

Prospectus

789 Holdings Limited **ACN: 628 136 658**

This Prospectus is for:

- (a) an offer of 10,000,000 Shares at \$0.25 per Share to raise \$2,500,000; and
- (b) satisfying the admission requirements to NSX.

NSX Code: 789

This Prospectus provides important information about the Company. You should read the entire document including the Application Form. If you have any questions about the Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the Shares offered under this Prospectus is highly speculative.

Important Notice

This Prospectus is dated 27 September 2018 and was lodged with ASIC on that date. Neither ASIC, NSX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made to NSX within 7 days after the date of this Prospectus for the quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This document may not be distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy securities in the United States. Any securities described in this document have not been and will not be, registered under the US Securities Act 1993 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act 1993 and applicable US state securities law.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Web Site - Electronic Prospectus

A copy of this Prospectus is available and can be downloaded from the website of the Company at www.HOME789.com.au.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Suitability of Investment & Risks

Before deciding to invest in the Company prospective investors should read entirely this Prospectus and, in particular, the summary of the Company's business in section 5 and the risk factors in section 7. They should carefully consider these factors in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser before deciding to invest.

Any investment in the Shares of the Company should be regarded as speculative.

Definitions and currency

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Photographs and diagrams

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

Exposure Period

This Prospectus is subject to an exposure period of 7 days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to 7 days. The purpose of this exposure period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, any applications received during the exposure period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the exposure period will not be processed until after the exposure period. No preference will be conferred on applications received in the exposure period and all applications received during the exposure period will be treated as if they were simultaneously received on the opening date.

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Corporate Directory

Directors

Kai (Walton) Zhu (Executive Chairman)
John Huntley Knox (Non-Executive Director)
John Nakhoul (Non-Executive Director)

Registered Office

Suite 4.05, Level 4,
161 Redfern Street, Redfern,
NSW 2016

Solicitors to the Offer

Atkinson Corporate Lawyers
Unit 5, Ground Floor, 1 Centro Ave,
Subiaco WA 6005

Investigating Accountant

UHY Haines Norton Corporate Finance Pty Limited
Level 11, 1 York Street, Sydney,
NSW, 2000

Company Secretary

Weifan (Faye) Rao

Website

www.HOME789.com.au

Corporate Advisor

JAZ Capital Group Pty Ltd
34 Francesco Crescent, Bella Vista,
NSW 2153

Auditor

UHY Haines Norton
Level 11, 1 York Street, Sydney,
NSW, 2000

Share Registry

Registry Direct Limited
Level 6, 2 Russell Street,
Melbourne VIC 3000

1 TIMETABLE TO THE PUBLIC OFFER

Lodgement of Prospectus with ASIC	27 September 2018
Expiration of the exposure period	4 October 2018
Opening Date of the Offer	5 October 2018
Closing Date of the Offer ¹	30 November 2018
Completion of the Acquisition ²	11 December 2018
Issue of Shares under this Prospectus	11 December 2018
Quotation of Shares on the NSX ³	18 December 2018

¹ Subject to all applicable laws and Listing Rules, the Company reserves the right to close the Offer early or later than as indicated above without prior notice.

² Subject to the Company receiving conditional approval from the NSX to be admitted to the Official List and raising \$2,500,000 under the Offer.

³ Subject to the Company complying with the Listing Rules.

This timetable is indicative only and may change.

2 KEY OFFER TERMS

	Subscription
Offer price	\$0.25
Shares currently on issue	1
Vendor Shares to be issued under the Acquisition	29,999,999
Shares offered under this Prospectus	10,000,000
Total Shares on issue following the Offer	40,000,000
Gross proceeds from the Offer	\$2,500,000

3 CHAIRMAN'S LETTER

Dear Investors,

On behalf of the Board, I am pleased to invite you to participate in the Offer by the Company (together with its subsidiaries, the **Group**).

The Company was incorporated on 13 August 2018 for the purpose of acquiring Home 789 Resources Pty Ltd (**HOME789**) that carries out a property sales business, and Great Fortune Investment Pty Ltd (**GFI**) that carries out a property management business in NSW (**Acquisition**).

Upon the completion of the Acquisition, the Group will continue to carry out a property sales business and a property management business in NSW and derive its revenues from:

- (a) commissions paid by the developers and vendors of residential properties for successfully selling their properties; and
- (b) leasing fees and commissions paid by property owners to lease and manage residential and commercial properties on their behalf.

The Group believes that NSW real estate markets present further opportunities to expand its operations. In achieving this, the Company plans to:

- (a) open area-based branches;
- (b) develop an agent membership program and HOME789 App;
- (c) establish a fund management business;
- (d) develop property investment webinars; and
- (e) develop a 3-Dimensional online property inspection program.

To carry out these plans, the Company is seeking to raise \$2,500,000 by offering 10,000,000 Shares at \$0.25 per Share under this Prospectus.

I strongly believe that behaving responsibly is critical to the sustainability of the Company. HOME789 proudly supports various organisations and charity groups, raising much needed money and volunteering for such important causes with worthy contributions. With the utmost professionalism in the real estate industry.

Whilst I began my career as a medical doctor, I discovered my talent for real estate not so much by choice but in the process of making ends meet. I came to work in this industry through life experiences and understanding the importance of owning a property. The business of real estate is not about selling a property. It is about taking responsibility, building trust and representing our clients' greatest asset and helping them to maximise their benefit and achieve their needs.

An investment in the Company is subject to risks, such as that the residential real estate market in Australia could be adversely affected by factors that reduce transaction volumes or sales prices in Australia, the failure for the Group to retain its Agents, the concentration of ownership where I will hold 72.75% of the Shares in the Company, as well as risks

associated with the Group's expansion plans. Detailed information on these risks is set out in section 7, which I encourage you to read carefully.

I encourage you to read the Prospectus and invite you to participate as a Shareholder of the Company.

Yours faithfully

Kai (Walton) Zhu
Executive Chairman

4 INVESTMENT OVERVIEW

The information in this section is a selective overview only. It is not intended to provide full information for investors intending on applying for Shares offered pursuant to this Prospectus. Prospective investors should read and consider this Prospectus in its entirety before deciding to invest in Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of Shares.

Question	Response	Section references
Introduction, the Company and its businesses		
Who is issuing this Prospectus?	789 Holdings Limited (ACN 628 136 658) (the Company , and together with its subsidiaries, the Group), a company incorporated in Australia on 13 August 2018.	5
Who is the Company?	The Company was incorporated for the purpose of acquiring (Acquisition): (a) Home 789 Resources Pty Ltd (HOME789) that carries out a property sales business; and (b) Great Fortune Investment Pty Ltd (GFI) that carries out a property management business.	5.1
How the Acquisition will be implemented?	On 24 September 2018, the Company and Kai (Walton) Zhu entered into sale and purchase agreements pursuant to which the Company will acquire 100% of the shares in the share capital of HOME789 and GFI. In consideration, the Company will issue a total of 29,999,999 Shares (Vendor Shares) to Kai (Walton) Zhu or his nominee (Unicorn Propfin Limited (a British Virgin Islands company)). The Acquisition is conditional upon the Company receiving conditional approval from NSX to be admitted to the Official List and raising \$2,500,000 under the Offer. The Vendor Shares constitute approximately 75% of the Shares in the Company upon listing.	11.9(d)
How does the Group generate its income?	Following the listing on NSX, the Company will be the holding company for the Group. The Group's income is generated from: (a) its property sales business through HOME789 whereby HOME789 charges a commission for selling properties for developers and vendors: (i) for sale of apartments off-the-plan, typically with half of HOME789's sales commission payable on exchange of a sales contract and the balance on settlement of the sale;	5.3 and 5.4

Question	Response	Section references
	<p>(ii) for sale of established residential properties, typically with HOME789's sales commission payable on settlement of a sale.</p> <p>(b) its property management services whereby the Group charges a leasing fee (typically one to two weeks' rent) for successful letting of the property and a commission (a fixed percentage of the property's rental income) to manage a property for the Group's customers.</p>	
What are the benefits of investing in the Company?	<p>Part of the Group's property sales business focuses on targeting the sale of properties to potential buyers from South East Asia and China. With the economic growth of countries in South East Asia and China over the last decades, investments from these countries, particularly China, into Australian real estate market have increased over the years. Along with the Group's development, the Group has established a team of agents with multicultural backgrounds. Around 20% of the Agents of the Group are able to market properties to and communicate with overseas buyers in Chinese and we believe that this will render our marketing efforts more effective to overseas buyers.</p> <p>The Group established a team of Agents and sales professionals (Sales Team) with professionalism and expertise in the real estate market. The members of the Group's Sales Team on average have over 8 years' experience in the real estate industry, mainly with experience and expertise in off-the-plan property sales. All Sales Team members are trained not only to understand the needs of investors but also the circumstances of the particular property project to facilitate a sale. As the real estate industry is constantly evolving, the Group works actively to find new ways to improve the level of service and knowledge base for its Sales Team. The Group provides continuous training programs for its Sales Team to improve and maintain their industrial knowledge on the real estate market and their communication and negotiation skills, which the Group deems as key expertise and skills to provide the clients with effective and efficient services. Training is conducted both internally by the Group's senior managers and externally by third party accredited training institutions.</p> <p>Another valuable asset within the Group's sales and marketing portfolio is the extensive property buyers/clients database the Group has accumulated over the years. This includes past purchasers, investors, buyer enquiries, high-net-wealth individuals and clients gained from past marketing activities.</p>	5.5

Question	Response	Section references
	Further, the Group has established co-operation relationship with other partners in major counties (such as China, Indonesia and Korea) to market suitable properties to off-shore investors.	
Risks		
Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks and uncertainties. The risk factors set out in section 7 , and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. This section summarises only some of the risks which would apply to an investment in the Company and investors should refer to section 7 for a more detailed summary of the risks.		
Australian residential real estate market risks	<p>The Group generates the majority of its income from the Australian residential real estate market through commission revenue generated by Agents on the sale of properties. The Group is therefore adversely affected by factors that reduce transaction volumes or sales prices in the Australian residential real estate market or, more specifically, the particular regions in which it operates.</p> <p>The Australian residential real estate market can be considered cyclical and typically is affected by changes in general economic conditions which are beyond the Group's control.</p> <p>Investment by offshore investors, particularly those from Asia, is an increasingly important source of demand for Australian residential real estate. Any regulatory restrictions on inbound foreign investment may therefore have a negative impact on the sales volumes and prices of Australian residential properties.</p>	7.1(a)
Loss of Agents	The Group's Agents are the key to the success of the Group's business. The loss of any key Agent could undermine the Group's ability to operate its business to the current standard and scale. The departure of a number of key Agents simultaneously or over a short period of time could have a particularly material adverse effect on the Group's financial position and performance.	7.1(b)
Reputation and brand risks	<p>The success of the Group is largely dependent on its reputation and branding. Maintaining the strength of the reputation and branding of the Group and its underlying brands is integral to the Group's ability to maintain relationships with existing customers, appeal to new customers, maintain revenue growth and attract key employees and Agents.</p> <p>There is a risk that certain issues or events, including many of those outlined in this section, may adversely affect the reputation of the Group or its associated brands, including through negative</p>	7.1(c)

Question	Response	Section references
	<p>publicities. Factors which undermine the strength of the Group's reputation and brands may result in customers ceasing to request services from the Group, reducing the Group's ability to retain and attract Agents, and may have a negative impact on the Group's competitiveness, growth and profitability.</p>	
Regulatory risks	<p>In Australia, the Group's business is primarily regulated by NSW state laws and regulations. If the Group does not meet regulatory requirements, it may suffer penalties.</p> <p>In addition, the regulatory framework may change. This could have an impact on the residential real estate services industry or the Group's operations.</p> <p>Depending on the nature of any such changes, it may adversely impact the operations or future financial performance of the Group.</p> <p>Regulatory proceedings or findings against the Group's employees, Agents, or licensees or general negligence or misconduct by those parties could result in regulatory sanctions and/or reputational or financial harm to the Group. While the Group has put in place extensive training for its employees and Agents and compliance processes have been established in order to prevent such misconduct, it is not always possible to avoid it and the precautions taken to prevent and detect such activity may not be effective in all cases.</p>	7.1(d)
Concentration of ownership	<p>Upon listing, the Company's substantial shareholder, Mr Zhu will, through Unicorn Propfin Limited (a British Virgin Islands company), control 72.75% of the Company's issued Shares and be in a position to exercise significant influence over matters requiring Shareholder approval, including the election of Directors. In so doing, Mr Zhu may not act in the best interests of minority Shareholders.</p> <p>The concentration of ownership may also discourage, delay, or prevent a change in control of the Company as a third party would not be able to make a successful bid for the Company without support from Mr Zhu, which would deprive the Company's shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of the Company's Shares.</p>	7.1(e)
Liquidity risks	<p>There can be no guarantee that an active market in the Company's Shares will develop. The market for the Company's Shares may be illiquid (especially considering that Mr Zhu will, through Unicorn Propfin Limited (a British Virgin Islands company), hold 72.75% of the Company's issued Shares). There may be relatively few potential</p>	7.1(f)

Question	Response	Section references
	<p>buyers or sellers of the Shares on the NSX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares or disposing of Shares they acquire under the Offer.</p> <p>It may also affect the prevailing market price at which the Shareholders can sell their Shares. This may result in Shareholders who acquire Shares under the Offer receiving a market price for their Shares that is less than the offer price.</p>	
Competition and disintermediation	<p>The residential real estate industry is subject to vigorous competition, based on factors including commission rates, service, innovation and the ability to provide the clients with an appropriate range of real estate services in a timely manner.</p> <p>The Group is also potentially exposed to disintermediation, whereby buyers and sellers are able to transact directly in a private sale without utilising the services of an Agent.</p> <p>The residential real estate services industry can also be considered to have relatively low barriers to entry, with there being a relatively low cost to establish a residential real estate services office. Agents engaged by the Group could potentially establish competing businesses in the areas in which they currently operate.</p>	7.1(g)
Loss of key personnel	<p>The Group has, through its business development, established a professional and efficient management team and core business team with high level of business skills and experience. The prospects of the Group depend, in part, on the entrepreneurial drive and business experience of its founder, Mr Kai (Walton) Zhu and the management team and business team established by Mr Zhu. There can be no assurance that the Group will be able to retain these key personnel. The loss of a number of key personnel (particularly its founder Mr Zhu) without replacement by, or the inability to recruit and retain, persons of similar technical skills and experience may have an adverse effect on the business.</p>	7.1(h)
Transition from private companies to a public listed company risk	<p>As part of its listing, the Company will implement appropriate governance systems and processes to manage its compliance with legislative and NSX Listing Rule requirements. There is a risk that, prior to or as a consequence of these systems and processes being implemented, unforeseen circumstances may arise that could have an adverse impact on the Group's financial performance.</p>	7.1(i)
Intellectual property risks	<p>There may be circumstances where the Group's intellectual property cannot be protected or is subject to unauthorised disclosure,</p>	7.1(j)

Question	Response	Section references
	<p>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 Group with a competitive advantage.</p>	
Payroll duty	<p>The Group contracts with Agents as independent contractors. As such the Company does not believe that its Agents' commissions are to be included in assessing the Group's liability for payroll tax.</p> <p>The Group is currently the subject of an investigation by Revenue NSW regarding its payroll liability. The Group believes that it has complied with its payroll duty obligations, and that it has no liability to Revenue NSW. However, there is a risk that Revenue NSW may find that the Group's commission payments ought to have been included in determining payroll liability, and that the Group did not pay the correct amount of payroll tax.</p>	7.1(k)
Non-payment of commission	<p>Under the terms of the Group's agency with developers, it is entitled to 50% of the commission upon exchange of contracts and the balance at settlement. In practice, the payments are not made until sometime (generally a few months) after these events. Whilst historically, developers have paid the commission, there is a risk that a developer does not and in circumstances where a development has been sold the developer does not have sufficient funds to pay all or the balance of the commission.</p>	7.1(l)
Risk relating to the trademarks used by the Group	<p>As set out in section 5.7, the trademarks under which the Group's business is conducted are owned by an entity controlled by Kai (Walton) Zhu, and the Group has been granted with the licence to use the trademarks. Details on the grant of license are set out in section 11.9 (c).</p> <p>The term of the license agreement is not specified in the agreement, there is a risk that the license agreement may be terminated for whatever reason and the Group will not be able to use the trademarks for its business, as a result, the Group may need to build a new brand and will not be able to utilize the goodwill it has built up for such trademarks. If this occurs, the Group's operations may be adversely affected.</p>	7.1(m)
Risks relating to opening of branches	<p>The Group plans to open area-based branches as set out in section 5.8, while the Group hopes that the new area-based branches will increase the awareness of the Group's presence and its overall sales, there is no guarantee that these area-based branches will be successful. If this happens, the growth and development of the Group</p>	7.2(a)

