

HAODEX LIMITED

ACN 623 392 325

REPLACEMENT PROSPECTUS

For the initial public offering of 5,000,000 Shares in Haodex Limited at an Offer Price of \$0.20 per Share to raise a minimum of \$1,000,000 with provision for oversubscriptions of a further 3,500,000 Shares to raise up to a total of \$1,700,000 ("**Offer**").

This Prospectus also contains offers of:

- (a) 40,000,000 Performance Rights to the Managers (and/or their nominees) ("**Management Offer**"); and
- (b) 10,946,488 Shares to the Lead Manager ("**Lead Manager Offer**").

Lead Manager



IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. An investment in the Shares offered under this Prospectus is considered highly speculative.

IMPORTANT NOTICES

Offer

The Offer contained in this Replacement Prospectus is an invitation to apply for 5,000,000 Shares in Haodex Limited ACN 623 392 325 ("Haodex", or the "Company") at an Offer Price of \$0.20 per Share to raise a minimum of \$1,000,000 with provision for oversubscriptions of a further 3,500,000 Shares to raise up to a total of \$1,700,000. This Replacement Prospectus is issued by the Company for the purposes of Chapter 6D of the Corporations Act.

This Replacement Prospectus also includes an invitation to the Lead Manager (or its nominee(s)) to apply for Shares in the Company as part consideration for agreeing to lead manage the Offer. This offer is only available to the Lead Manager (or its nominee(s)).

This Replacement Prospectus contains the Management Offer which is only capable of acceptance by the Managers or their nominees.

Lodgement and Listing

This Replacement Prospectus is dated 31 December 2020 and a copy of this Replacement Prospectus was lodged with ASIC on that date. This Replacement Prospectus replaces the Original Prospectus, which was dated 25 November 2020 and was lodged with ASIC on that day, and the First Replacement Prospectus, which was dated 9 December 2020 and was lodged with ASIC on that day. This Replacement Prospectus differs from the Original Prospectus and the First Replacement Prospectus. The Company applied to the NSX for admission of the Company to the official list of NSX and for quotation of its Shares on NSX within seven days after the date of the Original Prospectus. Neither ASIC, NSX or their respective officers take any responsibility for the contents of this Replacement Prospectus or the merits of the investment to which this Prospectus relates.

Replacement Prospectus

This Replacement Prospectus (which is referred to in this document as either "This Replacement Prospectus" or "this Prospectus") replaces the Original Prospectus and the First Replacement Prospectus. This Replacement Prospectus has been issued to, amongst other matters:

- (a) amend the closing date of the Offer;
- (b) amend the raise amounts of the Offer; and
- (c) clarify the financial standing of the business subsequent to the divestment of the Dig-Exchange.

Withdrawal Rights

In accordance with section 724(2) of the Corporations Act, if you applied for Shares under the Original Prospectus or the First Replacement Prospectus (**Existing Applicant**), you may withdraw your application and be repaid your application monies, provided you give the Company written notice by 31 January 2021.

Any repayments made by the Company pursuant to an Existing Applicant exercising their right to withdraw their application will be made in full without interest.

An Existing Applicant who wishes to withdraw their application and obtain a refund must submit a written request to the Company's Share Registry by mail or delivery to the address set out below so that it is received within 1 month from the date of this Replacement Prospectus.

Mailing Address

Haodex Limited
C/- Advanced Share Registry
PO Box 1156
Nedlands, WA 6009

Hand Delivery

Haodex Limited
C/- Advanced Share Registry
PO Box 1156
Nedlands, WA 6009

Expiry Date

No Shares or Options will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

No person is authorised to give any information or to make any representation in connection with the Offer or the Securities described in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company or the Lead Manager in connection with the Offer.

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in the Securities offered. There are risks associated with an investment in the Securities, which must be regarded as a speculative investment. Some of the key risks that should be considered are set out in "Section 5 – Key Risks". You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Securities.

No person named in this Prospectus warrants or guarantees the Company's performance, the repayment of capital by

the Company or any return on investment made pursuant to this Prospectus.

No offer where offer would be illegal

This Prospectus does not constitute an offer or invitation to apply for Securities in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Securities or the Offer or to otherwise permit a public offering of the Securities, in any jurisdiction outside Australia. The Offer is not being extended to any investor outside Australia, other than to certain institutional investors and sophisticated investors in certain jurisdictions as described in Section 7.8. The distribution of this Prospectus (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Notice to United States residents

The Securities being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended ("US Securities Act") or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act. In addition, any hedging transactions involving the Shares may not be conducted unless in compliance with the US Securities Act.

Financial information and amounts

Section 4 of this Prospectus sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

The Financial Information for FY2019 and FY2020 included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, except where otherwise stated.

The Financial Information is presented in abbreviated form. It does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The Financial Information in this Prospectus should be read in conjunction with, and are qualified by reference to, the information contained in Sections 4 and 8.

All financial amounts contained in this Prospectus are expressed in Australian dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

Non-IFRS financial information

Investors should be aware that certain financial data included in this Prospectus is 'non-IFRS financial information' under Regulatory Guide 230 Disclosing non-IFRS financial information, published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and conditions of the Company. The non-IFRS measures do not have standardised meanings prescribed by Australian Accounting Standards and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios included in this Prospectus.

Disclaimer

No person is authorised by the Company or the Lead Manager to give any information or make any representation in connection with the Offers that is not contained in the Prospectus. Only information or representations contained in this Prospectus may be relied on as having been authorised by the Company or its Directors, the Lead Manager or any other person in connection with the Offers. The business, financial condition, results of operations and prospects of the Company may have changed since the date of this Prospectus.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and condition. Any statements contained in this Prospectus that are not of historical facts may be deemed to be forward-looking statements. You can identify these statements by words such as "aim", "anticipate", "assume", "believe", "could", "due", "estimate", "expect", "goal", "intend", "may", "objective", "plan", "predict", "potential", "positioned", "should", "target", "will", "would" and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company's business and the industry in which the Company operates and management's beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control. As a result, any or all of the Company's forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in "Section 5 – Key Risks". Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements set out in this

Prospectus and are cautioned not to place undue reliance on such forward-looking statements.

These forward-looking statements speak only as at the date of this Prospectus. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with NSX after the date of this Prospectus.

Certain numerical figures included in this Prospectus may have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

This Prospectus uses market data, estimates, industry forecasts and projections. There is no assurance that any of the forecasts referred to in this Prospectus will be achieved and the Company has not independently verified and cannot give any assurances as to the accuracy and completeness of the market and industry data.

Past Performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Exposure period

The Corporations Act prohibits the Company from processing Applications for Securities under the Offers in the seven-day period after the date of lodgement of the Prospectus with ASIC ("**Exposure Period**") This period may be extended by ASIC for a further period of seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Offer. The examination may result in the identification of deficiencies in this Prospectus, in which

case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

During the Exposure Period, this Prospectus will be made generally available to Australian and New Zealand residents without the Application Form, by being posted on the following website: www.haodexinvestments.com.

Obtaining a copy of the Prospectus

A hard copy of this Prospectus will be available for Australian residents free of charge during the Offer Period by contacting the Company's Share Registry on 1300 113 258 (toll free within Australia) between 8.30am and 5.00pm AEDT. If you are eligible to participate in the Offers and are calling from outside Australia, please call +61 2 8096 3502.

This Prospectus will be made available in electronic form on the following website: www.haodexinvestments.com. The information on www.haodexinvestments.com does not form part of this Prospectus.

The Offers constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia. Hard copy and electronic versions of the Prospectus are generally not available to persons in other jurisdictions (including the United States).

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company on the above.

Applications for the Securities under this Prospectus may only be made on either a printed copy of the Application Form attached to or accompanying this Prospectus or via the electronic Application Form attached to the electronic version of this Prospectus, available at www.haodexinvestments.com.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus.

Cooling off rights

Cooling off rights do not apply to an investment in Securities pursuant to the Offer. This means that, in most circumstances you cannot withdraw your Application once it has been accepted.

Privacy

The Company, the Share Registry on its behalf, and the Lead Manager may collect, hold, use and disclose personal information to process your Application, service your needs as a Security holder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Securities that you hold). Under the Corporations Act some of this information must be included in the Company's Securities register, which will be accessible by the public.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish to provide this information, the Company and the Share Registry may not be able to process your Application.

The Company and the Share Registry may also share your personal information with agents and service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside of Australia where personal information may not

receive the same level of protections that afforded under Australian law¹.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's Privacy Policy located at

<http://www.haodexinvestments.com/media/1013/haodex-Ltd-privacy-policy.pdf>.

Alternatively, you can contact the Company by telephone on +61 2 8096 292 or by email at

admin@haodex.com.au and the Company will send you a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Company's Privacy Policy (located at www.haodex.com.au).

The Company's Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian

privacy laws, and how the Company will deal with your complaint.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

Definitions, abbreviations and time

Defined terms and abbreviations used in this Prospectus (unless specified otherwise) are explained in "Section 11 - Glossary".

All references to time in this Prospectus refer to Australian Eastern Daylight Time ("AEDT") unless stated otherwise.

Photographs, data and diagrams

Photographs and diagrams used in this Prospectus which do not have any descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale and may not accurately reflect the

final appearance of the subject matter which it depicts.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at June 2020.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus by reference.

Use of RMB

This Prospectus contains references to Chinese Renminbi (**RMB**) and Australian Dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in Australian dollars. References to "\$" are to Australian dollars and references to "RMB" are to Chinese Renminbi. As at the date of this Prospectus, 1 RMB equates to approximately \$0.202. For the last 30 days prior to this Prospectus, 1 RMB has on average equated to \$0.208.

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CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Directors of Haodex Limited ("**Haodex**" or the "**Company**"), I am pleased to present this Prospectus and to invite you to become a shareholder in the Company.

The Company is an Australian incorporated public company focussed on e-commerce and technology. It operates and owns a 78% interest in the e-commerce businesses MonkeyKing Australia (www.monkeykingaustralia.com) ("**MonkeyKing**") and Bulk Buy World (www.bulkbuyworld.com) ("**BulkBuy**") and operates and owns 100% of the accommodation listing business Franks Haus (www.frankshaus.com) ("**Franks Haus**"). The Company also provides white labelling software services.

Prospective investors should note that the Company previously lodged and, on 23 October 2020, subsequently withdrew a prospectus for an initial public offering of 12,500,000 Shares in Haodex at an Offer Price of \$0.20 per Share to raise a minimum of \$2,500,000 with provision for oversubscriptions of a further 12,500,000 Shares to raise up to a total of \$5,000,000. The Company has decided to alter the amount of capital it proposes to raise due to the difficulties it faced raising money during the COVID-19 pandemic. No reliance should be placed by prospective investors on the previously lodged prospectus and it is not relevant to the Offer under this Prospectus.

Prospective investors should also note that this is the second replacement prospectus that the Company has lodged in relation to the Offer. The Company previously released the Original Prospectus and the First Replacement Prospectus which disclosed the operation of the Company while it serviced the Dig-Exchange business and website which were held by the Company and licenced to Oilvest. The Company has determined, subsequent to discussions with NSX, that prospective investors should be informed of the Company's financial position excluding the Dig-Exchange business that has been divested to Oilvest.

Haodex was incorporated in December 2017 and currently employs 21 people across its operations. For FY2019 Haodex Group's revenue was primarily generated from the provision of software services, however these services are no longer being provided.

In January 2019, the Company invested into a retail omnichannel solutions business model, creating its own proprietary e-commerce platform and is shifting the core business away from its white labelling services. The Company's retail marketplace business is comprised of 2 websites – MonkeyKing and BulkBuy.

MonkeyKing is an operating business-to-consumer ("**B2C**") online retail store which sources Australian products from Australian suppliers for sale to overseas customers, mainly Chinese. The MonkeyKing revenue model is based on the wholesale purchase of unique Australian goods from local suppliers and selling the products to overseas customers, predominantly Chinese, customers with a profit margin. The MonkeyKing business model helps satisfy international demand for Australian products, assists Australian businesses access opportunities and product demand from Asia, and is also available to Australian buyers. Presently, over 600 products are offered and being sold from Australia to China via MonkeyKing, details of these can be found on the website. MonkeyKing's revenue for the 2020 financial year was \$126,972.

BulkBuy is a separate business related to the MonkeyKing model which launched in June 2019. BulkBuy is a wholesale marketplace allowing users to participate in buying wholesale buying deals with other users.

In addition to MonkeyKing and BulkBuy, the Company acquired the Franks Haus business in April 2019. Franks Haus is an online platform for leasing private properties, mainly for short term accommodation. The platform will attract tourists and provide budget pricing throughout mainland China. The platform holds a database of approximately 100,000 Chinese properties. Franks Haus has secured a substantial list of accommodation venues and plans to derive income from foreign customers travelling to China and domestic Chinese tourists booking accommodation through the business. Online shared accommodation businesses in China currently have an approximate 30%

penetration rate in the Chinese shared accommodation market, which represents a significant opportunity for Franks Haus.

While the Company originally had plans to rework and launch the Franks Haus platform in the first half of the 2020 financial year, these plans were derailed by the onset of the COVID-19 pandemic and the ongoing travel restrictions that have been put in place as a result. The Company intends on waiting on these travel restrictions being lifted before reassessing when the Franks Haus platform should be launched.

Haodex is seeking funding to expand the MonkeyKing, BulkBuy, and Franks Haus businesses.

I strongly encourage you to read this Prospectus carefully and in its entirety before deciding whether to invest in the Company and, where necessary, consult with your professional advisers. This Prospectus contains detailed information about the Offers being made by the Company, the current and proposed operations of the Company, as well as the risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks detailed in Section 5.

On behalf of the Board of Directors, it is indeed my pleasure to invite you to become a Shareholder in the Company.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Frank Huang', written over a light blue rectangular background.

**FRANK HUANG
CHAIRMAN
HAODEX LIMITED**

IMPORTANT DATES

| | |
|---|------------------|
| Original Prospectus lodgement date | 25 November 2020 |
| First Replacement Prospectus lodgement date | 9 December 2020 |
| Replacement Prospectus lodgement date | 31 December 2020 |
| Offer opens | 4 January 2021 |
| Expiry of withdrawal rights | 28 January 2021 |
| Offer closes | 31 January 2021 |
| Settlement of the Offer | 2 February 2021 |
| Allotment of Shares | 3 February 2021 |
| Expected date for dispatch of holding statements | 3 February 2021 |
| Expected date for commencement of trading on NSX on a normal settlement basis | 9 February 2021 |

All times above are Australian Eastern Daylight Time. These dates are indicative only and are subject to change. The Company reserves the right to vary any and all of the above dates without notice to you (subject to the Corporations Act and other applicable law). In particular, the Company reserves the right to close the Offer early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens.

KEY OFFER DETAILS

| | |
|----------------------------------|-----------------------------------|
| Company | Haodex Limited ACN 623 392 325 |
| Proposed NSX code for the Shares | HAO |

| Offer | Minimum subscription | Maximum subscription |
|---|----------------------------|----------------------------|
| Securities offered | Fully paid ordinary shares | Fully paid ordinary shares |
| Offer Price per Share | \$0.20 per Share | \$0.20 per Share |
| Shares available under the Offer | 5,000,000 Shares | 8,500,000 Shares |
| Proceeds received under the Offer (before costs) | \$1,000,000 | \$1,700,000 |
| General | | |
| Total number of Shares on issue at Completion of the Offers (undiluted) | 150,946,488 Shares | 154,446,488 Shares |
| Indicative market capitalisation on Completion of the Offers (undiluted) ¹ | \$30.189 million | \$30.889 million |
| Pro forma cash at bank on listing ² | \$(864,930) | \$(1,521,330) |
| Enterprise value at the Offer Price ³ | \$29.3 million | \$29.4 million |
| Total number of Advisor Shares on issue at Completion of the Offer | 10,946,488 Shares | 10,946,488 Shares |

| | | |
|--|--------------------|--------------------|
| Total number of Performance Rights on issue at Completion of the Offers ⁴ | 40,000,0000 | 40,000,000 |
| Total number of Shares on issue at Completion of the Offer (fully diluted, assuming all Performance Rights convert) ⁵ | 190,946,488 Shares | 194,446,488 Shares |

1. The indicative market capitalisation is determined by multiplying the applicable number of Shares by the Offer Price per Share. The Shares may trade below the Offer Price after listing on the NSX in which case the market capitalisation may be lower. Undiluted refers to the number of Shares on issue prior to the exercise of any Options and prior to conversion of the Performance Rights.
2. This includes the deduction of estimated costs of the Offer. Refer to section 4.7.
3. Enterprise value is calculated as the Company's indicative market capitalisation (undiluted) less pro forma net cash at completion plus pro forma net debt at Completion.
4. These Performance Rights have been issued pursuant to a Performance Rights and Escrow Deed and following conversion to Shares will be subject to a voluntary escrow period of 3 years
5. "Fully diluted" means the number of Shares that would be on issue assuming all of Performance Rights are converted in full to Shares.

1. INVESTMENT OVERVIEW

| 1.1 INTRODUCTION | | |
|--------------------------------------|--|------------------|
| Topic | Summary | More information |
| Who is the issuer of the Prospectus? | Haodex Limited (ACN 623 392 325), a public company limited by shares incorporated in Australia. | Section 2 |
| What is the business of the Company? | <p>Haodex is an Australian company focused on forward thinking online platforms and global projects.</p> <p>With Asia's market demand for international trade, Haodex has developed innovative platforms that aim to bridge the gap in the supply chain between foreign customer demands and local companies supply.</p> <p>Haodex owns 78% of and operates 2 omnichannel marketplaces, being MonkeyKing Australia (www.monkeykingaustralia.com) and BulkBuy (www.bulkbuyworld.com), and owns 100% of a short term Chinese accommodation hosting business, Franks Haus (www.frankshaus.com).</p> <p>MonkeyKing is an online e-commerce platform which sources Australian products from Australian suppliers to distribute to consumers in Asia, mainly China. MonkeyKing utilises a networked sales marketing model and has built and created a community of online retail distributors. There are currently 8,124 retail distributors registered with MonkeyKing. MonkeyKing makes revenue from product sales to customers.</p> <p>A connected omni-channel retail platform allows suppliers to streamline their sales through one e-commerce platform, allowing the business to market and sell to an established audience.</p> <p>BulkBuy is a wholesale e-commerce marketplace which allows users to participate in group buying deals. BulkBuy enables merchants to set up an online store and sell products directly to customers at wholesale prices by allowing several customers to participate in group buying deals (crowd-ordering). BulkBuy is in an early stage of development and prospective investors should be aware that as with any early stage platform it is subject to operational and development risks as set out in this prospectus further at section 5 .</p> <p>Franks Haus was acquired by Haodex in April 2019. Franks Haus is an online platform for leasing private properties, mainly for short term accommodation, in China. The platform will attract tourists and provide competitive pricing accommodation alternatives throughout mainland China.</p> | Section 2 |

| | | |
|---|---|-------------|
| | <p>This is an early stage business, given its recent acquisition, which has a database of 100,000 properties listed throughout China. The Company is planning to update and relaunch the platform's operations at a later date to be determined once COVID-19 imposed travel restrictions are lifted.</p> <p>Haodex has traditionally been involved in software development and the provision of technical solutions for clients and maintains this business through its software licensing arrangements.</p> | |
| What are the key investment highlights? | <p>The Company believes that the key investment highlights of the Offer include the following:</p> <ul style="list-style-type: none"> • The Company has achieved growth since the e-commerce business commenced with highlights including; <ul style="list-style-type: none"> - As at October 2020, there are 8,129 MonkeyKing Active Members (meaning, people that have registered and activated their MonkeyKing account), there are 5 suppliers, and 15,143 transactions have been completed on the MonkeyKing platform. - During the 2020 financial year, the number of daily active users has ranged from 700-1000 and the member retention rate has remained at approximately 94%. The Company's experience with new members has shown that approximately 48% of new members will make a transaction on the MonkeyKing platform after creating an account. - Started BulkBuy business in April 2019 and launched on 1 June 2019. - Acquired Franks Haus, a China based Airbnb style company. - Haodex Group reported FY2020 Revenue of \$2.25 million, 6% of which was generated from the sale of goods through MonkeyKing and 94% of which was generated from the provision of software services. - Haodex also reported for FY2020 an EBITDA of \$1.05 million and NPAT of \$287,129 though as noted prospective investors should not place any reliance upon historical revenues. • A retail marketplace that provides merchants easy access to daigou sales channels partnered with streamlined logistics. • First stage roll out of omni-channel product suite has been completed, including MonkeyKing and BulkBuy businesses; <ul style="list-style-type: none"> - Established Chinese distribution - businesses can access a growing network to sell their products - E-commerce solution - suppliers have access to native hosting and shopping cart functionality - Industry leading security and hosting includes SSL certification and constant security patches - Retail distributor program which enables retail distributors to provide discounts for repeat business and has established membership tiers. | Section 2.3 |

| Why is the Offer being conducted? | <p>The Offer is being conducted to:</p> <ul style="list-style-type: none">• To fund the future working capital needs of the Company;• To raise capital in order to strengthen the Company's balance sheet and provide financial flexibility to pursue its identified growth opportunities and objectives as set out in this Prospectus;• To provide a liquid market for its Shares and an opportunity for the public to invest in the Company;• To provide the Company with the benefits of an increased profile domestically and internationally that arises from being a listed public company;• To provide the Company with access to capital markets to improve capital management flexibility. | Section 7.2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------------|------------------|------------|------------------|---|----------------------------------|--------|-----|--------|-----|-----------------------------|-----------|------|-----------|------|--------------|------------------|------------|------------------|------------|------------------------|------------|-------|------------|-------|--|------------|-------|------------|-------|--------------------------------------|-----------|------|-----------|------|---|------------|-------|------------|-------|--|---------|-------|------------|-------|--------------------------|------------------|------------|------------------|------------|-------------|
| What is the proposed use of proceeds raise from the Offer? | <p>Haodex is seeking to raise a minimum of \$600,000 up to a maximum of \$1,000,000 from the Offer. The table below sets out the proposed use of proceeds from the Offer and represents the Company's current intentions based upon its plans and the present business conditions in each of its markets. The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including any changes in the business and economic environment.</p> <table><tr><th>Funds available</th><th>Min Offer A\$</th><th>%</th><th>Max Offer A\$</th><th>%</th></tr><tr><td>Estimated existing cash reserves</td><td>17,780</td><td>1.8</td><td>17,780</td><td>1.1</td></tr><tr><td>Funds raised from the Offer</td><td>1,000,000</td><td>98.2</td><td>1,700,000</td><td>98.9</td></tr><tr><td>Total</td><td>1,017,780</td><td>100</td><td>1,717,780</td><td>100</td></tr></table> <p>Uses</p> <table><tr><td>Marketing¹</td><td>240,866.58</td><td>23.67</td><td>644,328.00</td><td>37.51</td></tr><tr><td>Software and New Product Vertical Development²</td><td>120,433.29</td><td>11.83</td><td>357,960.00</td><td>20.84</td></tr><tr><td>Product range expansion³</td><td>43,793.92</td><td>4.30</td><td>53,694.00</td><td>3.13</td></tr><tr><td>Working capital and corporate administration costs⁴</td><td>459,836.20</td><td>45.18</td><td>465,348.00</td><td>27.09</td></tr><tr><td>Costs of the Offer, Legal and regulatory compliance⁵</td><td>152,850</td><td>15.02</td><td>196,450.00</td><td>11.44</td></tr><tr><td>Total⁶</td><td>1,017,780</td><td>100</td><td>1,717,780</td><td>100</td></tr></table> <p>1. Haodex intends to use various mainstream marketing channels for the MonkeyKing, BulkBuy and Franks Haus businesses</p> | Funds available | Min Offer A\$ | % | Max Offer A\$ | % | Estimated existing cash reserves | 17,780 | 1.8 | 17,780 | 1.1 | Funds raised from the Offer | 1,000,000 | 98.2 | 1,700,000 | 98.9 | Total | 1,017,780 | 100 | 1,717,780 | 100 | Marketing ¹ | 240,866.58 | 23.67 | 644,328.00 | 37.51 | Software and New Product Vertical Development ² | 120,433.29 | 11.83 | 357,960.00 | 20.84 | Product range expansion ³ | 43,793.92 | 4.30 | 53,694.00 | 3.13 | Working capital and corporate administration costs ⁴ | 459,836.20 | 45.18 | 465,348.00 | 27.09 | Costs of the Offer, Legal and regulatory compliance ⁵ | 152,850 | 15.02 | 196,450.00 | 11.44 | Total⁶ | 1,017,780 | 100 | 1,717,780 | 100 | Section 7.2 |
| Funds available | Min Offer A\$ | % | Max Offer A\$ | % | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Estimated existing cash reserves | 17,780 | 1.8 | 17,780 | 1.1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Funds raised from the Offer | 1,000,000 | 98.2 | 1,700,000 | 98.9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 1,017,780 | 100 | 1,717,780 | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Marketing ¹ | 240,866.58 | 23.67 | 644,328.00 | 37.51 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Software and New Product Vertical Development ² | 120,433.29 | 11.83 | 357,960.00 | 20.84 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Product range expansion ³ | 43,793.92 | 4.30 | 53,694.00 | 3.13 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Working capital and corporate administration costs ⁴ | 459,836.20 | 45.18 | 465,348.00 | 27.09 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Costs of the Offer, Legal and regulatory compliance ⁵ | 152,850 | 15.02 | 196,450.00 | 11.44 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total⁶ | 1,017,780 | 100 | 1,717,780 | 100 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

through the social media advertising platforms, including Facebook, Google and WeChat. Haodex will also incur costs through trade shows and demonstrations both in Australia and China.

2. Includes maintenance of existing software base and IP and costs associated with server and backend running costs of the platforms owned by Haodex.
3. Funds will be dedicated to the development, manufacturing and marketing of Company product ranges.
4. Includes wages, director fees, contractors, rent, outgoings, insurance, listing and registry fees, accounting and audit and other items of a general administrative nature.
5. Includes adviser and legal fees and capital raising costs, printing and distribution costs for the Prospectus and company secretarial costs.
6. These totals include the current estimated cash reserves of Haodex.

The Board believes that the Company's current cash reserves plus the net proceeds of the Offer together with revenue generated from its business operations will be sufficient to fund the Company's key objectives as set out in the Prospectus. These key objectives comprise:

- fund marketing campaigns for user acquisition, so as to grow the Company's revenues and customer awareness;
- fund product development of additional features and functionality of existing Franks Haus platform;
- run the business as described in detail at section 2;
- provide additional working capital to grow customer support and sales teams;
- fund the development of new product initiatives, over the next 12 months, including expansion of marketplace products, the ongoing development of the online platforms, and marketing of these businesses.

