

Total Face Group Limited

ACN 169 177 833

**Notice of General Meeting
to be held at K&L Gates, Level 25 South Tower, 525 Collins
Street, Melbourne VIC on Monday 11 July 2016 at 1.30pm**

and

**Explanatory Memorandum
to accompany the Notice of General Meeting**

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

Total Face Group Limited

ACN 169 177 833

Notice of General Meeting

Notice is given that a general meeting of the members of Total Face Group Limited (**Company or Total Face Group**) will be held at K&L Gates, Level 25 South Tower, 525 Collins Street, Melbourne VIC on 11th July 2016 at 1.30pm for the purpose of considering and, if thought appropriate, passing the following resolutions:

Resolution 1 – Ratification of prior issue of shares

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

"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the shareholders approve and ratify Total Face Group's allotment of 1,619,648 fully paid ordinary shares on the terms detailed in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement (Resolution 1)

The Company will disregard any votes cast on Resolution 1 by a person (and any associates of such a person) who participated in the issue.

However, the Company need not disregard a vote cast on Resolution 1 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

Resolution 2 – Approval to issue shares to raise up to \$10 million

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve and authorise the Company to issue up to 40,000,000 ordinary shares at an issue price of \$0.25 per share to institutional investor clients of Bell Potter Securities Limited raising in aggregate \$10 million and otherwise on the terms detailed in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement (Resolution 2)

The Company will disregard any vote cast on Resolution 2 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.

However, the Company need not disregard a vote cast on Resolution 2 if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or*
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

By order of the board:

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Liza Juegan

Company Secretary

Thursday 9th June 2016

Total Face Group Limited

ACN 169 177 833

Explanatory Memorandum

These explanatory notes have been prepared to provide members with sufficient information to assess the merits of the resolutions contained in the accompanying notice of general meeting of the Company to be held at K&L Gates, Level 25 South Tower, 525 Collins Street, Melbourne VIC on 11th July 2016 at 1.30pm.

1. Resolution 1 – Ratification of prior issue of shares

1.1 Background

On 20 January 2016 and 1 March 2016, a combined total of 1,619,648 fully paid ordinary shares (or 2.2% of issued capital), were issued to various sophisticated or professional investors (**Subscribers**). 1,494,648 shares were issued on 20 January 2016 to a nominee of Dinimus Capital Pty Ltd (at an issue price of 40 cents) as consideration for advisory services. 125,000 shares (at an issue price of 40 cents) were issued by the Company on 1 March 2016 as part consideration for the purchase by the Company of the cosmetic injectable business of Lase By The Sea Pty Ltd. Shareholder ratification of that prior allotment is now being sought for the purposes of Listing Rule 7.4.

Under Listing Rule 7.1, a company may issue up to 15% of its ordinary share capital in any 12-month rolling period without shareholder approval. Listing Rule 7.4 permits a company to obtain ratification from its shareholders in relation to a prior share issue, and thereby refresh its ability in the future to issue further shares without obtaining prior shareholder approval.

The issue of the shares to the Subscribers was within the 15% limitation imposed by ASX Listing Rule 7.1, however Total Face Group is now seeking shareholder ratification and approval for the issue of these shares - which will effectively refresh the Company's ability to issue further securities under its 15% authority pursuant to ASX Listing Rule 7.1.

1.2 Regulatory Requirements

ASX Listing Rule 7.5 requires that the meeting documents concerning a proposed resolution to ratify an issue of securities in accordance with ASX Listing Rule 7.4 must include the following information:

(a) **The number of securities the entity issued:**

A total of 1,619,648 fully paid ordinary shares have been issued pursuant to the Company's 15% entitlement under ASX Listing Rule 7.1.

(b) **The issue price of the securities:**

1,494,648 shares were issued on 20 January 2016 (at an issue price of 40 cents per share) to a nominee of Dinimus Capital Pty Ltd as consideration for advisory services and 125,000 shares (at an issue price of 40 cents) were issued by the Company on 1 March 2016 as part consideration for the purchase by the Company of the cosmetic injectable business of Lase By The Sea Pty Ltd.

(c) **The terms of the securities:**

The shares issued were fully paid ordinary shares ranking equally in all respects with all other fully paid ordinary shares then on issue in the Company. The 1,494,648 shares issued to Tomhagen Pty Ltd are subject to voluntary escrow with a restriction

period of 24 months from the original date of listing of the Company (being 14 January 2016).

(d) **The names of the allottees (or the basis on which the allottees were determined):**

The issue of 1,494,648 shares to Tomhagen Pty Ltd, being the nominee of Dinimus Capital, was in consideration for advisory services as disclosed in the Prospectus.

The issue of 125,000 shares to Ms Michelle Bird was part consideration for the acquisition of the cosmetic injectable business of Lase By the Sea Pty Ltd.