Question	Response	Section references
	will be adversely affected.	
Risks relating to fund management business	Following the completion of the Offer, the Company intends to establish its fund management business. As the fund management business is a new business sector of the Group, the operation of this new business by the Group will face unanticipated results, there is no guarantee that this new business will be successful or generate any revenue or profit.	7.2(b)
Risks relating to the Group's online platforms	The Group operates its own website www.HOME789.com.au and plans to establish HOME789 App and a 3-Dimensional online property inspection program (VR Program) (together the Platforms). The Group's Platforms may break down due to maintenance issues, technical malfunctions, human errors or even security breaches and cyber-attacks. In such events, the Group's operations may be significantly interrupted until the problem is rectified and the profitability of the Group may be adversely affected. The Group plans to schedule regular maintenance and checks for its Platforms to minimize such risks.	7.2(c)
Tougher regulations and lending policies	In response to certain regulatory changes by APRA, some banks have recently tightened lending conditions for residential property investors with tighter restrictions on lending to foreign investors. Any policies introduced by the banks with tightened lending restriction to foreign investors could negatively impact lending demand from foreign investors and adversely affect the ability of foreign investors to invest in Australian properties.	7.3(a)
Surcharge Purchaser Duty	The 2016 NSW Budget introduced a 4% surcharge purchaser duty (Surcharge) on the purchase of residential real estate by foreign persons from 21 June 2016. As a result of the 2017 Budget, for agreements entered into on or after 1 July 2017, the Surcharge rate has increased from 4% to 8% . The Surcharge is in addition to the duty payable on the purchase of residential property. There is no guarantee that the NSW government will not increase the Surcharge, any increase in the Surcharge will have a negative impact on the investment from overseas customers.	7.3(b)
PRC Currency and Capital Control risks	The conversion of the RMB into foreign currencies and the value of the RMB is subject to changes in the Chinese government's policies and international economic and political developments. There can be no assurance that the exchange rate of RMB will not become volatile or that the RMB will not be devalued. The devaluation of RMB will discourage Chinese buyers to purchase properties in	7.3(c)

Question	Response	Section references								
	<p>Australia.</p> <p>A tougher capital control policy introduced by the Chinese government may also limit the ability of Chinese buyers to transfer currency, securities or other assets to purchase properties in Australia.</p>									
General risks relating to investment in shares	<p>The Group also face general risks such as the risk that its share price will be affected by share market conditions, general economic risks, change of government policy, legislation and regulation and insurance risk.</p> <p>Investors are urged to carefully read the risks section of this Prospectus and seek independent professional advice if they have any queries.</p>	7.4 and 7.5								
Directors and management										
Who are the Directors of the Company?	<p>The Directors of the Company are:</p> <table><tr><th>Name</th><th>Title</th></tr><tr><td>Kai (Walton) Zhu</td><td>Executive Chairman</td></tr><tr><td>John Huntley Knox</td><td>Non-executive Director</td></tr><tr><td>John Nakhoul</td><td>Non-executive Director</td></tr></table>	Name	Title	Kai (Walton) Zhu	Executive Chairman	John Huntley Knox	Non-executive Director	John Nakhoul	Non-executive Director	8
Name	Title									
Kai (Walton) Zhu	Executive Chairman									
John Huntley Knox	Non-executive Director									
John Nakhoul	Non-executive Director									
What experience do the Director have?	<p>(a) Mr Zhu previously worked as a medical doctor before he set up GFI and entered into real estate business. Mr Zhu has been managing GFI since 2007 and HOME789 since 2012. Mr Zhu is the founder of GFI and HOME789 and will serve as the executive Chairman of the Group.</p> <p>(b) Mr John Huntley Knox is a Fellow of the Institute of Chartered Accountants.</p> <p>Mr Knox previously worked with R A Forge & Co (1958-1973) and John H Knox & Associates (as his own business) (1973-1978) and specialised in management services, insolvency and tax consultancy. John H Knox & Associates was subsequently sold to Mann Judd & Co in November 1978.</p> <p>From 1978 to 1983, Mr Knox established and took equity interests in several companies including, Executive Taskforce, Ward Knox & Associates. Mr Knox was also involved in the introduction of the “JCB” credit card to Australia from Japan. From 1983 to 1985, Mr Knox provided consultancy</p>	8.1								

Question	Response	Section references
	<p>services to various companies. From 1985 to May 1989, Mr Knox served on the board of a group of private companies. From June 1989 to June 1992, Mr Knox worked in Spain as a consultant in connection with the creation of a Stock Exchange in Gibraltar and the disposal of businesses and real estate holdings in Gibraltar and Southern Spain. Between 1993 and 2002, Mr Knox worked as a management consultant at PK Bush van Dam & Co., Chartered Accountants.</p> <p>In 2002, Mr Knox established the Huntley Management Limited (Huntley) which holds an Australian Financial Services Licence and acts as responsible entity, custodian, and trustee and/or manager for over forty managed investment schemes registered with ASIC. Mr Knox has been acting as the managing director of Huntley since 2002. Mr Knox previously was the director of Mainstar One Holdings Pty Ltd. Mr Knox currently is also a non-executive director of Riteq Pty Ltd and the Non-executive Chairman of Benedict Industries Group. Mr Knox is also on the board of the University of Western Sydney Hawkesbury Foundation.</p> <p>In July 2017 the Federal Court of Australia ordered Huntley pay a penalty of \$50,000 for false and misleading advertising that its investment projects were 'approved by the Australian Securities and Investments Commission'. Huntley made the statements (after it sought legal advice about the wording and was told it was appropriate) on its website between 21 September 2010 and 7 October 2015, and in two advertisements in a national newspaper on 25 November 2014 and 11 February 2015.</p> <p>Huntley, which is a responsible entity of various managed investment schemes, admitted that the statements were false and misleading. It also consented to, and the Federal Court made two declarations of, contraventions of section 12DB of the Australian Securities and Investments Commission Act 2001 (Cth) (ASIC Act) and additional orders requiring Huntley to post corrective notices and pay ASIC's litigation costs.</p> <p>Perram J of the Federal Court found that Huntley did not intend to deceive, that it promptly withdrew the offending statements, and that it cooperated with ASIC on penalties and paying ASIC's costs.</p>	

Question	Response	Section references												
	<p>(c) Mr John Nakhoul (appointed on 21 September 2018) - Non - executive Director</p> <p>Mr Nakhoul is a Fellow Certified Practicing Accountant with substantial financial and commercial experience. Mr Nakhoul graduated with a bachelor’s degree in economics from University of Sydney. Mr Nakhoul has approximately 30 years’ experience at a senior corporate level in finance, business development and management and accounting.</p> <p>Mr Nakhoul previously served various roles at Aristocrat Technologies (1995 to 2007), including group financial controller and corporate business development manager, and Australian Consolidated Press (1989 to 1995), including as group management accountant. Since 2007, Mr Nakhoul has been providing consulting services on a range of matters, with a particular focus in the gaming and entertainment related industries.</p>													
What are the directors’ holdings in the Shares?	<p>The director’s holdings in Shares will be as follows:</p> <table><tr><th>Name</th><th>Directly Held</th><th>Indirectly Held</th></tr><tr><td>Kai (Walton) Zhu</td><td>Nil</td><td>29,100,000</td></tr><tr><td>John Nakhoul</td><td>Nil</td><td>Nil</td></tr><tr><td>John Huntley Knox</td><td>Nil</td><td>Nil</td></tr></table>	Name	Directly Held	Indirectly Held	Kai (Walton) Zhu	Nil	29,100,000	John Nakhoul	Nil	Nil	John Huntley Knox	Nil	Nil	8.3
Name	Directly Held	Indirectly Held												
Kai (Walton) Zhu	Nil	29,100,000												
John Nakhoul	Nil	Nil												
John Huntley Knox	Nil	Nil												
What benefits are being paid to Directors?	<p>The remunerations to be paid to each of the Directors are as follows:</p> <table><tr><th>Name</th><th>Amount/Per Annum</th></tr><tr><td>Kai (Walton) Zhu</td><td>\$300,000 plus performance bonus</td></tr><tr><td>John Nakhoul</td><td>\$20,000</td></tr><tr><td>John Huntley Knox</td><td>\$20,000</td></tr></table>	Name	Amount/Per Annum	Kai (Walton) Zhu	\$300,000 plus performance bonus	John Nakhoul	\$20,000	John Huntley Knox	\$20,000	8.4				
Name	Amount/Per Annum													
Kai (Walton) Zhu	\$300,000 plus performance bonus													
John Nakhoul	\$20,000													
John Huntley Knox	\$20,000													
Material Contracts														
What important contracts have	<p>The Group has entered into the following material contracts:</p> <p>(a) License Agreement</p>	11												

Question	Response	Section references
been entered into?	<p>HOME789 enters into standard license agreement with its agents that hold a real estate agent licence.</p> <p>Under the agreements, HOME789 as the licensor grants the agents as the licensees to:</p> <ul style="list-style-type: none"> (i) use the HOME789 property platform; (ii) use the HOME789 brand including the name, trademark and logo; and (iii) sell properties listed on the HOME789 platform. <p>Pursuant to the agreements, HOME789 maintains the HOME789 platform and protects the HOME789 brand, further HOME789 sources appropriate stock to be sold to the market, undertakes due diligence and appraisal on the sourced stocks, lists and markets the stocks for sale. The licensees market the stocks listed by HOME789, refer or introduce, via HOME789, the licensees' clients or client database to stocks sourced and/or listed by HOME789.</p> <p>Pursuant to the agreements, HOME789 will issue a notice to the licensees setting out the stocks to be sold by the licensees from the HOME789 platform and the fees to be paid to the licensees for a successful sale. HOME789 must pay the licensees the licensee commission or fee on the 14th day of the subsequent month after receiving payment from the sale. HOME789 is not obliged to pay the licensees any commission or fee until HOME789 has been paid its own relevant commission or fee in full and holds in full such commission or fee as payable to the licensees.</p> <p>The agreement can be terminated with the written consent of both parties or by either party with 30 days written notice to the other party.</p> <p>The agreement also contains a restraint of trade clause on the licensee for a period of 36 months from the date of the termination of the agreement.</p> <p>(b) Project Marketing Exclusive Agency Agreement</p> <p>HOME789 enters into Project Marketing Exclusive Agency Agreements with a property developer whereby the developer as the principal appoints HOME789 as the exclusive real estate selling agent to market and sell properties.</p>	

Question	Response	Section references
	<p>The appointment is usually for a term of 90 days. If the term is more than 90 days, the principal may turn the exclusive agency agreement into an open agency agreement or terminate the agreement with 7-28 days' notice in writing to HOME789 any time after the end of the 90 days period.</p> <p>HOME789 is entitled to a commission if the principal enters into a sale contract for a property with an introduced party. Commission is usually between 2.2% to 4.4% of the actual sale price (inclusive of GST). Usually, 50% of the commission is due and payable to HOME789 upon the exchange of the relevant sale contracts and the balance of the commission is due and payable upon settlement under the sale contracts. Under the agreement, if the principal or other agents introduced the purchasers to the properties and entered into contract, HOME789 is still entitled to the commission.</p>	
	<p>(c) Open Agency Agreement</p> <p>HOME789 enters into project marketing open agency agreements with various developers whereby the developers as the principal appoints HOME789 as the non-exclusive real estate selling agents to market and sell properties.</p> <p>The appointments are usually for an open period until project settled. The principal may terminate the agreement with 7-28 days' notice in writing to HOME789.</p> <p>HOME789 is entitled to a commission if the principal enters into a sale contract for a property with an introduced party. Commission is usually between 2.2% to 4.4% of the actual sale price (inclusive of GST). Usually, 50% of the commission is due and payable to HOME789 upon the exchange of the relevant sale contracts and the balance of the commission is due and payable upon settlement under the sale contracts.</p> <p>Under the agreement, the principal is entitled to introduce purchasers to the properties as well as any other principal appointed real estate agents and HOME789 is not entitled to a commission or any fee for that sale.</p>	
	<p>(d) Individual Sale Agreements</p> <p>HOME789 and home owners enter into standard sale agreements in the form of the Sales Inspection Report and Exclusive Agency Agreement as recommended by the Real Estate Institute of New South Wales (Sale Agreements). Under the Sale Agreements, HOME789 usually has the exclusive right to sell properties within the agreed</p>	

Question	Response	Section references
	<p>exclusivity periods, which are usually 90 days. HOME789's commission under the Sale Agreement is usually between 1.65% to 2.2% of the actual sale price (inclusive of GST). The commission is due and payable upon demand at settlement of the sale.</p> <p>(e) Property Management Agreements</p> <p>GFI and home owners enter into standard property management agreements in the form of the Exclusive Management Agency Agreement as recommended by the Real Estate Institute of New South Wales (Property Management Agreements). Under the Property Management Agreements, GFI will provide services to property owners in relation to the letting and the management of properties on behalf of property owners. GFI charges a lease fee to let a property and a commission (a fixed percentage of the property's rental income) to manage a property.</p>	
What are the related parties transactions	<p>(a) Service agreement between HOME789 and Aust Sunshine Marketing Pty Limited</p> <p>In 2013, HOME789 and Aust Sunshine entered into a service agreement, the material terms of which were as follows:</p> <ul style="list-style-type: none"> (i) (Appointment) Aust Sunshine granted HOME789 a right to sell properties listed by Aust Sunshine on a sub-agency basis. (ii) (Reimbursement) Aust Sunshine agreed to reimburse all costs that HOME789 incurs under the agreement. (iii) (Remuneration) HOME789 was entitled to charge Aust Sunshine remuneration calculated in accordance with a stated formula. <p>The agreement was a sub agency agreement pursuant to section 34 of the Property, Stock and Business Agents Act 2002 (NSW).</p> <p>On 21 September 2018, HOME789 and Aust Sunshine amended the agreement so that HOME789's remuneration and reimbursement for expenses was equal to amounts received by Aust Sunshine from vendor developers for selling properties listed by Aust Sunshine.</p> <p>Aust Sunshine is 99% owned by SWASA Wealth Pty Limited ATF the CJ Family Trust (Kai (Walton) Zhu's family trust).</p>	11.9

Question	Response	Section references
	<p>(b) Project Marketing Exclusive Agency Agreement 24-26 Carlingford Road, Epping NSW 2121</p> <p>On 11 July 2016, UFN A EPPING PTY LTD (ACN 607122 305) as principal and HOME789 as agent entered into a Project Marketing Exclusive Agency Agreement 24-26 Carlingford Road, Epping NSW 2121 for HOME789 to act as the exclusive selling agent for the properties under the development undertaken at 24-26 Carlingford Road, Epping NSW 2121.</p> <p>HOME789 is entitled to a commission if the principal enters into a sale contract for a property with an introduced party. Commission is 3.3% of the actual sale price (inclusive of GST). 50% of the commission is payable to HOME789 upon the exchange of the relevant sale contracts and the balance of the commission is payable upon the settlement of the sale contracts.</p> <p>UFN A EPPING PTY LTD (ACN 607122 305) is 100% owned by Kai (Walton) Zhu.</p> <p>(c) Trademark license agreement</p> <p>On 30 September 2015, HOME789 and SWASW Wealth Pty Ltd (SWASW) entered into a trademark license agreement whereby SWASW granted HOME789 an exclusive right to use the trademarks as set out in section 5.7. The first five years of the grant is free and HOME789 will pay an annual license of \$20,000 (plus GST) starting from the sixth year from the date of the agreement.</p> <p>(d) Sale and purchase agreements</p> <p>The Company and Kai (Walton) Zhu entered into a sale and purchase agreements in respect of the acquisition by the Company of 100% of the shares in the capital of HOME789 and GFI. The consideration to be paid to Kai (Walton) Zhu or his nominees will be satisfied through the issue by the Company of an aggregate of 29,999,999 Shares. Completion of the sale and purchase agreements is conditional upon the fulfilment of the following conditions precedent: (i) the Company, at its absolute discretion, is satisfied with its due diligence results on HOME789 and GFI; (ii) the Company raising \$2,500,000 under the Prospectus; and (iii) the Company receiving conditional approval for quotation of the Company's shares on the official list of the NSX. Each of the sale and purchase agreements also contains other representations, warranties</p>	