1.2 KEY FEATURES OF HAODEX BUSINESS MODEL

| | | |
|--|---|-------------|
| What are Haodex's key business strategies? | <p>Haodex's strategy following the completion of the Offer is to:</p> <ul style="list-style-type: none"> • strengthen its marketing strategies to increase exposure and market growth; • build upon its product range; • increase market exposure and brand awareness; • expand the exclusive product ranges on the websites; • increase vendor selling capabilities; and • launch and expand Franks Haus. | Section 2.4 |
| How does Haodex generate its revenue? | <ul style="list-style-type: none"> • Historically, Haodex has generated revenue through the licensing of its software platform products, however it no longer receives fees for this licensing. Since its establishment in October 2018, MonkeyKing has generated only 8.7% of the Company's revenue for FY2019, 6% of the Company's revenue for FY2020, and the remainder of the Company's revenue was generated through the provision of software services. • MonkeyKing helps Australian businesses access opportunities and product demand from Asia. | Section 2.3 |

| | <p>MonkeyKing's revenue model is based on the wholesale purchase of unique Australian goods from local suppliers and on-selling these goods to overseas customers, predominantly Chinese customers, at a mark-up. MonkeyKing is an e-commerce retail platform in the early stages of development and prospective investors should take this into account when making any Application for Shares.</p> <ul style="list-style-type: none"> • The majority of products currently sold on the MonkeyKing platform are nutraceuticals and food and beverage products. Haodex generates revenue from all product sales on the MonkeyKing platform. • BulkBuy is an online marketplace which allows users to participate in group buying deals. On the BulkBuy marketplace, Haodex generates revenue from sales commissions, membership fees and product listing fees. • Franks Haus had commenced late stage open beta testing in China but this was halted due to the onset of COVID-19. Franks Haus has not contributed to Haodex's revenue at 30 June 2020. Prior to Haodex's acquisition, Franks Haus secured substantial accommodation venues in China. The business is designed to derive income from customers travelling to China from overseas (both business and tourism) as well as the internal Chinese tourism market. Income will be derived from domestic and international customers travelling to China and booking accommodation through the platform by charging property owners a commission per booking. Given the travel restrictions currently in place Franks Haus is not presently taking bookings. | | | | | | | | | | |
|---|--|----------------|----------------|----------------|---------------|-----------|-----------|----------------------------|-----------|---------|-------------|
| What are the Company's key costs? | <p>Key costs include:</p> <ul style="list-style-type: none"> • Marketing expenses including Facebook, Google and WeChat and other suitable online channels; • Employee costs including salaries and related costs of all Haodex employees and contractors; • Costs incurred in expanding the product marketplace and product offerings primarily the ongoing development of its online platforms; • Hosting costs for online marketplaces; and • Transactional costs for use of payment gateways. | Section 7.2 | | | | | | | | | |
| What is the Group's historical financial information? | <p>The Company launched in December 2017 and since its inception, it has been growing and further developing its business models.</p> <p><i>Summary of audited historical financial performance for the financial years ending 30 June 2019 and 30 June 2020</i></p> <table> <tr> <th></th><th>FY 2019</th><th>FY 2020</th></tr> <tr> <td>Total revenue</td><td>3,428,457</td><td>2,255,431</td></tr> <tr> <td>Profit (loss) for the year</td><td>1,014,168</td><td>287,129</td></tr> </table> | | FY 2019 | FY 2020 | Total revenue | 3,428,457 | 2,255,431 | Profit (loss) for the year | 1,014,168 | 287,129 | Section 4.3 |
| | FY 2019 | FY 2020 | | | | | | | | | |
| Total revenue | 3,428,457 | 2,255,431 | | | | | | | | | |
| Profit (loss) for the year | 1,014,168 | 287,129 | | | | | | | | | |

| | | |
|--|-------------|---------|
| Total comprehensive income (loss) for the year | (8,060,070) | 287,129 |
|--|-------------|---------|

Summary of audited and proforma consolidated balance sheets as at 30 June 2020

| | Audited FY 2020 \$ | Proforma FY 2020 Min \$ | Proforma FY 2020 Max \$ |
|-------------------------------|-----------------------------------|--|--|
| 30 June 2020 | | | |
| ASSETS | | | |
| Total current assets | 3,852,042 | 5,765,807 | 6,422,207 |
| Total non-current assets | 1,470,896 | 904,281 | 904,281 |
| TOTAL ASSETS | 5,322,938 | 6,670,088 | 7,326,488 |
| LIABILITIES | | | |
| Total current liabilities | 807,603 | 807,603 | 807,603 |
| Total non-current liabilities | 896,622 | 896,622 | 896,622 |
| TOTAL LIABILITIES | 1,704,225 | 1,704,225 | 1,704,225 |
| NET ASSETS | 3,618,713 | 4,965,863 | 5,622,263 |

The financial information presented above is intended to be a summary only and should be read in conjunction with the more detailed information and discussions set out in “Section 4 – Financial Information” and “Section 8 Investigating Accountants Report”, as well as the risk factors section out in “Section 5 – Risk Factors”.

| | | |
|---|---|-----------|
| How does the Company expect to fund its operations? | <p>The Company has historically funded its operations through the issue of new equity and cash generated from its operations.</p> <p>The initial funding for the Company's future activities will be generated from the Offer, its existing cash reserves and cash generated from its operations.</p> <p>The Company may need to raise further capital in the future to continue to develop its business, accelerate growth or fund new initiatives and or acquisitions, and such amounts may be raised by further equity raisings, or the Company may consider other forms of debt or quasi-debt funding if required and deemed appropriate by Haodex and its Directors.</p> | Section 4 |
| What are the Company's forecast prospects? | <p>After careful consideration, the Directors have concluded that it is not appropriate to provide any forecast financial information in relation to the Company.</p> <p>This is due to its limited operating history. The Directors therefore believe it is not currently possible to predict the</p> | |

future financial performance of the Company with a high level of confidence.

1.3 KEY STRENGTHS OF HAODEX

| | | |
|--|--|-------------|
| What are the key strengths of Haodex's business? | <p>The Directors believe that the key strengths of the Company include the following:</p> <ul style="list-style-type: none"> the Company's experienced senior management team who are familiar with the Chinese market; scalable proprietary technology platforms which can be efficiently rolled out to other jurisdictions; the potential to cross sell the MonkeyKing and BulkBuy consumer products to Franks Haus renters and vice versa; the Company's three complimentary e-commerce platforms place the Company in a position to take advantage of, and participate in, the fast growing cross-border import e-commerce market; and the Company's use of social media advertising platforms, including WeChat. | Section 2.4 |
|--|--|-------------|

1.4 KEY RISKS

| | | |
|---|--|-----------|
| What are the key risks associated with the Company? | <p>All investments are subject to risk which means the value of your investment may rise or fall. Before making an investment decision, it is important to understand the risks that can affect the value of your investment. Key risks in relation to an investment in the Company, all of which may materially adversely affect the Company's business and prospects, financial condition, results of operation and/or cash flows, are detailed below.</p> <p>The Board of the Company aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively manage them is limited.</p> <p><u>Risks Specific to Haodex's Business and Operations</u></p> <p>COVID-19</p> <p>The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue have, a significant impact on global capital markets, the gold price and foreign exchange rates.</p> <p>The Company's operations and business targets China-based customers who are interested in purchasing Australian products either on a retail basis or in bulk, and persons looking for accommodation in China. The Company has been impacted by the COVID-19 pandemic and has experienced a</p> | Section 5 |
|---|--|-----------|

decrease in revenue for the 2020 financial year as a result of shipping delays, travel restrictions and general economic uncertainty.

The Company has implemented a COVID-19 management plan across its business in order to minimise the risk of infection for individuals. The Company's COVID-19 management plan is reviewed and updated based on the latest guidance from health professionals and the government as the situation develops.

Brand and Reputation

The Company's key business assets include brand names and related intellectual property of the business. A number of factors may adversely affect these key business assets, including:

- (i) Potential disputes or litigation with suppliers, customers, employees or other third parties;
- (ii) Adverse media coverage (including social media);
- (iii) Failure to deliver products which meet customer expectations; and
- (iv) Other risks to the Company's brand names and intellectual property which are beyond the Company's control.

These factors can erode the Company's public reputation and adversely affect the Company's supply streams by decreasing demand for the Company's products and causing interference with key supply relationships, distributors and employees. Cumulatively this could detrimentally affect the value associated with the Company

Reliance on Key Personnel

The emergence and development of Haodex's business has been in large part due to the talent, effort, experience and leadership of its management team. The responsibility of overseeing the day-to-day operations and the strategic management of Haodex depends substantially on senior management and its key personnel. Haodex is also substantially dependent on the continued service of its existing development personnel because of the complexity of its services and technologies. There is no assurance that Haodex will be able to retain the services of such persons and there can be no assurance given that there will be no detrimental impact on Haodex if one or more of these employees cease their employment. This may have a material effect on the Company's business, results of operations and financial condition.

Export risks

MonkeyKing's products are sold from Australia with the intent that they be received by an end-customer in China. Any adverse changes to trade tariffs, quotas or duties, the

subsidisation of local producers or introduction of other trade barriers, or the renegotiation of the bilateral free trade agreement between China and Australia (**ChAFTA**), could adversely affect the Company and its ability to export its products via the MonkeyKing platform.

Further, China has recently established laws governing the online sale of products and services and imposing rules on cross-border trade (**CBEC Regulation**). Such laws require businesses to be registered for cross border e-commerce sales in China. The Company is currently compliant with the CBEC Regulation and will comply with certain requirements on an ongoing basis to continue operating in accordance with the CBEC Regulation.

Geopolitical Risks

Haodex is subject to a number of geopolitical risks in the markets it operates in, including political instability and policy changes. Since the onset of the global COVID-19 pandemic, there have been various actions which can be interpreted to indicate the escalation of a trade dispute between Australia and China, despite the ChAFTA. Such events include China's imposition of an 80% tariff on Australian barley in May 2020, suspensions on sales of certain Australian beef into China and the commencement of an anti-dumping investigation into Australian wine.

The Company is currently compliant with China's CBEC Regulation and currently only offers its services to retail consumers based in China. However, the Company is not able to predict whether the trade tensions currently present between Australia and China will impact other areas of trade, such as ecommerce. Any such impacts could adversely affect the Company's operations and earnings and impact on the Company's share price.

Foreign exchange risks

A significant amount of the Haodex's revenues, costs and expenses will be denominated in local currencies, while Haodex will compile its financial reports in Australian dollars. As a result of the use of these different currencies, Haodex will be subject to foreign currency fluctuations which may materially affect its financial position and operating results. For example, a depreciation of the Chinese yuan relative to the Australian dollar may result in lower than anticipated revenue, profit and earnings as a result of the translation of the RMB earnings into AUD.

As at the date of this Prospectus, 1 RMB equates to approximately \$0.202. For the last 30 days prior to this Prospectus, 1 RMB has on average equated to \$0.208.

Insurance Coverage

Haodex faces various risks in connection with its business and may lack adequate insurance coverage or may not

currently have the necessary insurance coverage. Haodex currently maintains workers compensation in certain jurisdictions, however Haodex does not currently maintain management liability insurance, professional indemnity, product liability, business interruption or third party liability insurance in any jurisdictions. Haodex will need to review its insurance requirements after completion of the Offer and obtain relevant insurances covering each jurisdiction it operates in as required. If Haodex incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, its profitability may be adversely affected.

Regulatory environment

Haodex's operations are subject to applicable laws and regulations in the jurisdiction in which it operates. While the Company is not currently aware of any current issues or impending regulatory changes, there is a continuing risk for the Company that local laws and/or regulations in Australia or China may change, and may detrimentally affect the way the Company currently operates. Users, competitors, members of the general public or regulators could allege breaches of legislation in the relevant jurisdictions (for example, if an advertisement was considered to be misleading or deceptive). Regulatory proceedings or findings against the Company's employees or agents, or general negligence or misconduct by those parties could result in regulatory sanctions and reputational or financial harm to the Company.

Internet and general IT-infrastructure and platform related risk

Haodex is dependent on the performance, reliability and availability of its technology platforms (include servers, the internet, hosting services and its cloud-based infrastructure).

Expanding sales of the Haodex's products and other future developed products depends on the continued use of the internet as a communications and commerce platform for individuals and enterprises, and continued use of platform services which may be provided by third party service providers.

There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "bugs" or "worms", malware, internal or external use by websites, hacker attacks, and similar malicious programs or other disruptions including natural disasters, power outages or other similar events.

General Risks

Share trading liquidity

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the NSX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid.

Additional requirements for capital

The funds raised under the Offer are considered sufficient to meet the immediate business objectives of the Company. However, additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing joint ventures, licensing arrangements, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of those activities. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Shareholder dilution

In the future, the Company may elect to issue Shares to engage in fundraisings and also to fund, or raise proceeds, for acquisitions the Company may decide to make. While Haodex will be subject to the constraints of the NSX Listing Rules regarding the percentage of Haodex's capital that can be issued within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares.

Investment speculative

Various factors, including factors not specifically referred to above, may materially affect the financial performance of Haodex and the value of the Shares under the Offer. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the NSX. Furthermore, there is no guarantee that the Shares will remain continuously quoted on the NSX, which could impact the ability of prospective Shareholders to sell their Shares.

Potential investors should consult their professional adviser before deciding whether to apply for Shares under the Offer.

Other risks

The above list is not exhaustive and more detail on these risks and a number of other risks are outlined in "Section 5 – Key Risks".

1.5 DIRECTORS AND SENIOR MANAGEMENT

Section 6.1

Who are the Directors of the Company?

Mr Frank Huang

- Chairman and Executive Director
- Bachelor of Aeronautical Engineering from China Civil Aviation University.
- Managing Director of Chi Tel Global Holding Ltd; Managing Director of China Huge International Pty Ltd; General Manager of First Mobile Group Holding Ltd.
- Frank has had over 25 years of executive management experience across a number of Australian and International companies and has been involved in a number of corporate leader roles within the technology sector.
- Frank has extensive corporate leadership skills and strong financial and business planning capabilities. This provides him with the capacity to manage the complete cycle of commercial activity, from strategy development, corporate financing, operational implementation and ongoing growth via organic means and/or acquisition.

Mr Alvin Tan

- Independent Non-Executive Director (to be appointed non-executive Director, Haodex)
- Over 25 years' experience in Australia and Asia, including mergers, acquisitions, capital raising and listings on the ASX, AIM, Bursa Malaysia and Frankfurt Stock Exchange.
- Previously worked for KPMG in Kuala Lumpur as a financial consultant in 1993-1995
- Previously worked with Australian based stock broking firm DJ Carmichael as an investment advisor, in 1996-1997
- Previously served as Non-Executive Director, Advanced Share Registry Ltd (ASX:ASW)
- Bachelor of Commerce with second class honours, the University of Western Australia.
- Non-Executive Director, Pyx Resources Ltd (NSX:PYX)
- Non-Executive Director, BKM Management Limited

Mr Michael Pixley

- Independent Non-Executive Director (to be appointed non-executive Director, Haodex)
- Over 30 years of experience in investment banking. Involved in providing financial advisory and investment banking services to various companies throughout Asia.

| | | |
|--|--|-------------|
| | <ul style="list-style-type: none"> • Non-Executive Director, Story-I Ltd (ASX:SRY) • Non-Executive Director, Enerco Refresh Ltd (ASX:ERG) • Director, Credit Intelligence Ltd (ASX:CL1) | |
| Who are the members of the Company's senior management team? | <p>Miss Annie Huang</p> <ul style="list-style-type: none"> • Chief Executive Officer • Bachelor of Commerce (Marketing & Accounting) from Macquarie University. • Sales executive at Bence Property Group, July 2016 - January 2017. • Business analyst in the Infant Nutrition division at Nestle Australia, January 2017 - May 2017. • Account executive for the National Pharmacy Sales division at Nestle Australia, May 2017 - December 2017. • Anne has been highly involved in various business development projects with Haodex and has helped to build the business of MonkeyKing. <p>Miss Daisy Ding</p> <ul style="list-style-type: none"> • Chief Financial Officer • Bachelor of Economics and Finance from University of New South Wales, 2011. • Master of Science (Mathematics and Statistics) from University of Technology Sydney, 2014. • Operations Associate at Saxo Bank, July 2013 - January 2014. • Funds Administrator at Atlas Advisors Australia, August 2015 - December 2016. • Daisy has acted in the role of Chief Financial Officer at Haodex Limited from October 2018 to present. • Daisy is experienced in general corporate financial management, including managing processes for financial forecasts and budgets, preparing financial reports, maintaining financial books and records and liaising with external auditors. <p>Mr Jeff Chen</p> <ul style="list-style-type: none"> • Chief Technical Officer • Master of Information Technology, University of New South Wales. • Director at Chi Tel Global Holdings Group Co. Responsible for operations in the USA. • Jeff also holds other certifications in CCIE Security Written, CCNA, CCNP, CCVP, ITIL and JNCIA; specialising in Cisco network hardware. • Jeff is a network professional with over 10 years of extensive experience in project management with technical expertise in LAN/WAN Design, installation, configuration, troubleshooting, optimization and documentation, utilising knowledge of Checkpoint Firewall, F5 Big IP, Juniper MAG, Cisco MCS and UCS server, QOS, ATM, Frame Relay, ISDN, Ethernet, SDH for various applications such as VPN tunnelling, Fire wall and VoIP. • Jeff is experienced in leading teams to success in his broad background, including Network Delivery Lead/ | Section 6.3 |

Technical Specialist, Security Compliance Officer at AT&T Australia, Network Delivery Lead/ Service Delivery Consultant at HPE Australia, Senior Network Engineer at Boral Limited, Systems/Project Engineer at On-line Communications Systems.

1.6 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

Who are the key people and what will their interests in securities of the Company be at Completion?

Section 6.6

| Director s | No of Shares ¹ | Min offer | | Max Offer | |
|----------------|--|--|--|--|--|
| | | Percent age holding (undiluted) ² | Percent age holding (fully diluted) ³ | Percent age holding (undiluted) ² | Percent age holding (fully diluted) ³ |
| Frank Huang | 88,750,000 Shares 20,000,000 Performance Rights. ⁴ | 58.80% | 56.95% | 57.46% | 55.93% |
| Alvin Tan | Nil | 0% | 0% | 0% | 0% |
| Michael Pixley | Nil | 0% | 0% | 0% | 0% |

Notes:

1. Excludes any Shares which Directors may acquire under the Offer.
2. "Undiluted" means the number of shares that would be on issue assuming no Performance Rights are converted to Shares.
3. "Fully diluted" means the number of Shares that would be on issue assuming all of the Performance Rights are converted in full to Shares.
4. These Performance Rights have been issued pursuant to a Performance Rights Issue and Escrow Deed and following conversion to Shares will be subject to a voluntary escrow period of 3 years.

What significant benefits are payable to Directors and other persons connected with the Company or the Offer?

The Executive Directors and Management receive remuneration in accordance with their employment contracts and may apply under the Management Offer.

Alvin Tan and Michael Pixley will receive Director's fees in accordance with their letters of appointments.

The Lead Manager is entitled to be paid fees in accordance with its mandate and subscribe under the Lead Manager Offer.

Section 6.6

Who are the significant existing shareholders of Haodex and what will their interests

| Shareholder | No of Shares ¹ | Pre-Offer | Post-Offer (undiluted) | |
|-------------|---------------------------|-----------|------------------------|--------|
| | | % | Min % | Max % |
| Frank Huang | 88,750,000 | 65.74% | 58.80% | 57.46% |

Section 6.6

| be after Completion? | <table><tr><td>Annie Huang</td><td>6,250,000</td><td>4.63%</td><td>4.14%</td><td>4.05%</td></tr></table> <p>1. Excludes any Shares which may be acquired under the Offer.</p> | Annie Huang | 6,250,000 | 4.63% | 4.14% | 4.05% | | | | | | | | | | | | | | | | | | | | |
|---|---|--------------|---------------|-------|---------------|-------|------------|-------|-----------|------------|-----------|------|-----------|----------|------------|------|-----------|--------|-----------|------|-----------|-------|-------------|-------|--|--------------|
| Annie Huang | 6,250,000 | 4.63% | 4.14% | 4.05% | | | | | | | | | | | | | | | | | | | | | | |
| Will any Shares be subject to restrictions on disposal following Completion of the Offer? | <p>Subject to the requirements of the NSX certain Shares held by Haodex Shareholders immediately prior to Completion will be subject to escrow arrangements in the period immediately following Completion of the Offer.</p> <p>While escrow restrictions have not been finalised and are at the discretion of the NSX the Company estimates that the following escrow restrictions will be applied (at min. subscription):</p> <table><tr><th>Shareholders</th><th>No. of Shares</th><th>%</th><th>Escrow Period</th></tr><tr><td>Board</td><td>88,750,000</td><td>58.80</td><td>24 months</td></tr><tr><td>Management</td><td>6,250,000</td><td>4.14</td><td>12 months</td></tr><tr><td>Advisors</td><td>10,946,488</td><td>7.25</td><td>12 months</td></tr><tr><td>Others</td><td>5,000,000</td><td>3.31</td><td>12 months</td></tr><tr><td>Total</td><td>110,946,488</td><td>73.50</td><td></td></tr></table> | Shareholders | No. of Shares | % | Escrow Period | Board | 88,750,000 | 58.80 | 24 months | Management | 6,250,000 | 4.14 | 12 months | Advisors | 10,946,488 | 7.25 | 12 months | Others | 5,000,000 | 3.31 | 12 months | Total | 110,946,488 | 73.50 | | Section 10.6 |
| Shareholders | No. of Shares | % | Escrow Period | | | | | | | | | | | | | | | | | | | | | | | |
| Board | 88,750,000 | 58.80 | 24 months | | | | | | | | | | | | | | | | | | | | | | | |
| Management | 6,250,000 | 4.14 | 12 months | | | | | | | | | | | | | | | | | | | | | | | |
| Advisors | 10,946,488 | 7.25 | 12 months | | | | | | | | | | | | | | | | | | | | | | | |
| Others | 5,000,000 | 3.31 | 12 months | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 110,946,488 | 73.50 | | | | | | | | | | | | | | | | | | | | | | | | |
| 1.7 KEY TERMS AND CONDITIONS OF THE OFFERS | | | | | | | | | | | | | | | | | | | | | | | | | | |
| What is the Offer? | The Offer is an initial public offering of 5,000,000 Shares for subscription under this Prospectus to raise \$1,000,000 (before costs), with the ability to accept oversubscriptions for a further 3,500,000 Shares to raise up to a total of \$1,700,000. | Section 7.1 | | | | | | | | | | | | | | | | | | | | | | | | |
| Will the Shares be quoted on NSX? | The Company will apply for admission to the official list of NSX and quotation of Shares on NSX (which is expected to be under the code HAO). | Section 7.6 | | | | | | | | | | | | | | | | | | | | | | | | |
| Is the Offer underwritten? | No | | | | | | | | | | | | | | | | | | | | | | | | | |
| What is the allocation policy? | The allocation of Shares pursuant to the Offer will be determined by the Company in consultation with the Lead Manager. | Section 7.4 | | | | | | | | | | | | | | | | | | | | | | | | |
| Is there any brokerage, commission or stamp duty payable by Applicants? | No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares in the Offer. | Section 7.4 | | | | | | | | | | | | | | | | | | | | | | | | |
| What are the tax implications of investing in the Shares? | <p>The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances.</p> <p>Applicants should obtain their own tax advice prior to deciding whether to invest.</p> | Section 7.4 | | | | | | | | | | | | | | | | | | | | | | | | |
| When will I receive confirmation that my Application has been successful? | Applicants may call the Company's Share Registry on 1300 113 258 (with Australia) or +61 2 8096 3502 (from outside Australia) from 8:30 am to 5:30 pm, AEDT time on a Business Day from 1 February 2021 to enquire as to whether their Applications have been successful. | Section 7.7 | | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|---|--|---------------------|
| | <p>It is expected that initial holding statements will be despatched by standard post around or on 2 February 2021.</p> <p>Any trading before then is at the Applicants' risk.</p> | |
| What is the Company's dividend policy? | <p>The Board has no current intention to declare and pay any dividends in the short term. While the Company continues to grow and develop the business, it is expected that any profits will be reinvested into the business.</p> <p>The board will make a determination in its discretion in relation to the payment of any future dividends, depending on the Company's performance and strategic objectives.</p> <p>The ability to pay a dividend will also depend upon a number of other factors including the success of the Company's products and business, the Company's overall performance and financial position and the risk factors set out in Section 5.</p> | |
| What is the minimum and maximum Application size under the Offer? | Applicants must apply for a minimum of 10,000 Shares, representing a minimum investment of A\$2,000. Applicants applying for additional Shares must apply for Shares in multiples of 500 (representing an additional investment of A\$100). | Section 7.7 |
| How can I apply? | <p>You may apply for Shares by completing and lodging a valid Application Form attached to or accompanying this Prospectus with the Company.</p> <p>To the extent permitted by law, a valid Application by an Applicant under the Offer is irrevocable.</p> | Section 7.7 |
| Can the Offers be withdrawn? | <p>The Company reserves the right not to proceed with the Offer at any time before the issue of Shares to Successful Applicants.</p> <p>If the Offer does not proceed, Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p> | Section 7.6 and 7.7 |
| Where can I find more information about this Prospectus or the Offer? | <p>You can call the Company from anywhere on +61 2 8096 2924 from 8:30 am to 5:30 pm, AEDT time on a Business Day during the Offer Period.</p> <p>If you are unclear in relation to any matter or are in any doubt as to whether to invest in the Company, you should seek professional advice from your stockbroker, financial adviser, accountant, lawyer or other professional adviser before deciding whether to invest in the Company.</p> | Section 7.7 |

2. COMPANY OVERVIEW

2.1 INTRODUCTION

Haodex is an Australian company incorporated on 13 December 2017 focused on forward thinking innovative technology platforms and global projects. The Company holds a portfolio of businesses focused on retail and wholesale omni-channel business models, share accommodation and proprietary software white labelling. The omni-channel model refers to a cross channel content strategy that Haodex uses to offer the customer multiple ways of engaging with Haodex.

With Asia's market demand for international trade, Haodex has developed innovative technology platforms that aim to bridge the gap in the supply chain between foreign customer demands and local companies supply.

Haodex currently operates 3 technology platforms, each of which operate via a subsidiary of Haodex:

- MonkeyKing Australia Pty Ltd (ACN 629 340 049)



- BulkBuy World (Registration No. 91510105MA6ABNYY4J) (China)

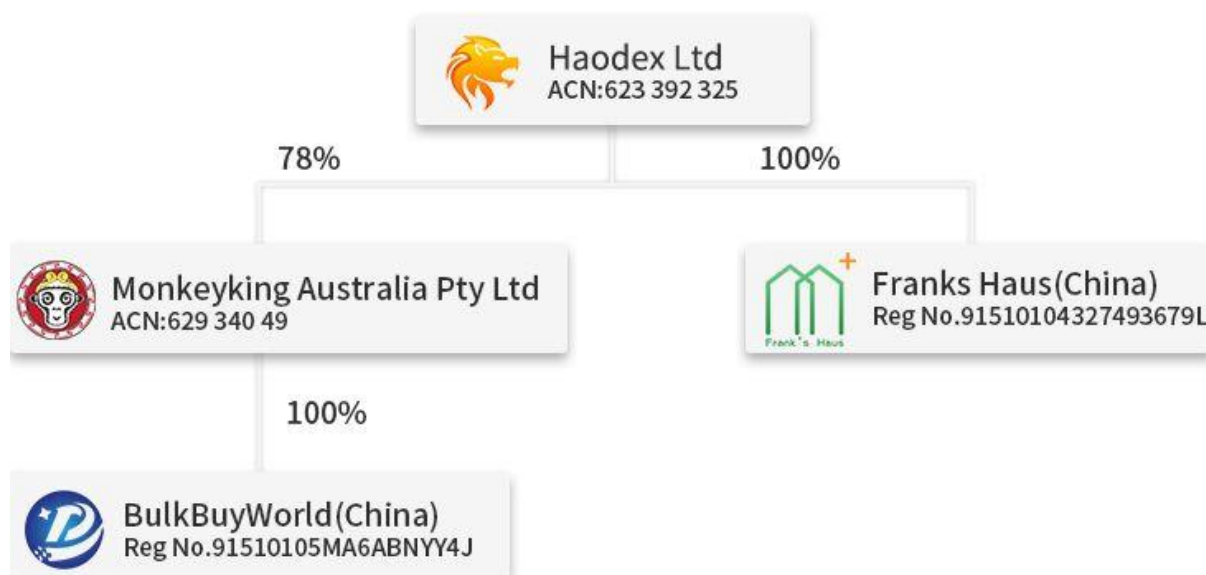


- Franks Haus (Registration No. 91510104327493679L) (China)



Collectively, the Group generated EBITDA of \$1,050,736 in the financial year ending 30 June 2020.

The corporate structure of the Company and its subsidiaries is as follows:



Haodex and MonkeyKing are both Australian incorporated entities. BulkBuy and Franks Haus are Chinese subsidiary entities of MonkeyKing and Haodex respectively.

The shares in each of BulkBuy and Franks Haus are held on trust for Haodex and Haodex Directors control the board and decision making of each of MonkeyKing, BulkBuy and Franks Haus.

The Company has offices in, Sydney, Australia and China and the Company has 21 employees.

2.2 COMPANY HISTORY

Haodex is a public unlisted company. The Company was founded in December 2017 with a focus on software development.

From December 2017 to June 2018, the Company initially focused on the development of proprietary technology which it used to operate an e-commerce platform focussed on Chinese industrial businesses. These operations were subsequently sold in July 2018.

In January 2019 the company invested in retail and wholesale omni-channel business models shifting core operations away from its software development ventures to online e-commerce marketplaces. These marketplaces were initially MonkeyKing and BulkBuy which commenced operation in October 2018 and June 2019 respectively.

In May 2019, the Company acquired the Franks Haus platform, a short term accommodation business.

2.3 BUSINESS MODEL

(a) Introduction

The Company's business model is centred on MonkeyKing, BulkBuy and Franks Haus.

| Name and sector | Description | \$ Revenue FY2020 | % of Gross Revenue FY2020 |
|--------------------|---|-------------------|---------------------------|
| Monkeyking | MonkeyKing Launched January 2019 - operational | \$126,972 | 94.3% |
| Bulkbuy | BulkBuy Launched June 2019 - operational | \$7,700 | 5.7% |
| Franks Haus | Franks Haus To be launched | Nil | 0 % |

(b) MonkeyKing Overview

MonkeyKing is an Australian Company which is 78% owned by Haodex.

Business Overview

MonkeyKing is an online ecommerce platform, operating much like an online retailer, that enables distribution of Australian products to consumers in Asia, mainly China. The MonkeyKing platform has been built by Haodex and was launched in October 2018. It is currently operational and revenue generative.

MonkeyKing employs a networked sales selling marketing model and has used this model since its establishment. Further details are provided below.