(e) **The intended use of the funds raised:**

Not applicable. As outlined above the issued shares formed part of the consideration provided by the Company for advisory services by Dinimus Capital Pty Ltd and purchase consideration for the acquisition by the Company of the business conducted by Lase By The Sea Pty Ltd.

1.3 Effect of passing of Resolution 1

Resolution 1, if passed, will enable Total Face Group to retain the flexibility to issue the same number of equity securities (as issued to the Subscribers) within the next 12 months without the requirement to obtain prior shareholder approval.

1.4 Board's recommendation

The Board recommends that shareholders vote in favour of Resolution 1.

2. Resolution 2 – Approval to issue shares to raise up to \$10 million

2.1 Background

The Company is seeking shareholder approval to issue up to 40,000,000 ordinary shares at an issue price of \$0.25 per share to institutional investor clients of Bell Potter Securities Limited (**Bell Potter**) to raise in aggregate up to \$10 million on the terms outlined below (**Placement Shares**).

The Company has previously announced its intention to continue to grow its business both organically and also by acquisitions of other complimentary clinics. The Board believes the cosmetic industry in Australia will benefit from consolidation (providing economies of scale and increasing treatment quality for patients).

If Resolution 2 is passed, the resulting cash from the allotment of the Placement Shares is intended (in conjunction with the Company's existing cash reserves) to fund –

- (a) synergistic business acquisitions; and
- (b) equipment purchases of CoolSculpturing cosmetic equipment for use in the Company's existing business premises; and
- (c) generally for additional working capital,

in each case as previously announced to the ASX market on 9 June 2016.

If approved, the allotment of the Placement Shares within 3 months from the date of this meeting will not count towards the Company's 15% placement capacity and not require shareholder approval.

2.2 Regulatory Requirements

The following information in relation to the Placement Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3:

(a) **Maximum number of securities to be issued:**

The maximum number of Placement Shares that will be issued under this Resolution is 40,000,000.

(b) **Date which the securities are to be issued**

The Placement Shares are expected to be issued on or around 15th July 2016 and in any case within 3 months of the date of shareholder approval (or such later date to the extent permitted by any waiver that may be granted by ASX).

(c) **Issue price of the securities:**

The Placement Shares will be issued at a price of \$0.25 per share.

(d) **Names of the allottee/s (if known):**

The Placement Shares will be issued and allotted to institutional investor clients of Bell Potter (i.e. sophisticated and professional investors to whom disclosure pursuant to Chapter 6D of the Corporations Act is not required), as determined by Total Face Group.

(e) **Terms of the securities:**

Fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the existing shares on issue.

(f) **The intended use of the funds raised:**

The funds raised from the issue of the Placement Shares will be used to fund synergistic business acquisitions and an arrangement with a key supplier – in each case as outlined in the Company's announcement on 9th June 2016 to the ASX market.

(g) **The issue date or a statement that the issue will occur progressively:**

The Placement Shares are anticipated to be issued on or around 15th July 2016.

2.3 Board's recommendation

The Board recommends that shareholders vote in favour of Resolution 2.

3. Further information

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)*, the Company has determined that, for the purposes of the meeting, all shares in the Company will be taken to be held by the persons who held them as registered shareholders at 7pm (AEST) on 9 July 2016. All holders of ordinary shares in the Company at that time are entitled to vote at the meeting (subject to the restrictions on voting referred to below).

The directors of the Company are not aware of any other information which is relevant to the consideration by members of the proposed resolutions set out in the notice of general meeting.

The directors recommend members read these explanatory notes in full and, if desired, seek advice from their own independent financial or legal adviser as to the effect of the proposed resolutions before making any decision in relation to the proposed resolutions.

4. Notes to proxy form

- A member who is entitled to attend and vote at a general meeting is entitled to appoint a proxy to attend and vote for the member at that meeting.
- A member who is entitled to cast 2 or more votes may appoint 2 proxies, in which case they may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes of the member.
- If no directions are given the proxy may vote as the proxy thinks fit or may abstain from voting.
- A proxy need not be a member of the Company. If a person attends a meeting both as a member and as a proxy for another member, such person will only be counted once on a show of hands.
- The proxy form must be signed by the member or the member's attorney (in which case the power of attorney must have been previously noted by the Company or a certified copy of the power of attorney must accompany this proxy form.
- To be valid, proxies must be received by the Company:
 - (a) at its registered office at 11-19 Bank Place, Melbourne; or
 - (b) successfully transmitted by facsimile to Computershare on 1800 783 447 – (Within Australia) 1800 783 447 (Outside Australia) +613 9473 2555
 - (c) electronically, via the electronic proxy voting instructions, which can be recorded on the internet at www.investorvote.com.au; or
 - (d) for intermediary online subscribers only (custodians) please visit www.intermediaryonline.com,

in any case no later than 48 hours before the commencement of the general meeting.