Question	Response	Section references																								
	and conditions considered standard for an agreement of this nature.																									
Proposed use of funds and key terms of the Offer																										
How will the proceeds of the Offer be used?	<p>The Company intends to use funds raised from the Offer (together with existing funds on hand of approximately \$340,230 (as at 31 August 2018) broadly as follows:</p> <table><tr><th>Description</th><th>(\$)</th></tr><tr><td>Cash on hand as at 31 August 2018</td><td>340,230</td></tr><tr><td>Funds raised under the Prospectus</td><td>2,500,000</td></tr><tr><td>Total funds held</td><td>2,840,230</td></tr><tr><td>Area-based branches</td><td>960,000</td></tr><tr><td>Agent membership program and HOME789 App</td><td>500,000</td></tr><tr><td>Fees relating to the establishment of a fund management business</td><td>400,000</td></tr><tr><td>Development of property investment webinars</td><td>100,000</td></tr><tr><td>3D online property inspection program (VR Program)</td><td>200,000</td></tr><tr><td>Working capital</td><td>580,230</td></tr><tr><td>Costs of the Offer to be paid from the proceeds of the Offer</td><td>100,000</td></tr><tr><td>Total use of funds</td><td>2,840,230</td></tr></table> <p>For details on the use of the fund, please refer to section 5.9.</p>	Description	(\$)	Cash on hand as at 31 August 2018	340,230	Funds raised under the Prospectus	2,500,000	Total funds held	2,840,230	Area-based branches	960,000	Agent membership program and HOME789 App	500,000	Fees relating to the establishment of a fund management business	400,000	Development of property investment webinars	100,000	3D online property inspection program (VR Program)	200,000	Working capital	580,230	Costs of the Offer to be paid from the proceeds of the Offer	100,000	Total use of funds	2,840,230	5.9
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Working capital	580,230																									
Costs of the Offer to be paid from the proceeds of the Offer	100,000																									
Total use of funds	2,840,230																									
What are the conditions of the Offer?	<p>The Offer is conditional upon, amongst other things, the following:</p> <p>(a) The completion of the Acquisition;</p> <p>(b) The Company complying with the admission requirements for admission to NSX; and</p> <p>(c) The Company raising \$2,500,000 under the Offer.</p>	12.2																								

Question	Response	Section references
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In the event the conditions are not met, and in accordance with the Corporations Act, the Company will return all application moneys without interest and the Offer will not proceed.

Financial Information

What financial information is included? This prospectus contains the Combined Historical and the Pro Forma Combined Historical Financial Information for the Group which is set out in section 9 and includes: 9 and 10

- (a) The Combined Historical and the Pro Forma Combined Historical Statements of Profit and Loss and Other Comprehensive Income for the 6 months periods ended 31 December 2016 and 2017, and for the financial years ended 30 June 2016 and 2017;
- (b) The Combined Historical Statements of Cash Flows for the 6 months periods ended 31 December 2016 and 2017, and for the financial years ended 30 June 2016 and 2017;
- (c) The Combined Historical and the Pro Forma Combined Historical Statement of Financial Position as at 31 December 2017,

as if the Group had operated as a single Combined entity since the 1st of July 2015. This Prospectus contains Combined Historical and Pro Forma Combined Historical Financial Information about the Group for FY2016, FY2017 and half years ended on 31 December 2016 and 2017 which is set out in section 9 and includes:

- (a) Combined Historical and the Pro Forma Combined Historical Statements of Profit and Loss and Other Comprehensive Income

\$'000's	Audited Year Ended 30 June 16	Audited Year Ended 30 June 17	Reviewed Six Month to 31 Dec 17
Total Revenue	7,533	11,825	3,781
Total Expenses	4,196	5,578	2,047
Profit before income tax	3,337	6,247	1,734
Profit after income tax	2,339	4,372	1,207
Total comprehensive	2,339	4,372	1,207

Question	Response	Section references
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e income			
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(b) a Combined Historical Statement of Cash Flows

\$'000's	Audited Year Ended 30 June 16	Audited Year Ended 30 June 17	Reviewed Six Month to 31 Dec 17
Net cash from operating activities	1,742	4,831	(169)
Net cash used in investing activities	-	62	-
Net cash used in financing activities	(2,203)	(4,853)	214
Cash and cash equivalents at the end of the financial year	135	175	220

(c) Combined Historical and the Pro Forma Combined Historical Statement of Financial Position

\$'000's	Reviewed 31 Dec 17	Pro Forma Offer proceeds \$2.5m
Total Assets	3,471	5,687
Total Liabilities	747	747
Net Assets	2,724	4,940
Total Shareholders' Equity	2,724	4,940

The financial information presented above is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information in section 9, including the assumptions, management discussion and analysis, as well as the risk

Question	Response	Section references
	factors set out in section 7.	
Will the Company pay dividends?	<p>The Company does not intend to pay dividends for the financial year ending 30 June 2019.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors.</p>	5.14
Where will the Shares be quoted?	Subject to the Company complying with the Listing Rules, the Shares will be traded on the NSX under the symbol '789'.	12.2
How can I obtain further advice?	<p>By speaking to your accountant, stockbroker or other professional advisor.</p> <p>Any queries regarding the Offer should be directed to the Company Secretary on +61 894 864 036.</p> <p>Any queries regarding the Application Form should be directed to the Share Registry on 1300 55 66 35.</p>	14.7

5 COMPANY AND BUSINESS MODEL

5.1 Group structure

789 Holdings Limited (the **Company**, and together with its subsidiaries, the **Group**) was incorporated in Australia on 13 August 2018 as a holding company for the Group.

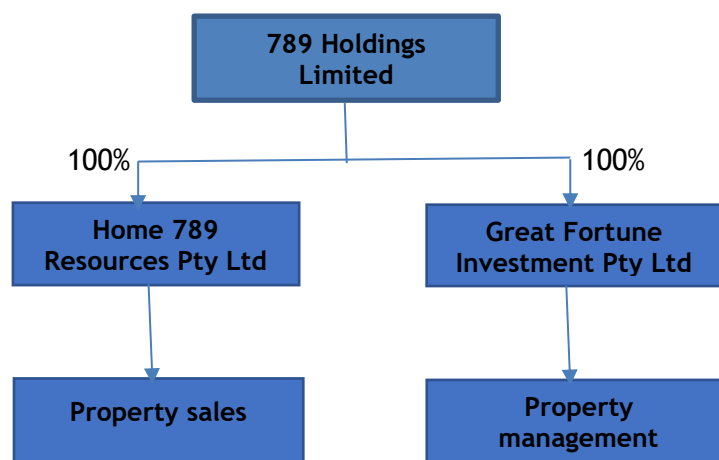
The Company was incorporated for the purpose of acquiring (**Acquisition**):

- (a) Home 789 Resources Pty Ltd (ACN: 154 329 727) (**HOME789**) which carries out a property sales business in New South Wales (**NSW**); and
- (b) Great Fortune Investment Pty Ltd (ACN: 128 593 199) (**GFI**) which carries out a property management business in NSW.

HOME789 was incorporated in Australia on 17 November 2011 and GFI was incorporated in Australia on 22 November 2007.

The Acquisition is conditional upon the Company receiving conditional approval from NSX to be admitted to the Official List and raising \$2,500,000 under the Offer.

The corporate structure of the Group following completion of the Acquisition will be as follows:



The Group's property sales business was initially conducted through both HOME789 and Aust Sunshine Marketing Pty Ltd (ACN 143 306 254) (an entity controlled by Kai (Walton) Zhu's family trust) (**Aust Sunshine**) with Aust Sunshine appointing HOME789 as its sub-agent for selling properties and with around 10% and 90% of the property sales revenues from HOME789 and Aust Sunshine respectively. Aust Sunshine and HOME789 have varied the sub-agency agreement so that HOME789 will receive all future revenue entitlements from the existing property sales under the sub-agency agreement. HOME789 has also entered into agreements with the Group's agents and will carry out the property sales business for the Group, and Aust Sunshine has ceased to carry out property sales business.

5.2 History of the Group

The table below summarizes key events in the history of the Group:

Date	Events
22 November 2007	Incorporation of GFI and commencement of property management business
17 November 2011	Incorporation of HOME789
January 2012	Commencement of property sales business
September 2013	Properties under GFI's management exceeded 100
January 2016	Property sales volumes of the Group exceeded \$500 million
October 2017	Properties under GFI's management exceeded 200
13 August 2018	Incorporation of the Company
24 September 2018	Signing of agreements for the Acquisition of GFI and HOME789 by the Company

5.3 Overview of the property sales business of the Group

Following the completion of the Acquisition and the listing of the Company on NSX, the Company's assets will consist of a 100% interest in HOME789 and GFI.

HOME789 sells residential properties for developers and vendors. HOME789 charges the developers and vendors of residential properties a commission for successfully selling a property.

Property developers engage HOME789 to sell apartments off-the-plan, typically with half of HOME789's sales commission payable on exchange of a sales contract and half payable on settlement of the sale. Off-the-plan property sales generally involve buyers entering into a sale and purchase contract with a property developer before the property is completed. A summary of the material terms of the contracts between HOME789 and the property developers is set out in sections 11.2 and 11.3.

Vendors of established residential properties engage HOME789 to sell their properties, typically with HOME789's sales commission payable on settlement of a sale. A summary of the material terms of the contracts with vendors of established residential properties is set out in section 11.4.

HOME789 markets properties through both traditional and online marketing channels. Traditional marketing channels include advertising through outdoor billboard, newspapers, magazines, press, televisions and radios as well as direct emails to existing and potential customers from the Group's data base. The Group

also organizes seminars, road shows, property presentations and property exhibitions. Online marketing channels include marketing through the Group's own platform www.HOME789.com.au, as well as marketing through search engines, social medias and third-party online platforms such as realestate.com, domain, homely, Facebook, twitter, Instagram, WeChat etc.

HOME789's property sales services include:

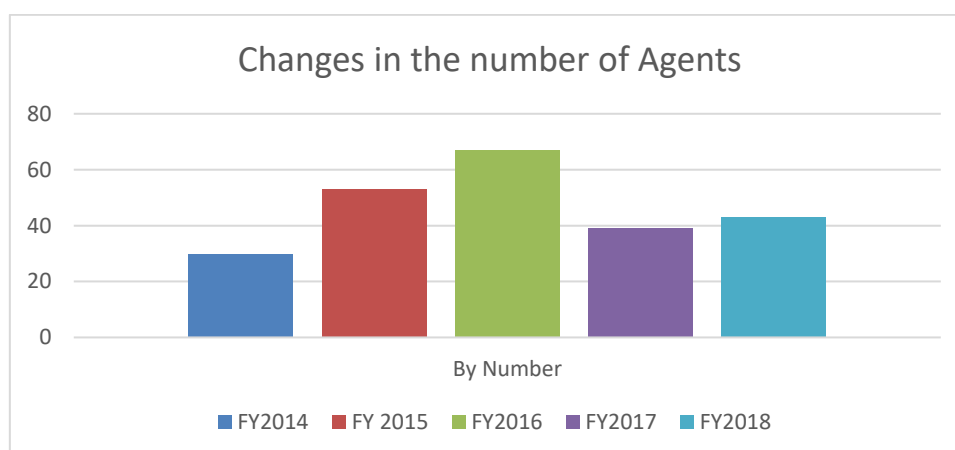
- (a) preparation of sales plans and project information memoranda;
- (b) project launch;
- (c) coordination with local/overseas referral channels;
- (d) liaison with finance institutions and legal representatives of buyers;
- (e) sale agreement preparation and execution;
- (f) managing the legal process from the initial exchange of contracts till the final settlement of the sale of the properties;
- (g) ongoing sales management;
- (h) construction update with the buyers; and
- (i) coordination on the final settlement.

HOME789's property sales business is conducted through contracts with individual real estate agents (**Agents**) licensed under the Property, Stock and Business Agents Act 2002 (NSW). Pursuant to the contract between HOME789 and the Agents, Agents market and sell properties listed by HOME789, and receive a percentage of the commissions received by HOME789 for properties sold by the Agents. The Agents' percentage of commissions is agreed prior to offering a property for sale. A summary of the contract between the Agents and HOME789 is set out in section 11.1.

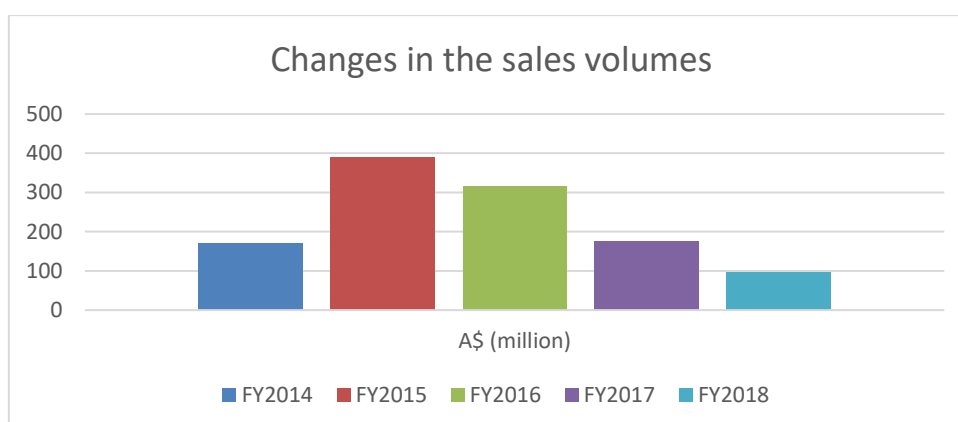
As of the date of this Prospectus, HOME789 has 43 Agents. The Group believes that its brand, business model and level of business and career support enables it to attract and retain high quality Agents.



The changes in the number of Agents HOME789 has contracts with since 2014 are shown as below:




The changes in the sale volumes of the Group since 2014 are shown as below:



Since the commencement of the property marketing and sales business in 2011, the Group has been conducting sales for various off-the-plan property projects. A list of the selected completed property projects the Group was involved include:

	Project	Location	Properties sold through the Group	Year
	Eden, Chippendale	19-31 Goold Street, Chippendale, NSW 2008	12	2011-2012
	Broadway Punchbowl	1 Broadway Punchbowl	31	2013
	Urba Apartment, Redfern	7-9 Gibbons Street, Redfern, NSW 2016	14	2013
	The Charles, Canterbury	2A Charles Street, Canterbury, NSW 2193	200	2014-2016
	Moss Wood, Kogarah	21-35 Princes Highway, Kogarah, NSW 2217	57	2013-2014
	Crowle Estate, Ryde	74-78 Belmore Street, Ryde, NSW 2114	367	2014-2016

The Group continues to sell off-the-plan property projects, A list of the property projects the Group currently markets for sale include:

	Project	Location	Properties sold through the Group as of the date of the Prospectus
	The Endeavour Apartment, Arncliffe	108 Princes Highway, Arncliffe, NSW 2205	202

	Diamond Grand, Ashfield	7/9 Cavill Avenue, Ashfield, NSW 2131	9
	South Village, Kirrawee	566-594 Princes Highway, Kirrawee NSW 2232	211
	The North Village, Kellyville	133-149 Samantha Riley Drive, Kellyville, NSW 2155	162
	GrandH, Hurstville	20 woniora Road, Hurstville, NSW 2220	176
	The Vantage Apartment, Lidcombe	3-7 Taylor Street, Lidcombe, NSW 2141	61
	Rockdale	Lister avenue, Rockdale, NSW 2216	21
	Epping	24-26 Carlingford Rd, Epping NSW 2121	29

5.4 Overview of the property management business of the Group

GFI earns management and leasing fees from managing residential and commercial properties. GFI's property management business provides a full range of property management services for property owners, including:

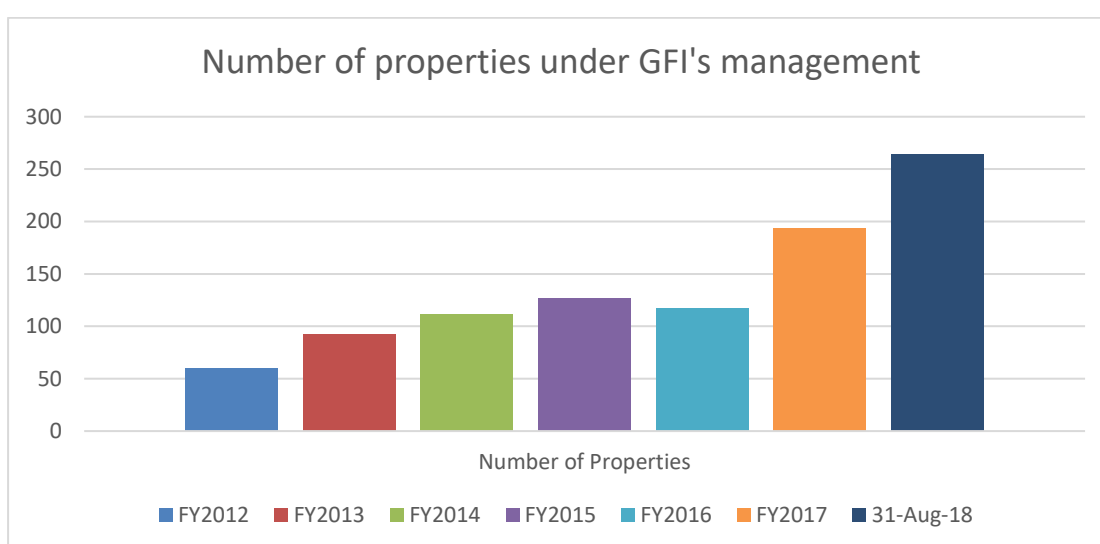
- (a) marketing properties for leasing;
- (b) lease management, including open inspection, screening and recommending tenants, lease preparation and execution, and rent reviews on behalf of the property owners;
- (c) periodic inspections of the leased properties on behalf of the property owners; and

- (d) arrangement of general maintenance and repairs on behalf of the property owners.