MonkeyKing Members

MonkeyKing customers must register for a MonkeyKing account to make purchases on the platform. As at October 2020, MonkeyKing has 8,129 Active Members (meaning, people that have registered and activated their MonkeyKing account) and has completed 15,143 transactions, which is an increase on the 9,666 transactions that had been completed at 30 June 2019.

Currently MonkeyKing caters for between 700-1,000 daily active users. Approximately 48% of new members will make a transaction on the platform after creating an account. As at October 2020, MonkeyKing has retained approximately 70% of its Active Members.

MonkeyKing uses a networked marketing model. As part of this model, MonkeyKing members may register themselves as 'retail distributors' by depositing a certain monetary sum into their account. This sum acts as both a fee for users to register themselves as retail distributors, as well as store credit for the retail distributor in the event that they make purchases on the platform. Retail distributors may make purchases on the platform at a discount, as outlined in the below table.

Retail distributors can recommend the MonkeyKing platform to new customers using a referral link. Once a new customer uses the referral link to make purchases on the MonkeyKing platform, the retail distributor will receive a commission on the purchased product. The commission is calculated based on a percentage of revenue received by MonkeyKing pursuant to purchases made through the referral link.

There are three tiers of retail distributor membership and each have different benefits for purchases made on the MonkeyKing platform:

| Level | Account contribution | Retail Distributor Benefits |
|------------------------|----------------------|--|
| Base Level Distributor | 399 RMB | 10% commission on revenue 10% discount on RRP |
| Mid-tier Distributor | 7,000 RMB | 19% commission on revenue 19% discount on RRP |
| Premium Distributor | 68,000 RMB | 26% commission on revenue 26% discount on RRP |

MonkeyKing's retail distributors are consumers who provide reviews of MonkeyKing products to their social communities and assist in building consumer trust in the MonkeyKing platform. As a result of the networked marketing model, MonkeyKing currently has a network of 8,124 retail distributors located across China.

While MonkeyKing is also available to Australian buyers, it specifically targets Chinese online shoppers who are interested in purchasing high quality, authentic products from Australia. Revenue is generated from purchasing unique Australian goods from local suppliers at wholesale prices and then on-selling these goods to overseas, predominantly Chinese customers, with a mark-up.

MonkeyKing Suppliers

MonkeyKing has agreements in place with existing Australian suppliers whose products are sold on the platform. These include the following:

- Homart Pharmaceuticals Pty Ltd, a major supplier of Australian branded health and beauty goods. Homart has been supplying products to MonkeyKing since November 2018. Some Homart products currently available on the MonkeyKing website include Springleaf branded Fat Clear Max Strength Formula, Kangaroo Essence, Squalene, Bio-Grape Seed, Inner Beauty Collagen, Super Joint Swelling Relief, and Sheep Placenta.
- Jama Australia Pty Ltd, an Australian distributor of New Zealand brand Nelson Honey. MonkeyKing has a wholesale customer relationship with Jama Australia. Some Nelson Honey products supplied to MonkeyKing include Nelson Honey Manuka Honey 30+, and Royal Nectar brand Original Face Mask and Bee Venom Eye Cream.
- Bio Living International Pty Ltd, an Australian health food product supplier selling over 40 Australian brands. MonkeyKing has wholesale customer relationship with Bio Living. Bio living supplies MonkeyKing with Vida Glow Marine Collagen Powders. Monkeyking sees this as a valuable supplier relationship due to Bio Living's large range of Australian products catering to the multifaceted demands of the Chinese consumer market.

MonkeyKing operates an asset lean business model which enables it to adjust to changing consumer attitudes and preferences. MonkeyKing does not manufacture its own products so is not exposed to manufacture and production side risk.

MonkeyKing has strong supplier relationships for certain products, which gives it an advantage in sales volume and pricing over its Chinese competitors. This has also enabled MonkeyKing to ensure authenticity throughout its product range.

Full product ranges are able to be viewed at the MonkeyKing website at www.monkeykingaustralia.com

Logistics

Products available are generally stored in the MonkeyKing warehouse situated in Enfield, NSW. Orders received through the MonkeyKing website are dispatched daily (Monday to Friday), packed and then delivered to the distribution facility. At present the majority of products are distributed by AU Express, 4PX World Wide Express and AUOD Express though Haodex does not have formal arrangements with any of these entities.

MonkeyKing accounts feature an integrated logistics system which operates with these existing delivery services. Each of AU Express, 4PX World Wide Express and AUOD Express are linked to the MonkeyKing platform via an API. Once an order is placed, suppliers and customers are able to track their orders online via their MonkeyKing account.

The Company operates commercially and aims to minimise stock inventory where possible. While the Company keeps a small inventory of high-demand items in the warehouse, the Company will only order low-demand items on customer purchase. After ordering, once the low-demand item is received at the warehouse the Company will despatch it to the customer.

Once the order is received and paid for, it appears in the MonkeyKing system as 'pending shipment'. MonkeyKing warehouse staff do a daily print of all orders that are pending delivery, onto individual shipping stickers (each order's details including each product is detailed on the sticker). Each order is then packed and delivered, then checked off on the platform as delivered so that the customer will be able to see the order status in their MonkeyKing account.

Products are then delivered to the customer and the ordering process is complete.

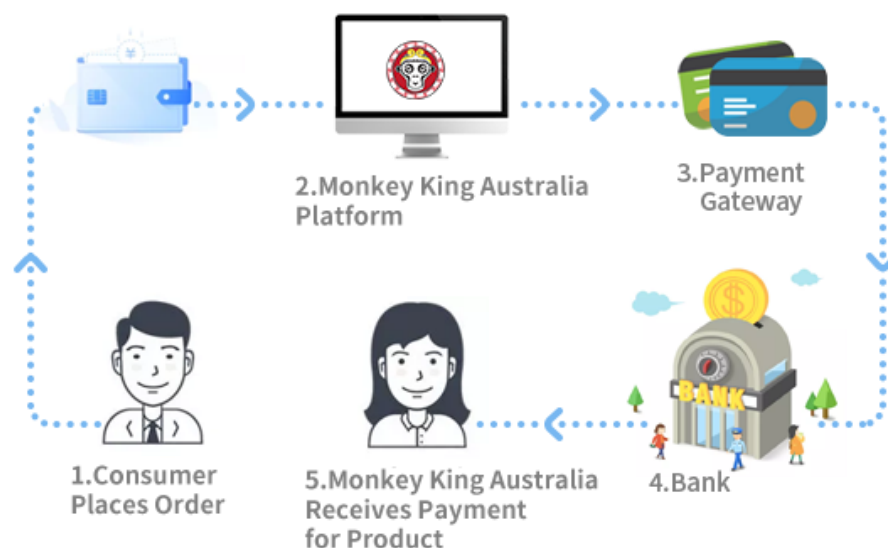
MonkeyKing remains in its early stage of development and prospective investors should be aware that an investment in early stage businesses, such as MonkeyKing, will always carry inherent risks of failure.

Revenue Generation

The Company's Directors believe that demand for vitamins, health foods and similar products will continue to grow both in China and Australia. MonkeyKing derives its revenue from direct product sales to customers.

Set out in the diagram below is an example of how MonkeyKing derives its revenue from product sales on the MonkeyKing platform.

Monkey King Australia Purchase Process



The flow chart above can be further detailed as follows:

1. Consumer searches and add their products to their basket on the MonkeyKing platform.
2. Consumer checks out their basket (one or multiple products) using their preferred payment method – currently Alipay, credit or debit card.
3. Payment gateway contacts the payment processor and the issuing bank. The payment gateway:
 - checks the validity of cards;
 - determines the issuing bank of the card;
 - encrypts the numbers associated with the card;
 - authorises a merchant bank whether to initiate a funds transfer; and
 - sends the result back to the Haodex website.
4. Merchant is sent their funds from sale of products.
5. At the same time the merchant receives their funds for sale, MonkeyKing fees and commissions are deducted and receipted to the MonkeyKing Australian bank account.

(c) BulkBuy Overview

BulkBuy is a Chinese registered company wholly owned by MonkeyKing which was started in April 2019 and launched on 1 June 2019. BulkBuy is in an early stage of development and prospective investors should be aware that as with any early stage platform it is subject to operational and development risks as set out in this prospectus further at section 5.

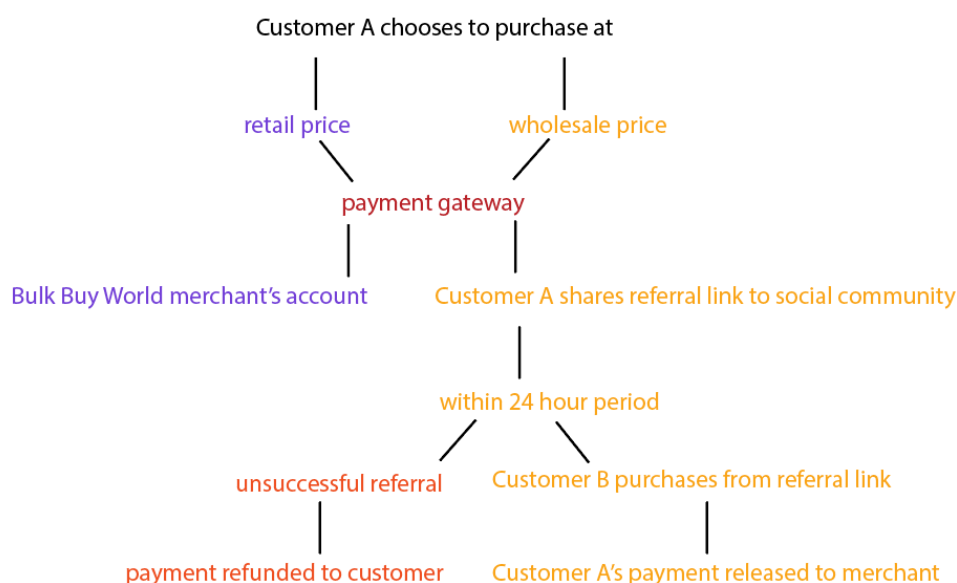
BulkBuy is a wholesale e-commerce marketplace which allows users to participate in group buying deals. On the BulkBuy marketplace, merchants may open up an online store and sell products directly to customers. Merchants can be based in any country, though currently most BulkBuy merchants are based in China. There are currently 1,294 merchants on the BulkBuy marketplace.

Products available on the BulkBuy marketplace each feature a recommended retail price and a discounted (wholesale) purchase price. When making an order, a customer may select to purchase a product either for the recommended retail price or for the wholesale price. Where a customer selects to purchase a product for the wholesale price (**Customer A**), the BulkBuy site will generate a product referral link for Customer A to send to other potential customers, such as their social community (**Customer B**). For Customer A's transaction to be processed, Customer B must make a purchase

using the referral link within 24 hours. In the event Customer B does not make a purchase using the referral link, Customer A's transaction is cancelled. For Customer B to make a purchase at the discounted price, they must also send a referral link to another customer and the same process must occur.

The below diagram is provided by the Company to illustrate the intended operation of the BulkBuy marketplace.

Bulk Buy World Purchase Process



In the BulkBuy marketplace, the purchase and referral process generates wholesale volume enabling customers to buy products at discounted prices and share the discount benefits with their social communities.

While only one customer is required to access a group buying deal, they will require a second customer in order to fulfil the discounted purchase order of the first customer. The Directors are of the view that this method will assist in building the BulkBuy business.

The business model of BulkBuy differs from MonkeyKing due to the fact that product bought and sold through the BulkBuy platform is not held by Haodex or MonkeyKing. While MonkeyKing operates much like an online retailer for the sale of Australian products, BulkBuy World operates as an online marketplace which merely facilitates the connection between buyers and merchants.

Revenue Generation

Haodex will earn a 1% trading commission on sales and listing fees from products listed on the BulkBuy website. Revenue will also be derived from:

- merchant security deposit of 2,000 RMB, which is paid once a merchant sets up a store on the BulkBuy platform and held by Haodex as a means of securing timely delivery of goods to customers and quality assurance;
- advertising fees of 300 RMB per week for search ranking, page advertisements and SMS marketing;

- commission on each purchase through merchants, being 0.8% fee on gross sales from merchants; and
- a base membership fee of 50 RMB charged to both customers and merchants for access to the BulkBuy World platform.

(d) **Franks Haus Overview**

Haodex acquired 100% of the Franks Haus business operated on www.frankshaus.com in May 2019 for a total consideration of approximately AUD\$2.45 million which includes pre-payment of numerous operational expenses, including employment costs.

Franks Haus is an online accommodation and lodging platform for leasing private properties, mainly for short term accommodation in China. The platform targets international and domestic tourists and aims to provide competitive accommodation pricing throughout mainland China.

Franks Haus currently has upwards of 100,000 properties on its database. The business had previously commenced late stage open beta testing and software platform updates, however this was halted due to the onset of COVID-19 and associated travel restrictions. The Company has not completed its open beta testing and has not launched the platform as originally intended. The Company intends on waiting on these travel restrictions being lifted before completing its beta testing of the platform and reassessing when the Franks Haus platform should be launched.

Franks Haus have currently engaged 29 contractors and employees, including software engineers and architects and general operational personnel, to work on the business. The cost of these contractors and employees was factored into the consideration paid by Haodex due to the fact that around AUD\$2.075 million of the acquisition costs represents future payments towards these operational expenses.

Revenue Generation

Franks Haus is not yet revenue generative. However, the business is designed to derive income from customers travelling to China from overseas (both business and tourism) as well as the internal Chinese tourism market. Revenue will be derived from domestic and international customers travelling to China and booking accommodation through the platform by charging property owners a commission per booking.

2.4 LICENSING REQUIREMENTS

E-Commerce License

In late 2018, the Chinese government introduced new legislation imposing rules on cross-border trade (**CBEC Regulation**). Under the CBEC Regulation, operators selling goods brought into China by way of cross-border e-commerce must register for an online selling certificate and display this in their online stores.

The Company applied for registration as an e-commerce operator on 23 September 2019 with the Sichuan Province administration bureau for the Ministry of Industry and Information Technology. The Company has received a value-added telecommunications business licence (Licence) which is required for lawful CBEC operations in China. The Company's licence number is B2-20190925.

Licence holders must be registered for tax in China and must also go through industrial and commercial registration prior to launching their e-commerce websites. The Company is already registered for tax in China and has undergone all necessary commercial registrations.

The application for the Licence involves an upfront cost of 6,000 RMB. The Licence lasts for a term of five years and during this time, the e-commerce operator is subject to an annual inspection for continued compliance with the CBEC Regulation. The Licence must be re-authenticated on a yearly basis, which incurs a cost of 1,000 RMB each year.

At the conclusion of the initial five year term, the Licence term can be extended for a further five years at a cost of 1,000 RMB.

The Company is not aware of any other obligations associated with holding the Licence and continually monitors its obligations under all applicable laws. The Company confirms that no business will be conducted unless in compliance with the CBEC Regulations.

ICP Permit

The Company currently possesses an ICP Permit necessary for China-based websites to operate in China.

The ICP Permit is of no cost to the Company, but is necessary for the operation of the BulkBuy World and MonkeyKing platforms in China and is as a pre-condition for the Company to obtain a Licence. The ICP Permit does not have any expiry date and remains valid so long as the Company's domain names are valid.

2.5 GROWTH STRATEGY

The Company is focused on maximising long-term shareholder value and leveraging the Company's competitive advantages. The Company believes that its key competitive strengths include:

- the Company's experienced senior management team who are familiar with the Chinese market;
- scalable proprietary technology platforms which can be efficiently rolled out to other jurisdictions;
- the potential to cross sell Franks Haus to the MonkeyKing and BulkBuy members and vice versa;
- the Company's three complimentary e-commerce platforms place the Company in a position to take advantage of, and participate in, the expanding e-commerce market; and
- the Company's use of social media advertising platforms, including WeChat.

The Company intends to cross sell and advertise the Franks Haus business to users of the MonkeyKing and BulkBuy platforms. The Company recognises that consumers often develop "brand loyalty" tendencies after purchasing goods from trusted businesses. Having this existing customer base is an advantage for the Company in the development of Franks Haus, and will also be advantageous in selling the MonkeyKing and BulkBuy platforms to Franks Haus customers.

Over the 12 months following completion of the Offer, Haodex's business plan is to:

- **strengthen its marketing strategies to increase exposure and market growth.** MonkeyKing and BulkBuy currently partake in social media marketing through social media platforms with a focus on WeChat. MonkeyKing and BulkBuy currently use social media platforms to advertise daily product offerings available on the Monkeyking and BulkBuy sites and engage with its distributors.

- **build upon its product range.** MonkeyKing and BulkBuy continue to increase and adjust their product ranges according to customer demands. MonkeyKing and BulkBuy are continually searching for unique Australian brands that are attractive to the Chinese buyer.
- **increase market exposure and brand awareness** by attending Chinese trade conferences which provide direct contact with Australian suppliers who are interested in growing or establishing their Chinese distribution network.
- **expand exclusive product ranges** on the websites to increase sales margins and grow profitability.
- **increase vendor selling capabilities** by building out these capabilities will enable MonkeyKing and BulkBuy to be e-commerce marketplaces where vendors can directly set up their own ecommerce shop, so that Australian vendors can sell directly to MonkeyKing's and BulkBuy's existing and future Chinese customer base.
- **expand Franks Haus** by learning from feedback during the testing phase with the aim of being able to provide a best in class experience for local and international tourists seeking short term accommodation solutions in China.

Haodex's immediate growth strategy focuses on the MonkeyKing platform delivering what the Company believes Chinese consumers want: clean, safe and premium quality Australian products. The Company believes it can deliver growth by securing and enhancing supplier agreements and relationships with new and existing Australian producers and suppliers and further developing its technology to ensure good experiences for both buyer and seller.

3. INDUSTRY OVERVIEW

3.1 INTRODUCTION

The Company operates in the rapidly growing ecommerce and technology industries, specifically:

- the business-to-consumer, or “B2C”, cloud consumer industry, by offering internet platforms for merchants and suppliers to distribute Australian products to consumers in Asia.
- the shared accommodation and lodging industry, targeting the local Chinese tourism market.

3.2 MARKET OVERVIEW – B2C e-commerce

Business-to-Customer, or “B2C”, e-commerce is the exchange of goods or services over the internet between online stores and individual customers. E-commerce has become one of the fastest growing sectors of the world economy due to consumer preference for online shopping and the ease of starting an online store.

(a) Cross-Border eCommerce into China

Cross-border import e-commerce (**CBEC**) has grown steadily in recent years, due to strong consumer demand for premium brands and high-quality overseas products. There are two major types of CBEC platforms: integrated and vertical. The former sells a large variety of categories of products, while the latter focuses on a few specialized categories.¹

China is the world’s largest e-commerce market and in 2015 generated revenues of nearly 4 trillion RMB.² Continued growth in the Chinese CBEC market has resulted in the development of online CBEC platforms and marketplaces that are highly popular among Chinese consumers as a major channel to buy authentic foreign products.³ In particular, there has been noticeable demand from the Chinese middle-class for Australian goods which have a reputation for being clean, safe and of premium-quality.⁴

Broadly, overseas retailers and brands have one of three options to sell to Chinese consumers:

- selling through domestic retail outlets or online stores to daigous and Chinese tourists;
- selling through a CBEC platform; or
- traditional import, that is, importing into China and selling through physical and/or online stores.

There are estimated 100,000 to 200,000 daigou in Australia. Though the daigou model has flourished since early 2000s, a quarter of Chinese online shoppers buy through CBEC sites.⁵

¹ “Spotlight on China Retail - Issue 8: Cross-border E-commerce (Import)”, Fung Business Intelligence, October 2018

² “The modernization of the Chinese Consumer”, McKinsey & Company, March 2016

³ “58% of Chinese Consumers Purchase Foreign Products online from Domestic Shopping Websites”, Mintel Report, March 2016; “China’s Crackdown on Daigou, New Cross-Border e-Commerce Policies”, China Briefing, January 2019

⁴ “Inside Australian Online Shopping 2019 eCommerce Industry Report”, Australia Post Report, 2019

⁵ “The Cross-border eCommerce (Haitao) Opportunity in China”, Azoya Consulting, May 2018

China's CBEC (import) market has achieved stable growth in recent years, fuelled mainly by individuals upgrading their level of consumption. Chinese consumers are increasingly buying higher quality and unique overseas products via approved CBEC platforms.⁶

China is Australia's number one export market and since the China Australia Free Trade Agreement (**ChAFTA**) came into effect on 20 December 2015 the volume of Australian products and services being consumed in China has grown.⁷ Haodex believes that the market for Australian goods in China will continue to increase and is positioning its business to benefit from this ongoing demand.

At the beginning of 2019 the Chinese government introduced the CBEC Regulations which are focussed upon the regulation of this market and are currently in a pilot program across 37 cities in China. The primary focus of these Regulations are to ensure that proper data tracking and transactional record keeping is maintained.⁸

Haodex ensures that at all times the platforms it operates are in compliance with the CBEC Regulations and will ensure it maintains its policies and procedures to demonstrate ongoing compliance.

The Company is aware of media commentary concerning a trade dispute arising or existing between Australia and China since the onset of the global COVID-19 pandemic. While the Company is not yet aware of any such trade tensions extending to ecommerce between Australia and China, potential investors should make their own assessment as to whether geopolitical tensions between China and Australia will impact their investment when considering whether to apply for shares in the Company. Refer to section 5.2.11 for further details.

Consumer Trends

Over the past decade, Chinese consumers' concerns about product safety have driven the demand for imported products which are generally perceived as better quality than domestically produced goods.⁹ There is a general perception that imported products are of a better or higher quality than domestically produced goods.¹⁰ In addition to retail concerns, Chinese consumers have also changed their spending habits over recent years. From 2012 to 2015, consumers were increasingly focusing their spending on trading up for premium products over mass products. This spending habit was most pronounced for cosmetics products but was also pronounced for products such as spirits, dairy milk, hair care and rice.¹¹ Chinese consumers are beginning to practice preventative healthcare and seek to eat healthier and safer food as a response to rising standards of living.¹²

These trends have coincided with Chinese consumers' growing preference for online shopping. In China, gross merchandise volume of the e-commerce market has grown from 4.8 trillion RMB to 32.7 trillion RMB in 2019.¹³ Revenue in China's e-commerce market is currently US\$723,131 for 2019, and it is expected to show an annual growth rate of 10.9% to result in a market volume of US\$1,095,457m by 2023.¹⁴ While currently 98% of total e-commerce purchases in China are domestic, it is expected

⁶ "Spotlight on China Retail", Fung Business Intelligence, October 2018

⁷ "China-Australia: Opportunities for Trade and Investment", China Briefing, May 2018

⁸ Refer to the Cross-border E-commerce Retail Imports Regulation, Notice of Improving the Tax Policy of Cross-border E-commerce Retail Imports Regulation, and the Goods List of Cross-Border E-commerce Retail Imports Regulation of the People's Republic of China

⁹ "Spotlight on China Retail", Fung Business Intelligence, October 2018

¹⁰ "Spotlight on China Retail", Fung Business Intelligence, October 2018

¹¹ "The modernization of the Chinese Consumer", McKinsey & Company, March 2016

¹² "The modernization of the Chinese Consumer", McKinsey & Company, March 2016

¹³ "Gross merchandise volume of China's e-commerce market from 2010 to 2019", Statista, September 2019

¹⁴ "eCommerce China", Statista, 2019

that foreign ecommerce transactions will increase to take up to 3% of e-commerce purchases in China by 2023.¹⁵

Approximately 56.3% of CBEC shoppers are aged between 29 and 39 years of age, 21.7% are aged between 24 and 28 years, and 17.8% are aged 40 years and above. Many CBEC shoppers are frequent buyers, with 69.1% making more than a single purchase per month.¹⁶

A majority of shoppers tend to be based in Guangdong (19.0%), followed by Beijing (13.2%) and Shanghai (10.1%).¹⁷

In 2018, Chinese consumers had a disposable income of 28,228 RMB per capita and consumption of 19,853 RMB per capita.¹⁸ Some research suggests that from 2010 to 2020, the per-household disposable income of urban consumers will double and increase from about USD\$4,000 to USD\$8,000 and discretionary spending will also increase.¹⁹

Demand for Australian Goods

Chinese consumers view Australia as possessing a clean and green environment with good quality products and brands. As a result, Australian baby and children products have attracted greater attention amongst parents.²⁰ There is a growing demand for premium Australian products, particularly those which are skincare products, maternity and baby care products, health supplements and weight loss products and hair care.²¹

The Company is of the view that China remains a huge opportunity for Australian companies due to the positive reputation Australian products hold. As an indicator of this, cross-border shoppers in China were 1.6 times more likely to associate health and nutrition with Australia than with the US, Germany, Japan and South Korea.²² Research indicates that 37% of CBEC shoppers prefer to purchase products from Australia.²³

(b) E-commerce Trends in Australia

In Australia, online e-commerce marketplaces featured growth of 74.8% in 2017 as retailers recognise the benefits that e-commerce can bring to business by increasing customer traffic and enabling expansion into other shopping categories.²⁴ This continued into 2018, when according to the NAB Online Retail Sales Index, online department and variety stores experienced growth of 29.6%.²⁵

Research indicates that in 2017 Australians spent \$21.3 billion buying goods online. In 2018, this spend was estimated to be approximately \$28.88 billion.²⁶

¹⁵ "eCommerce China", Statista, 2019

¹⁶ "Spotlight on China Retail", Fung Business Intelligence, October 2018

¹⁷ "Spotlight on China Retail", Fung Business Intelligence, October 2018

¹⁸ "China consumers squeezed in 2018 as income gains slow, living costs rise", Reuters, February 2019

¹⁹ "Meet the Chinese consumer of 2020", McKinsey & Company, March 2012

²⁰ "Consumer products to China (personal care, fashion) - Trends and Opportunities", Austrade, 2019

²¹ "Consumer products to China (personal care, fashion) - Trends and Opportunities", Austrade, 2019; "Five Australian consumer goods on China's top demand list", Sydney Morning Herald, March 2017.

²² "China's Enduring Desire for 'Brand Australia'", Forbes, April 2017

²³ "The Cross-border eCommerce (Haitao) Opportunity in China", Azoya Consulting, May 2018

²⁴ "Inside Australian Online Shopping 2018 eCommerce Industry Paper", Australia Post, 2018

²⁵ "NAB Online Retail Sales Index, Monthly Update - January 2019", National Australia Bank, 6 March 2019

²⁶ "NAB Online Retail Sales Index, Monthly Update - January 2019", National Australia Bank, 6 March 2019

(c) Market Environment

Key Market Actors

The most notable entity in the Chinese e-commerce market is Alibaba which was predicted to capture a 55.9% share of online retail sales in China for 2019. After Alibaba is JD.com, which was predicted to capture 16.7% of the Chinese e-commerce market in 2019. Notably, Pinduoduo, a group buying platform, currently holds 7.3% of the e-commerce market.²⁷

Regarding the cross-border e-commerce market, NetEase Kaola, Tmall Global and JD Worldwide are key CBEC import players that held 26.2%, 22.4% and 13.4% respectively of the Chinese CBEC market in the first half of 2018.²⁸

While the Company has various competitors in the CBEC market, it has sought to differentiate itself to compete effectively with these other actors in the following respects:

- (a) Australian-goods focused
Unlike other e-commerce sites, Haodex's corporate headquarters are Australia based. The Company is focused on ensuring that the products it provides on the MonkeyKing platform is sourced from Australia. Over time, consumers will appreciate and trust that products purchased from the MonkeyKing site are of an Australian-standard.
- (b) Retail distribution network
MonkeyKing has established an extensive retail distributor network of over 6,451 retail distributors located in nearly every province in China. As described above in section 2.3, retail distributors play an important role in informing other consumers about the MonkeyKing platform. Haodex believes that its established retail distribution network provides it with a solid foundation to continue to expand.
- (c) Accessible group buying
Unlike other group-buying platforms, the BulkBuy business model allows customers to purchase products at low quantities at wholesale prices. Though there are other group buying providers in China, most, if not all, require retail customers to purchase products in large volumes to access wholesale discounted prices. Contrastingly, customers on the Bulk Buy World platform can access wholesale pricing when purchasing only a single product provided that they also invite others to make purchases on the Bulk Buy World platform.

Barriers to entry

Despite the growth and continued demand for CBEC providers, the Company faces several barriers to entry, including:²⁹

- (a) Tightening of regulations and non-tariff barriers;
- (b) Market access, such as product registration issues; and
- (c) Competition from other countries.

In addition to the above general barriers to entry, MonkeyKing and Bulk Buy World will also need to implement extensive software development and amendments to enable the MonkeyKing and Bulk Buy World business models to operate as intended.

²⁷ "Just how far ahead is Alibaba in China's e-Commerce Market?", Market Realist, July 2019.

