (**Bonus Shares**) if, on the record date applicable to the Bonus Shares, they had been registered as the holder of the Shares to be issued to them upon exercise of the Options. Such Bonus Shares will be paid by the Company out of profits or reserves in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the Bonus Share.