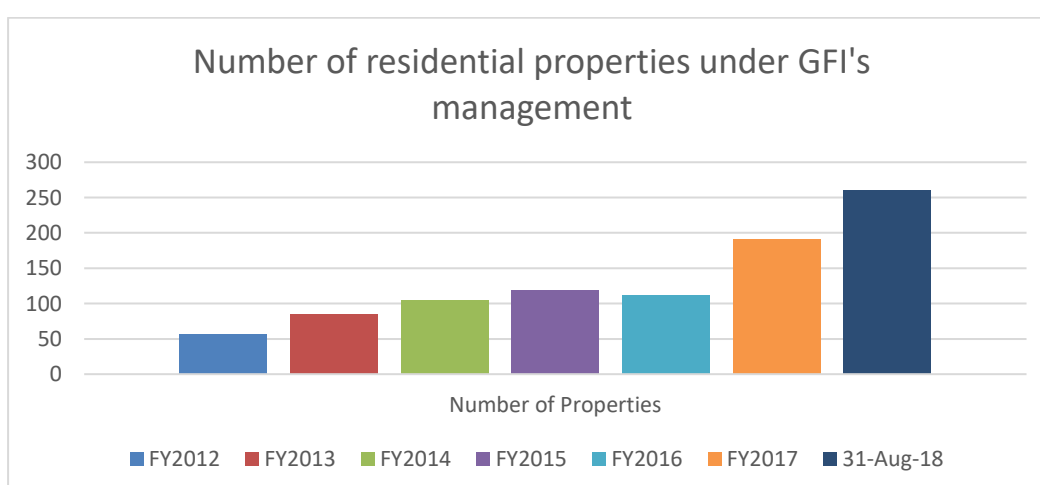
Revenues from property management services are generated through charging a commission to manage a property; being a fixed percentage of the property's rental income. In addition, GFI is paid a leasing fee upon successful letting of the property, which is typically one to two weeks' rent.

GFI employs individual property managers to conduct property managements for GFI's clients. Property managers are salary-based employees and do not share GFI's commission from its property management business.

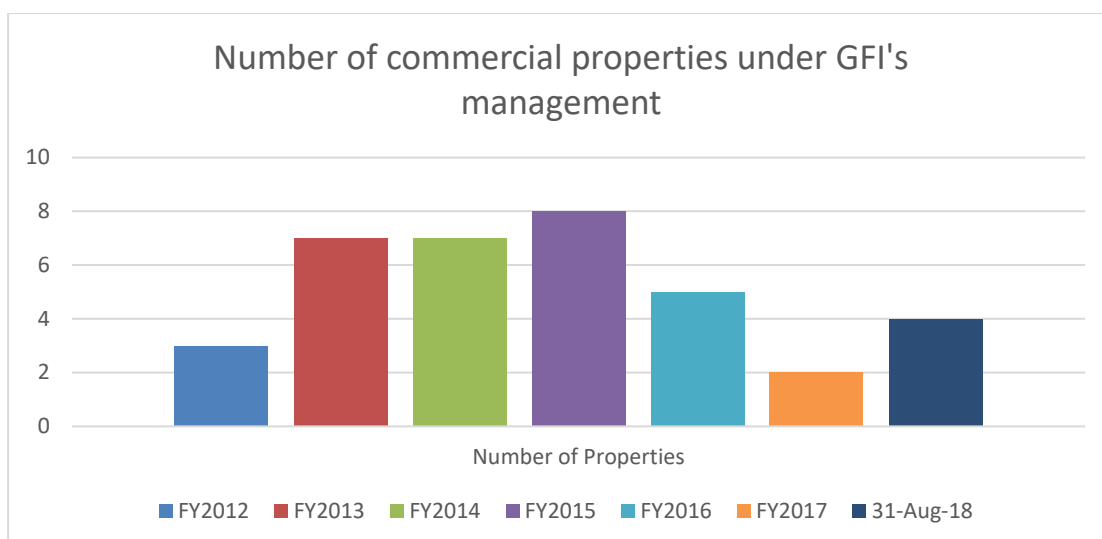
As of 31 August 2018, GFI has 264 properties under management. For the 264 properties, 260 are residential properties and 4 are commercial properties. The changes of the number of properties under GFI's management since 2012 are shown as below:



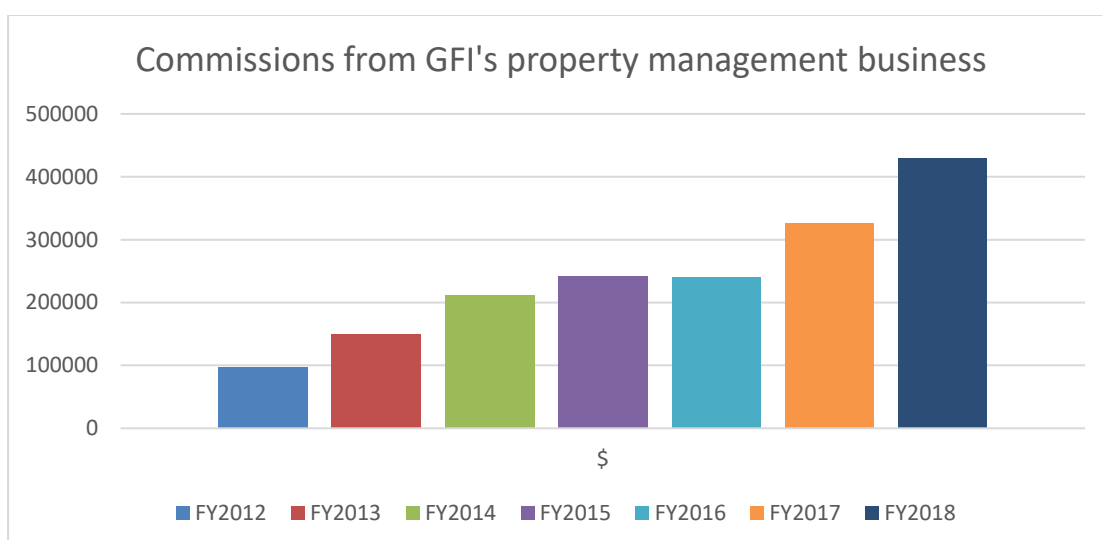
The number of residential properties under GFI's management since 2012 are shown as below:



The number of commercial properties under GFI's management since 2012 are shown as below:



The growth of the commissions from GFI's properties management business since 2012 are shown as below:



5.5 Competitive edge of the Group

Part of the Group's property marketing and sale business targets the sale of properties to potential buyers from South East Asia and China. With the economic growth of countries in South East Asia and China over the last decades, investments from these countries, particularly China, into the Australian real estate market have increased. Through its growth, the Group has established a team of agents with multicultural backgrounds, with around 20% of the Group's Agents being able to market properties to, and communicate with, overseas buyers in Chinese. We believe that this makes our marketing efforts more effective to overseas buyers.

The Group established a team of Agents and sales professionals (**Sales Team**) with professionalism and expertise in the real estate market. The members of the Group's Sales Team on average have over 8 years' experience in the real estate industry, mainly with experience and expertise in off-the-plan property sales. To facilitate a sale, all Sales Team members are trained to both understand the needs of investors

and the circumstances of a particular property project. As the real estate industry is constantly evolving, the Group works actively to find new ways to improve the level of service and knowledge base for its Sales Team. The Group provides continuous training programs for its Sales Team to improve and maintain their industrial knowledge on the real estate market and their communication and negotiation skills, which the Group deems as key areas of knowledge and skills to provide clients with effective and efficient services. Training is conducted both internally by the Group's senior managers and externally by third party accredited training institutions.

Another valuable asset within the Group's sales and marketing portfolio is the extensive property buyers/clients database that the Group has accumulated over the years. This includes past purchasers, investors, buyer enquiries, high-net-wealth individuals and clients gained from past marketing activities.

Further, the Group has established cooperation relationship with other partners in major counties (such as China, Indonesia & Korea) to market suitable properties to off-shore investors.

5.6 Shared services

The Group provides the Agents with various services to support their marketing and sales activities.

(a) Website

The Group's website provides information for current and potential owners and tenants. The Group's Agents can list property information through the Group's website. The Group's website had approximately 10,600 visits in the 12 months to 11 September 2018.

(b) Trademarks and trade names

The Group trades under the name "HOME789" and has built up goodwill for the trade name. The Agents are authorized by the Group to market and sell properties under the above trademarks and trade name.

(c) Training




The Group encourages a culture of continuous learning and development for all its Agents. The suite of sales and marketing tools continues to evolve and new training programs are developed to maintain a competitive edge for the Group's Agents and employees. Training includes courses for seller and buyer management, projects introduction, customer service and management, strata management, building and construction management, annual CPD (Continuing Professional Development) courses, systems training, legal, accounting, financial lending knowledge and regulation updates.

(d) Marketing fund

The Group operates a marketing fund to provide approved brand marketing and associated goods and services to the Group's Agents. HOME789 and the project developer jointly contribute marketing funds for any specific project HOME789 will market and sell.

5.7 Trademarks

The Group's business is conducted under award-winning brand and trademarks listed below. The trademarks are owned by an entity controlled by Kai (Walton) Zhu, and the Group has been granted with the licence to use the trademarks. Trademarks usually have a term of 10 years before renewal. Below is a list of the trademarks the Group has been granted with the licence to use:

Trademarks	Country	Registration No.	Class ¹	Validity period
	Australia	1665823	36	1/5/2015-5/1/2025
	Australia	1665824	36	1/5/2015-5/1/2025
	Australia	1665825	36	1/5/2015-5/1/2025

¹ Class 36: Real estate acquisition (for others); Real estate administration; Real estate advisory services; Real estate agency services; Real estate agents services; Real estate consultancy; Real estate financing; Real estate investment; Real estate investment advice; Real estate investment management; Real estate investment services; Real estate management; Real estate valuations; Rental of real estate.

There are risks associated with the use of the trademarks by the Group, please refer to section 11.9(c) for a summary of the grant of license to use of the trademarks and section 7.1(m) on the associated risks.

5.8 Strategy for growth

The Group plans to continue to increase its number of Agents, and it has a strong, ongoing focus on talent identification and recruitment. Increasing Agent numbers is undertaken both through attracting agents from competitors, and internal talent development. The Group believes that the Offer and listing on NSX will enhance its ability to both attract and retain high performance Agents through the potential offer of securities to selected Agents under an incentive plan of the Company.

Further, the Group plans to develop the following programs and products:

- (a) area-based branches;
- (b) an agent membership program and HOME789 App;
- (c) a fund management business;
- (d) property investment webinars; and
- (e) a 3-Dimensional online property inspection program (**VR Program**).

Area-based branches

The Group believes that there are significant opportunities to grow its office network through opening new offices. New offices are intended to be opened in specific locations where the Group has strong local market knowledge. The Group plans to open 6 to 8 area-based branches over the 2-year period following its admission to NSX.

The area-based branches will be community and neighbourhood based. The Group intends that area-based branches will provide a platform for agents to meet their clients for both property sales and properties management services.

The Group hopes that new area-based branches will provide the Group with more opportunities to:

- (a) gain projects from developers and more bargaining power during its negotiations with developers because of a larger network of offices;
- (b) receive increased recognitions from communities to obtain more individual property sales customers; and
- (c) attract talented agents to join the Group to further the development of the Group.

Agent membership program and HOME789 App

The Group plans to develop an agent membership program whereby independent third-party agents will pay an annual membership fee to join the program to gain access to various suburban branches across NSW and the HOME789 App.

As part of process to develop the membership program, the Group will develop a mobile application HOME789 App through which the member agents can:

- (a) have access to the properties being marketed by the Group and work together with the Group to sell such properties (base on fee arrangement agreed on a case by case base);
- (b) list, advertise and market their clients' properties;
- (c) share property listings with other member agents who may be able close the sale of the property; and
- (d) negotiate with potential buyers on the sale price of the properties.

By establishing the agent membership program and HOME789 App, the Group hopes that the annual membership fee will provide the Group with an alternative revenue stream; further, the Group hopes that providing third party agents access to properties marketed by the Group will increase sales and revenues for the Group.

Fund management

The Group plans to establish a fund management business to register managed investment schemes that focus on investing into properties.

Managed investment schemes are also known as managed funds, pooled investments or collective investments. Generally, in a managed investment scheme:

- (a) investors contribute money to get an interest in the scheme;
- (b) money is pooled together with other investors (often many hundreds or thousands of investors) or used in a common enterprise; and
- (c) a responsible entity operates the scheme while investors do not have day to day control over the operation of the scheme.

The Company intends to be the responsible entity to register the proposed managed investment schemes. The Company currently does not hold an Australian financial services (AFS) licence to be eligible to be the responsible entity to register and operate any managed investment scheme, however following admission, the Company will apply for an AFS licence.

Property investment webinars

The Group plans to develop a series of property investment webinars. These will replace the traditional seminars and will be uploaded to Facebook, YouTube, WeChat and other social medias.

The management of the Group believes that the property investment webinars will:

- (a) improve the Group's Agents' knowledge on the real estate industry;
- (b) increase the awareness and recognition of the Group from property investors and owners; and
- (c) generate interest from investors to invest into the property market.

3-Dimensional online property inspection program

A large part of the Group's sales is from off-the-plan properties. The Group plans to develop a 3-Dimensional online property inspection program (**VR Program**) through which the Group can display off-the-plan properties to the potential clients using a 3D image and virtual reality to allow purchasers to visualize their potential purchases. The Group hopes that the VR Program will provide more comfort and confidence to the investors in determining to invest in off-the-plan properties, and ultimately increase the sales of the Group.

The Group will work actively to carry out these expansion plans; however, there are risks associated with such expansion plans, please refer to section 7.2 for such risks.

5.9 Use of funds

The proposed use of funds raised under the Offer is as follows, assuming existing funds on hand of approximately \$340,230 as at 31 August 2018:

Description	(\$)
Cash on hand as at 31 August 2018	340,230
Funds raised under the Prospectus	2,500,000
Total funds held	2,840,230
Area-based branches ¹	960,000
Agent membership program and HOME789 App ²	500,000
Fees relating to the establishment of a fund management business ³	400,000
Development of property investment webinars ⁴	100,000
3-Dimensional online property inspection program (VR Program) ⁵	200,000
Working capital ⁶	580,230
Costs of the Offer to be paid from the proceeds of the Offer ⁷	100,000
Total use of funds	2,840,230

¹ For each branch, the estimated costs are around \$160,000 consisting of rent of around \$50,000, fitting out expenses of around \$30,000, IT support and employee salaries of around \$80,000. The Group plans to open 6 branches in the next 18 to 24 months.