²⁸ "Spotlight on China Retail", Fung Business Intelligence, October 2018.

²⁹ "Consumer products to China (personal care, fashion) - Trends and Opportunities", Austrade, 2019

3.3 MARKET OVERVIEW – Shared Accommodation Listings

(a) Hospitality and the Sharing Economy

The defining feature of the sharing economy is the existence of a platform (typically digital) that connects buyers and sellers in a market and reduces transaction costs, where the buyers and sellers are individuals or small businesses. The sharing economy has emerged due to advancements in information sharing and communication technology which have significantly lowered costs and enabled more efficient connections between buyers and sellers.

Hospitality is one of the key categories within the sharing economy. Digital vacation rental, or short-term letting, platforms are websites that enable hosts offering accommodation to connect with guests seeking short-term stays, in return for a commission. Such platforms currently in the market include Airbnb, VRBO, Booking.com, and HomeAway.

Such rentals are not a new form of economic activity. However, new platforms have fundamentally changed the scale of this activity by making it more efficient and less risky, and by significantly reducing the search costs involved.³⁰

(b) Accommodation and lodging in China

China's domestic tourism market has expanded rapidly in recent years, driven by a fast-growing middle class and the proliferation of online travel services.³¹ The market is experiencing significant growth and corporate activity and expansion with regards to the short-term rental industry, with the major platforms in China include Airbnb, Xiaozhu, and Tujia.com.³²

Trends

A report released by the Sharing Economy Research Center of the State Information Center in China noted positive growth in the shared accommodation market with the following results in 2017:³³

- the market surged 70 percent year-on-year to reach 14.5 billion yuan (US\$2.28 billion);
- 78 million people were involved in China's apartment-sharing sector in 2017, among which 76 million were tenants;
- ≈3 million domestic housing resources were offered by major apartment-sharing platforms; and
- the market attracted US\$540 million in financing.

From 2017 to 2018, revenue from home-sharing listings in China rose by 37.5% to 16.5 billion RMB.³⁴ It is predicted that revenue from vacation rentals in China will show an annual growth rate of 9.2% from 2019 to 2023 which will result in a market volume of US\$13,307 by 2023.³⁵

Though the home share market in China is still in its early stages of development, the market shows signs of economic opportunity. There has been a rise of vacation rentals resulting from Chinese consumers' pursuit of high-quality travel experiences, and family trips have been a key driver in growth of China's vacation rental and homestay services.³⁶ According to the Ministry of Agriculture

³⁰ "Who wins and who loses when platforms like Airbnb disrupt housing? And how do you regulate it?", University of New South Wales B News, November 2018

³¹ "China Airbnb rival Xiazhu.com raises nearly \$300 million from Jack Ma fund", Reuters, October 2018

³² "Airbnb wants the key to China's millennial empire", Wall Street Journal, March 2019.

³³ "Home sharing sector soars 70%", China Daily, May 2018

³⁴ "Travelers take to home-sharing options for unique experiences", China Daily, September 2019

³⁵ "Vacation Rentals China", Statista, 2019

³⁶ "Vacation rental services set to boom", China Daily, June 2019

and Rural Affairs of China, in 2018 over 3 billion tourists visited rural resorts which collected revenues of more than 800 billion RMB.³⁷ In October 2018, the China State Council released an action plan for 2018 to 2020 to stimulate domestic consumption and suggested that efforts should be made to boost the development of short-term rental services like rental apartments and guesthouses.³⁸

The consumer-to-consumer accommodation market has been particularly popular with young people in China. In 2017 about 78 million Chinese sought shared accommodation. People aged 18-30 accounted for over 70% of the total. The home-owners providing shared accommodation were largely young people with high education degrees. The average age of participating home-owners was 33 years of age. Nearly 60% of these were women, and about 70% had a university degree or higher.³⁹

(c) Market environment

Key Market Actors

Currently the share accommodation market in China is dominated by major platforms including Airbnb, Xiaozhu, and Tujia.com.

Xiaozhu, which operates a C2C model and is considered China's answer to Airbnb, has listed more than 500,000 shared houses in 650 cities and other destinations on its platform since its foundation in 2012.⁴⁰ As on 2018, Xiaozhu has about 21.6% of the Chinese short-term rental market share.⁴¹ Prior to this, Tujia launched in December 2011 and operates a b2c model. As at 2018 Tujia held 24.5% of the Chinese short-term rental market share.⁴²

Airbnb entered the market in 2016 but at 2018 held 7.2% of the market share.⁴³ As of August 2018, Airbnb had about 150,000 listings in China and had been used by over 8.6 million Chinese tourists.⁴⁴ The remainder of the market (46.8%) is occupied by other accommodation providers. Though Franks Haus faces existing competition from providers who have already established themselves in the Chinese market, the Company believes that it will be sufficiently differentiated from these key actors in the following respects:

(a) Listing quantity

Though it has not completed open beta testing, Franks Haus already has approximately 100,000 properties on its database. By the time of its launch, Franks Haus will be ahead of some of its competitors in the range of accommodation options and locations customers can choose from.

(b) Cross-selling ability

The Company plans to market and cross-sell Franks Haus to MonkeyKing and Bulk Buy World customers using its existing online networks. The Company believes that this will be advantageous to ensuring that Franks Haus is launched successfully as it provides Franks Haus with a target market which is already familiar with the Company.

(c) Existing knowledge of the Chinese market

³⁷ "Shared accommodation industry can boost housing market: tech CEO", China Daily, March 2019

³⁸ "Vacation rental services set to boom", China Daily, June 2019

³⁹ "China's Shared Accommodation Market Size to Reach USD7.7 Bln by 2020", Yicai Global, June 2018

⁴⁰ "Shared accommodation industry can boost housing market: tech CEO", China Daily, March 2019

⁴¹ "Airbnb wants the key to China's millennial empire", Wall Street Journal, March 2019

⁴² "Airbnb wants the key to China's millennial empire", Wall Street Journal, March 2019

⁴³ "Airbnb wants the key to China's millennial empire", Wall Street Journal, March 2019

⁴⁴ "Home away from home", Beijing Review, May 2019

Unlike other competitors who may be attempting to enter the Chinese market after establishing themselves elsewhere, the Company has a good understanding of the Chinese market after establishing MonkeyKing and Bulk Buy World other businesses in China using Chinese social networking platforms. The Company believes that its experience will be advantageous in continuing to navigate the market Franks Haus' official launch.

Barriers to entry

The Company acknowledges that there are various barriers to entry which will need to be overcome in order for Franks Haus to operate effectively in the c2c accommodation market:

- (a) Supply and demand
Typically there is preference among Chinese who own unutilised space to not rent it out to others. For home owners who do decide to rent out unused space, the preference is to hire professional real-estate agents to manage them as long-term rentals rather than manage rentals personally. Additionally, as the share accommodation market is still in its infancy stage in China, there remains concern among potential renters about the quality of rental accommodation available on peer to peer networks.⁴⁵
- (b) Competition
As discussed above, the existing market competitors in the Chinese c2c accommodation market have well established themselves for several years now and have been able to do so by using their understanding of the Chinese market.
- (c) Regulation
In November 2018, the Chinese government introduced new regulations requiring foreigners to register their accommodation with police. Chinese rental regulations classify peer-to-peer accommodation as hotels, which imposes a great burden on accommodation hosts to ensure that rental properties are kept up to the requisite standard.⁴⁶

4. FINANCIAL INFORMATION

4.1 INTRODUCTION

This section contains the Historical Financial Information and Pro Forma Financial Information of the Company and its controlled entities (collectively, the Financial Information). The basis for preparation and presentation is detailed below.

The financial information set out in this Section 4 includes the following:

- Summary of audited consolidated historical statement of comprehensive income for the years ended 30 June 2019 (**FY2019**) and 30 June 2020 (**FY2020**) ("**Consolidated Historical Statement of Profit and Loss and Other Comprehensive Income**");
- Summary of historical consolidated statement of cash flows for FY2019 and FY2020 ("**Consolidated Historical Statement of Cash Flows**"); and

⁴⁵ "Peer-to-peer accommodation networks", Goodfellow Publishers Ltd, 2018

⁴⁶ "Peer-to-peer accommodation networks", Goodfellow Publishers Ltd, 2018

- Summary consolidated historical and pro forma statement of financial position as at 30 June 2020 (“**Consolidated Historical and Pro forma Consolidated Historical Statement of Financial Positions**”),

together the (“**Pro forma Historical Financial Information**”).

4.2 BASIS OF PREPARATION

The financial information in this section has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards Board (including other authoritative pronouncements issued by the AASB) and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Pro Forma Historical Financial Information has been prepared for inclusion in this Prospectus and has been derived from the audited historical consolidated financial statements of the Company for FY2019 and FY2020. The historical financial statements for FY2019 and FY2020 were audited by Rothsay Chartered Accountants who issued unmodified audit opinions for each period.

The Company’s significant accounting policies relevant to the historical financial information are set out in Appendix 1 to the Prospectus. The Company’s accounting policies have been consistently applied throughout the periods presented.

The financial information is presented in an abbreviated form insofar as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards as applicable to annual financial reports prepared in accordance with the Corporations Act.

The Management Discussion and Analysis included in Section 4.4 has been prepared based on the Audited Historical Results.

The Directors are responsible for the inclusion of all Audited and pro forma Historical Financial Information in this Prospectus. Investors should note that historical financial performance is not a guide for future financial performance.

The Pro Forma Historical Financial Information has been reviewed and reported on by Hall Chadwick as set out in the Independent Accountant’s Report in section 8. Investors should note the scope and limitations of that report.

The Audited and Pro forma Historical Financial Information should be read together with the other information contained in this Prospectus, including:

- management’s discussion & analysis set out in this Section 4;
- the risk factors described in Section 5;
- the Use of Proceeds of the Offers described in Section 7.2;
- the indicative capital structure described in Section 7.3;
- the Independent Accountant’s Report on the Pro Forma Historical Financial Information set out in Section 8; and
- the other information contained in this Prospectus.

Non IFRS financial measures

Investors should be aware that certain financial data included in this Section 4 is “non IFRS financial information” under *Regulatory Guide 230: “Disclosing non IFRS financial information”* published by ASIC. The Company believes that this non IFRS financial information provides useful information to users in measuring the financial performance and conditions of Haodex. As non IFRS measures are not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which the Group calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non IFRS financial information and ratios.

In particular, the following non IFRS financial data is included:

- EBITDA means earnings before interest, taxation depreciation and amortisation;
- EBIT means earnings before interest and taxation;

All amounts disclosed in this section are presented in Australian Dollars, unless otherwise noted.

4.3 HISTORICAL STATEMENTS OF FINANCIAL PERFORMANCE

The table below presents the summarised historical consolidated statement of profit and loss and comprehensive income for FY2020 and FY2019.

| \$ | Audited FY2019 | Audited FY2020 |
|---|--------------------|-------------------|
| Revenue | 3,428,457 | 2,255,431 |
| Government grant | - | 62,615 |
| Raw materials and consumables used | (158,260) | (54,906) |
| Employee Benefits Expense | (555,624) | (563,676) |
| Other Expenses | (1,027,276) | (649,441) |
| EBITDA | 1,687,297 | 1,050,023 |
| Depreciation and amortisation | (297,564) | (539,539) |
| EBIT | 1,389,733 | 510,484 |
| Interest income | 2,281 | 713 |
| Finance cost | (9,106) | (4,831) |
| NPBT | 1,382,908 | 506,366 |
| Income tax benefit | (368,740) | (219,237) |
| NPAT | 1,014,168 | 287,129 |
| Other comprehensive income, net of income tax | | |
| Derecognition of digital currencies | (9,074,238) | - |
| Other comprehensive income (loss) for the year, net of tax | (9,074,238) | - |
| Total comprehensive income (loss) for the year | (8,060,070) | 287,129 |
| Profit attributed to: | | |

| | | |
|--|--------------------|-----------------|
| Members of the parent entity | 1,020,302 | 351,994 |
| Non-controlling interest | (6,134) | (64,865) |
| | 1,014,168 | 287,129 |
| Total comprehensive income attributed to: | | |
| Members of the parent entity | (8,053,936) | 351,994 |
| Non-controlling interest | (6,134) | (64,865) |
| | (8,060,070) | 287,129 |

The above financial statements include the results of services provided to Oilvest in respect of the Dig-Exchange business. The Company has determined, subsequent to discussions with NSX, that prospective investors should be informed of the Company's financial position excluding these services which will cease going forward (refer Section 9.5). Included in the FY2020 Net Profit Before Tax of \$506,366 (FY2019 \$1,382,908) is profits totalling \$1,269,418 (FY2019: \$1,885,185) relating to the Oilvest business comprising revenue of \$2,100,000 (FY2019: \$3,131,205) and expenses of \$830,582 (FY2019: \$1,246,020).

4.4 Management discussion and analysis of financial performance and key operating metrics

4.4.1 Revenue

In January 2019, the Company invested into a retail omnichannel solutions business model, creating its own proprietary e-commerce platform and shifting the core business away from software services. The retail marketplace business is comprised of three websites – MonkeyKing (launched November 2018), BulkBuy (launched public beta June 2019) and Franks Haus (launched April 2019).

The Company has generated revenue through Monkeyking Australia's sales activity and its software services. At 30 June 2020, the Franks Haus and BulkBuy platforms have not contributed strongly to revenue due to their continued development. Franks Haus has not generated any revenue for FY2020, while BulkBuy has generated \$7,700 for FY2020.

Revenue from sale of goods and provision of services for the financial years are set out below.

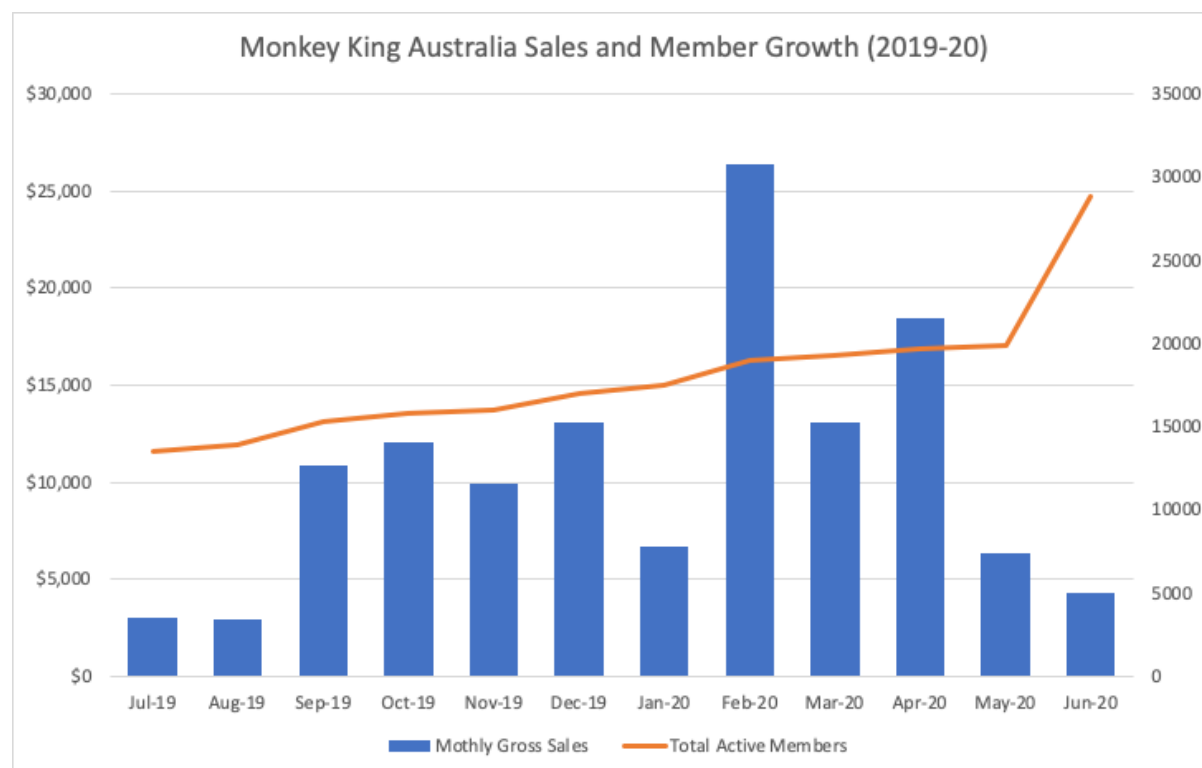
| | FY2019 | | FY2020 | |
|----------------------------|----------------|-------------|----------------|-------------|
| | \$ | % | \$ | % |
| Revenue | | | | |
| MonkeyKing – Sale of Goods | 297,252 | 100% | 126,972 | 81.69% |
| BulkBuy | nil | 0% | 28,459 | 18.31% |
| Franks Haus | nil | 0% | nil | 0% |
| Total revenue | 297,252 | 100% | 155,431 | 100% |

Since its launch in November 2018 to 30 June 2020, MonkeyKing has grown its total Active Members to 28,800 and completed 15,143 transactions. The key drivers are diversity of products, daily active users, cross sale of active users amongst the Group's different products, retention rates, and conversion of new users to users who actually make a transaction.

Revenue from the Company's business is generated in Chinese Renminbi or Australian Dollars depending on the origin of the transaction (i.e. a customer in China buys a product, or a customer in Australia buys a product), Chinese Renminbi is transferred to Australian Dollars at month end. As such the devaluation in the AUD relative to the Renminbi has impacted the Company's Revenue in the Historical Financial results.

MonkeyKing

Set out below are details of the monthly gross sales (before discounts) generated by MonkeyKing together with cumulative number of registered users.



Monkeyking monthly sales have increased from \$105,000 in June 2019 to \$126,972 in June 2020. For the 12 months ending 30 June 2019, MonkeyKing returned a gross profit of \$72,066.

4.4.2 Direct costs

Direct costs are comprised of three components:

- Costs associated with operating an internet based business;
- Direct labour costs and contractor costs in relation to customer support services and staff;
and
- Payment gateway providers and institutions fees on transactions.

Direct costs have increased substantially over the historical period due to the escalation in the scale of the business.

4.4.3 Other Expenses

Expenses have increased in line with growth in the business and new business acquisitions, together with the Company's focus on the development and expansion of its omnichannel solutions business model, which will continue to be the focus for the Company as it seeks to develop this business.

4.5 Management discussion and analysis of the audited historical cash flows

The table below presents the summarised audited consolidated historical statement of cash flows for FY2019 and FY2020.

| June year end | Audited FY2019 \$ | Audited FY2020 \$ |
|--|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 3,019,909 | 620,111 |
| Payments to suppliers and employees | (2,555,050) | (1,257,370) |
| Interest received | 2,281 | 713 |
| Interest paid | (8,296) | (4,831) |
| Receipt from grants | - | 62,615 |
| Net cash provided by/(used in) operating activities | 458,844 | (578,762) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Excess of cash acquired in acquisition of subsidiary | 129,823 | - |
| Purchase of intangible assets | (1,623,254) | - |
| Net cash provided by/(used in) investing activities | (1,493,431) | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from issue of shares | 1,444,684 | - |
| Payment of lease liabilities | (105,922) | (83,902) |
| Net cash provided by/(used in) financing activities | 1,338,762 | (83,902) |
| Net increase/(decrease) in cash and cash equivalents held | 304,175 | (662,664) |
| Cash and cash equivalents at the beginning of the period | 376,269 | 680,444 |
| Cash and cash equivalents at the end of the period | 680,444 | 17,780 |

Note: The historical statement of cash flows has been extracted from the audited financial statements of HAODEX for the financial years ended FY2019 and FY2020.

4.5.1 Operating and cash flows

Haodex's operating cash flow has declined as a result of a decrease in EBITDA from \$1,687,297 in FY2019 to \$1,050,023 in FY2020.

4.5.2 Investing cash flows

During FY2019 the Company invested \$1,623,254 in relation to the acquisition of intangible assets from Bulkbuy, Monkeyking and Franks Haus.

4.6 Impact of foreign exchange rates and presentational currency

A significant amount of Haodex's revenue, costs and expenses will be denominated in foreign currencies. Haodex's reporting currency for its financial reports is Australian dollars and is therefore impacted by movements in the underlying operating currencies and the Australian Dollar: Chinese Renminbi exchange rate. Accordingly, investors should note that the Company's financial results are exposed to fluctuation in foreign currencies.

4.7 Consolidated historical and pro forma statement of financial position at 30 June 2020

The table below sets out the audited historical statement of financial position, the pro forma adjustments that have been made to it (further described in Section 4.7.1) and the pro forma consolidated statement of financial position as at 30 June 2020.

The pro forma statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of Haodex's view of its future financial position.

| | | Audited FY2020 | \$1.0 million raised Pro forma | \$1.7 million raised Pro forma |
|---------------------------------|-------------|---------------------------|---|---|
| 30 June 2020 | Note | \$ | \$ | \$ |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 4.7.2 | 17,780 | 864,930 | 1,521,330 |
| Trade and other receivables | 4.7.3 | 2,100,242 | 3,166,857 | 3,166,857 |
| Inventories | | 51,984 | 51,984 | 51,984 |
| Other assets | 4.7.4 | 1,682,036 | 1,682,036 | 1,682,036 |
| TOTAL CURRENT ASSETS | | 3,852,042 | 5,765,807 | 6,422,201 |
| NON CURRENT ASSETS | | | | |
| Plant and equipment | | 81,816 | 81,816 | 81,816 |
| Deferred tax assets | | 2,268 | 2,268 | 2,268 |
| Intangible assets | 4.7.5 | 1,386,812 | 820,197 | 820,197 |
| TOTAL NON CURRENT ASSETS | | 1,470,896 | 904,281 | 904,281 |
| TOTAL ASSETS | | 5,322,938 | 6,710,088 | 7,326,488 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | | 161,723 | 161,723 | 161,723 |

| | | | | |
|--------------------------------------|-------|------------------|------------------|------------------|
| Current tax liabilities | | 563,628 | 563,628 | 563,628 |
| Lease liabilities | | 74,102 | 74,102 | 74,102 |
| Employee entitlement | | 8,150 | 8,150 | 8,150 |
| TOTAL CURRENT LIABILITIES | | 807,603 | 807,603 | 807,603 |
| NON-CURRENT LIABILITIES | | | | |
| Trade and other payables | | 896,622 | 896,622 | 896,622 |
| TOTAL NON-CURRENT LIABILITIES | | 896,622 | 896,622 | 896,622 |
| TOTAL LIABILITIES | | 1,704,225 | 1,704,225 | 1,704,225 |
| NET ASSETS | | 3,618,713 | 4,965,863 | 5,622,263 |
| EQUITY | | | | |
| Issued capital | 4.7.6 | 2,217,862 | 5,345,660 | 6,002,610 |
| Reserves | 4.7.7 | 202,935 | 202,935 | 202,935 |
| Retained earnings/(Losses) | 4.7.8 | 1,098,434 | (682,214) | (682,764) |
| Non-controlling interest | | 99,482 | 99,482 | 99,482 |
| TOTAL SHAREHOLDERS EQUITY | | 3,618,713 | 4,965,863 | 5,622,263 |

Note: The pro forma historical Statement of financial position has been prepared based on the audited financial statements of Haodex for the period ended 30 June 2020.

4.7.1 Pro forma adjustments

The following transactions and events contemplated in this Prospectus which are to take place on or before the completion of the Offer, referred to as the Pro forma Adjustments, are presented as if they, together with the Offer, had occurred on or before 30 June 2020 and are set out below.

With the exception of the pro forma transactions noted below no material transactions have occurred between 30 June 2020 and the date of this Prospectus which the Directors consider require disclosure.

Pro forma transactions:

Offer

1. The issue of 5,000,000 Shares at \$0.20 each amounting to \$1,000,000 in relation to the minimum Offer, together with the provisions for oversubscriptions of a further 3,500,000 Shares to raise a total of up to \$1,700,000;
2. Ceasing of Oilvest services for a one-off fee of \$500,000 (refer Section 9.5);
3. Cash costs in relation to the Offer estimated to be between \$152,850 and \$196,450. Cash costs of the Minimum / Maximum Offer have been allocated as \$61,500 / \$104,550 to contributed equity relating to the issue of new Shares and \$91,350 / \$91,900 to retained earnings;
4. The issue of the Advisor Shares (10,946,488 shares valued at \$2,189,298);
5. Mr Frank Huang and Ms Annie Huang will also be issued with 20,000,000 Performance Rights each, which convert on a 1 for 1 basis to ordinary Shares when the Company achieves

\$30,000,000 annualised revenue in any 12 month period prior to expiry. These Performance Rights expire on the date that is three years after the Company is listed on the NSX. The Performance Rights will be expensed over their vesting period if and when they vest and therefore no cost has been recorded in the pro-forma balance sheet as at completion of the Offer. Based on the Offer price of \$0.20, the fair value of the 40,000,000 Performance Rights, before taking into account any discounting for the achievement of performance or vesting conditions, is \$8,000,000.

4.7.2 Pro forma cash and cash equivalents

| \$ | Pro forma notes | Pro forma Min | Pro forma Max |
|--|-----------------|----------------|------------------|
| Audited cash and cash equivalents at 30 June 2020 | | 17,780 | 17,780 |
| <i>Pro forma transactions:</i> | | | |
| Proceeds from Shares issued under the Offer | 4.7.1 (1) | 1,000,000 | 1,700,000 |
| Cash costs in relation to the Offer | 4.7.1 (2) | (152,850) | (196,450) |
| Subtotal | | 847,150 | 1,503,550 |
| Pro forma cash and cash equivalents | | 864,930 | 1,521,330 |

4.7.3 Trade and other receivables

| \$ | Pro forma notes | Pro forma Min | Pro forma Max |
|--|-----------------|------------------|------------------|
| Services fee | 4.7.3 (1) | 2,100,000 | 2,100,000 |
| Lump sum service fee | 4.7.3 (2) | 500,000 | 500,000 |
| Sale of intangible assets relating to Dig-Exchange | 4.7.3 (3) | 566,615 | 566,615 |
| Total | | 3,166,857 | 3,166,857 |

4.7.3 (1) Under the terms of the asset sale agreement with Oilvest Pty Ltd (a related party) for the divestment of the Company's cryptocurrency exchange business Dig-Exchange (refer section 9.5), the Company provides Oilvest with certain services (such as technical support) and a licence fee to use any intellectual property necessary to operate the Dig-Exchange business. The consideration for the provision of such services is a fee of \$2,100,000 per year payable by Oilvest, plus a bonus payment being 80% of Oilvest's net profit after expenses, based on the previous years' profitability. At 30 June 2020, this payment totalling \$2,100,000 had not been received and is recorded as other receivable. Since 30 June 2020 the Company has received approximately \$160,000 of these fees, with the remainder expected to be received within the next 6 months. For the financial year ending 30 June 2020, Oilvest did not generate any profit and no bonus amount is owing to Haodex.

4.7.3(2) Post 30 June 2020 Haodex has agreed to cease services provided to Oilvest (refer section 9.5), with a lump sum fee of \$500,000 payable on or before 30 June 2021.

4.7.3(3) With services ceasing to Oilvest in respect of the Dig-Exchange business, Haodex has sold the intangible assets associated with the provision of these services, resulting in a receivable for the sales proceeds of \$566,615.

4.7.4 Other assets

Other assets are comprised of prepayments that relate to the prepayment of expenditure for two years for the continued development and maintenance of the Franks Haus platform. The prepayment is being recognised in the profit and loss on a straight-line basis over this two year period. Refer to Section 9.3 for further details.

4.7.5 Intangible assets

Intangibles relate to capitalised expenditure on the acquisition of separate proprietary technologies which perform the following functions:

- to operate a digital currency exchange; and
- to operate a short term accommodation business.

Intangible assets are being amortised on a straight line basis over five years.

Intangible assets have reduced by \$566,615 in the pro-forma financial information as a result of the sale of the intangible assets associated with the Dig-Exchange business (refer 4.7.3(3) above).