² This consists of application development costs of around \$100,000 to third party developer and around \$400,000 to market and promote the HOME789 App.

³ This consists of fees relating to the application of the AFS license of around \$70,000 for legal and ASIC fee, information memorandum of around \$25,000, employee salaries and custodian fees of around \$305,000.

- ⁴ This consists of webinar portals subscription fees, promotion of the webinar (paid channels), equipment and material preparation costs, fees paid to speakers etc.
- ⁵ This consists of equipment costs of around \$50,000, software development costs around \$100,000 and IT support costs around \$50,000.
- ⁶ General working capital for the next 2 years including Directors fees, salaries for employees, ASIC and NSX fees, AGM fees, audit fees and legal fees and share registry fees.
- ⁷ As of the date of this Prospectus, the Group has paid around \$200,000 in costs for the Offer, and the outstanding costs for the Offer are estimated to be approximately \$100,000. See section 14.6 for further details relating to the estimated expenses of the Offer.

The use of funds set out above represents the Group's current intentions based upon its present plans and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend upon numerous factors, including the timing and success of the Group's development efforts.

5.10 Working capital adequacy

The Directors believe that the Company will have enough working capital to carry out its business objectives as described in this Prospectus.

5.11 Capital structure

Our capital structure before and after the Offer is as follows:

Shareholders	Before the Offer		After the Offer	
	Number	%	Number	%
Unicorn Propfin Limited ¹	30,000,000 ²	100	30,000,000	75
New Shares	Nil	Nil	10,000,000	25
Total Shares	30,000,000	100	40,000,000	100

¹ Unicorn Propfin Limited (a British Virgin Islands company) is 95% owned by Kai (Walton) Zhu and 5% owned by Sino Flame Investments Limited, a company incorporated in Hong Kong. Sino Flame Investments Limited is 40% owned by Kai (Walton) Zhu and 60% owned by unrelated third parties. Sino Flame Investment Limited's shareholders have agreed that they may vote their respective portion of the Shares held by Sino Flame Investments Limited.

² This includes 1 Share currently on issue and 29,999,999 Vendor Shares to be issued under the Acquisition.

The Company's current controller, Kai (Walton) Zhu, has confirmed that he will not participate in the Offer. Upon admission of the Company to NSX, the Company will have 25% Shares held by the public.

Details of Directors' holdings are set out in section 8.3.

As at the date of this Prospectus, the Company does not have any other class of securities on issue.

5.12 Substantial Shareholders

The following is the substantial shareholder (as defined in the NSX Listing Rules) of the Company following the Offer:

Shareholders	Number of Shares	Minimum Subscription
Unicorn Propfin Limited ¹	30,000,000	75%

¹ Unicorn Propfin Limited (a British Virgin Islands company) is 95% owned by Kai (Walton) Zhu and 5% owned by Sino Flame Investments Limited, a company incorporated in Hong Kong. Sino Flame Investments Limited is 40% owned by Kai (Walton) Zhu and 60% owned by unrelated third parties.

5.13 Performance Securities Plan

To incentivize employees, contractors and Agents (**Potential Participants**), the Company has established the Performance Securities Plan (**PSP**) to assist in the motivation, retention and reward of certain Potential Participants. The PSP is designed to align the interest of Potential Participants more closely with the interest of Shareholders by providing an opportunity for senior Potential Participants to receive an equity interest in the Company through the grant of performance rights (**Performance Rights**) and options (**Performance Options**) (together **Performance Securities**). The Performance Securities are subject to satisfaction of certain long-term vesting conditions.

The key terms of the PSP are as follows:

Term	Summary
Eligibility	Participants must be a permanent full-time, part-time employee, an executive director or a selected casual employee or selected contractor of a Group member (Participant).
Administration	The PSP will be administered by a committee selected by the Board (Plan Committee), or if no committee has been selected, by the Board.

Award	<p>The Board has the discretion to set the terms and condition under which it will offer securities under the PSP, including the vesting conditions and waiver of the terms and conditions. The vesting conditions will be specified in the offer documentation to the relevant person.</p> <p>Vesting conditions may include conditions relating to continuous employment, performance of the Participant or the Group or the occurrence of specific events.</p>
Performance Rights	<p>A Performance Right will vest and become exercisable to the extent that the applicable performance, service, or other vesting conditions specified at the time of the grant are satisfied.</p> <p>Upon satisfaction of any vesting conditions, each Performance Right will convert to a Share on a one-for-one basis (subject to adjustment for reconstructions of the capital of the Company), or the Plan Committee may elect to give the Participant cash to the value of a Share.</p> <p>Performance Rights do not carry any voting rights or dividend entitlements.</p>
Performance Options	<p>Performance Options that have vested are generally able to be exercised during the 2 years after the date of grant (Exercise Period). On exercise, the Participant must pay the exercise price for those Options.</p>
Shares	<p>Shares issued under the PSP will rank equally with the other issued Shares. Depending on the terms of issue, the Shares may be subject to disposal restrictions, which means that they may not be disposed or dealt with for a period of time.</p> <p>Shares allocated to Participants under the PSP may be issued by the Company or acquired on or off market by the Company or its nominees.</p> <p>Shares allocated on vesting or exercise of a Performance Security carry the same rights and entitlements as other issued Shares, including dividend and voting rights.</p>
Quotation	<p>Performance Securities will not be quoted on the NSX. If the Shares are officially quoted on a licenced financial market at the time of issue of Shares under the PSP, the Company will apply for official quotation of any Shares issued under the PSP, in accordance with the applicable listing rules and</p>

		having regard to any disposal restrictions in place under the PSP.
Cessation of employment contractual relationship	of or	<p>If a Participant ceases to be employed by a Group member, or ceases its contractual relationship with a Group member, the unvested Performance Securities will not vest.</p> <p>However, the Plan Committee may elect to accelerate the vesting of any Performance Securities if a Participant has died, suffered total and permanent disablement or been made redundant.</p>
Change of control		The Plan Committee has the discretion to accelerate vesting of Performance Securities in the event of certain types of change of control transactions involving the Company. Unless the Board determines to exercise that discretion, any unvested Performance Securities will lapse on a change of control of the Company.
Restrictions		Without the prior approval of the Plan Committee, or unless required by law, Performance Securities may not be sold, transferred, encumbered or otherwise dealt with.
Amendments		To the extent permitted by the applicable laws and listing rules, the Board retains the discretion to vary the terms and conditions of the PSP, provided that no amendment may reduce the accrued rights of Participants unless (1) consented to by Participants holding no less than 75% of the total number of Performance Securities (by class) issued under the PSP, (2) required by law or listing rule, (3) to correct any manifest error or mistake or (4) for certain tax reasons.
Other terms		The PSP also contains customary and usual terms having regard to Australian law for dealing with administration, variation, suspension and termination of the PSP.

As of the date of this Prospectus, the Company has not issued any securities under the PSP. Securities issued under the PSP will not be counted in calculating the Company's 15% capacity to issue equity securities during a 12 months period under NSX Listing Rule 6.25, as they will be within the exception under NSX Listing Rule 6.25(2)(iv).

5.14 Dividend policy

The Company does not intend to pay dividends on securities for the financial years ending 30 June 2019.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors. However, where possible, the Directors intend to adopt a policy of declaring the most optimum level of dividends after taking into account factors such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors.

6 INDUSTRY OVERVIEW

6.1 Introduction

The Group carries out a property sales business and a property management business in Sydney, NSW. This section provides an overview of the key drivers, size and the relevant key industry trends of the Sydney residential real estate market.

6.2 Market drivers

Sydney is recognized as a leading global city for buyers to acquire and invest in residential properties. Despite the newly introduced restrictions within the finance sector causing a reduction in credit, demand for real estate remains high as factors that have supported the growth of the Australian residential real estate (such as population growth, investor demand, low interest rates, increasing levels of disposable income and relatively stable macroeconomic conditions) remain positive.

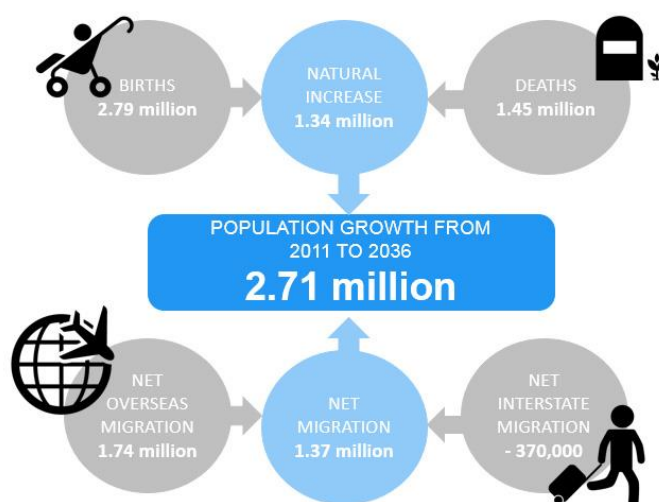
(a) Population growth

Population growth is a key driver of household formation, which in turn supports the underlying demand for residential properties.

The natural increase in births (less deaths) and overseas immigration are the key drivers for population growth in Australia, which grew by 1.6% during the year ended 31 December 2017.¹

Population projections² from the NSW Department of Planning and Environment (NSW DPE) forecast that NSW's population will grow to 9.9 million by 2036:

Chart 6.1 NSW population projections



¹ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3101.0>.

² <http://www.planning.nsw.gov.au/research-and-demography/demography/population-projections>.

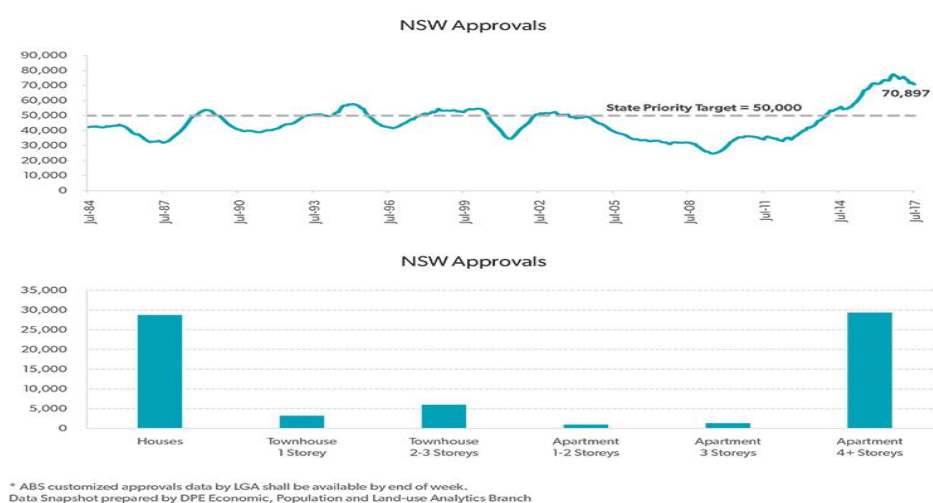
Pursuant to the Sydney housing supply forecast³ from the NSW DPE, Greater Sydney will need around 725,000 additional homes over the next 20 years to accommodate a growing and ageing population. The ageing of the population means that even without any population growth, Sydney would still need around 140,000 additional homes due to a fall in average household size (with proportionally more ‘empty nesters’ and single person households).⁴

(b) Housing supply

Australian housing prices and the volume of residential property sales are impacted by supply, which is measured by the availability of existing housing stock (being the total number of houses and other dwellings available in a particular area) and the growth in stock through new housing approvals.

According to the Sydney housing update⁵ from the NSW DPE, annual housing approvals in NSW remained high at 70,897 in July 2017. Approvals for multi-units have moderated since the peak in late 2016; this can be attributed to a backlog of residential projects that are fully approved but have not commenced (which is double the historical average), and a tighter restriction on finance and policy measures targeting foreign investors.

Chart 6.2 NSW Housing Approvals



Sources: Sydney housing update from the NSW DPE

In December 2017, the NSW DPE forecasted the construction of 196,750 new homes in Greater Sydney in the next five years, based on existing programs and initiatives in NSW.⁶ This is a 46 per cent increase, or an extra 62,050 new homes, compared with the last 5 years when 134,700 new homes were completed.⁷

³ <https://www.planning.nsw.gov.au/research-and-demography/sydney-housing-supply-forecast>.

⁴ <https://www.planning.nsw.gov.au/research-and-demography/sydney-housing-supply-forecast>.

⁵ <https://www.planning.nsw.gov.au/policy-and-legislation/housing-supply/sydney-housing-update>.

⁶ <https://www.planning.nsw.gov.au/Research-and-Demography/Sydney-housing-supply-forecast/Forecast-overview>.

⁷ <https://www.planning.nsw.gov.au/Research-and-Demography/Sydney-housing-supply-forecast/Forecast-overview>.

(c) Investor demand

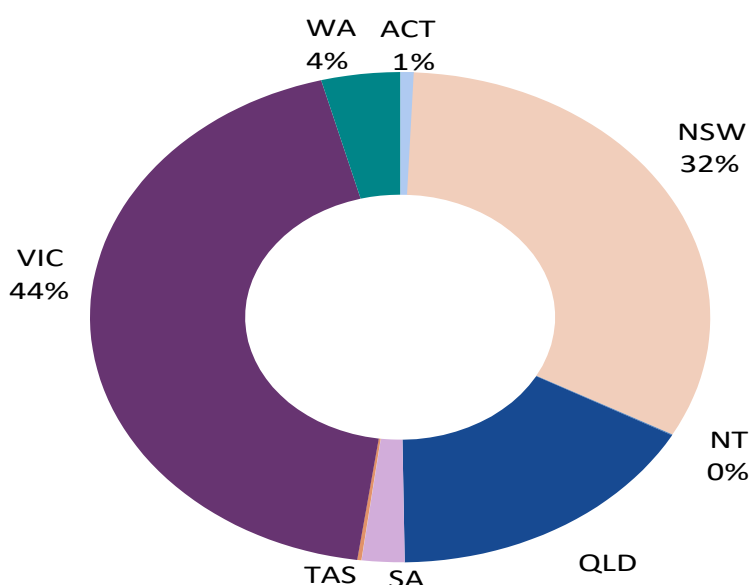
Demand from investors (non-occupier owners) is predominantly driven by residential property yields, expected rental growth and expected capital growth. These drivers, in turn, are impacted by the level of vacancies in the market.

Domestic investor demand has also been supported by certain Australian government policies. Negative gearing provides tax advantages for investment in rental properties, potentially encouraging investment in property rather than in other asset classes. Potential changes to the Australian tax system in relation to negative gearing may have a negative impact on residential property investment and therefore potential transaction volumes and values.

Another driver of investor demand has been the participation of foreign investors. The appeal of Australian real estate for overseas investors has increased with the growing wealth in Asia and particularly China, an increasing propensity for Asian citizens to invest outside of Asia, and recent declines in the Australian dollar against the U.S. dollar and RMB.

In 2015-16, a total of 40,149 residential real estate applications were approved for proposed investment worth \$72.4 billion.⁸

Chart 6.3 Number of approvals by State & Territory in 2015-2016⁹



⁸ Foreign Investment Review Board Annual Report 2015-16.

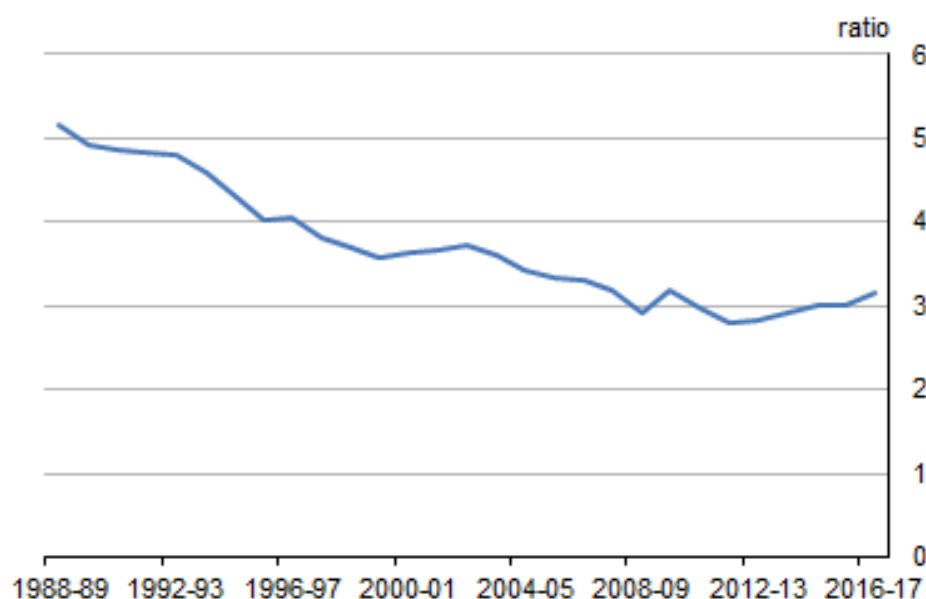
⁹ Foreign Investment Review Board Annual Report 2015-16.

(d) Interest rates

Interest rates have been at historically low levels for several years, which has reduced the pressure on households in terms of the proportion of income spent paying interest on mortgages. Interest on dwellings accounted for 3.7% of total gross household income in 2016-17, compared to 5.3% in 2006-07.¹⁰

Chart 6.4 Household Interest Payable on Dwellings

Relative to total gross household income



Households borrowed an additional \$990 billion over the 10-year period from 2006-07, while the value of land and dwellings owned by households increased by \$2,930 billion over the same period. Land and dwellings owned by households increased by \$621 billion through 2016-17, boosted by the recent additions in dwelling stock.¹¹

The annual change in values for the Sydney dwelling prices as well as annual changes in interest rates associated with the basic variable home loans, new dwellings completed, and the population in New South Wales are shown below:

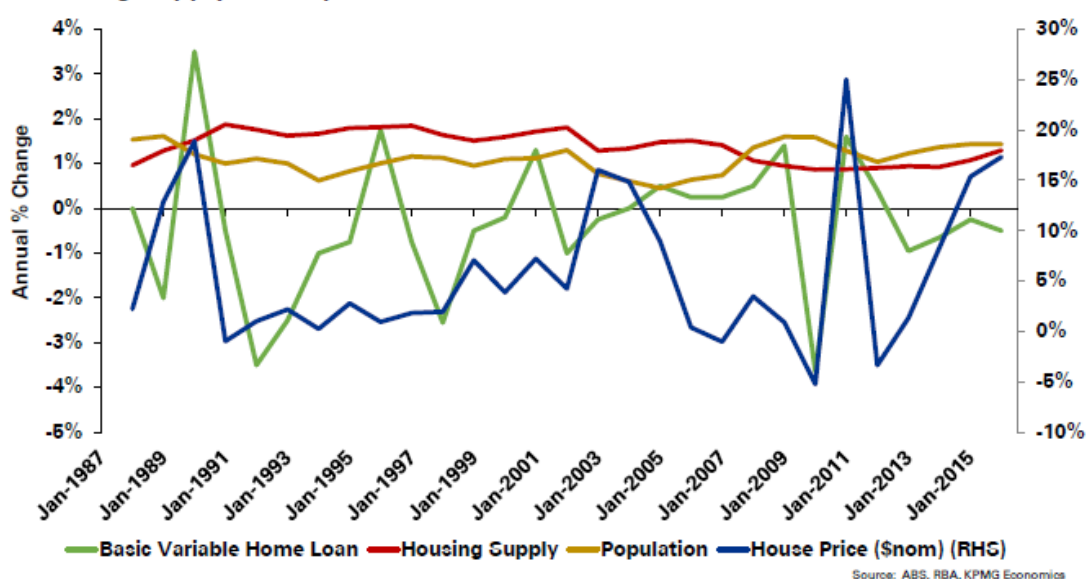
Chart 6.5¹²

¹⁰ 5204.0 - Australian System of National Accounts, 2016-17.

¹¹ 5204.0 - Australian System of National Accounts, 2016-17.

¹² Housing affordability: what is driving house prices in Sydney and Melbourne? KPMG Economics- June 2017.

Annual Change in Sydney Dwelling Prices, Mortgage Interest Rates, Housing Supply and Population

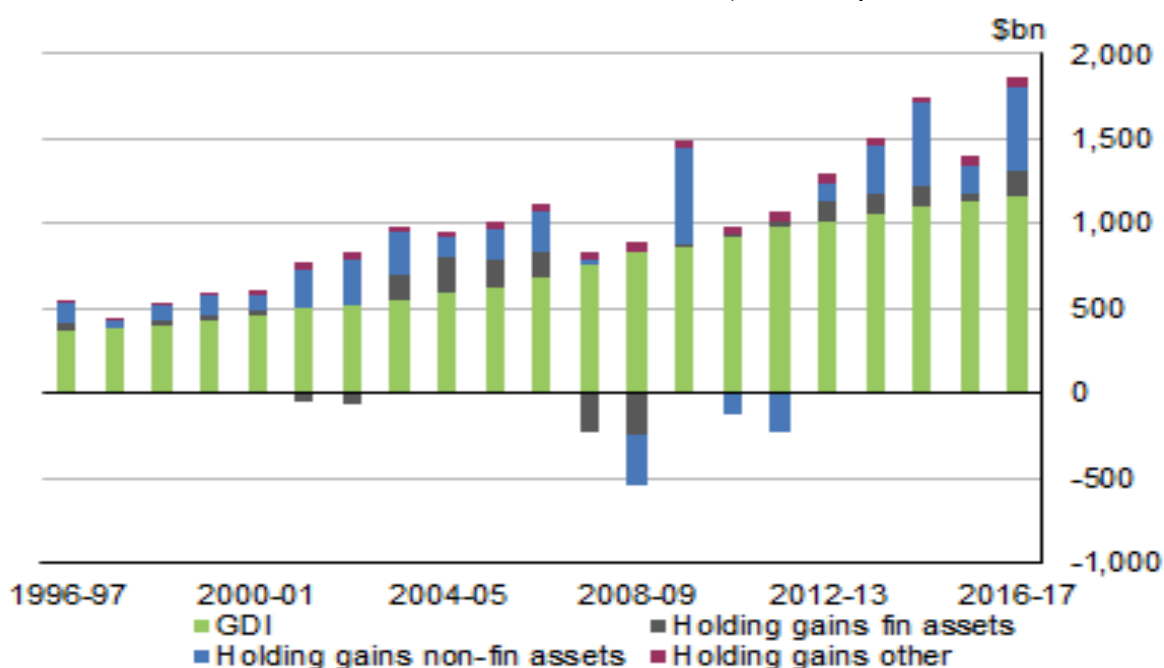


(e) Household income and wealth

Despite slow wage growth, household gross disposable income plus other changes in real net wealth increased \$456.6 billion, or 32.6%, in 2016-17. This was largely due to a \$306.5 billion appreciation in the value of land held by households.¹³

Gross disposable income has grown at a fairly constant rate over time, but its rate of growth has slowed in recent years.¹⁴

Chart 6.6 Household Income and Wealth, Current prices¹⁵



¹³ 5204.0 - Australian System of National Accounts, 2016-17.

¹⁴ 5204.0 - Australian System of National Accounts, 2016-17.

¹⁵ 5204.0 - Australian System of National Accounts, 2016-17.

(f) Macroeconomic conditions

Australian macroeconomic conditions impact the residential real estate market primarily through their impact on other key drivers. The key macroeconomic factors that impact the residential real estate market includes gross domestic product (GDP) growth, employment levels, inflation and consumer sentiment.

The Australian economy expanded by 2.0% in chain volume terms in 2016-17. This is the 26th consecutive year of economic growth.¹⁶ While 2016-17 was the lowest rate of GDP growth since 2008-09, GDP growth is forecast to strengthen over 2018 and 2019 as the drag from mining investment comes to an end and accommodative monetary policy provides ongoing support for growth in household income and consumption, and non-mining business investment.¹⁷

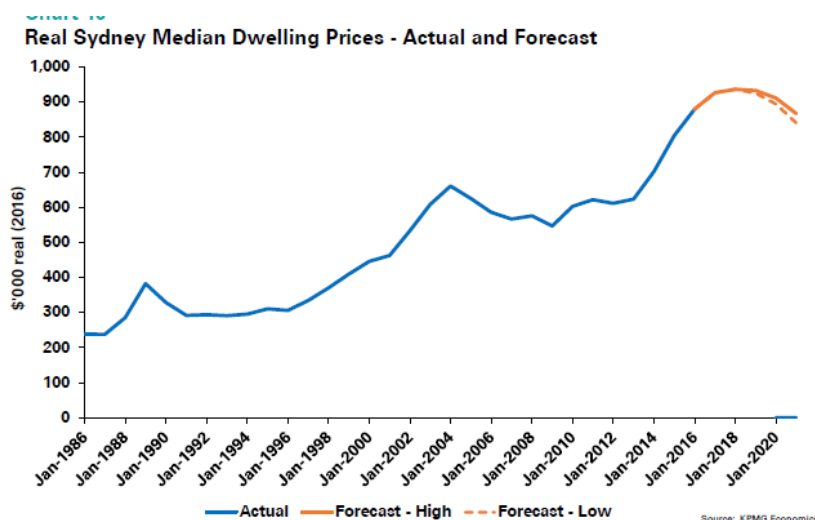
6.3 Greater Sydney residential property sector

(a) Property prices

According to ABS, residential property prices reached a 10.2% increase in the June quarter 2017. Sydney recorded the largest growth of all capital cities, with 13.8% increase. Median dwellings and house prices have almost doubled over the last 10 years. This is due to a strong demand from overseas buyers, a strong population growth and rapid density increases.

While Sydney median dwelling prices have experienced growth in the last 10 years, the price has been forecast to decline in the next a few years.

Chart 6.7 Forecast of Sydney median dwelling prices¹⁸

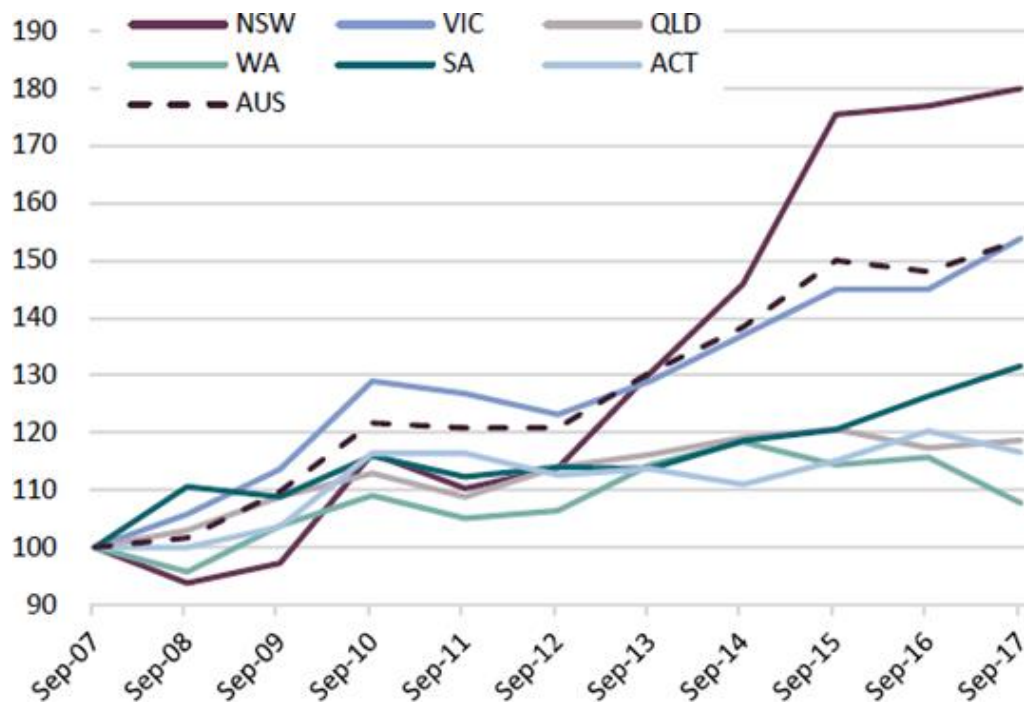


¹⁶ 5204.0 - Australian System of National Accounts, 2016-17.

¹⁷ 5204.0 - Australian System of National Accounts, 2016-17.

¹⁸ Housing affordability: what is driving house prices in Sydney and Melbourne? KPMG Economics- June 2017.

Chart 6.8: Median Property Prices 2007 - 2017



Source: ABS/Savills Research

Based on December 2017 research from CoreLogic, the median sale price of new units continued to rise over this time, from \$545,000 at March 2012, to \$708,000 as at December 2017. Average annual growth in unit completions was 25% a year. However, growth moderated to just 4% in 2017, as the pace in the growth of new unit prices also slowed.

6.4 Property Management Services market

(a) Property Management overview

Property managers are one of the main participants within the residential real estate services industry providing property management services to property owners. There a connection between property sales and property management, in many instances sales transactions lead to management opportunities and vice versa. Property management services includes marketing the property for lease, management of leases, property inspections, rent reviews, arranging repairs and maintenance and tenant liaison.

The NSW industry average for property management fees are around 5.5% of the total rental income.

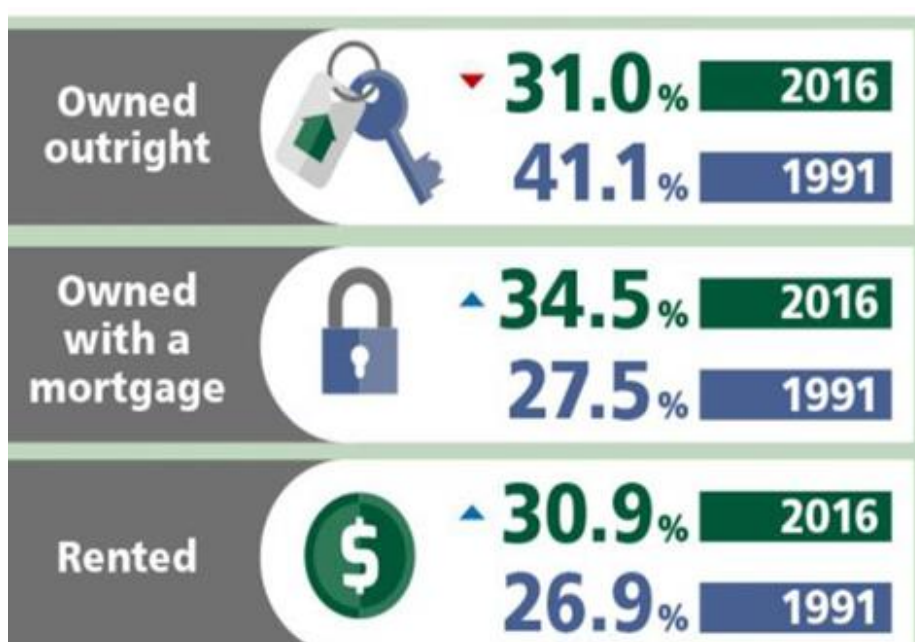
Chart 6.9: Australia's national average rental income for apartments and houses - last quarter 2017 ¹⁹

¹⁹ Source: ABS.

Metro area	Apartments	Houses
SYDNEY	\$535	\$630
MELBOURNE	\$400	\$410
BRISBANE	\$380	\$410
PERTH	\$310	\$350
ADELAIDE	\$290	\$367
HOBART	\$320	\$395
DARWIN	\$350	\$480
CANBERRA	\$435	\$492
National Median	\$440	\$425

According to the most recent census conducted in 2016 a total of 31% of the population in Australia owns a property outright, 30.9% rents and a further 34.5% has a mortgage. In the 25 years since the 1991 census, the rental population has increased from 26.9% to 30.9%.