4.7.6 Pro forma share capital

| \$ | Pro forma notes | Pro forma | |
|---|-----------------|------------------|------------------|
| | | Min | Max |
| Issued capital at 30 June 2020 | | 2,217,862 | 2,217,862 |
| <i>Pro forma transactions:</i> | | | |
| Proceeds from Shares issued under the Offer | 4.7.1 (1) | 1,000,000 | 1,700,000 |
| Issue of Advisory Shares | 4.7.1 (3) | 2,189,298 | 2,189,298 |
| Costs in relation to the Offer | 4.7.1 (2) | (61,500) | (104,550) |
| Subtotal | | 3,127,798 | 3,784,748 |
| Pro forma share capital | | 4,970,260 | 6,002,610 |

| # | Pro forma notes | Pro forma | |
|--|-----------------|--------------------|--------------------|
| | | No. of Shares | No. of Shares |
| Number of shares issued at 30 June 2020 | | 135,000,000 | 135,000,000 |
| <i>Pro forma transactions:</i> | | | |
| Shares issued under the Offer | 4.7.1 (1) | 5,000,000 | 8,500,000 |
| Issue of Advisory Shares | 4.7.1 (3) | 10,946,488 | 10,946,488 |
| Subtotal | | 15,946,488 | 19,446,488 |
| Pro forma share capital | | 150,946,488 | 154,446,488 |

4.7.7 Pro forma Equity Reserves

| \$ | Pro forma notes | Pro forma | |
|---|-----------------|----------------|----------------|
| | | Min | Max |
| Audited share based payments reserve at 30 June 2020 | | 202,935 | 202,935 |
| <i>Pro forma transactions:</i> | | | |
| | | - | - |
| Pro forma share based payments reserve | | 202,935 | 202,935 |

Mr Frank Huang and Ms Annie Huang have also been issued with 20,000,000 Performance Rights each which convert on a 1 for 1 basis to ordinary Shares when the Company achieves \$30,000,000 annualised revenue in any 12 month period prior to expiry. These Performance Rights expire on the date that is three years after the Company is listed on the NSX.

The Performance Rights will be expensed over their vesting period and therefore no cost has been recorded in the pro-forma balance sheet as at completion of the Offer. Based on the Offer price of \$0.20, the fair value of the Performance Rights, before taking into account any discounting for the achievement of performance and vesting conditions, is \$8,000,000.

4.7.8 Accumulated Earnings

| \$ | Pro forma adjustments | Pro forma | |
|---|-----------------------|------------------|------------------|
| Accumulated Earning(Losses) | | Min | Max |
| Audited accumulated earnings at 30 June 2020 | | 1,098,434 | 1,098,434 |
| <i>Pro forma transactions:</i> | | | |
| Issue of Advisory Shares | | (2,189,298) | (2,189,298) |
| Lump sum service fee revenue | 4.7.3 (2) | 500,000 | 500,000 |
| Costs in relation to the Offer | 4.7.1 (2) | (91,350) | (91,900) |
| Pro forma accumulated losses | | (682,214) | (682,764) |

5. KEY RISKS

5.1 INTRODUCTION

This section 5 describes some of the key potential risks associated with an investment in the Company. Investors should note that the risks outlined in this section 5 are not exhaustive and are not the only risks associated with an investment in the Company, now or in the future. Additional risks that the Company is unaware of or that it currently considers to be immaterial may also potentially have a material adverse impact on the Company's business, financial condition and the value of its Shares. All or part of an investment in the Shares may be lost. The selection of risks has been based on the knowledge of the Directors and senior management as at the date of this Prospectus. While the Board endeavours to manage these risks to prevent adverse outcomes, many of the circumstances giving rise to these risks may be beyond the control of the Company, the Directors and its management.

An investment in the Company should be considered speculative. There can be no guarantee that the Company will deliver on its business strategy, or that any forward-looking statement contained in this Prospectus will be achieved or realised. Before deciding whether to invest in the Company, prospective investors should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in the Shares, you should seek professional guidance from your stockbroker, lawyer, accountant or other independent and qualified professional adviser before deciding whether to invest.

5.2 RISKS SPECIFIC TO HAODEX'S BUSINESS AND OPERATIONS

5.2.1 COVID-19 Risk

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has been having, and is likely to continue to have, a significant impact on global capital markets, the gold price and foreign exchange rates.

The Company's operations and business targets China-based customers who are interested in purchasing Australian products either on a retail basis or in bulk, and persons looking for accommodation in China. The Company has been impacted by the COVID-19 pandemic and has experienced a significant decrease in revenue for the 2020 financial year as a result of shipping delays, travel restrictions and general economic uncertainty.

The Company has implemented a COVID-19 management plan across its business in order to minimise the risk of infection for individuals. The Company's COVID-19 management plan is reviewed and updated based on the latest guidance from health professionals and the government as the situation develops.

5.2.2 Limited trading history

Haodex is a Company with a limited trading history. Given Haodex's limited trading history, and given that the share accommodation business arm Franks Haus is not yet revenue generative and is largely unproven, it is difficult to make an evaluation of Haodex's business prospects. Accordingly, no assurance can be given that Haodex's business and operations will achieve commercial viability through the implementation of its business plan or after the capital raise.

5.2.3 Sales and marketing success

Following Completion, the Company will seek to increase its market share and expand into additional sectors by focussing on sales and marketing. By its nature, there is no guarantee that Haodex's sales and marketing campaign will be successful. In the event that it is not, the Company may encounter difficulty in promoting Haodex's products and creating market awareness of the "Haodex" brand. This would likely have an adverse impact on the Haodex's trading and profitability.

Even if Haodex does successfully commercialise its products, there is a risk that Haodex will not achieve a commercial return. Haodex may not be able to provide its services to customers at a rate which covers its operating and capital costs, or new technology may overtake the Haodex's technology.

5.2.4 Protection of intellectual property rights

There may be circumstances where the Company's intellectual property cannot be protected or is subject to unauthorised disclosure, infringement or challenge by a third party. The Company may incur significant costs in asserting its rights in such circumstances. There can be no assurance that any trademarks the Group may own or control now and in the future, will provide the Company with a competitive advantage.

5.2.5 Brand and reputation

The Company's key business assets include brand names and related intellectual property of the business. A number of factors may adversely affect these key business assets, including:

- (i) Potential disputes or litigation with suppliers, customers, employees or other third parties;
- (ii) Adverse media coverage (including social media);
- (iii) Failure to deliver products which meet customer expectations; and
- (iv) Other risks to the Company's brand names and intellectual property which are beyond the Company's control.

These factors can erode the Company's public reputation and adversely affect the Company's supply streams by decreasing demand for the Company's products and causing interference with key supply relationships, distributors and employees. Cumulatively this could detrimentally affect the value associated with the Company.

5.2.6 Competition and new technologies

The industries in which Haodex is involved are subject to increasing domestic and global competition which is fast-paced and fast-changing. Haodex's future financial performance and overall success in the market will rest upon the successful implementation of strategies to compete with other businesses. There is no assurance that Haodex will succeed in developing its business. While Haodex will undertake all reasonable due diligence in its business decisions and operations, Haodex will have no influence or control over the activities or actions of its competitors, whose activities or actions may positively or negatively affect the operating and financial performance of the Haodex's projects and business. For instance, new technologies could overtake the advancements made by the Haodex's services. Alternatively, Haodex may be unable to compete successfully against future competitors where aggressive policies are employed to capture market share, or if competitors have advantageous access to capital and resources. Such cases could result in price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect Haodex's potential future business, operating results and financial position.

5.2.7 Reliance on key personnel

The emergence and development of Haodex's business has been in large part due to the talent, effort, experience and leadership of its management team. The responsibility of overseeing the day-to-day operations and the strategic management of Haodex depends substantially on senior management and its key personnel. Haodex is also substantially dependent on the continued service of its existing development personnel because of the complexity of its services and technologies. There is no assurance that Haodex will be able to retain the services of such persons and there can be no assurance given that there will be no detrimental impact on Haodex if one or more of these employees cease their employment or if one or more of the Directors leaves the Board, and the Company's ability or inability to attract and retain key personnel could have a material effect on the Company's business, results of operations and financial condition.

5.2.8 Faults with products or services

Haodex's products are complex and it may have errors or defects that users identify after they begin using it, which could harm Haodex's reputation and business. Internet-based services frequently contain undetected errors when first introduced or when new versions or enhancements are released. Haodex has on occasions found defects in its product and new errors may be detected in the future. If that occurs, the Company could lose future sales or customers.

5.2.9 Regulatory environment

Haodex's operations are subject to applicable laws and regulations in the jurisdiction in which it operates. While the Company is not currently aware of any current issues or impending regulatory changes, there is a continuing risk for the Company that local laws and/or regulations in Australia or China may change, and may detrimentally affect the way the Company currently operates. Users, competitors, members of the general public or regulators could allege breaches of legislation in the relevant jurisdictions (for example, if an advertisement was considered to be misleading or deceptive). Regulatory proceedings or findings against the Company's employees or agents, or general negligence or misconduct by those parties could result in regulatory sanctions and reputational or financial harm to the Company.

Further, Haodex's operations may become subject to new regulatory requirements, such as prohibition, licensing and reporting obligations, which would increase the costs and resources associated with regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon Haodex's profitability. In addition, if regulators took the view that Haodex had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant damage to Haodex's reputation and consequently impact its revenue.

5.2.10 Export Risks

MonkeyKing's products are sold from Australia with the intent that they be received by an end-customer in China. Any adverse changes to trade tariffs, quotas or duties, the subsidisation of local producers or introduction of other trade barriers, or the renegotiation of the bilateral free trade agreement between China and Australia (**ChAFTA**), could adversely affect the Company and its ability to export its products via the MonkeyKing platform.

Further, China has recently established laws governing the online sale of products and services and imposing rules on cross-border trade (**CBEC Regulation**). Such laws require businesses to be registered for cross border e-commerce sales in China. The Company is currently compliant with the CBEC Regulation and will need to comply with certain requirements on an ongoing basis to continue operating in compliance with the CBEC Regulation.

5.2.11 Geopolitical Risks

Haodex is subject to a number of geopolitical risks in the markets it operates in, including political instability and policy changes. Since the onset of the global COVID-19 pandemic, there have been various actions which can be interpreted to indicate the escalation of a trade dispute between Australia and China, despite the ChAFTA. Such events include China's imposition of an 80% tariff on Australian barley in May 2020, suspensions on sales of certain Australian beef into China and the commencement of an anti-dumping investigation into Australian wine.

The Company is currently compliant with China's CBEC Regulation and currently only offers its services to retail consumers based in China. However, the Company is not able to predict whether the trade tensions currently present between Australia and China will impact other areas of trade, such as ecommerce. Any such impacts could adversely affect the Company's operations and earnings and impact on the Company's Share price.

5.2.12 Foreign exchange risks

A significant amount of the Haodex's revenues, costs and expenses will be denominated in local currencies, while Haodex will compile its financial reports in Australian dollars. As a result of the use of these different currencies, Haodex will be subject to foreign currency fluctuations which may materially affect its financial position and operating results. For example, a depreciation of the Chinese Renminbi relative to the Australian dollar may result in lower than anticipated revenue, profit and earnings as a result of the translation of the RMB earnings into AUD.

As at the date of this Prospectus, 1 RMB equates to approximately \$0.202. For the last 30 days prior to this Prospectus, 1 RMB has on average equated to \$0.208.

5.2.13 Insurance coverage

Haodex faces various risks in connection with its business and may lack adequate insurance coverage or may not currently have the necessary insurance coverage. Haodex currently maintains workers compensation and management liability insurance (including corporate, employment practices and statutory liability) in certain jurisdictions however Haodex does not currently maintain professional indemnity, product liability, business interruption or third party liability insurance in any jurisdictions. Haodex will need to review its insurance requirements after completion of the Offer and obtain relevant insurances covering each jurisdiction it operates in as required. If Haodex incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, its profitability may be adversely affected.

5.2.14 Internet and general IT-infrastructure and platform related risk

Haodex is dependent on the performance, reliability and availability of its technology platforms (include servers, the internet, hosting services and its cloud-based infrastructure).

Expanding sales of the Haodex's products and other future developed products depends on the continued use of the internet as a communications and commerce platform for individuals and enterprises, and continued use of platform services which may be provided by third party service providers.

There is a risk that these systems may be adversely affected by disruption, failure, service outages or data corruption that could occur as a result of computer viruses, "bugs" or "worms", malware, internal or external use by websites, hacker attacks, and similar malicious programs or other disruptions including natural disasters, power outages or other similar events.

Certain number of these events may be caused by events outside of the Company's control, and may lead to business disruption and delay in meeting customers' needs.

There is also a risk that Haodex's potential growth may be constrained by a lack of scalability of the IT infrastructure. If Haodex's IT infrastructure cannot keep pace with Haodex's growth, it will have a detrimental impact on Haodex's ability to execute its growth objectives.

5.2.15 Hacker attacks

Haodex currently relies upon the availability of its website application to provide services to customers and attract new customers. Hackers could render the website application unavailable through a disrupted denial of service or other disruptive attacks.

Although Haodex has strategies in place to minimise such attacks, these strategies may not be successful. Unavailability of the website could lead to a loss of revenues for Haodex. Further, it could hinder Haodex's abilities to retain existing customers or attract new customers, which would have a material adverse impact on Haodex's growth.

5.2.16 Acquisitions

As part of its business strategy, Haodex may make acquisitions of, or significant investments in, companies, products, technologies and/or products that are complementary to Haodex's business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

5.2.17 Future capital requirements

There is no guarantee that the funds raised by the Offer will be sufficient to meet the Company's requirements. Further funding may be required by Haodex in the event costs exceed Haodex's estimates or revenues do not meet estimates, to support its ongoing activities and operations, including the need to develop new products or enhance its products, enhance its operating infrastructure and to take advantage of opportunities for acquisitions, joint ventures or other business and technology opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional financing will be required. Accordingly, Haodex may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangement or other means to secure additional funds. Failure to obtain sufficient financing for Haodex's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes which would likely adversely affect the business and financial condition of Haodex and consequently its performance. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to Haodex and might involve substantial dilution to Shareholders.

5.2.18 Supplier risk

As set out in this Prospectus, part of Haodex's business model will depend on third-party suppliers with respect to its product range and provision of other services such as payment processing, telecommunications, and advertising. The willingness of such providers to provide their services to Haodex may be affected by their own assessment of the legality of their provision of services to Haodex, of Haodex's business, and by political or other pressure brought to bear on them. To the extent that third-party suppliers are unwilling or unable to provide services to Haodex, this may have an adverse impact on Haodex's business and profitability.

The introduction of legislation or regulations restricting financial transactions with cross border services, or other prohibitions or restrictions on the use of credit cards and other banking instruments for cross border services may restrict Haodex's ability to accept payment from its customers. These restrictions may be imposed as a result of concerns related to fraud, payment processing, money laundering or other issues related to the provision of online gaming services. Payment processing companies may from time-to-time reject payments made to Haodex by its customers. Should such restrictions and rejections become more prevalent, or any other restriction on payment processing be introduced, this could have a material adverse effect on Haodex's operations, financial performance and prospects.

The introduction of legislation or regulations requiring internet service providers in any jurisdiction to block access to Haodex's websites and products may restrict the ability of customers to access its products. Such restrictions, should they be imposed, could have a material adverse effect on Haodex's operations, financial performance and prospects.

5.2.19 Fraud and collusion

Online transactions may be subject to sophisticated schemes or collusion to defraud, launder money or other illegal activities, and there is a risk that Haodex's platforms may be used for those purposes either by its customers or its employees.

Haodex has implemented controls and procedures to detect and guard against fraudulent activity and other collusion between customers, money laundering and other fraudulent activities and cyber-attacks, including distributed denial of service attacks. Haodex could lose the confidence of its customers and its reputation could be damaged if these controls and procedures are not effective in all cases, or are circumvented or if Haodex fails to implement new controls and procedures or to counter new money laundering, collusion and fraud techniques.

Failure of Haodex to protect itself and its customers from fraudulent activity, either by customers or employees, could result in reputational damage to Haodex and could materially adversely affect its operations, financial performance and prospects. In addition, failure to adequately monitor, detect and prevent money laundering and other fraudulent activity could result in civil or criminal liability for Haodex.

5.2.20 Distribution platforms

Haodex will use third-party platforms, such as Facebook, WeChat, to engage local distributors to distribute its products and engage with customers. Haodex will be subject to standard terms and conditions for application developers which govern the promotion, distribution and operation of applications on these platforms.

If Haodex violates, or if a platform provider believes that Haodex has violated, its terms and conditions the particular platform provider may discontinue or limit Haodex's access to the platform, which would adversely affect Haodex's distributor activity and its business. Haodex's business could also be adversely affected if the third-party platform providers discontinue or limit Haodex's access to their platforms, if their platforms decline in popularity, if they modify their current discovery mechanisms, communication channels available to developers, respective terms of service or other policies, including fees, or change how the personal information of players is made available to developers or develop their own competitive offerings.

5.2.21 Loss of distributors

Haodex distributors are an important mechanism of the operations and are key to the success of the Company's business. The loss of any key distributor or selection of distributors could undermine the

Company's future success and outreach. These occurrences may have a material adverse impact on the Company's revenue and profitability. The departure of a number of key distributors simultaneously or over a short period of time could have a particularly material adverse effect on the Company's financial position and performance.

5.2.22 Payment processing

The provision of convenient, trusted, fast, competitive and effective payment processing services to Haodex's customers and potential customers will be an important part of Haodex's business. If there is any deterioration in the quality of the payment processing services provided to Haodex's customers or any interruption to those services or if such services are only available at an increased cost to Haodex or its customers or such services are terminated and no timely and comparable replacement services are found, Haodex's customers and potential customers may be deterred from using the Haodex's products. Any of these occurrences may have a material adverse effect on Haodex's operations, financial performance and prospects.

5.2.23 Contractual risk

Haodex's business has a significant dependence on its counterparties and their ability to meet their contractual obligations pursuant to the agreements entered into with Haodex. Details of Haodex's current key material contracts are set out in section 9.

Haodex's ability to achieve its stated objectives will depend upon the performance of counterparties to each agreement and of their respective obligations under those agreements. If any counterparty defaults in the performance of their obligations, it may be necessary for Haodex to approach a court to seek a legal remedy. Legal action can be costly and there can be no guarantee that a legal remedy will be ultimately granted on the appropriate terms.

5.2.24 Foreign operations and compliance with law

Haodex does, and will, market and sell products in foreign jurisdictions and therefore will be exposed to risks relating to operating in those countries. Many of these risks are inherent in doing business internationally and these will include, but not be limited to:

- changes in the regulatory environment;
- trade barriers or the imposition of taxes;
- difficulties with staffing and/or managing any foreign operations;
- issues or restriction on the free transfer of funds;
- technology export or import restrictions; and
- delays in dealing across borders caused by customers or governmental agencies.

5.2.25 Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although Haodex is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of Haodex's business.

5.3 GENERAL RISKS

5.3.1 Share price

The price at which Shares are quoted on the NSX may increase or decrease due to a number of factors. These factors may cause the Shares to trade below the Offer Price. There is no assurance that the price of the Shares will increase following the quotation on the NSX, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the addition or departure of key personnel, actual or anticipated fluctuations in Haodex's results and recommendations of analysts in relations to those results, fluctuations in the industry in which Haodex operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters.

5.3.2 Share trading liquidity

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on the NSX at any time. This may increase the volatility of the market price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less or more than the price that Shareholders paid.

Following Completion of the Offer, Haodex's largest Shareholder will hold approximately 57.5% to 56.9% on a fully diluted basis depending upon the number of Performance Rights that may ultimately be exercised or converted, which may also impact liquidity. Additionally, the Escrowed Shareholders have entered into voluntary escrow arrangements in relation to the Shares they hold immediately following Completion of the Offer.

The absence of any sale of Shares by the Escrowed Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares, which could affect the prevailing market price at which Shareholders are able to trade Shares and the volumes they are able to trade.

Following release from escrow, Shares held by the Escrowed Shareholders will be able to be freely traded on NSX. A significant sale of Shares by an Escrowed Shareholder, or the perception that such sale has occurred or might occur, may potentially adversely affect the price of Shares in the lead-up to, at the time of, or post any completed or attempted sale.

5.3.3 Additional requirements for capital

The funds raised under the Offer are considered sufficient to meet the immediate business objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing joint ventures, licensing arrangements, production sharing arrangements or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of those activities. There can be no assurance that additional finance will be available

when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Company or default under a finance lease could also result in the loss of assets.

5.3.4 Interest rate

As a potential borrower of money, Haodex may be exposed to fluctuations in interest rates which would increase the cost of servicing Haodex's debt. Increases in interest rates may also affect the level of customer demand. Accordingly, an increase in interest rates may have an adverse effect on Haodex's future financial performance and position.

5.3.5 Potential acquisitions risk

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

5.3.6 Bribery, corruption, or other improper acts

Haodex may incur fines or penalties, damage to its reputation or suffer other adverse consequences if its Directors, officers, employees, consultants, agents, service providers or business partners violate, or are alleged to have violated, anti-bribery and corruption laws in any of the jurisdictions in which it operates.

Haodex cannot guarantee that its internal policies and controls will be effective in each case to ensure that Haodex is protected from reckless or criminal acts committed by its Directors, officers, employees, consultants, agents, service providers or business partners that would violate Australian laws or the laws of any other country in which Haodex operates. Any such improper actions could subject Haodex to civil or criminal investigations in Australia or overseas that could lead to substantial civil or criminal monetary and non-monetary penalties against Haodex. This, along with any allegation or appearance of improper or illegal action, could damage Haodex's reputation and result in significant expenditures in investigating and responding to such actions. This may in turn have an adverse effect on Haodex's future financial performance and position.

5.3.7 General economic conditions

General economic conditions (both domestically and internationally), may adversely impact the price of Shares as well as Haodex's ability to pay dividends. Haodex is unable to forecast the market price for Shares and they may trade on the NSX at a price that is below the Offer Price.

5.3.8 Shareholder dilution

In the future, the Company may elect to issue Shares to engage in fundraisings and also to fund, or raise proceeds, for acquisitions the Company may decide to make. While Haodex will be subject to the constraints of the NSX Listing Rules regarding the percentage of Haodex's capital that can be issued within a 12 month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

5.3.9 Investment speculative

The above list of risk factors should not be taken as an exhaustive list of the risks faced by Haodex or by investors in Haodex. Various factors, including factors not specifically referred to above, may materially affect the financial performance of Haodex and the value of the Shares under the Offer. The Shares issued under the Offer carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on the NSX. Furthermore, there is no guarantee that the Shares will remain continuously quoted on the NSX, which could impact the ability of prospective Shareholders to sell their Shares.

Potential investors should consult their professional adviser before deciding whether to apply for Shares under the Offer.

5.3.10 Enforcing liabilities against the Company's assets outside of Australia may be difficult

Some of the Company's assets are and will continue to be located outside Australia. As a result, it may be difficult to enforce judgments obtained in Australian courts against any of them. In addition, there is uncertainty as to whether the courts of the jurisdictions in which the group operates would recognise or enforce judgments of Australian courts obtained against the Company or its subsidiaries based on provisions of the laws of Australia.

Furthermore, it may also be difficult to access the Company's assets to satisfy an award entered against the Company in Australia. As a result of all of the above, Shareholders may have more difficulty in protecting their interests in the face of actions taken by management, the Board or controlling Shareholders than they would as shareholders of a company with assets in Australia.

6. KEY PEOPLE, INTERESTS AND BENEFITS

6.1 BOARD OF DIRECTORS

The Board comprises three members; one executive Director and two independent non-executive Directors. The Board has a broad range of experience in e-commerce, business development and technology operations and regulatory compliance as well as legal, financial and tax experience.

6.2 EXPERIENCE AND BACKGROUND

A biography of each of the Directors is set out in the below table:

| Director | Experience |
|---|--|
| Mr Frank Huang Chairman and Executive Director Appointed on 13 December 2017 | <ul style="list-style-type: none"> Bachelor of Aeronautical Engineering from China Civil Aviation University. Managing Director of Chi Tel Global Holding Ltd; Managing Director of China Huge International Pty Ltd; General Manager of First Mobile Group Holding Ltd. Frank has had over 25 years of executive management experience across a number of Australian and International companies and has been involved in a number of corporate leader roles within the technology sector. |
| Mr Alvin Tan Independent Non-Executive Director To be appointed on conditional approval for NSX Listing | <ul style="list-style-type: none"> Over 25 year's experience in Australia and Asia, including mergers, acquisitions, capital raising and listings on the ASX, AIM, Bursa Malaysia and Frankfurt Stock Exchange. Previously worked for KPMG in Kuala Lumpur as a financial consultant in 1993-1995. Previously worked with Australian based stock broking firm DJ Carmichael as an investment advisor, in 1996-1997. Previously served as Non-Executive Director, Advanced Share Registry Ltd (ASX:ASW). Bachelor of Commerce with second class honours, the University of Western Australia. Non-Executive Director, Pyx Resources Ltd (NSX:PYX). Non-Executive Director, BKM Management Limited. |
| Mr Michael Pixley Independent Non-Executive Director To be appointed on conditional approval for NSX Listing | <ul style="list-style-type: none"> Over 30 years of experience in investment banking. Involved in providing financial advisory and investment banking services to various companies throughout Asia. Non-Executive Director, Enerco Refresh Ltd (ASX:ERG). Non-Executive Director, Story-I Ltd (ASX:SRY). Director, Credit Intelligence Ltd (ASX:CL1). |

Each Director has confirmed to the Company that they anticipate being available to perform their duties as non-executive or executive Director, as the case may be, without constraints from other commitments.

The Board considers that Haodex is free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the independent exercise of a Director's judgement and are able to fulfil the role of an independent Director. The Board has adopted a definition of independence that is based on the definition set out in the NSX Corporate Governance Principles.

Frank Huang is not currently considered by the Board to be independent due to his executive role with the Company.

6.3 SENIOR MANAGEMENT

The Company has a highly experienced senior management team as set out below:

| Executive | Experience |
|---|---|
| Frank Huang Executive Chairman | See section 6.2 above. |
| Annie Huang Chief Executive Officer | <ul style="list-style-type: none"> • Bachelor of Commerce (Marketing & Accounting) from Macquarie University. • Sales executive at Bence Property Group, July 2016 - January 2017. • Business analyst in the Infant Nutrition division at Nestle Australia, January 2017 - May 2017. • Account executive for the National Pharmacy Sales division at Nestle Australia, May 2017 - December 2017. • Anne has been highly involved in various business development projects with Haodex and has helped to build the business of MonkeyKing. |
| Daisy Ding Chief Financial Officer | <ul style="list-style-type: none"> • Bachelor of Economics and Finance from University of New South Wales, 2011. • Master of Science (Mathematics and Statistics) from University of Technology Sydney, 2014. • Operations Associate at Saxo Bank, July 2013 - January 2014. • Funds Administrator at Atlas Advisors Australia, August 2015 - December 2016. • Daisy has acted in the role of Chief Financial Officer at Haodex Limited from October 2018 to present. • Daisy is experienced in general corporate financial management, including managing processes for financial forecasts and budgets, preparing financial reports, maintaining financial books and records and liaising with external auditors. |
| Jeff Chen Chief Technical Officer | <ul style="list-style-type: none"> • Master of Information Technology, University of New South Wales. • Director at Chi Tel Global Holdings Group Co. Responsible for operations in the USA. http://www.compassphonecards.co.nz/chitel.html • Jeff also holds other certifications in CCIE Security Written, CCNA, CCNP, CCVP, ITIL and JNCIA; specialising in Cisco network hardware. • Jeff is a network professional with over 10 years of extensive experience in project management with technical expertise in LAN/WAN Design, installation, configuration, troubleshooting, optimization and documentation, utilising knowledge of Checkpoint Firewall, F5 Big IP, Juniper MAG, Cisco MCS and UCS server, QOS, ATM, Frame Relay, ISDN, Ethernet, SDH for various applications such as VPN tunnelling, Fire wall, voice over IP. |

| | |
|--|--|
| | <ul style="list-style-type: none"> • Jeff is experienced in leading teams to success in his broad background, including Network Delivery Lead/ Technical Specialist, Security Compliance Officer at AT&T Australia, Network Delivery Lead/ Service Delivery Consultant at HPE Australia, Senior Network Engineer at Boral Limited, Systems/Project Engineer at On-line Communications Systems, Network Engineer at Chi Tel Global Holdings. |
|--|--|

6.4 DIRECTORS' DISCLOSURES

No Director of the Company has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director of the Company.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12 month period after they ceased to be an officer.

6.5 INTERESTS AND BENEFITS

Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of the Company;
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of the Company,

holds at the time of lodgement of this Prospectus with ASIC, or has held at any time during the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director of the Company.

6.6 DIRECTORS' INTERESTS AND REMUNERATION

6.6.1 Executive Director

Frank Huang (Executive Chairman) is employed as an Executive Director of the Company. The Company has entered into an employment contract with Frank Huang to govern his employment. See Section 6.6.7 below.

6.6.2 Non-Executive Director remuneration

(a) Letter of appointment - Alvin Tan

Mr Alvin Tan has executed a letter of appointment to become a non-executive Director of Haodex Limited effective on conditional approval for NSX Listing being received by the Company.

Term: Mr Tan's service will commence on the date this prospectus is lodged with ASIC and will cease when he retires from this position, is not re-elected as Director by the Shareholders of the Company, or otherwise in accordance with the Company's Constitution.

Fee: Mr Tan will be paid a base fee of \$3,000 plus GST per month. The fee may be adjusted at any time by the Board. Mr Tan will be entitled to be reimbursed reasonable expenses incurred in the performance of his duties, including the cost of attending Board meetings, travel, accommodation and entertainment where agreed to by the Board.