Chart 6.10 Property Demographics/trends²⁰



(b) Rental yield

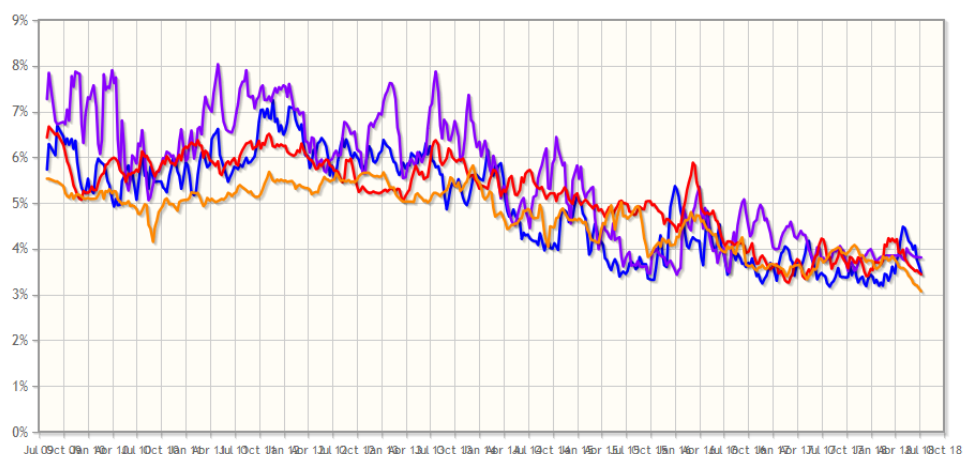
Rents have been unable to keep pace with Sydney's rising house prices and as a consequence, overall yields have declined over the past few years.

Chart 6.11 Residential Property Gross Rental Yield

²⁰ Source: ABS, Census 1991 & 2016.

Property Gross Rental Yield

Postcode 2000



■ implied gross rental yield for houses
 ■ implied gross rental yield for 3 bedroom house
 ■ implied gross rental yield for units
 ■ implied gross rental yield for 2 bedroom unit

source: SQM research.com.au

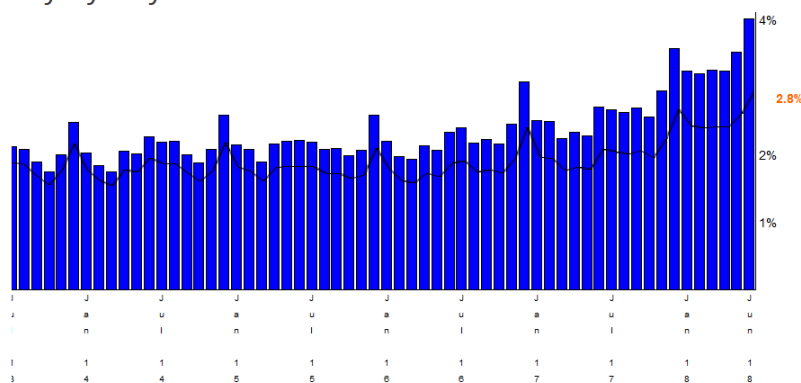


(c) Vacancy rate

Currently the overall vacancy rate in Sydney is 2.8%, but this varies in different locations.

Chart 6.12 Sydney Residential Property Vacancy Rate
 Residential Vacancy Rates

City: Sydney



■ number of vacancies
 — vacancy rate

Source: SQM research.com.au



With the high vacancy rate and declining rental yields, the property management business may be adversely affected.

6.5 Real estate agent regulation

Real estate agents in NSW are regulated by the Property, Stock, and Business Agents Act 2002 (NSW). A corporation that carries on business as a real estate agency must hold a corporation's licence. A licensed corporation must have at least one director who also holds a real estate agent licence.

The employee in charge of each place of business must hold a real estate agent licence for the proper supervision of the business and actions of employees.

A person employed by a licensed corporation as a real estate salesperson must hold a real estate agent licence or a certificate of registration. NSW Fair Trading administers real estate agent licences.

The Property, Stock and Business Agents Act imposes regulations on the real estate agents; such as limiting the practice of “under-quoting”, where an agent makes a statement in the course of advertising that is less than the agent’s true estimate selling price as recorded on the agency agreement. Agents found to have breached these laws may be fined up to \$22,000 and potentially forfeit any fees or commission payable to them on the sale of a property. Additionally, if the Director-General of the Office of Fair Trading considers the conduct to be ‘dishonest’, they may disqualify that agent from holding a real estate agent licence.

At HOME789, agents are required to have current real estate licence with adequate insurance (professional indemnity and public liability).

The property officers employed by the Group must have current real estate certificates of registration.

All business cards, advertisements and marketing materials provided by the Group must be approved by the Group’s long term legal advisory team to ensure that information is compliant with the current laws and regulations.

6.6 Competition landscape

The property sales markets in New South Wales is a mature market, the main competitors are businesses such as CBRE, Colliers International, JLL and Knight Frank.

7 RISK FACTORS

An investment in the Company is not risk free. Before deciding to invest in the Shares, Shareholders and prospective investors should read the entire Prospectus, consider at least the following risk factors in light of their personal circumstances and investment objectives (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer or other professional adviser.

The operating and financial performance and position of the Company, the value of Shares and the amount and timing of any dividends that the Company may pay will be influenced by a range of factors. Many of these factors will remain beyond the control of the Company and the Directors. Accordingly, these factors may have a material effect on the Company's performance and profitability which may cause the market price of Shares to rise or fall over any given period.

This section identifies the areas the Directors regard as major risks associated with an investment in the Company. This list is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.1 Risks relating to the Company and its business

(a) Australian residential real estate market risks

The Group generates its income predominately through commission revenues generated by Agents on the sale of properties, especially in Sydney, NSW. The Group is therefore adversely affected by factors that reduce transaction volumes or sales prices in the Australian residential real estate market, and in particular Sydney.

The Australian residential real estate market is cyclical, and typically is affected by changes in general economic conditions which are beyond the Group's control. Some of the factors that can affect the volumes and sales prices of Australian residential real estate include housing affordability (in turn affected by income levels and interest rates), population growth, general economic growth, domestic investor demand and foreign investment.

Investment by offshore investors, particularly those from Asia, is an increasingly important source of demand for Australian residential real estate. Any regulatory restrictions on inbound foreign investments may therefore have a negative impact on the sales volumes and prices of Australian residential properties. In particular, in response to certain regulatory changes by APRA, some banks have recently tightened lending conditions for residential property investors, some have increased the required deposit, and some have capped the amount that they are willing to lend to this class of property buyers. Collectively or individually, these measures are negatively impacting investor demand, and hence the Group's operations.

Any changes to the tax treatment of investment property (such as negative gearing and capital gains tax) may have a negative impact on residential property investment and therefore potential transaction volumes and values.

(b) Loss of Agents

The Group's Agents are the key to the success of the Group's business. The majority of the Group's Agents are independent contractors and are able to leave the Group at short notice and potentially join other agency networks or offices. The market for quality agents is also considered highly competitive.

The loss of any key Agent could undermine the Group's ability to operate its business to the current standard and scale.

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

(c) Reputation and brand risks

The success of the Group is largely dependent on its reputation and branding. Maintaining the strength of the reputation and branding of the Group and its underlying brands is integral to the Group's ability to maintain its relationships with existing customers, appeal to new customers, maintain revenue growth and attract key employees and Agents.

There is a risk that certain issues or events, including many of those outlined in this section, may adversely affect the reputation of the Group or its associated brands, including through negative publicities. Factors which undermine the strength of the Group's reputation and brands may result in customers ceasing to request services from the Group, reducing the Group's ability to retain and attract Agents, and may have a negative impact on the Group's competitiveness, growth and profitability.

(d) Regulatory risks

In Australia, the Group's business is primarily regulated by various laws, predominately NSW laws and regulations. If the Group does not meet regulatory requirements, it may suffer penalties. These penalties may include:

- (i) fines;
- (ii) compensation; and
- (iii) cancellation or suspension of authority to carry on business.

In addition, the regulatory framework may change which could have an impact on the residential real estate services industry or the Group's operations.

Depending on the nature of any such changes, it may adversely impact the operations or future financial performance of the Group.

Regulatory proceedings or findings against the Group employees or Agents, or licensees or general negligence or misconduct by those parties could result in regulatory sanctions and/or reputational or financial harm to the Group. While the Group has put in place extensive training for its employees and Agents and compliance processes have been established in order to prevent such misconduct, it is not always possible to avoid it and the precautions taken to prevent and detect such activity may not be effective in all cases.

(e) Concentration of ownership

Upon listing, Mr Kai (Walton) Zhu, the Company's founder, will, through Unicorn Propfin Limited (a British Virgin Islands company), hold 72.75% of the Company's issued Shares, and be in a position to exercise significant influence over matters requiring Shareholder approval, including the election of Directors. In so doing, Mr Zhu may not act in the best interests of minority Shareholders.

The concentration of ownership may also discourage, delay, or prevent a change in control of the Company as a third party would not be able to make a successful bid for the Company without support from Mr Zhu, which would deprive the Company's shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company and might reduce the price of the Company's Shares.

(f) Liquidity risks

There is no guarantee that an active market in the Company's Shares will develop, and the market for the Company's Shares may be illiquid (especially considering that Mr Zhu will, through Unicorn Propfin Limited (a British Virgin Islands company), hold 72.75% of the Company's issued Shares). 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 and may prevent investors from acquiring more Shares or disposing of Shares they acquire under the Offer.

It may also affect the prevailing market price at which the Shareholders can sell their Shares. This may result in Shareholders who acquire Shares under the Offer receiving a market price for their Shares that is less than the offer price.

(g) Competition and disintermediation

The residential real estate industry is subject to vigorous competition, based on factors including commission rates, service, innovation and the ability to provide the clients with an appropriate range of real estate services in a timely manner. The industry has relatively low barriers to entry, with there

being a relatively low cost to establish a residential real estate services office.

If the actions of the Group's competitors or potential competitors become more effective, the Group's financial performance or operating margins could be adversely affected, or the Group may be unable to compete successfully. For example, the Group's competitors might adopt more aggressive strategies to capture market share. Such occurrences may negatively affect the Group's planned growth and market share.

The Group is also potentially exposed to disintermediation, whereby buyers and sellers are able to transact directly in a private sale without utilising the services of an Agent. Although to date in Australia the level of private sales is believed to be low, the volume of private sales may increase due to factors such as improvements in technology and the establishment or growth of websites that allow such sales. A significant increase in the level of private sales and a corresponding decrease in the level of Agent sales may have an adverse effect on the Group's future financial performance and position.

(h) Loss of key personnel

The Group has, through its business development, established a professional and efficient management team and core business team with high level of business skills and experience. The prospects of the Group depend, in part, on the entrepreneurial drive and business experience of its founder, Mr Kai (Walton) Zhu and the management team and business team established by Mr Zhu. There can be no assurance that the Group will be able to retain these key personnel. The loss of a number of key personnel (particularly its founder Mr Zhu) without replacement, or the inability to recruit and retain, persons of similar technical skills and experience may have an adverse effect on the business.

(i) Transition from private companies to a public listed company

As part of its listing, the Company will implement appropriate governance systems and processes to manage its compliance with legislative and NSX Listing Rule requirements. There is a risk that, prior to or as a consequence of these systems and processes being implemented, unforeseen circumstances may arise that could have an adverse impact on the Group's financial performance.

(j) Intellectual property risks

There may be circumstances where the Group'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 Group with a competitive advantage.

(k) Payroll duty

As noted in section 11.1, the Group contracts with Agents as independent contractors. As such the Company does not believe that the Agents' commissions are to be included in assessing the Group's liability for payroll tax.

The Group is currently the subject of an investigation by the Revenue NSW regarding its payroll liability. The Group believes that it has complied with its payroll duty obligations, and that it has no liability to Revenue NSW. However, there is a risk that Revenue NSW may find that the Group's commission payments ought to have been included in determining payroll liability, and that the Group did not pay the correct amount of payroll tax.

(l) Non-payment of commission

Under the terms of the Group's agency with developers, the Group is entitled to 50% of the commission upon exchange of contracts and the balance at settlement. In practice, the payments are not made until sometimes (generally a few months) after these events. Whilst historically, developers have paid the commission, there is a risk that a developer does not and in circumstances where a development has been sold the developer does not have sufficient funds to pay all or the balance of the commission.

(m) Risk relating to the trademarks used by the Group

As set out in section 5.7, the trademarks under which the Group's business is conducted are owned by an entity controlled by Kai (Walton) Zhu, and the Group has been granted with the licence to use the trademarks. Details on the grant of license are set out in section 11.9 (c).

The term of the license agreement is not specified in the agreement, there is a risk that the license agreement may be terminated for whatever reason and the Group will not be able to use the trademarks for its business, as a result, the Group may need to build a new brand and will not be able to utilize the goodwill it has built up for such trademarks. If this occurs, the Group's operations may be adversely affected.

7.2 Business expansion risks

(a) Risks relating to opening of branches

The Group plans to open area-based branches as set out in section 5.9. While the Group hopes that the new area-based branches will increase the awareness of the Group's presence and its overall sales, there is no guarantee that these area-based branches will be successful. If this happens, the growth and development of the Group will be adversely affected.

(b) Risks relating to fund management business

Following the completion of the Offer, the Company intends to establish a fund management business. As the fund management business is a new business sector of the Group, the operation of this new business may face unanticipated results, there is no guarantee that this new business will be successful or generate any revenue or profit. Please refer to section 5.8 on the Group's plan on the fund management business.

(c) Risks relating to HOME789 online platforms

The Group operates its own website www.HOME789.com.au, and plans to establish HOME789 App and a 3-Dimensional online property inspections program (**VR Program**) (together the **Platforms**). There may be unanticipated delays and impediments in developing the Platforms. Furthermore, there may be system interruptions due to maintenance issues, technical malfunctions, human errors or even security breaches and cyber-attacks. These may interrupt the Group's operations and profitability. The Group plans to schedule regular maintenance and checks for its Platforms to minimize such risks.

7.3 Risks relating to overseas property buyers as the Group's main customers

The Group focus on the marketing and sale of properties to potential buyers from South East Asia and China. There are risks associated with overseas property buyers as the Group's main customers

(a) Tougher regulations and lending policies

In response to certain regulatory changes by APRA, some banks have recently tightened lending conditions for residential property investors with tighter restrictions on lending to foreign investors. Policies introduced by the banks to tightened lending restrictions to foreign investors has, and will continue to, negatively impact lending demand from foreign investors, and adversely affect the ability of foreign investors to invest in Australian properties.

(b) Surcharge purchaser duty

The 2016 NSW Budget introduced a 4% surcharge purchaser duty (**Surcharge**) on the purchase of residential real estate by foreign persons from 21 June 2016. As a result of the 2017 Budget, for agreements entered into on or after 1 July 2017, the Surcharge rate has increased from 4% to 8%. The Surcharge is in addition to the duty payable on the purchase of residential property. There is no guarantee that the NSW government will not increase the Surcharge, any increase in the Surcharge will have a negative impact on the investment from overseas customers.

(c) PRC currency and capital control risks

The conversion of the RMB into foreign currencies and the value of the RMB is subject to changes in the Chinese government's policies and international

economic and political developments. There can be no assurance that the exchange rate of RMB will not become volatile or that the RMB will not be devalued. The devaluation of RMB will discourage Chinese buyers to purchase properties in Australia.

A tougher capital control policy introduced by the Chinese government may also limit the ability of Chinese buyers to transfer currency, securities or other assets to purchase properties in Australia.

7.4 Risks relating to the security offered

In the future, the Group (or its subsidiaries) may elect to issue Shares in connection with fundraisings for acquisitions the Group may decide to make. While the Group (and its subsidiaries) will be subject to the constraints of the NSX Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such issues of Shares and fundraisings.

7.5 General investment risks

In addition to the above specific risks associated with the Company's proposed operations there are also general risks associated with an investment in the Shares. These include:

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors. Furthermore, the stock market may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Economic risks

Changes in world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

(c) Shareholder dilution risk

In the future, the Company may elect to issue shares to raise funds for the Company's business operations that the Company may decide to make. While the Company will be subject to the constraints of the NSX Listing Rules regarding the percentage of its capital that it can issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as

a result of such issuance of shares and fundraisings.

(d) Legal proceedings

Legal proceedings may arise from time to time in the course of the business of the Company. As at the date of this Prospectus, there are no material legal proceedings affecting the Company and the Directors are not aware of any legal proceedings pending or threatened against or affecting the Company.

8 DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

8.1 Directors

The Company is managed by the Board of Directors. The Board currently comprises 3 Directors. Profiles on each of the Directors are set out below.