(b) **Letter of Appointment - Michael Pixley**

Mr Michael Pixley has executed a letter of appointment to become a non-executive Director of Haodex Limited effective on conditional approval for NSX Listing being received by the Company.

Term: Mr Pixley's service will commence on the date this prospectus is lodged with ASIC and will cease when he retires from this position, is not re-elected as Director by the Shareholders of the Company, or otherwise in accordance with the Company's Constitution.

Fee: Mr Pixley will be paid a base fee of \$3,000 plus GST per month. The fee may be adjusted at any time by the Board. Mr Tan will be entitled to be reimbursed reasonable expenses incurred in the performance of his duties, including the cost of attending Board meetings, travel, accommodation and entertainment where agreed to by the Board.

6.6.3 Interest in securities

The Directors are not required to hold any Shares under the Constitution. Details of the relevant interests of the Directors in Securities are set out in the table below.

| Director ¹ (including associates) | Securities as at the date of this Prospectus | Securities after completion of the Offer | Min Offer | | Max Offer | |
|---|---|---|---|---|---|---|
| | | | Percentage holding of Shares immediately following Completion (undiluted) | Percentage holding of Shares immediately following Completion (fully diluted) | Percentage holding of Shares immediately following Completion (undiluted) | Percentage holding of Shares immediately following Completion (fully diluted) |
| Frank Huang | 88,750,000 Shares 20,000,000 Performance Rights ² | 88,750,000 Shares 20,000,000 Performance Rights ² | 58.80% | 56.95% | 57.46% | 55.93% |
| Alvin Tan | Nil | Nil | 0% | 0% | 0% | 0% |
| Michael Pixley | Nil | Nil | 0% | 0% | 0% | 0% |

Notes:

1. The Directors (and their associates) are entitled to apply for Shares in the Offer but the table above excludes any Shares which Directors may acquire under the Offer.

2. These Performance Rights have been issued pursuant to a Performance Rights Issue and Escrow Deed and following conversion to Shares will be subject to a voluntary escrow period of 3 years.

"Undiluted" means the number of shares that would be on issue assuming no Performance Rights are converted to shares.

"Fully diluted" means the number of Shares that would be on issue assuming all of the Performance Rights are converted in full to Shares.

6.6.4 Related party transactions

Other than the agreements with Directors set out in this section 6, the Company has also entered into the following related party transactions:

- Trust deed arrangements with its subsidiary Frankshaus Technology and Director Frank Huang, outlined below at section 9.4; and
- Dig-Exchange Asset Sale Agreement, outlined below at section 9.5.

6.6.5 Indemnification and Directors & Officers Insurance

The Company has entered into standard deeds of indemnity, access and insurance with the Directors. Pursuant to those deeds, the Company has undertaken, consistent with the Corporations Act, to indemnify each Director in certain circumstances and to maintain Directors' and officers' insurance cover in favour of the Director during the period of their appointment and for seven years after the Director has ceased to be a Director. The Company has further undertaken with each Director to maintain a complete set of the Company's board papers and to make them available to the Director for seven years after the Director has ceased to be a Director.

6.6.6 Other interests and payments

Directors may also be reimbursed for travel and other expenses reasonably incurred in connection with the performance of their duties as Directors. Directors may be paid such special remuneration as the Directors decide is appropriate where a Director performs extra work or services for or at the request of the Company. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions.

6.6.7 Executive remuneration

The employment contracts for senior management are summarised below.

(a) Corporate Executive Agreement - Frank Huang

The Company has entered into a corporate executive agreement with Mr Frank Huang for Mr Huang to act as Chairman of the Company.

Term: commencing from 25 September 2019 until terminated.

Remuneration: Mr Huang will receive a base salary of \$40,000 per year, which shall be adjusted each year of the agreement in accordance with the All Groups Consumer Price Index for the City of Sydney.

Mr Huang will also be paid \$20,000 per annum in superannuation and was issued 20,000,000 Performance Rights on commencement. The Performance Rights expire on the date that is 3 years after the Company is listed on the NSX and shall convert to Shares on a 1 for 1 basis when the Company achieves \$30,000,000 annualised revenue in any 12 month period prior to expiry. These Performance Rights have been issued pursuant to a Performance Rights Issue and Escrow Deed and following conversion to Shares will be subject to a voluntary escrow period of 3 years.

Non-competition: Mr Huang acknowledges and agrees that he will not without the prior written consent of the Company during his term carry on or be engaged in any business in competition with the business of the Company, or be engaged in any work which may hinder or otherwise interfere with the performance of his duties. At the end of his term of engagement, Mr Huang will continue to be subject to a restraint period of 3 months.

Termination: Either party may terminate the agreement by giving the other 3 months notice in writing. In the event that Mr Huang is or becomes incapacitated by illness or injury and is

unable to discharge his duties under the corporate executive agreement for a continuous period of more than 3 months, the Company may immediately terminate the agreement in writing without payment.

(b) Executive Services Agreement - Anne Huang

The Company has entered into a corporate executive agreement with Ms Anne Huang for Ms Huang to act as Chief Executive Officer of the Company.

Term: commencing from 25 September 2019 until terminated.

Remuneration: Ms Huang will receive a base salary of \$107,432.00 per year, which shall be adjusted each year of the agreement in accordance with the All Groups Consumer Price Index for the City of Sydney.

Haodex will also make superannuation payments on behalf of Ms Huang in accordance with the *Superannuation Guarantee (Administration) Act 1992* (Cth) and has issued Ms Huang 20,000,000 Performance Rights on commencement. The Performance Rights expire on the date that is 3 years after the Company is listed on the NSX and shall convert to Shares on a 1 for 1 basis when the Company achieves \$30,000,000 annualised revenue in any 12 month period prior to expiry. These Performance Rights have been issued pursuant to a Performance Rights and Escrow Deed and following conversion to Shares will be subject to a voluntary escrow period of 3 years.

Non-competition: Ms Huang acknowledges and agrees that she will not without the prior written consent of the Company during her term carry on or be engaged in any business in competition with the business of the Company, or be engaged in any work which may hinder or otherwise interfere with the performance of her duties. At the end of her term of engagement, Ms Huang will continue to be subject to a restraint period of 3 months.

Termination: Either party may terminate the agreement by giving the other 3 months notice in writing. In the event that Mr Huang is or becomes incapacitated by illness or injury and is unable to discharge his duties under the corporate executive agreement for a continuous period of more than 3 months, the Company may immediately terminate the agreement in writing without payment.

(c) Letter of Engagement - Jeff Chen

Mr Jeff Chen has executed a letter of engagement to act as Chief Technical Officer of the Company. As Chief Technical Officer, Mr Chen's duties include:

- setting a vision for how technology will be used in the Company;
- ensuring that the technologies resources meet the Company's short and long terms needs; and
- outlining the goals for research and development of all technological requirements.

Term: commenced from 10 October 2018.

Remuneration: Mr Chen receives a salary of \$40,000.00 per year. Haodex will also make superannuation payments on behalf of Ms Huang in accordance with the *Superannuation Guarantee (Administration) Act 1992* (Cth).

Confidentiality: Mr Chen acknowledges and agrees to not use or disclose confidential information relating to the business of Haodex, including but not limited to client lists, trade secrets, client details and pricing structures.

Termination: Each party may terminate the agreement by prior notice (Company must give its notice in) in accordance with the cascading scale of notice periods as against years of service as set out under the *Fair Work Act 2009* (Cth).

(d) Letter of Engagement - Daisy Ding

Ms Daisy Ding has executed a letter of engagement to act as Chief Financial Officer of the Company. As Chief Financial Officer, Ms Ding's duties include:

- providing leadership, direction and management of the finance and accounting team;
- managing the process of financial forecasting and budgets, and overseeing the preparation of all financial reporting; and
- advising on long-term business and financial planning.

Term: commenced from 10 October 2018.

Remuneration: Ms Ding receives a salary of \$40,000.00 per year. Haodex will also make superannuation payments on behalf of Ms Huang in accordance with the *Superannuation Guarantee (Administration) Act 1992* (Cth).

Confidentiality: Ms Ding acknowledges and agrees to not use or disclose confidential information relating to the business of Haodex, including but not limited to client lists, trade secrets, client details and pricing structures.

Termination: Each party may terminate the agreement by prior notice (Company must give its notice in) in accordance with the cascading scale of notice periods as against years of service as set out under the *Fair Work Act 2009* (Cth).

6.7 EMPLOYEE INCENTIVE ARRANGEMENTS

The Company has recently adopted an employee incentive plan known as the Haodex Long Term Incentive Plan (**LTI Plan**), to assist in the reward, retention and motivation of Haodex's Directors, senior management, and other key employees.

Under the rules of the LTI Plan, the Board has a discretion to offer any of the following awards to senior management, Directors or other nominated key employees:

- options to acquire Shares;
- Performance Rights to acquire Shares; and/or
- Shares.

In each case subject to service-based conditions and/or performance hurdles (collectively, the "Awards").

The terms and conditions of the LTI Plan are set out in comprehensive rules. A summary of the rules of the LTI Plan is set out below:

(a) Eligibility: Participants in the Plan may be:

- (i) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a Group Company);
- (ii) a full or part time employee of any Group Company;
- (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or

- (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Awards under the Plan

(Eligible Participants).

- (b) Offer: The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).
- (c) Plan limit: The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) Issue price: Unless the Awards are quoted on the NSX, Awards issued under the Plan will be issued for no more than nominal cash consideration.
- (e) Vesting Conditions: An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).
- (f) Vesting: The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**), resolve to waive any of the Vesting Conditions applying to Awards due to:
 - (i) special circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a Relevant Person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant Offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the Relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or
 - (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

- (g) **Cashless Exercise Facility:** In lieu of paying the aggregate Exercise Price to purchase Shares, a Participant may elect to set-off the Option Exercise Price against the number of Shares which the Participant is entitled to receive upon exercise of the Participant's options. By using the Cashless Exercise Facility, the Participant will receive Shares to the value of the surplus after the Option Exercise Price has been set-off.
- (h) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:
- (i) an unauthorised dealing, or hedging of, the Award occurring;
 - (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the Vesting Condition and vest the Award;
 - (iii) in respect of unvested Awards only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Awards only, a relevant person ceases to be an Eligible Participant and the Award granted in respect of that person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
 - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or an order is made and the Board does not exercise its discretion to vest the Award;
 - (vii) the expiry date of the Award.
- (i) **Shares:** Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (j)) from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Awards up to a maximum of five (5) years from the grant date of the Awards. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.
- (k) **No Participation Rights:** There are no participating rights or entitlements inherent in the Awards and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards.
- (l) **Change in exercise price of number of underlying securities:** Unless specified in the offer of the Awards and subject to compliance with the NSX Listing Rules, an Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
- (m) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the NSX Listing Rules at the time of the reorganisation.
- (n) **Trust:** The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested

Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to effect the establishment of such a trust and the appointment of such a trustee.

6.8 CORPORATE GOVERNANCE

The Board is committed to best practice corporate governance and compliance arrangements for the Company. The ASX Corporate Governance Council has developed and released its fourth edition of the ASX Corporate Governance Principles and Recommendations for Australian listed entities ("**Corporate Governance Principles**") to promote investor confidence and to assist companies in meeting stakeholder expectations. While it is noted that the Company is not proposing to list on ASX the Company believes reference to the Corporate Governance Principles is still best practice so reports against them as set out in this Section.

The Corporate Governance Principles are not prescriptions, but guidelines. However, under the NSX Listing Rules, the Company will be required to provide a statement in its annual report as to the main corporate governance practices that the Company had in place during the reporting period.

Section 6.8.4 sets out a brief summary of the approach currently adopted by the Company in relation to the Corporate Governance Principles and summarises the key aspects of the Company's corporate governance framework.

6.8.1 Board

Composition of the Board

The Company's Constitution provides that the maximum number of Directors is 9 and the minimum number of Directors is 3. As at the date of this Prospectus, the Company has 3 Directors serving on the Board, and will continue to have the same 3 Directors serving on the Board following the Listing. Detailed biographies of these Directors are provided in Section 6.2.

Independence of the Board

The Board is responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisors as required. Each Director must bring an independent view and judgment to the Board and must declare all actual or potential conflicts of interest on an ongoing basis. Any issue concerning a Director's ability to properly act as a Director must be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest.

The Company considers that a Director is an independent Director where that Director is free from any business or other relationship that could materially interfere, or be perceived to interfere with, the independent exercise of the Director's judgement. The Company has also assessed the independence of its Directors having regard to the requirement for independence which are set out in Principle 2 of the Corporations Governance Principles.

Board Charter

The responsibilities of the Board are set down in the Company's Board Charter, which has been prepared having regard to the Corporate Governance Principles. A copy of the Company's Board Charter is available on the Company's Website. The Company will also send you a copy of its Board Charter, at no cost to you, should you request a copy during the Offer Period.

Board's role in risk oversight

The Board's role in risk oversight includes receiving reports from management and the Audit and Risk Management Committee on a regular basis regarding material risks faced by the Company and applicable mitigation strategies and activities. Those reports detail the effectiveness of the risk management program and identify and address material business risks such as risks relating to conduct of business, regulatory and compliance risks, reputational risks, reporting and IT systems as they relate to business continuity. The Board and its committees consider these reports, discuss matters with management and identify and evaluate any potential strategic or operational risks including appropriate activity to address those risks.

6.8.2 Board committees

As set out below, the Board has established two standing committees to facilitate and assist the Board in fulfilling its responsibilities. The Board may also establish other committees from time-to-time to assist in the discharge of its responsibilities.

Each committee has the responsibilities described in the committee charter adopted by the Company (which have been prepared having regard to the Corporate Governance Principles). A copy of the charters for the above committees are available on the Company's Website. The Company will also send Shareholders a copy of the committee charters, at no cost, should they request a copy during the Offer Period.

| Board committee | Overview | Initial composition |
|--|--|-----------------------------|
| Audit and Risk Management Committee | Responsible for monitoring and advising the Board on the Company's audit, risk management and regulatory compliance policies and procedures. Oversees the Company's corporate accounting and financial reporting, including auditing of the Company's financial statements and the qualifications, independence, performance and terms of engagement of the Company's external auditor. | Alvin Tan Michael Pixley |
| Remuneration and Board Nomination Committee | Establishes, amends, reviews and approves the compensation and equity incentive plans with respect to senior management and employees of the Company including determining individual elements of total compensation of the Chief Executive Officer and other members of senior management. Responsible for advising the Board on the composition of the Board and its committees. | Alvin Tan Michael Pixley |

6.8.3 Corporate governance policies

The Company is seeking listing and quotation of its Shares on the NSX. The NSX has developed suggested content for corporate governance policies and procedures which is set out in the NSX's Practice Note 14 (**Practice Note 14**). The content outlined in Practice Note 14 is not prescriptive, but is intended to act as a guideline for listed entities' corporate governance.

The policies and procedures that listed entities may adopt as suggested by Practice Note 14, and the approach adopted by the Company to comply with such guidelines, is listed below:

| | |
|--|---|
| <p>A. Policies and procedures adopted to ensure that the issuer acts according to law, including satisfying its reporting obligations under the Corporations Act and the Listing Rules.</p> | <p><u>Code of Conduct</u></p> <p>The Company has adopted a Code of Conduct which outlines the standard of corporate and individual behaviour expected of the Company, the board, management and employees. The Code of Conduct also considers compliance and reporting of circumstances which may be a breach of law or the Company's internal governance policies.</p> <p><u>Audit Committee Charter</u></p> <p>The Company also has an Audit Committee which is governed by the Company's Audit Committee Charter. The role of the Audit Committee is to safeguard the integrity of the Company's financial reporting and oversee the independence of external auditors engaged by the Company.</p> |
| <p>B. Policies and procedures adopted to ensure that the entity's board acts with due care and diligence and in the interests of shareholders</p> | <p><u>Board Charter</u></p> <p>The Company has adopted a Board Charter which sets out the principles for operation of the Company board of directors. The board is accountable to shareholders for performance of the Company.</p> <p>The Board Charter also outlines the Company's procedures for appointment of directors and membership term for positions on the board.</p> <p><u>Securities Trading Policy</u></p> <p>The Company has adopted a securities trading policy designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws.</p> |
| <p>C. Policies and procedures adopted to adequately identify and deal with conflicts of interest at board management and employee levels</p> | <p><u>Conflicts of Interest and Related Party Transactions Policy</u></p> <p>The Company has adopted a conflicts of interest and related party transactions policy prior to listing on the NSX. The policy will outline the Company's approach to identifying, recording, and dealing with conflicts of interest at the board, management and employee levels. The Board also recognises that any commercial arrangements between director related parties and the Company should be conducted on an arms length basis. This approach will also be outlined in the conflicts of interest and related party transactions policy.</p> |
| <p>D. Policies and procedures adopted to protect shareholder interests, including access to information, voting rights, share of profits and equitable treatment</p> | <p><u>Continuous Disclosure Policy</u></p> <p>The Company is committed to ensuring it complies with its continuous disclosure obligations and has adopted a continuous disclosure policy supporting this position.</p> <p>The Board has ultimate responsibility for ensuring the Company complies with its continuous disclosure obligations and recognises that price sensitive information concerning the Company must be immediately disclosed.</p> |

| | |
|--|--|
| | <p><u>Risk Management Framework</u></p> <p>The Company has adopted a risk management framework which will address the Company's approach to risk management and the responsibilities for risk management shared across the Board and Company.</p> |
| <p>E. Policies and procedures adopted to protect the interests of stakeholders including employees, creditors and the wider community</p> | <p><u>Remuneration Committee Charter</u></p> <p>The Company's Remuneration Committee assists the Board to fulfil its corporate governance responsibilities with respect to remuneration by reviewing and recommending remuneration packages of senior executives, employee incentive and equity-based plans, and recruitment retention and termination policies. The Committee's approach is guided by the Remuneration Committee Charter which outlines the board's approach to remuneration of employees.</p> |

In addition to the above corporate governance policies, the Company has also adopted:

(a) Corporate Governance Statement

The Company has followed the approach set by the 4th edition of the ASX Corporate Governance Council's Principles and Recommendations.

(b) Diversity Policy

The Company will encourage diversity and foster an environment within that respects diversity in the workplace and promotes equal opportunities for employment and a work environment that is free from harassment.

The Company's corporate governance policies and statements can be accessed from the Company's Website.

6.8.4 Corporate Governance Principles and Recommendations

The Board has evaluated the Company's current corporate governance policies and practices in light of the Corporate Governance Principles. A brief summary of the approach currently adopted by the Company is set out below.

| | | |
|---------------------------|--|---|
| <p>Principle 1</p> | <p>Lay solid foundations for management and oversight</p> | <p>The respective roles and responsibilities of the Board and executives are defined in the Board Charter, a copy of which is available on the Company's Website. The Board is responsible for managing the strategic and financial performance of the Company and must remain accountable to shareholders for the performance of the Company.</p> <p>The Remuneration Committee Charter, a copy of which is available on the Company's Website provides that the Remuneration Committee is to assist the Board in fulfilling its corporate governance responsibilities with respect to remuneration. Under the Remuneration Committee Charter, the Remuneration committee must, amongst other things, review recommendations from the CEO on each senior executive's performance evaluations, review the Company's recruitment, retention and termination policies, and review directors' remuneration and applicable incentive schemes.</p> |
|---------------------------|--|---|

| | | |
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| | | <p>The Company has adopted a Diversity Policy, a copy of which is available on the Company's Website. The Diversity Policy requires the Board to establish measurable objectives to assist the Company in achieving diversity and to review the Company's progress in meeting these objectives.</p> |
| Principle 2 | Structure the Board to add value | <p>The Board is comprised of 1 Executive and 2 Non-Executive Directors. The Board believes that the size, composition and skills of the Board are appropriate for the Company's business and circumstances, and are in the best interests of Shareholders as a whole.</p> <p>The Company's Remuneration Committee is responsible for regularly reviewing the performance of the CEO.</p> <p>As the Company is still in an early stage of development, it has not yet undertaken a formal review of the Board's performance. However, the Board Charter provides for an annual self-assessment of the Board's performance to be provided to the Group's Remuneration and Board Nomination Committee.</p> |
| Principle 3 | Promote ethical and responsible decision making | <p>The Company has adopted a Code of Conduct which applies to all Directors, officers, employees, contractors or consultants of the Company as well as a Securities Trading Policy. Each of these are available on the Company's Website.</p> |
| Principle 4 | Safeguard integrity in financial reporting | <p>The Company has established an Audit Committee to safeguard the integrity of the Company's financial reporting and oversee the independence of external auditors. All the members of the Company's Audit Committee are non-executive Directors. The Audit Committee is governed by an Audit Committee Charter, a copy of which is available on the Company's Website.</p> |
| Principle 5 | Make timely and balanced disclosure | <p>The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy, a copy of which is available on the Company's Website.</p> |
| Principle 6 | Respect the rights of security holders | <p>The Company provides investors with comprehensive and timely access to information about itself and its governance on its Website.</p> <p>The Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is frequent, clear and accessible.</p> <p>All Shareholders are invited to attend the Company's annual meeting, either in person or by representative. The Board regards the annual meeting as an excellent forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditor.</p> |

| | | |
|--------------------|--|--|
| Principle 7 | Recognise and manage risk | <p>The Company has adopted a Code of Conduct, which is designed to assist the Company to identify, evaluate and mitigate conflicts of interest affecting the Company.</p> <p>Regular internal communication between the Company's management and Board supplements the Company's policies which are designed to address various forms of risks.</p> |
| Principle 8 | Remunerate fairly and responsibly | <p>The Company has a Remuneration Committee to oversee the level and composition of remuneration of the Company's Directors and executives. The Company's Remuneration Committee is governed by a Remuneration Committee Charter, a copy of which is available on the Company's Website.</p> <p>The Company will provide disclosure of its Directors' and executives' remuneration in its annual report.</p> |

7. DETAILS OF THE OFFER

7.1 The Offers

7.1.1 Offer

The Company is offering a minimum of 5,000,000 Shares in Haodex at an Offer Price of \$0.20 per Share to raise a minimum of \$1,000,000, with provision for oversubscriptions of a further 3,500,000 Shares to raise up to a total of \$1,700,000.

In addition to the Public Offer, the Company will also issue 10,946,488 shares to the Lead Manager under the Lead Manager Offer.

The total number of Shares on issue on Completion of the Offers will be 150,946,488, at minimum subscription or 154,446,488 at maximum subscription. All Shares will rank equally with each other.

The Offer is made on the terms and subject to the conditions set out in this Prospectus.

The Company also reserves the right to close the Offer early, to accept late Applications or extend the Offer without notifying any recipient of this Prospectus or any Applicant.

7.2 Purpose of the Offer and use of proceeds

The Purpose of the Offer is to raise a Minimum Subscription of \$1,000,000 and a Maximum Subscription of \$1,700,000 before costs to:

- fund the ongoing working capital needs of the Company;
- raise capital in order to strengthen the Company's balance sheet and provide financial flexibility to pursue its identified growth opportunities and objectives as set out in this Prospectus;
- provide a liquid market for the Shares and an opportunity for others to invest in the Company;
- provide the Company with the benefits of an increased profile that arises from being a listed public company; and
- provide the Company with access to capital markets to improve capital management flexibility for both organic and acquisitive growth.

The Company is seeking a minimum of \$1,000,000 and a maximum of \$1,700,000 under the Offer. The following table represents the Company's current intentions based upon its plans and the present business conditions in each of its markets. The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including any changes from the expected business environment.

| Funds available as at 30 June 2020 | Min Offer | | Max Offer | |
|------------------------------------|------------------|------------|------------------|------------|
| | A\$ | % | A\$ | % |
| Estimated existing cash reserves | 17,780 | 1.8 | 17,780 | 1.1 |
| Funds raised from the Offer | 1,000,000 | 98.2 | 1,700,000 | 98.9 |
| Total | 1,017,780 | 100 | 1,717,780 | 100 |

Use of Funds inclusive of the current estimated cash reserves of Haodex

| Uses | Min Offer | | Max Offer | |
|--|------------------|------------|------------------|------------|
| | A\$ | % | A\$ | % |
| Marketing ¹ | 240,866.58 | 23.67 | 644,328.00 | 37.51 |
| Software and New Product Vertical Development ² | 120,433.29 | 11.83 | 357,960.00 | 20.84 |
| Product range expansion ³ | 43,793.92 | 4.30 | 53,694.00 | 3.13 |
| Working capital and corporate administration costs ⁴ | 459,836.20 | 45.18 | 465,348.00 | 27.09 |
| Costs of the Offer, Legal and regulatory compliance ⁵ | 152,850 | 15.02 | 196,450.00 | 11.44 |
| Total⁶ | 1,017,780 | 100 | 1,717,780 | 100 |

1. Haodex intends to utilise various mainstream marketing channels for the MonkeyKing, BulkBuy and Franks Haus businesses, for example through the social media advertising platforms, including Facebook, Google and WeChat. Haodex will also incur costs through trade shows and demonstrations both in Australia and China.
2. Includes maintenance of existing software base and IP and costs associated with server and backend running costs of the platforms owned by Haodex.
3. Funds will be dedicated to the development, manufacturing and marketing of Company product ranges.
4. Includes wages, Director fees, contractors, rent, outgoings, insurance, accounting and audit and other items of a general administrative nature.
5. Includes adviser and legal fees, listing and registry fees, capital raising costs, investigating accountant costs and printing and distribution costs for the Prospectus. Refer to "Costs of the Offer" table below.
6. These totals include the current estimated cash reserves of Haodex.

Use of Funds exclusive of the current estimated cash reserves of Haodex

| Uses | Min Offer | | Max Offer | |
|--|----------------|------------|------------------|------------|
| | A\$ | % | A\$ | % |
| Marketing ¹ | 246,639 | 24.66 | 639,441 | 37.61 |
| Software and New Product Vertical Development ² | 117,958 | 11.80 | 345,644 | 20.33 |
| Product range expansion ³ | 42,894 | 4.29 | 69,129 | 4.07 |
| Working capital and corporate administration costs ⁴ | 439,660 | 43.97 | 449,337 | 26.43 |
| Costs of the Offer, Legal and regulatory compliance ⁵ | 152,850 | 15.29 | 196,450 | 11.56 |
| Total⁶ | 600,000 | 100 | 1,000,000 | 100 |

1. Haodex intends to use various mainstream marketing channels for the MonkeyKing, BulkBuy and Franks Haus businesses, for example through the social media advertising platforms, including Facebook, Google and WeChat. Haodex will also incur costs through trade shows and demonstrations both in Australia and China.
2. Includes maintenance of existing software base and IP and costs associated with server and backend running costs of the platforms owned by Haodex.
3. Funds will be dedicated to the development, manufacturing and marketing of Company product ranges.
4. Includes wages, Director fees, contractors, rent, outgoings, insurance, accounting and audit and other items of a general administrative nature.
5. Includes adviser and legal fees, listing and registry fees, capital raising costs, investigating accountant costs and printing and distribution costs for the Prospectus. Refer to "Costs of the Offer" table below.
6. These totals exclude the current estimated cash reserves of Haodex.

Costs of the Offer

| Fees due | Min Offer A\$ | Max Offer A\$ |
|---|----------------------|----------------------|
| Legal fees | 55,000 | 55,000 |
| Investigating accountant's report | 16,500 | 16,500 |
| Listing and ASIC fees | 5,100 | 5,650 |
| Capital raising costs (6% of the total amount raised) | 61,500 | 104,550 |
| Lead Manager Fee | 7,700 | 7,700 |
| Printing, administration and registry services | 7,050 | 7,050 |
| Total Costs of the Offer | 152,850 | 196,450 |

Note: Refer also to section 10.9 for disclosure around the interests of experts and advisers to the Offers.

The Board believes that the Company's current cash reserves plus the net proceeds of the Offer will be sufficient to fund the Company's key objectives as set out in the Prospectus. These key objectives comprise:

- fund marketing campaigns for customer acquisition so as to grow the Company's revenues and customer awareness
- fund product development of additional features and functionality of existing Franks Haus platform
- run the business as described
- provide additional working capital to grow customer support and sales teams
- fund the development of new product initiatives, including new product initiatives for different jurisdictions

It is noted that the Company may use and expend its cash reserves more quickly than contemplated. The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, budgets are dependent on results and demand for the Company's products and intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

7.3 Capital Structure

The ownership structure of the Company following Completion of the Offer is set out below:

Minimum Subscription

| Shareholder | Shares | | Performance Rights | |
|------------------------------|--------------------|-------------|---------------------------|-------------|
| | Number | % | Number | % |
| Directors and management | 95,000,000 | 62.94% | 40,000,000 ¹ | 100.0% |
| Other existing Shareholders | 40,000,000 | 26.50% | - | - |
| Shares pursuant to the Offer | 5,000,000 | 3.31% | - | - |
| Lead Manager Offer | 10,946,488 | 7.25% | - | - |
| Total | 150,946,488 | 100% | 40,000,000 | 100% |

1. These Performance Rights have been issued pursuant to a Performance Rights Issue and Escrow Deed and following conversion to Shares will be subject to a voluntary escrow period of 3 years.

Maximum Subscription

| Shareholder | Shares | | Performance Rights | |
|------------------------------|--------------------|-------------|-------------------------|-------------|
| | Number | % | Number | % |
| Directors & management | 95,000,000 | 61.51% | 40,000,000 ¹ | 100.0% |
| Other existing shareholders | 40,000,000 | 25.90% | - | - |
| Shares pursuant to the Offer | 8,500,000 | 5.50% | - | - |
| Lead Manager Offer | 10,946,488 | 7.09% | - | - |
| Total | 154,446,488 | 100% | 40,000,000 | 100% |

1. These Performance Rights have been issued pursuant to a Performance Rights Issue and Escrow Deed and following conversion to Shares will be subject to a voluntary escrow period of 3 years.

The Company will announce to the NSX details of its top 20 Shareholders and Option holders (following completion of the Offers) prior to the Shares commencing trading on NSX.

7.4 Terms and conditions of the Offer

| Topic | Offer Summary |
|---|--|
| What is the type of security being offered? | Shares (being fully paid ordinary shares in the Company). |
| What are the rights and liabilities attached to the security being offered? | A description of the Shares, including the rights and liabilities attaching to them, is set out in “Section 7.9 – Details of the Offer – Rights attaching to Shares”. |
| What is the consideration payable for each security? | The Offer Price of \$0.20 per Share. |
| What is the Offer Period? | <p>The Opening Date of the Offer will be 4 January 2021 and the Closing Date will be 29 January 2021.</p> <p>No Shares will be issued on the basis of this Prospectus later than the expiry date, which will be 13 months after the date of this Prospectus.</p> <p>The Directors reserve the right to close the Offer early or to extend the Closing Date (as the case may be), should it be considered by them necessary to do so.</p> |
| What are the cash proceeds to be raised under the Offer? | A minimum of \$1,000,000 and a maximum of \$1,700,000 will be raised from investors under the Offer based on the Offer Price. |

| | |
|--|---|
| Will oversubscriptions be accepted? | The Board will accept oversubscriptions of up to 2,000,000 Shares such that a maximum of 5,000,000 Shares may be offered under the Prospectus. |
| Who can apply for Shares under the Offer? | <p>Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the Shares offered by the Prospectus before deciding to apply for Shares.</p> <p>If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.</p> <p>An Application for Shares can only be made on the Application Form contained at the back of this Prospectus or by applying online using an online Application Form and pay the application monies electronically.</p> <p>The Application Form must be completed in accordance with the instructions set out on the Application Form. Application Forms must not be circulated to prospective investors unless accompanied by a copy of this Prospectus. By making an Application, you declare that you were given access to this Prospectus (or any supplementary or replacement prospectus), together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.</p> <p>Applicants under the Lead Manager Offer and the Management Offer will be provided with personalised Application Forms as these offers are only capable of being acceptable by with the Lead Manager.</p> |
| What is the minimum and maximum Application size under the Offer? | <p>Applicants must apply for a minimum of 10,000 Shares, representing a minimum investment of A\$2,000. Applicants applying for additional Shares must apply for Shares in multiples of 500 (representing an additional investment of A\$100).</p> <p>There is no maximum Application size.</p> |
| How to pay Application Monies? | <p>Applicants under the Offer must pay their Application Monies in accordance with the instructions on the Application Form.</p> <p>Completed Application Forms and accompanying payment must be received by the Share Registry by no later than 5.00pm (AEDT) on the Closing Date by the Share Registry:</p> <p>The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.</p> <p>Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be determined by the Company.</p> |

| | |
|--|--|
| | <p><i>Payment by cheque</i></p> <p>Cheque(s) or bank draft(s) drawn to pay Application Monies under the Offer must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and must be made payable to "Haodex Limited".</p> <p><i>Payment by BPAY®</i></p> <p>Payments of any Application Monies under the Offer via BPAY® must be in Australian dollars. Please refer to the Payment instructions on the enclosed Application Form.</p> <p>Applicants should ensure that sufficient funds are held in the relevant account(s) to cover the amount of the Application Monies. If the amount of your payment for Application Monies (or the amount for which those cheque(s), bank draft(s) or transfer(s) clear in time for allocation) is less than the amount specified on your Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your Application Form) or your Application may be rejected.</p> |
| Acceptance of Applications | <p>An Application is an offer by an Applicant to the Company to apply for Shares in the amount specified on the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form (including the conditions regarding quotation on NSX and the acknowledgements). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.</p> <p>An Application may be accepted by the Company in respect of the full number of Shares specified in the Application Form or any of them, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.</p> <p>The Company reserves the right to close the Offers early.</p> |
| What is the allocation policy? | <p>The allocation of Shares will be determined by the Company in consultation with the Lead Manager.</p> |
| Will the securities be listed? | <p>The Company applied to NSX within seven days of the date of the Original Prospectus for admission to the official list of, and quotation of its Shares by, NSX under the code 'HAO'. Completion of the Offer is conditional on NSX approving the application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> |
| When will I receive confirmation of whether my application has been successful? | <p>It is expected that initial holding statements will be mailed to successful Applicants by standard post on or about 2 February 2021.</p> <p>Refunds (without interest) to Applicants who make an Application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion of the Offer.</p> |

| | |
|--|--|
| Is the Offer underwritten? | No. |
| Are there any escrow arrangements? | Escrow will be applied to certain securities held by the Board and Management of the Company. |
| Are there any tax considerations? | <p>Yes. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances.</p> <p>Applicants should obtain their own tax advice prior to deciding whether to invest.</p> <p>See "Section 10.8 – Additional information – Australian taxation implications of investing under the Offer".</p> |
| Are there any brokerage, commission or stamp duty considerations? | No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See "Section 10.9 - Interests of Experts and Advisers" and "Section 10.10 – Offer expenses". |
| What should I do with any enquiries? | <p>All enquiries in relation to this Prospectus should be directed to the Company on +61 2 8096 2924 or by email at admin@haodex.com.au from 8:30 am to 5:30 pm (AEDT), Monday to Friday (excluding public holidays).</p> <p>All enquiries in relation to how to complete your Application should be directed to the Company's Share Registry on 1300 113 258 (within Australia) or +61 2 8096 3502 from 8:30 am to 5:30 pm (AEDT), Monday to Friday (excluding public holidays).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should consult with your stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.</p> |

7.5 Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue of Shares to Successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Company and the Underwriter also reserves the right, subject to the Corporations Act, to extend the Offer or any part of it, to accept late Applications either generally or in particular cases to reject any Application, or to allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

7.6 Issue of Advisor Securities

As part of the fees for lead managing the Offer, the Company is to grant the Lead Manager, or its nominees, a total of 10,946,488 Shares under this Prospectus on the terms set out in the Lead Manager Agreement. The Lead Manager and its nominees will be separately advised of the application process for the Lead Manager Offer.

7.7 NSX Listing, registers and holding statements

7.7.1 Application to NSX for listing of the Company and quotation of Shares

No later than seven days after the date of the Original Prospectus, the Company applied to NSX for admission to the official list of NSX and for its Shares to be granted official quotation by NSX. The Company is not currently seeking a listing of its Shares on any stock exchange other than NSX.

The fact that NSX may admit the Company to the official list of NSX and grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription under the Offer. NSX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the Shares, if quotation is granted, will commence as soon as practicable after the issue of holding statements to Successful Applicants.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive confirmation of their allotment will do so at their own risk.

If permission for quotation of the Shares is not granted within three months after the date of this Prospectus, all Application Monies received by the Company will be refunded without interest as soon as practicable.

The Company will be required to comply with NSX Listing Rules, subject to any waivers obtained by the Company from time to time.

7.7.2 CHESS and issuer sponsored holdings

The Company will apply to participate in CHESS and will comply with the NSX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in shares quoted on NSX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister. The Shares of Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Securities that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Shareholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their holding. Certificates will not be issued. Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act.

Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.7.3 Trading and selling Shares on market

It is expected that trading of the Shares on NSX (on a normal settlement basis) will commence on or about 8 February 2021. It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding statement from the Company or its Share Registry's information line or confirmed your allocation through a Broker.

7.7.4 Nominated Advisor

Companies intending to list on NSX are required to have a Nominated Advisor. It is contemplated that, with a Nominated Advisor for each entity, investors will be offered better protection because Nominated Advisors are required to make sure that companies meet the ongoing requirements for listing on NSX and the requirements of the Corporations Act. The Company has appointed HopgoodGanim Lawyers as its Nominated Advisor.

7.8 Overseas distribution

No action has been taken to register or qualify the offer of Shares under this Prospectus, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia and New Zealand.

7.8.1 Offer only made where lawful to do so

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law. This Prospectus does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons into whose possession this document comes should inform themselves about and observe any restrictions on the acquisition or distribution of the Prospectus. Any failure to comply with these restrictions may constitute a violation of securities laws.

7.8.2 United States residents

The Shares being offered pursuant to this Prospectus have not been registered under the US Securities Act and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of the Shares in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful. In addition, any hedging transactions involving the Shares may not be conducted unless in compliance with the US Securities Act.

7.8.3 Overseas ownership and resale representation

It is your responsibility to ensure compliance with all laws of any country relevant to your Application. The return of a duly completed Application Form will be taken by the Company to constitute a representation and warranty made by you to the Company that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

7.8.4 Selling restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this Prospectus may not be distributed to any person, and the Shares may not be offered or sold in any country outside Australia and New Zealand except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (“SFO”). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Securities have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This Prospectus or any other offering material relating to the Shares has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than to an "institutional investor", as defined in Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), in accordance with and pursuant to Section 274 of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. Investors should note there are certain on-sale restrictions (set out in, among others, Section 257 and Section 276 of the SFA) applicable to all investors who acquire the Shares pursuant to the exemptions in Section 274 of the SFA. As such, investors are advised to acquaint themselves with the SFA provisions relating to on-sale restrictions in Singapore or to consult their own professional advisers as to such on-sale restrictions, and to comply accordingly.

The contents of this Prospectus have not been reviewed by any regulatory authority in Singapore. This Prospectus may not contain all the information that a Singapore registered prospectus is required to contain. In the event of any doubt about any of the contents of this Prospectus or as to your legal rights and obligations in connection with the Offer, please obtain appropriate professional advice.

United Kingdom

This Prospectus does not constitute a prospectus for the purpose of the prospectus rules issued by the "Financial Conduct Authority" ("FCA") pursuant to section 84 of the Financial Services and Markets Act 2000 (as amended) the "FSMA" and has not been approved by or filed with the FCA. The information contained in this Prospectus is only being made, supplied or directed at persons in the United Kingdom who are qualified investors within the meaning of section 86(7) of the FSMA and the Shares are not otherwise being offered or sold and will not otherwise be offered or sold to the public in the United Kingdom (within the meaning of section 102B of the FSMA), save in circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 of FSMA) being made available to the public before the offer is made.

In addition, in the United Kingdom no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Shares except in circumstances in which section 21(1) of the FSMA does not apply to the Company and this document is made, supplied or directed at qualified investors in the United Kingdom who are: (a) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) ("FPO"); or (b) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in article 49 of the FPO (all such persons being Relevant Persons). Any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Each United Kingdom recipient is deemed to confirm, represent and warrant to the Company that it is a Relevant Person.

7.9 Rights attaching to Shares

Immediately after issue and allotment, the Shares will be fully paid Shares and the Shares will rank parri passu with the Shares currently on issue.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and the Corporations Act. A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have the right to obtain a copy of the Company's Constitution free of charge.

The detailed provisions relating to the rights attaching to Shares under the Constitution and the Corporations Act are summarised below.

Each Share will confer on its holder:

- the right to receive notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;
- the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
- the right to receive dividends, according to the amount paid up on the Share;
- the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- subject to the Corporations Act and NSX Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in a general meeting by special resolution.

8. INVESTIGATING ACCOUNTANT'S REPORT

31st December 2020

The Directors
Haodex Limited
Level 5, 56 Pitt Street
SYDNEY NSW 2000

Dear Sirs,

Re: Investigating Accountant's Report on Historical and Pro forma Consolidated Historical Financial Information

We have prepared this Independent Limited Assurance Report (report) at the request of the Directors of Haodex Limited (the "Company"), for inclusion in a Prospectus relating to the offering of 5,000,000 Shares in Haodex Limited at an Offer Price of \$0.20 per Share to raise a minimum of \$1,000,000 with provision for oversubscriptions of a further 3,500,000 Shares to raise up to a total of \$1,700,000 ("Offer").

Expressions and capitalised terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License (No. 227902) under the *Corporations Act 2001*. Hall Chadwick Corporate (NSW) Limited holds the appropriate Australian Financial Services License under the *Corporations Act 2001*.

Background

The Company was incorporated on 13 December 2017 and previously operated a digital currency exchange and platform, which has since been divested from the Company's activities as set out in Section 9.5 of the Prospectus.

The Company now operates the e-commerce businesses MonkeyKing Australia (www.monkeykingaustralia.com) ("MonkeyKing") and Bulk Buy World (www.bulkbuyworld.com) ("BulkBuy") and the accommodation listing business Franks Haus (www.frankshaus.com) ("Franks Haus"). The Company also provides white labelling software services.

Scope

Historical Financial Information

You have requested Hall Chadwick Corporate (NSW) Limited to review the following historical financial information of the Company:

- a) the historical statements of profit or loss for the financial years ended 30 June 2019 ("FY2019") and 30 June 2020 ("FY2020");
- b) the historical statements of cash flows for FY2019 and FY2020;
- c) the consolidated statement of financial position of the Company as at 30 June 2020.

HALL CHADWICK CORPORATE
(NSW) LIMITED

ACN 080 462 488

SYDNEY

Level 40, 2 Park Street Sydney
NSW 2000 Australia

GPO Box 3555 Sydney NSW
2001

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hcsydneyinfo@hallchadwick.com.au

com.au

www.hallchadwick.com.au

Pro forma Consolidated Historical Financial Information

You have requested Hall Chadwick Corporate (NSW) Limited to review the following pro forma consolidated historical financial information of the Company:

- a) the pro forma consolidated statement of financial position of the Company assuming completion of the Offer.

The financial information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles detailed in Australian Accounting Standards and the adopted accounting policies of the Company.

Given that the Company was incorporated in December 2017, only two financial years results are available. The historical financial information of the Company has been subject to audit for FY2019 and FY2020 by Rothsay Chartered Accountants who issued unmodified audit opinions for each period.

The financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement accounting principles applied to the financial information and the transactions to which the pro forma adjustments relate, as described in the Prospectus, as if those transactions had occurred as at the date, or prior to the date, of the financial information. Due to its nature, the pro forma consolidated historical financial information does not represent the company's actual or prospective financial position.

Directors' responsibility

The directors of the Company are responsible for the preparation of the historical and pro forma consolidated historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of pro forma consolidated historical financial information that is free from material misstatement whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in

accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we have become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions*Historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the Prospectus.

Pro forma consolidated historical financial information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma consolidated historical financial information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Consent

Hall Chadwick Corporate (NSW) Limited has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Hall Chadwick Corporate (NSW) Limited does not have any interest in the outcome of the Prospectus other than the issue of this report for which normal professional fees will be received. Hall Chadwick Corporate (NSW) Limited does not hold nor have any interest in the ordinary shares of the Company. Hall Chadwick Corporate (NSW) Limited was not involved in the preparation of any part of the Prospectus and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in the Prospectus.

Yours faithfully

**Drew Townsend**

HALL CHADWICK CORPORATE (NSW) LIMITED

FINANCIAL SERVICES GUIDE

Dated 30 December 2020

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 ("HCC").

This FSG includes information about:

- HCC and how they can be contacted;
- the services HCC is authorised to provide;
- how HCC are paid;
- any relevant associations or relationships of HCC;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Investigating Accountant's Report ("Report") which has been prepared for inclusion in a disclosure document. The purpose of the disclosure document is to help you make an informed decision in relation to a financial product. The contents of the disclosure document, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the Directors of Haodex Limited to prepare this Report for inclusion in a Prospectus in relation to the offering of shares in Haodex Limited on the ASX ("Offer").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. HCC nor the employees of HCC are acting for any person other than Haodex Limited. HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As HCC has been engaged by Haodex Limited, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, Haodex Limited. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Haodex Limited has agreed to pay HCC \$15,000 (excluding GST and out of pocket expenses) for preparing the Report on Pro forma Consolidated Historical Financial Information to be included in the Prospectus. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive remuneration from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership). Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr Drew Townsend, director of HCC and partner in the Hall Chadwick Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities ("HC Entities") may provide professional services, including audit, taxation and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. HC Entities have previously provided advisory services to the Company for which professional fees have been received.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of Haodex Limited or has other material financial interests in the Offer.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:

The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on (02) 9263 2600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If HCC cannot resolve the complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 06
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact details

You may contact HCC at:

Hall Chadwick Corporate (NSW) Limited

GPO Box 3555

Sydney NSW 2001

Telephone: (02) 9263 2600

Facsimile: (02) 9263 2800

9. MATERIAL AGREEMENTS

The Directors consider that the material agreements described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Offer.

This Section contains a summary of the material agreements and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

9.1 E-commerce hosting platform agreement

On 5 October 2018, MonkeyKing entered into an e-commerce hosting platform agreement with Shanghai Shangpai Network Technology Co. Ltd, trading as Shopex Inc. (**Shopex**). MonkeyKing uses the Shopex platform for its website platform hosting services.

Pursuant to the terms of the agreement, Monkeyking has entered into a once-off purchase for the use of platform software made available by Shopex for 160,000RMB (approximately AUD\$33,000). Monkeyking may continue to use the platform software indefinitely and no termination provisions apply. There are no material obligations or liabilities on MonkeyKing under this agreement.

In the event that the Shopex platform is disabled, Haodex would seek to replace it with another website hosting service provider.

9.2 Operational Agreements

Wholesale supplier arrangements

MonkeyKing Australia has entered into wholesale customer arrangements with the following:

- (a) Bio Living International Pty Ltd;
- (b) Homart Pharmaceuticals Pty Ltd; and
- (c) Jama Australia Pty Ltd.

These agreements are all on standard supplier terms whereby MonkeyKing has established lines of credit to order products from these parties. There are no material obligations or liabilities on MonkeyKing under these agreements, each of which are ongoing until terminated.

Each of the agreements are secured by a guarantee and indemnity provided by MonkeyKing which secures any payments owing to the respective supplier. Each of the guarantees are ongoing and continue despite any event of insolvency of the Company.

Risk and title to products delivered under these agreements pass to MonkeyKing upon receipt of the relevant products by MokeyKing. There are no exclusivity provisions included in the agreements.

The agreements are otherwise on standard terms for these types of distribution agreements as they are based upon simple supply arrangements on demand from MonkeyKing.

Electronic Payments

The Company, via Anne Huang acting as its agent, has entered into an agreement with Supay Technology Pty Ltd for the provision of aggregated payment services across the Alipay and WeChat online platforms. There are no material obligations or liabilities attaching to this agreement.

Lease of Warehouse

MonkeyKing has entered into warehouse lease arrangements with C3 Church Burwood (ABN 43 628 823 010) for warehouse premises located at 230 / 228-236 Liverpool Road, Enfield NSW 2136. The warehouse used to store, dispatch and pack products sold by MonkeyKing on its e-commerce platform. The lease costs are approximately \$1,400.00 per month.

The Company has negotiated with the owners of the warehouse to ensure lease is ongoing and does not feature a formal expiry date.

9.3 Franks Haus acquisition contract

On 7 May 2019, the Company entered into an acquisition agreement to purchase the equity and assets of Chengdu FLKS Technology Co. Ltd, including its hotel businesses.

The key terms of the acquisition are as follows:

- (a) Completion of the acquisition was subject to the following prerequisites:
 - (1) the shareholders of Chengdu FLKS Technology Co., Ltd agree to transfer the entire equity and all assets of Chengdu FLKS Technology Co., Ltd as enabled by the company's articles of association;
 - (2) that the financial accounts of Chengdu FLKS Technology Co., Ltd are true and clear, that all debts of the company have been divested; and
 - (3) that Chengdu FLKS Technology Co., Ltd will be responsible to audit all financial information relating to its property and assets for the benefit of Haodex's assessment.
- (b) In consideration for the acquisition, Haodex paid shareholders of Chengdu FLKS Technology Co., Ltd the transfer price of RMB 11,792,000 (approximately AUD\$2,450,000) which encompasses:
 - (1) customer data registered by Chengdu FLKS Technology Co., Ltd;
 - (2) the trading platform of Chengdu FLKS Technology Co., Ltd;
 - (3) associated Android application;
 - (4) associated Apple application;
 - (5) 2 years' salary for two Android development and maintenance engineers;
 - (6) 2 years' salary for two Apple development and maintenance engineers;
 - (7) 2 years' costs for software development and maintenance to be carried out by seven trading platform engineers;
 - (8) 2 years' operating expenses for Chengdu FLKS Technology Co., Ltd company personnel; and

- (9) 2 years' market expenses for Chengdu FLKS Technology Co., Ltd marketing personnel.

The agreement is otherwise on standard terms and completion under the agreement has occurred.

9.4 Trust Deeds

To support the above agreement at 9.3, the Company has entered into trust deeds with its China-domiciled Chinese subsidiary Franks Haus Technology and shareholders of Franks Haus Technology, which includes executive Director Frank Huang.

In accordance with the terms of the trust deeds, the shareholders of Franks Haus Technology hold their shares on trust for the benefit of Haodex. Under the trust deeds, Haodex is absolutely entitled to the shares of Franks Haus Technology against the shareholders. The shareholders' interests in the Franks Haus Technology shares arise solely as bare trustee, and the shareholders have no powers under the trust except to act in accordance with the instructions of Haodex.

9.5 Dig-Exchange Asset Sale Agreement

The Company previously entered into an asset sale agreement with Oilvest Pty Ltd (**Oilvest**) for the divestment of its cryptocurrency exchange business Dig-Exchange (www.dig-exchange.com). The agreement was subsequently varied on 24 December 2020 by a deed of variation (**Deed of Variation**).

As non-executive Director, Frank Huang, is the sole director and shareholder of Oilvest Pty Ltd, this agreement was a related party transaction.

Under the terms of the agreement:

- (a) Haodex agreed to sell to Oilvest, and Oilvest agreed to purchase from Haodex, the Dig-Exchange cryptocurrency exchange business and all associated assets including but not limited to:
 - (1) the business name and records;
 - (2) all DIGC cryptocurrency generated and held by Haodex at the agreement execution date; and
 - (3) all intellectual property rights used in the Dig-Exchange business including trade marks, domain name and website;
- (b) In consideration for the transaction, Oilvest paid to Haodex the purchase price comprising:
 - (1) \$1,000,000 in immediately available funds; and
 - (2) \$2,100,000 for services provided including, but not limited to, website and technical support, maintenance, use of intellectual property, and providing ongoing updates and security patches (**Services**).

Provision of Services

The Company has entered into the Deed of Variation subsequent to discussions with NSX. Under the terms of the asset sale agreement as varied by the Deed of Variation, Haodex may continue to provide Oilvest with the Services and licence to use any intellectual property necessary to operate the Dig-Exchange business with a final service fee of \$500,000 is to be paid on or before 30 June 2021.

9.6 Lead Manager Mandate

The Company has entered into a mandate agreement with Indian Ocean Corporate Pty Ltd (**Indian Ocean**) pursuant to which the Lead Manager has agreed to provide corporate advisory services to the Company and to act as the lead manager to the Offer (**Lead Manager Mandate**). The Company has agreed to pay the Lead Manager:

- (a) 10,946,488 advisor shares;
- (b) a capital raising fee of 6% of the total amount raised in the Offer (which the Lead Manager may pass on to other brokers who assist in raising any funds under the Offer); and
- (c) the Company will also pay the Lead Manager for any reasonable expenses and disbursements incurred by the Lead Manager under the Offer.

In addition, the Company has agreed to pay the Lead Manager:

- (a) \$15,000 for corporate advisory services provided for the period 21 August 2019 to 20 September 2019;
- (b) \$7,500 for corporate advisory services provided for the period October 2020; and
- (c) \$7,500 for corporate advisory services provided for the period of November 2020.

The obligation of the Lead Manager to manage the Offer may be terminated at any time by either party. The Lead Manager Mandate also contains a number of indemnities, representations and warranties that are considered standard for an agreement of this type.

All other terms of the Lead Manager Mandate are considered standard for an agreement of this nature.

9.7 Performance Rights Issue and Escrow Deed

The Company has entered into a Performance Rights Issue and Escrow Deeds with each of Director Mr Frank Huang and Chief Executive Officer Ms Anne Huang (**Grantees**).

The Grantees have each subscribed for 20,000,000 Performance Rights. These Performance Rights are subject to the milestone that the Company achieve \$30,000,000 of annualised revenue calculated over any 12 months period. The Performance Rights expire 3 years from the date of the Company listing on the NSX and are subject to an escrow period for 3 years from the date from which the Performance Rights are converted into Shares upon the Performance Rights milestone being achieved. The Deed is otherwise on standard terms for agreements of this nature.

10. ADDITIONAL INFORMATION

10.1 Incorporation

The Company was incorporated in Australia on 13 December 2017 as a private company limited by shares and was converted to a public unlisted company limited by shares on 14 June 2018.

10.2 Balance date

The accounts for the Company will be made up to 30 June annually.

10.3 Company tax status

The Company will be taxed as an Australian tax resident public company in Australia for the purposes of Australian income tax law.

10.4 Capital Structure

The Company's capital structure as at the Prospectus Date and immediately following Completion, is set out below:

| Class of security | Prospectus Date | Immediately following Completion | | Immediately following Completion (fully diluted) | |
|--------------------|-----------------|----------------------------------|-------------|--|-------------|
| | | Min Offer | Max Offer | Min Offer | Max Offer |
| Shares | 135,000,000 | 150,946,488 | 154,446,488 | 190,946,488 | 194,446,488 |
| Performance Rights | 40,000,000 | 40,000,000 | 40,000,000 | - | - |
| Options | - | - | - | - | - |

Notes

1. Fully diluted Shares assumes that Options and Performance Rights are convertible into Shares.
2. The rights attaching to the Performance Rights are summarised in section 10.5.

10.5 Terms of Performance Rights

The following table sets out the Performance Rights that will be outstanding at Completion, all of which are held by Mr Frank Huang as to 20,000,000 and Ms Annie Huang as to 20,000,000. The table also identifies the performance milestones required to be satisfied in order for each Performance Right to convert into one Share. These Performance Rights have been issued pursuant to a Performance Rights Issue and Escrow Deed and Following conversion to Shares will be subject to a voluntary escrow period of 3 years.

| Number | Expiry Date | Performance Milestone |
|------------|---|--|
| 40,000,000 | 3 years from the date of Listing on the NSX | Haodex achieving an annualised revenue of \$30,000,000 in any 12 month period prior to the Expiry Date |

The Performance Rights will not be listed on the NSX or any other listing authority, stock exchange or other market. However, upon conversion of a Performance Right into one (1) Share in accordance with their terms and conditions, the Company must after the conversion, apply for the quotation on the relevant Recognised Securities Exchange of the Shares arising from the conversion in accordance with the rules of the Recognised Securities Exchange.

No Shares will be issued if the issue would result in a breach of the Corporations Act.

Rights

The Performance Rights do not carry any voting, dividend, or participation rights (including on a winding up, new issues, bonus issues or returns of capital).

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed to the extent necessary to comply with the applicable rules of any recognised securities exchange where the Company's Shares are listed (Recognised Securities Exchange) at the time of reorganisation (for example, the NSX Listing Rules).

The terms of the Performance Rights may be amended by the Directors of the Company as reasonable or necessary in order to comply with the rules of a Recognised Securities Exchange, or any directions of the Recognised Securities Exchange regarding the terms, including where necessary to enable the Company to list on a Recognised Securities Exchange.

Conversion

Performance Rights are each convertible into one Share subject to the satisfaction of the respective performance milestone before the respective Expiry Date. If the performance milestones are not achieved on or before the above expiry dates, all Performance Rights automatically convert into one Share only.

If a change of control event occurs in relation to the Company, each Performance Right automatically converts into Shares capped at 10% of the issued share capital of the Company at the time of the conversion. For the purposes of this clause, a Control Event means any of the following:

- A. a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
- B. a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.

but does not include any transaction or event required to occur (at the reasonable discretion of the Board of the Company) as part of or to facilitate the Company becoming listed on a Recognised Securities Exchange.

The Shares into which the Performance Rights will convert will rank *pari passu* in all respects with existing Shares and will confer rights identical with all other Shares then on issue.

10.5.1 Shareholder approval

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of Shares in the Company, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply.

In the event that Performance Milestones are reached the Company will consider whether any shareholder or regulatory approvals will be required to facilitate the conversion of the Performance Rights to ensure that any increase in Mr Frank Huang's or Ms Annie Huang's voting power does not occur in circumstances not permissible under the takeover provisions of the Corporations Act referred to above.

No ordinary Shares will be issued on any conversion if that conversion would result in a breach of the takeover provisions set out above.

10.6 Escrow arrangements

Certain Shares held by Haodex Shareholders at Completion, other than any Shares acquired under the Offer, may be subject to escrow arrangements in the period immediately following Completion, as summarised below:

| Shareholders | No. of Shares | % | No of Performance Rights | Escrow Period |
|--------------|---------------|-------|--------------------------|---------------|
| Board | 88,750,000 | 58.80 | 20,000,000 | 24 months |
| Management | 6,250,000 | 4.14 | 20,000,000 | 12 months |
| Advisors | 10,946,488 | 7.25 | | 12 months |
| Others | 5,000,000 | 3.31 | | 12 months |
| Total | 110,946,488 | 73.50 | | |

The above is an estimate only as any final escrow determination will be at the discretion of NSX.

Each Shareholder has or will be required to enter into an escrow deed in respect of their securities holding on Completion, other than Shares acquired under the Offer, which prevents them from disposing of their respective escrowed Securities for the applicable escrow period as described above.

The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Securities, encumbering or granting a security interest over the Escrowed Securities (except to the extent permitted by the escrow deed), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Securities or agreeing to do any those things.

Release from escrow

All of the Shareholders may be released early from these escrow obligations to enable in summary:

- the Security holder to accept an offer under a takeover bid in relation to its Escrowed Securities if holders of at least half of the Shares the subject of the bid that are not held by the Shareholders have accepted the takeover bid; or
- the Escrowed Securities to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act.

Restrictions on transfers

During the Escrow Period, the Security holders whose Securities remain subject to escrow may dispose of any of their Escrowed Securities to the extent the disposal is required by applicable law (including an order of a court of competent jurisdiction) or to the extent the disposal is to an affiliate or affiliated fund entity or to a trust or entity which the Shareholder controls where the transferee also enters into an escrow arrangement with the Company on substantially the same terms.

10.7 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section contains a general description of these laws.

Foreign Acquisitions and Takeovers Act 1975 (Cth) and Federal Government Foreign Investment Policy

Generally, the Foreign Acquisitions and Takeovers Act 1975 (**FATA**) applies to acquisitions of shares and voting power in a company of 20% or more by a single foreign person and its associates, or 40% or more by two or more unassociated foreign persons and their associates, where the acquisition meets a threshold value (which varies by investor type and industry). On 29 March 2020, the Treasurer announced that due to the impacts of the coronavirus outbreak, all monetary thresholds will be temporarily reduced to \$0.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A 'direct interest' is an interest of 10% in the entity but may include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions. Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting. An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without a no objection notification or contravening a condition in a no objection notification.

Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of relevant interests in issued voting shares in listed companies, and unlisted companies with more than 50 members, if, as a result of the acquisition, the acquirer's (or another party's) voting power in that company would increase from 20% or below to more than 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

10.8 Australian taxation implications of investing under the Offer

The taxation consequences of any investment in the Company will depend on your particular circumstances. It is your responsibility to make your own enquiries concerning the taxation consequences of an investment in the Company. Applicants are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

The following general taxation comments consider the Australian taxation implications for Australian tax residents only. The tax implications for holders of Shares in the Company relate to the receipt of dividends and potential gains on the disposal of Shares. The comments do not purport to provide tax

advice to any particular investor and should not be relied upon as the tax position of each investor may vary depending on the specific circumstances of the investor. The Company recommends that each investor seeks their own independent income tax advice based on their particular circumstances. All current or potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares.

To the maximum extent permitted by law, the Company, its officers, Directors, and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of acquiring or disposing of Shares issued under this Prospectus.

Dividends

For Australian resident individual investors, dividend income should be treated as assessable income in the year in which the dividend is paid. As detailed below, if the relevant dividend is 'franked', the amount of taxable payable in relation to the receipt of that dividend income may be reduced.

In this regard, Australian tax resident companies can pay dividends to Shareholders on a fully, partly or un-franked basis.

To 'frank' a dividend, means to attach franking credits to that dividend. Franking credits are, broadly, generated from the payment of Australian corporation tax. The overarching objective of franking credits is, inter alia, to give recipient shareholders credit for corporation tax already paid in relation to the dividend(s) received (to the extent that those dividends are franked), so that the recipients' income tax liability in relation to those dividends is reduced accordingly.

This means that a company, as a result of paying company tax in Australia, can allocate the tax paid to its Shareholders by issuing franking credits attached to the dividend received by Shareholders.

It should be noted that the general entitlement to franking credits can be impacted in certain circumstances. For example, over a de minimis threshold, shareholders must own their shares for at least 45 days (or 90 days for preference shares) in order to benefit from franking credits.

For completeness, we note that for non-resident (for tax purposes) investors, another impact of the franking regime is to impact the extent to which dividends paid to non-resident investors should be subject to dividend withholding tax (DWT). In this regard:

- (a) dividends paid to non-resident shareholders that are franked should not be subject to DWT (only to the extent of the franking of those dividends); and
- (b) to the extent that the dividends paid to non-resident investors are unfranked:
 - a. prima facie, those dividends should be subject to a DWT rate of 30%; however
 - b. this rate may be reduced to the extent that the investor is a resident of a country that is subject to a Double Taxation Agreement (DTA) with Australia. For example, for a US resident investor who owns less than 10% of the Company, the DWT rate on unfranked dividends would be reduced to 15%.

Such investors may also be taxable in their country of tax residence on receiving such dividends, and, depending upon the laws of the relevant country, a credit may be available in relation to any withholding tax suffered in relation thereto.

Disposal of Shares

Please note that the below comments relate to Australian resident investors who hold their Shares and Options on capital account only. For any sophisticated investors who actively trade in securities, or investors who have purchased their Shares solely to derive profit on their re-sale in the short to

medium term, please seek independent advice as it is likely that any gains made on the sale of Shares and Options may be subject to income tax on revenue account, without any capital gains tax (CGT) discounts available.

Capital Gains Tax

To the extent that the Shares and Options are held on capital account (which is required to be determined on a case by case basis, and independent advice should be sought in relation to this issue), the disposal of Shares or Options by a Shareholder would be a CGT event.

For Australian resident investors, a capital gain will arise where the capital proceeds on disposal exceed the cost base of the Shares (broadly, the amount paid to acquire the Shares and Options plus any transaction costs incurred in relation to the acquisition or disposal of the Shares and Options). In the case of an arm's length on-market sale, the capital proceeds will generally be the cash proceeds received from the sale of the Shares and Options.

A CGT discount may be applied against the net capital gain where the Shareholder is an individual, complying superannuation entity or trustee, and the Shares and Options have been held for more than 12 months prior to the CGT event. Where the CGT discount applies, any capital gain arising to individuals and entities acting as trustee (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For a complying superannuation entity, any capital gain may be reduced by one-third, after offsetting current year or prior year capital losses. A capital loss will be realised where the reduced cost base of the Shares and Options exceeds the capital proceeds from disposal. Capital losses may only be offset against capital gains realised by the Shareholder in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

Goods and Services Tax (GST)

No GST should be payable in respect of the acquisition or disposal of the Shares. Further, no GST should be payable in respect of dividends paid.

Stamp Duty

On the issue or allotment of the Shares as part of the Offer, no stamp duty should be payable. No stamp duty should be payable in respect of the acquisition or disposal of the Shares that are quoted on the NSX at the time of the Listing.

10.9 Interests of Experts and Advisers

Other than as set out below, or as otherwise disclosed in this Prospectus, no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- has or had at any time during the two years preceding the date of the Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or the Offer; or
- has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Offer.

Indian Ocean has acted as Lead Manager to the Offer and the fees payable to the Lead Manager pursuant to the Lead Manager Agreement are described in Section 9.6.

Hall Chadwick has acted as the Investigating Accountant and provided the Investigating Accountant's Report in Section 8. The Company has paid or agreed to pay an amount of approximately \$16,500 (plus disbursements) in respect of these services. Further amounts may be paid to Hall Chadwick in accordance with time-based charges.

HopgoodGanim Lawyers has acted as the Australian legal adviser to the Company in relation to the Offer. The Company will pay an amount of approximately \$55,000 (plus disbursements and GST) in respect of these services. Further amounts may be paid to HopgoodGanim Lawyers in accordance with its normal time-based charges. In the 24 months prior to the lodgement of this Prospectus HopgoodGanim Lawyers has billed an amount of approximately \$185,350 to the Company for costs incurred in advising the Company on its proposed IPO and NSX Listing.

The Company will pay these amounts, and other expenses of the Offer, out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Sections 7.2 and 10.10.

10.10 Offer expenses

The Company has paid, or will pay, all of the costs associated with the Offer. If the Offer proceeds, the total estimated cash expenses in connection with the Offer (including advisory, legal, accounting, tax, listing and administrative fees as well as printing, advertising and other expenses) are estimated to be approximately between \$152,850 to \$196,450 of which approximately \$0 has been paid at the date of the Prospectus.

10.11 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent:

- Indian Ocean has consented to being named in the Prospectus as Lead Manager to the Offers;
- Hall Chadwick has consented to being named in the Prospectus as the Company's Investigating Accountant and to the inclusion of its Investigating Accountant's Report in section 8;
- Rothsay has consented to being named in the Prospectus as the Company's auditor;
- HopgoodGanim Lawyers has consented to being named in the Corporate Directory of this Prospectus as the Australian legal adviser to the Company in relation to the Offer; and
- Advanced Share Registry Services has consented to being named in the Corporate Directory and elsewhere in this Prospectus as the Share Registry for the Company.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors of the Company, persons named in the Prospectus with their consent as proposed Directors of the Company, any underwriters, persons named in the Prospectus with their consent as having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading or deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to above, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described above.

10.12 Legal Proceedings

To the knowledge of the Directors, at the date of the Prospectus, there is no current, pending or threatened litigation with which the Company is directly or indirectly involved which the Company believes is likely to have a material adverse impact on the business or the financial results of the Company.

10.13 Investor considerations

Before deciding to participate in this Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Shares listed on NSX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

10.14 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications under this Prospectus are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

10.15 Electronic Prospectus

An electronic version of this Prospectus is available from the Company's Website.

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe that the investor has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While the Company believes that it is extremely unlikely that in the Offer period the electronic version of the Prospectus will be tampered with or altered in any way, the Company cannot give any absolute assurance that it will not be the case. Any investor in doubt concerning the validity or integrity of an electronic copy of the Prospectus ought to immediately request a paper copy of the Prospectus directly from the Company or a financial adviser.

10.16 Statement of Directors

Other than as set out in this Prospectus, the Directors report that after due enquiries by them there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company.

In accordance with Section 720 of the Corporations Act each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

A handwritten signature in black ink, consisting of several fluid, overlapping strokes, positioned above a horizontal line.

Chairman and Non-Executive Director
For and on behalf of Haodex Limited
31 December 2020

11. GLOSSARY

In this Prospectus:

| Term | Meaning |
|-----------------------------------|---|
| Active Member | In relation to MonkeyKing, means people that have registered and activated their MonkeyKing account. |
| AEDT | Australian Eastern Daylight Time |
| Applicant | A person who submits a valid Application Form and required Application Monies pursuant to this Prospectus |
| Application | An application made to subscribe for Shares offered under this Prospectus |
| Application Form | The relevant form attached to or accompanying this Prospectus, including the online application form available at the Company's Website, pursuant to which applicants apply for Shares |
| Application Monies | The amount accompanying an Application Form submitted by an investor |
| ASIC | Australian Securities and Investments Commission |
| AUD, A\$, \$ or Australian Dollar | Australian Dollar |
| Australian Accounting Standards | Australian Accounting Standards and Interpretations and other authoritative pronouncements issued by the Australian Accounting Standards Board. |
| Board or Board of Directors | The board of directors of Haodex |
| Broker | Any participating organisation selected by the Lead Manager to participate in the Offer |
| BulkBuy | Means the online wholesale marketplace allowing users to participate in buying wholesale deals with other users located at www.bulkbuyworld.com |
| Business Day | Has the meaning given in the NSX Listing Rules |
| ChAFTA | China Australia Free Trade Agreement |
| CHESS | Clearing House Electronic Sub-register System |
| Closing Date | The date on which the Offer is expected to close |
| Corporations Act | <i>Corporations Act 2001</i> (Cth) |
| Company, or Haodex | Haodex Limited (ACN 623 392 325) |
| Company's Website | www.haodexinvestments.com |

| | |
|------------------------------|--|
| Completion | Completion in respect of the issue of Shares under the Offer |
| Constitution | The constitution of the Company |
| Dig-Exchange | The digital currency exchange business and platform operated at the website www.dig-exchange.com . |
| Director | A director of the Company. |
| Escrowed Shareholders | The holders of Escrowed Shares |
| Escrowed Share | Shares held by Escrowed Shareholders which are subject to the escrow restrictions |
| Existing Shareholders | Those persons holding Shares as at the date of this Prospectus |
| Existing Shares | Shares held by all Existing Shareholders as at the date of this Prospectus |
| Exposure Period | The seven day period after the date of lodgement of the Prospectus with ASIC (as extended by ASIC (if applicable)) |
| First Replacement Prospectus | The replacement prospectus issued by the Company on 9 December 2020. |
| Franks Haus | Means the accommodation listing business operating at www.frankshaus.com |
| FY2019 | Financial year ending 30 June 2019 |
| FY2020 | Financial year ending 30 June 2020 |
| Group | The Company and its Related Bodies Corporate |
| Hall Chadwick | Hall Chadwick Corporate (NSW) Limited (ACN 080 462 488) |
| IFRS | International Financial Reporting Standards |
| Indian Ocean | Indian Ocean Corporate Pty Ltd (ACN 142 266 279) |
| Lead Manager | Indian Ocean |
| Lead Manager Offer | The offer of 10,946,488 Shares to the Lead Manager. |
| Listing | The commencement of trading in shares on the Official List of the NSX. |
| Management Offer | The offer of 40,000,000 Performance Rights to the Managers (and/or their nominees). |
| MonkeyKing | Means the online business-to-consumer marketplace operating at www.monkeykingaustralia.com |
| Nominated Advisor | HopgoodGanim Lawyers |
| NSX | National Stock Exchange of Australia, as operated by National Stock Exchange of Australia Limited ACN 000 902 063. |
| NSX Listing Rules | The official listing rules of NSX |
| Offer | The initial public offering of 5,000,000 Shares in the Company at an Offer Price of \$0.20 per Share to raise \$1,000,000 with the ability to accept |

| | |
|--|--|
| | oversubscriptions for a further 3,500,000 Shares to raise up to a total of \$1,700,000. |
| Offer Information Line | 02 8823 3177 (toll free within Australia) or +61 2 8823 3177 (outside Australia) between 8:30 am to 5:30 pm AEDT, Business Days only |
| Offer Period | The period during which investors may subscribe for Shares under the Offer |
| Offer Price | \$0.20 per Share, payable on application for the Shares |
| Official List | Official list of entities that NSX has admitted to and not removed from listing |
| Oilvest | Oilvest Pty Ltd ACN 122 953 806 |
| Original Prospectus | The prospectus issued by the Company on 25 November 2020. |
| Performance Rights | The Performance Rights convertible into Shares, on the terms set in section 10.5. |
| Performance Rights Issue and Escrow Deed | The deed entered into by the Company with Frank Huang and Anne Huang for 20,000,000 Performance Rights each and dated 2 October 2019. |
| Prospectus or Replacement Prospectus | This document (including the electronic form of this Prospectus) lodged with ASIC on 31 December 2020. |
| Related Bodies Corporate | Has the meaning given to it by the Corporations Act |
| Retail Distributor | MonkeyKing members who have registered as 'retail distributors' on their MonkeyKing account and may earn commissions through the promotion and sale of MonkeyKing products |
| Rothsay | Rothsay Chartered Accountants ABN 59 087 479 410 |
| Securities | The Shares and other securities in the capital of the Company |
| Share | A fully paid ordinary share in the Company |
| Share Registry | Advanced Share Registry Services (ABN 14 127 175 946) |
| Shareholder | The registered holder of a Share |
| Successful Applicant | An Applicant who is issued Shares under the Offer |
| US Securities Act | United States Securities Act of 1933 |

APPENDIX 1: SUMMARY OF KEY ACCOUNTING PRINCIPLES

Basis of Preparation

The Pro Forma Historical Financial Information set out in the Prospectus has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of Pro Forma Historical Financial Information are presented below and have been consistently applied unless otherwise stated.

Accounting Policies

Principles of Consolidation

The Pro Forma Historical Information incorporate all of the assets, liabilities and results of the Company and its subsidiaries. Subsidiaries are entities the Company controls. The Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances, unrealised gains or losses on transactions between the group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, which is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Revenue from contracts with customers

Revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Interest Revenue

Interest is recognised using the effective interest method.

Other Income

Other income is recognised on an accruals basis when the Group is entitled to it.

Leases

When the Group enters into a lease a right of use asset representing its right to use the underlying leased asset and a lease liability representing the present value of its obligation to make lease payments is recognised. The related expense is recorded as depreciation, on the right of use asset, and interest expense, on the lease liability.

Foreign currency transactions and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate
- Non-monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting

periods are recognised through profit or loss, except where they relate to an item of other comprehensive income or whether they are deferred in equity as qualifying hedges.

Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Financial Instruments

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less allowance for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss ("ECL").

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Group in full, without recourse to the Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial Liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, and subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, other loans and lease liabilities.

Digital Currencies

In determining the most appropriate accounting policy the directors have considered the guidance in AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors which allows, in the absence of an Australian Accounting Standard that specifically applies to a transaction, event or condition, an entity to use its judgement in developing an accounting policy that is relevant to the economic decision-making needs of the users; and is reliable.

The directors have considered publications by standard setters, industry experts and accounting policies of publicly traded entities and consider the most appropriate method is to treat digital currencies in the same way as an intangible asset with any revaluation increments to be recorded in other comprehensive income and recorded in a reserve within equity. The directors also consider that categorising this asset as a separate line on the statement of financial position will provide the users with the most meaningful information.

Consequently, the Company recognises digital currencies separately in the statement of financial position at fair value with changes in fair value recognised in other comprehensive income, net of tax, and included within equity in the digital currency revaluation reserve.

Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of five years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of an impairment indicator for non-financial assets. Where an indicator exists the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

Employee Benefits

A liability is recognised for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in profit or loss in the periods in which services are provided by employees.

Equity Settled Compensation

The Group provides equity-settled share-based payments to employees and third parties. The fair value of the equity granted is measured at grant date and recognised as an expense with a corresponding increase to the share-based payment reserve.

Critical Accounting Estimates & Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

CORPORATE DIRECTORY

Company

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Phone: 02 8096 2924
Email: admin@haodex.com.au
Web: <http://www.haodexinvestments.com/>

Directors

Frank Huang

Executive Chairman

Alvin Tan

Independent Non-Executive Director

Michael Pixley

Independent Non-Executive Director

Proposed NSX Code

HAO

Lead Manager

Indian Ocean Corporate Pty Ltd
Level 5, 56 Pitt Street
Sydney NSW 2000
Australia

Investigating Accountant

Hall Chadwick Corporate (NSW) Limited

Level 40, 2 Park Street
Sydney NSW 2000

Legal adviser to the Offer

HopgoodGanim Lawyers

Level 27, 77 St Georges Terrace
Perth WA 6000

Share Registry

Advanced Share Registry Services

110 Stirling Highway
Nedlands WA 6909

APPLICATION FORM

HAODEX LIMITED

ACN 623 392 325 | NSX Code: HAO

Share Registrars use only

Broker/Dealer stamp only

SHARE OFFER APPLICATION FORM

This is an Application Form for Shares in **Haodex Limited (Company)** and relates to the initial public offering of 5,000,000 Shares in Haodex Limited at an Offer Price of \$0.20 per Share to raise a minimum of \$1,000,000 with provision for oversubscriptions of a further 3,500,000 Shares to raise up to a total of \$1,700,000 ("Offer"). A Prospectus was lodged with ASIC on 31 December 2020 (**Prospectus**). The Offer is scheduled to close at 5:00pm (WST) on 29 January 2021 (**Closing Date**) unless extended, closed early or withdrawn. Applications must be received before that time to be valid. A person who gives another person access to this Application Form must at the same time give the other person access to the Prospectus and any additional supplementary prospectuses (if applicable). **The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser.**

| | |
|--|---|
| 1 Number of Shares you are applying for <div style="border: 1px solid black; width: 100px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 100px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 100px; height: 20px;"></div> | 2 Total amount payable (multiply box 1 by \$0.20 per Share) A\$ <div style="border: 1px solid black; width: 50px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 50px; height: 20px; margin-bottom: 5px;"></div> <div style="border: 1px solid black; width: 50px; height: 20px;"></div> |
|--|---|

Applications under the Offer must be for a minimum of 10,000 Shares (\$2,000.00), thereafter in multiples of 500 Shares (\$100.00).

3 Write the name(s) you wish to register the Shares in (see reverse for instructions)
Name of Applicant 1

Name of Applicant 2 or <Account Designation>

Name of Applicant 3 or <Account Designation>
4 Write your postal address here – to be registered against your holding
Number/Street

Suburb/Town

State
Postcode

| | |
|--|---|
| 5 CHESS Participants only – Holder Identification Number (HIN) <div style="border: 1px solid black; width: 100%; height: 20px;"></div> | Note: if the name and address details in sections 3 & 4 above do not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister. |
|--|---|

6 EMAIL ADDRESS (see reverse of form – this is for all communications legally permissible and despatched by the Company)

| | | |
|---|--|--|
| 7 TFN/ABN/EXEMPTION CODE Applicant 1 <div style="border: 1px solid black; width: 100%; height: 20px;"></div> | Applicant 2 <div style="border: 1px solid black; width: 100%; height: 20px;"></div> | Applicant 3 <div style="border: 1px solid black; width: 100%; height: 20px;"></div> |
|---|--|--|

If NOT an individual TFN/ABN, please note the type in the box
C = Company; P = Partnership; T = Trust; S = Super Fund

8 PAYMENT DETAILS
Payment By Telegraphic Transfer:
To pay via Telegraphic Transfer please kindly follow the steps as instructed overleaf.
Payment By BPAY®:
To pay via BPAY® please complete the online form available at www.advancedshare.com.au/ipo.aspx. Payment details will then be forwarded to you.
Payment by cheque:
Cheques must be drawn on an Australian branch of a financial institutional in Australian currency, made payable to "Haodex Limited" crossed "Not Negotiable" and forwarded to Advanced Share Registry to arrive no later than the Closing Date.

| Please enter cheque, bank draft or money order details | Drawer | Bank | Branch | Amount |
|--|--------|------|--------|--------|
| | | | | \$ |

9 CONTACT DETAILS
Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.
Telephone number
Contact name (PRINT)
10 DECLARATION AND STATEMENTS
By lodging this Application Form:

- I/We declare that I/we have received a copy of the Prospectus issued by Haodex Limited and that I/we are eligible to participate in the Offer.
- I/We declare that all details and statements made by me/us are complete and accurate.
- I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company.
- I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus.
- I/we authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and
- I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Haodex Limited and that no notice of acceptance of the Application will be provided.
- I/We acknowledge that the Company retains absolute discretion to allocate any/all of the amount of Shares I/we have applied for the Offer as these terms are defined in the Prospectus.

INSTRUCTIONS FOR COMPLETION OF THIS APPLICATION FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM

Please complete all relevant sections of this Application Form using BLOCK LETTERS

The below instructions are cross-referenced to each section of the Application Form.

1 Number of Shares

Insert the number of Shares you wish to apply for in section 1. Your application must be a minimum of 10,000 Shares (\$2,000.00), thereafter in multiples of 500 Shares (\$100.00).

2 Payment Amount

Enter into section 2 the total amount payable. Multiply the number of Shares applied for by \$0.20 – the application price per Share.

3 Name(s) in which the Shares are to be registered

Note that ONLY legal entities can hold Shares. The Application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person.

CORRECT FORMS OF REGISTRABLE TITLE

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|-----------------------------|---|---------------------------------|
| Trusts | Mr John Richard Sample <Sample Family A/C> | John Sample Family Trust |
| Superannuation Funds | Mr John Sample & Mrs Anne Sample <Sample Family Super A/C> | John & Anne Superannuation Fund |
| Partnerships | Mr John Sample & Mr Richard Sample <Sample & Son A/C> | John Sample & Son |
| Clubs/Unincorporated Bodies | Mr John Sample < Food Help Club A/C> | Food Help Club |
| Deceased Estates | Mr John Sample <Estate Late Anne Sample A/C> | Anne Sample (Deceased) |

4 Postal Address

Enter into section 4 the postal address to be used for all written correspondence. Only one address can be recorded against a holding. With exception to annual reports, all communications to you from the Company will be mailed to the person(s) and address shown. Annual reports will be made available online when they are released. Should you wish to receive a hard copy of the annual report you must notify the Share Registry. You can notify any change to your communication preferences by visiting the registry website – www.advancedshare.com.au

5 CHESSE Holders

If you are sponsored by a stockbroker or other participant and you wish to have your allocation directed into your HIN, please complete the details in section 5.

6 Email Address

You may elect to receive communications despatched by Haodex Limited electronically (where legally permissible), such as the Company's annual report.

7 TFN/ABN/Exemption

If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details in section 7. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application Form.

8 PAYMENT DETAILS

By making your payment, you confirm that you agree to all of the terms and conditions of the Haodex Limited. Offer as outlined in this Application Form and within the Prospectus.

Your cheque should be made payable to “**HAODEX LIMITED**” in Australian currency, crossed “**NOT NEGOTIABLE**” and drawn on an Australian branch of a financial institution. Please complete your cheque with the details overleaf and ensure that you submit the correct amount, as incorrect payments may result in your Application being rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted. A receipt for payment will not be forwarded.

If the amount you pay is insufficient to pay for the number of Shares you apply for, you will be taken to have applied for such lower number of Shares as that amount will pay for, or your Application will be rejected.

Special instruction for applications lodged from Mainland China and Hong Kong. Please read this instruction in conjunction with the details on the Prospectus:

如果申请人居住在中國大陸或者香港，請仔細閱讀以下提交申請要求，并结合申请表相关申请明细进行申请递交：

- If you are making payment from an Australian bank account, please refer to the payment instruction specified on the Application form
如果申请人使用澳大利亚银行账户付款， 请按照股票申请表申请说明进行付款和申购。
- If you are making a payment from a non-Australian bank account (such as from Mainland China or Hong Kong) via Telegraphic Transfer, please kindly follow the steps as below:
如果申请人需要通过境外汇款方式进行股票申购（例如从中国大陆或者香港进行汇款）， 请依照以下要求完成申请：
 - Arrange a Telegraphic Transfer to the following bank account:
按照以下信息完成汇款
BSB: 036034
A/C number: 519438
A/C Name: HAODEX LIMITED IPO ACCT
SWIFTCODE: WPACAU25
 - Reference: Please use your name and Date of Birth as a reference when making the payment. It is essential to have a proper reference number for your payment to avoid any reconciliation issue.
付款对账参考号：汇款时，请务必使用您的姓名全拼和出生年月日作为付款对账参考号。错误或者不完整的付款对账参考号有可能导致对账问题并延误股票申购。
 - Please send the payment confirmation with your reference number and the completed application form to
汇款完成后，请即刻完成股票申请表并发该表和付款凭证（含付款对账参考号）到
Email 邮箱 Wechat ID
admin@advancedshare.com.au jw31337

9 Contact Details

Please enter contact details where we may reach you between the hours of 9:00am and 5:00pm should we need to speak to you about your application.

10 Declaration

Before completing the Application Form the Applicant(s) should read the Prospectus in full. By lodging the Application Form, the Applicant(s) agrees that this Application is for Shares in the Company upon and subject to the terms of the Prospectus, agrees to take any number of Shares equal to or less than the number of Shares indicated in Section 1 that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign this Application Form.

Privacy Statement

Personal information is collected on this form by ASW, as registrar for securities issuers (“the issuer”), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ASW, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ASW. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting ASW. You can contact ASW using the details provided on the front of this form.

HOW TO LODGE YOUR APPLICATION FORM

Mail or deliver your completed Application Form with your cheque to the following address.

Mailing Address

Haodex Limited
C/- Advanced Share Registry
PO Box 1156
Nedlands, WA 6909

Hand Delivery (Please do not use this address for mailing purposes)

Haodex Limited
C/- Advanced Share Registry
110 Stirling Highway
Nedlands, WA 6009