(a) Mr Kai (Walton) Zhu (appointed on 13 August 2018) - Executive Chairman

Mr Zhu obtained a Bachelor of Clinical Medicine (with Honours) from Nanjing Medical University and a Master of Medicine (International Public Health) from University of Sydney.

Mr Zhu previously worked as an Orthopaedist at Nanjing First Hospital before he set up GFI and entered into real estate business.

Mr Zhu is the founder of GFI and HOME789, and has been managing GFI since 2007 and HOME789 since 2012. He will serve as the executive Chairman of the Group.

Mr Zhu brings a wealth of financial knowledge and property expertise. Mr Zhu's specialised areas include project marketing, property development, business strategy, sales strategy, and asset management and acquisition facilitation. Under Mr Zhu's leadership, HOME789 has achieved multi-awards: REINSW Awards of Excellence - Residential Sales Team (2015 and 2016), City of Sydney Finalist- Business Awards & Excellence in Business (2015 and 2016), Winner of The Australian Business Award for Brand Excellence (2016).

Recent recognition & achievements:

- REB Awards - 2017 Finalists achieving 'Innovator of the Year'
- ABA100 Awards - 2017 Winner achieving 'Marketing Excellence'
- ABA100 Awards - 2018 Winner achieving 'Service Excellence'

Mr Zhu is a resident in NSW.

(b) John Huntley Knox (appointed on 13 August 2018) - Non - executive Director

Mr Knox is a Fellow of the Institute of Chartered Accountants. Mr Knox has over 40 years' experience in business development, management and tax consultancy across multi jurisdictions including Australia, United Kingdom, and Spain.

Mr Knox previously worked with R A Forge & Co (1958-1973) and John H Knox & Associates (as his own business) (1973-1978) and specialised in management services, insolvency and tax consultancy. John H Knox & Associates was subsequently sold to Mann Judd & Co in November 1978.

From 1978 to 1983, Mr Knox established and took equity interests in several companies including, Executive Taskforce, Ward Knox & Associates. Mr Knox was also involved in the introduction of the "JCB" credit card to Australia

from Japan. From 1983 to 1985, Mr Knox provided consultancy services to various companies. From 1985 to May 1989, Mr Knox served on the board of a group of private companies. From June 1989 to June 1992, Mr Knox worked in Spain as a consultant in connection with the creation of a Stock Exchange in Gibraltar and the disposal of businesses and real estate holdings in Gibraltar and Southern Spain. Between 1993 and 2002, Mr Knox worked as a management consultant at PK Bush van Dam & Co., Chartered Accountants.

In 2002, Mr Knox established the Huntley Management Limited (**Huntley**) which holds an Australian Financial Services Licence and acts as responsible entity, custodian, and trustee and/or manager for over forty managed investment schemes registered with ASIC. Mr Knox has been acting as the managing director of Huntley since 2002. Mr Knox previously was the director of Mainstar One Holdings Pty Ltd. Mr Knox currently is also a non-executive director of Riteq Pty Ltd and the Non-executive Chairman of Benedict Industries Group. Mr Knox is also on the board of the University of Western Sydney Hawkesbury Foundation.

In July 2017 the Federal Court of Australia ordered Huntley pay a penalty of \$50,000 for false and misleading advertising that its investment projects were 'approved by the Australian Securities and Investments Commission'. Huntley made the statements (after it sought legal advice about the wording and was told it was appropriate) on its website between 21 September 2010 and 7 October 2015, and in two advertisements in a national newspaper on 25 November 2014 and 11 February 2015.

Huntley, which is a responsible entity of various managed investment schemes, admitted that the statements were false and misleading. It also consented to, and the Federal Court made two declarations of, contraventions of section 12DB of the Australian Securities and Investments Commission Act 2001 (Cth) (ASIC Act) and additional orders requiring Huntley to post corrective notices and pay ASIC's litigation costs.

Perram J of the Federal Court found that Huntley did not intend to deceive, that it promptly withdrew the offending statements, and that it cooperated with ASIC on penalties and paying ASIC's costs.

Mr Knox is a resident in NSW.

(c) Mr John Nakhoul (appointed on 21 September 2018) - Non - executive Director

Mr Nakhoul is a Fellow Certified Practicing Accountant with substantial financial and commercial experience. Mr Nakhoul graduated with a bachelor's degree in economics from University of Sydney. Mr Nakhoul has approximately 30 years' experience at a senior corporate level in finance, business development and management and accounting.

Mr Nakhoul previously served various roles at Aristocrat Technologies (1995 to 2007), including group financial controller and corporate business development manager, and Australian Consolidated Press (1989 to 1995), including as group management accountant. Since 2007, Mr Nakhoul has been providing consulting services on a range of matters, with a particular focus in the gaming and entertainment related industries.

Mr Nakhoul is a resident in NSW.

8.2 Company secretary

The Group and Minerva Corporate has entered into an agreement whereby Minerva Corporate will provide company secretary services to the Company. Minerva has appointed Ms Weifan (Faye) Rao as the named Company Secretary (appointed 13 August 2018).

Ms Rao has a Master of Finance and Bachelor of Commerce in Accounting and Accounting Technologies from Curtin University. Ms Rao has two years' work experience as an accountant and currently is working as an Associate of Minerva Corporate Pty Ltd. Ms Rao is fluent in English, Cantonese and Mandarin and will act as the company secretary of the Company to provide support to the Board to comply with the its obligations under the Corporations Act, the Listing Rules and general law.

Minerva Corporate will be paid at an hourly rate of \$175 (plus GST).

8.3 Directors' holdings

The Directors' interests in Shares are as follows:

Name	Directly Held	Indirectly Held
Kai (Walton) Zhu	Nil	29,100,000 ¹
John Huntley Knox	Nil	Nil
John Nakhoul	Nil	Nil

¹ The Company currently has 1 Share on issue. Upon listing the Company will have completed the Acquisition and issued an additional 29,999,999 Shares to Unicorn Propfin Limited (a British Virgin Islands company), which is 95% owned by Kai (Walton) Zhu and 5% owned by Sino Flame Investments Limited, a company incorporated in Hong Kong. Sino Flame Investments Limited is 40% owned by Kai (Walton) Zhu and 60% owned by unrelated third parties.

8.4 Remuneration received by the Directors and their related entities

The Constitution provides that the non-executive Directors may collectively be paid as remuneration for their services a fixed sum not exceeding the aggregate maximum

sum per annum from time to time determined by the Company in general meeting.

A Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

A Director may also be reimbursed for reasonable travel, accommodation and other expenses incurred in relation to attending meetings of the Board, committees or Shareholders, or while engaged on the Company's business.

In the previous 2 years the Directors have been paid the following remuneration from the Group:

	Payment (\$)
Kai (Walton) Zhu	\$572,853 ¹
John Huntley Knox ²	Nil
John Nakhoul ²	Nil

¹ This remuneration was paid by Aust Sunshine. Please refer to section 5.1 on the property sales business of the Group prior to the date of this Prospectus.

² Messrs Knox and Nakhoul were appointed Directors on 13 August 2018 and 21 September 2018. They will each be entitled to \$20,000 per annum in directors' fees.

8.5 Deeds of access and indemnity

The Company has entered into deeds of access, indemnity and insurance with each Director.

Under the deeds the Company has undertaken, subject to the restrictions in the Corporations Act, to:

- (a) indemnify each Director and officer in certain circumstances;
- (b) maintain directors' and officers' insurance cover (if available) in favour of each Director whilst a Director and for seven years after the Director or officer has ceased to be a Director (provided run-off insurance can be procured at reasonable policy premiums); and
- (c) provide access to any Company records which are relevant to the Director's holding of office with the Company, for a period of seven years after the Director has ceased to be a Director.

8.6 No other Directors interests

Other than as set out below or elsewhere in this Prospectus, no Director holds, either at the date of this Prospectus, or at any time during the last 2 years before the date of lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer;
and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:
- (d) to a Director to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director in connection with the formation or promotion of the Company or the Offer.

8.7 Corporate governance

The primary responsibility of the Board is to represent and advance Shareholders' interests and to protect the interests of all stakeholders. To fulfill this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board will adopt, review and continually develop policies and procedures to:

- (a) ensure that it acts with due care and diligence and in the interests of shareholders;
- (b) adequately identify and deal with conflicts of interest at board, management and employee levels;
- (c) protect shareholder interests, including: access to information, voting rights, share of profits, equitable treatment; and
- (d) protect the interests of stakeholders including: employees, creditors, and the wider community.

With reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition), the Board has adopted what it considers to be appropriate corporate governance policies and practices having regard to its size and nature of activities. The Company's main corporate governance policies are set out below and are available on the Company's website at www.HOME789.com.au

- (a) Board Charter;
- (b) Code of Conduct;
- (c) Continuous Disclosure Policy;
- (d) Securities Trading Policy; and
- (e) Corporate Governance Statement.

PRINCIPLE 1 - LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Board and Management functions - Recommendation 1.1

The roles and responsibilities of the Board and management are set out in the Board Charter, available on the Company's website.

The Board is responsible for the corporate governance of the Company and operates in accordance with the principles set out in the Board Charter.

The Board Charter also provides for the Company's statement of delegated authority to set out the Company's policy relevant to the delegation of authority to management to conduct the day to day management of the Company.

The Company recognises that the roles and functions of the Board must necessarily be flexible to deliver the Company's objectives.

Electing or re-electing a director - Recommendation 1.2

The process of appointment and re-election is set out in the Board Charter.

The Company will undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election as a director.

The Board will provide shareholders with all material information in the possession of the Company to enable shareholders to make an informed decision on the appointment and re-election of directors.

Director and senior executive agreements - Recommendation 1.3

The Company has a written agreement with each director and senior executive setting out the terms of their appointment.

Company secretary - Recommendation 1.4

The Company Secretary is appointed and removed by the Board and reports to, and is directly accountable to, the Board, through the Chair, or if a Chair is not appointed, the Managing Director, on all matters to do with the proper functioning of the Board.

Diversity Policy - Recommendation 1.5

The Company does not currently have a diversity policy but is committed to developing a business model that values and achieves diversity on its workforce and on its Board. The Company intends to develop a diversity policy which will be announced to NSX in due course and will be made available on the Company's website. Management will monitor and report to the Board on the Company's progress on the development of its diversity policy.

Performance Evaluation - Recommendations 1.6 and 1.7

The Board is responsible for the evaluation and review of the performance of the Board and its committees (if any) and senior executives.

The Chair, or if a Chair is not appointed, the Managing Director, is primarily responsible for the evaluation and review of the performance of individual non-

executive directors. The Chair, or if a Chair is not appointed, the Managing Director, should disclose the process for evaluating the performance of those directors.

The Board (other than the Chair, or if a Chair is not appointed, the Managing Director) is responsible for the evaluation and review of the performance of the Chair, or if a Chair is not appointed, the Managing Director, and review of the effectiveness and programme of Board meetings.

The process of the performance evaluation of the Board, its committees (if any), directors and senior executives, generally involves an internal review. From time to time as the Company's needs and circumstances require, the Board may commission an external review of the Board, and its composition.

PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE

Nomination Committee and Board skills matrix - Recommendations 2.1 and 2.2

The Company believes it is not of a size to justify a Nomination Committee. If vacancies arise on the Board, all directors are involved in search and recruitment. The Board seeks to achieve a balance of entrepreneurial, capital markets, technical, operational, commercial and financial skills from the resources industry and broader business backgrounds. The Board will establish a skills matrix setting out the mix of skills and diversity that the Board currently has or is seeking to acquire.

Independence of directors - Recommendations 2.3, 2.4 and 2.5

The Board comprises one executive director and two non-executive directors. The executive director, Mr Zhu, is not considered to be an independent director in terms of the ASX Corporate Governance Council's discussion of independent status. Despite this relationship, the Board believes that Mr Zhu is able, and will make quality and independent judgements in the best interests of the Company on all relevant issues before the Board. Mr John Nakhoul and Mr John Huntley Knox are considered to be independent directors in terms of the ASX Corporate Governance Council's discussion of independent status.

Directors are entitled to seek independent professional advice at the Company's expense in the furtherance of their duties.

Under the Company's Constitution, no director except the Managing Director may hold office for a period in excess of three years or beyond the third annual general meeting following the director's election without being submitted for re-election. At every annual general meeting one third of the Directors or the number nearest to but not exceeding one third must retire from office and are eligible for re-election.

Director induction and development - Recommendation 2.6

Induction, training and continuing education arrangements are the subject of the terms and conditions of the appointment of members to the Board. The requirement for the Board to implement an appropriate induction and education process for new Board appointees and senior executives is set out in the Board Charter on the

Company's website. The process is designed to enable Board appointees and senior executives to gain a better understanding of the Company's financial, strategic, operational and risk management position; the rights, duties and responsibilities of the directors; the roles and responsibilities of senior executives; and the role of Board committees (if any).

PRINCIPLE 3 - ACT ETHICALLY AND RESPONSIBLY

Code of conduct - Recommendation 3.1

The Board has adopted a formal Code of Conduct to promote lawful, ethical and responsible decision-making by directors, management and employees. The Code promotes compliance with laws and regulation and avoidance of conflicts of interest, embraces the values of honesty, integrity, enterprise, excellence, accountability, justice, independence and equality of stakeholder opportunity. The Code of Conduct is available on the Company's website.

Policy for trading in Company's securities

The Board has adopted a policy on trading in the Company's securities by directors, senior executives and employees which raises awareness of the law in relation to insider trading, specifies blackout periods and provides notification protocols. The trading policy is located on the Company's website.

PRINCIPLE 4 - SAFEGUARD INTEGRITY IN CORPORATE REPORTING

Audit Committee - Recommendation 4.1

The Company does not currently have an Audit Committee. The Board considers that the formation of an Audit Committee is not warranted at this time given the stage of the Company's development.

The Board will at some time consider forming an Audit Committee if the size of the Board increases and efficiencies may be derived from a formal committee structure.

Financial Statements - Recommendation 4.2

The Board as a whole acts as the Audit Committee and performs the functions thereof including making sure that the financial records of the Company have been properly maintained and that the Company's financial statements comply with accounting standards and present a true and fair view of the Company's financial condition and operational results. These financial statements are required annually.

Auditor attendance at AGM - Recommendation 4.3

The opportunity for shareholders to question a listed entity's external auditor at the AGM is an important safeguard for the integrity of the corporate reporting process. The Company's external auditor will attend each annual general meeting to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

PRINCIPLE 5 - MAKE TIMELY AND BALANCED DISCLOSURE

Continuous Disclosure Policy - Recommendation 5.1

The Board places a strong emphasis on full and appropriate disclosure and has adopted a Continuous Disclosure Policy to ensure timely and accurate disclosure of price-sensitive information to shareholders through the lodgement of announcements with NSX. Clear procedures govern the preparation, review and approval of all announcements. The Company's Continuous Disclosure Policy is available on its website.

PRINCIPLE 6 - RESPECT THE RIGHTS OF SECURITY HOLDERS

Communications Policy - Recommendation 6.1

The Company is committed to open and accessible communication with its shareholders, employees, customers and other stakeholders.

The Company will publish all relevant announcements on its website after NSX has acknowledged that the announcements have been released. The Continuous Disclosure Policy can be found on the Company's website. Subject to NSX disclosure rules, the Company communicates regularly with shareholders, brokers and analysts and publishes the information provided on its website.

Investor relations - Recommendations 6.2, 6.3 and 6.4

The Board is responsible for the communication strategy to promote effective communications with investors and to encourage effective participation at general meetings. The Company adheres to best practice in its preparation of Notices of Meetings and through its share registry offers to members the option of receiving shareholder communications electronically.

PRINCIPLE 7 - RECOGNISE AND MANAGE RISK

Risk Management - Recommendations 7.1, 7.2, 7.3 and 7.4

The Board is committed to ensuring that the risks associated with the Company's business activities are properly identified, monitored and managed and to embedding in its management and reporting systems a number of risk management controls. Operational management regularly reviews the risks and controls and updates the Board in light of changing circumstances and emergent risk factors and weightings.

The Board considers that the Company is not of a size sufficient to warrant the establishment of an internal audit function or a risk management committee. The Company does however employ appropriate processes for continually improving the effectiveness of risk management and internal control processes.

The Chief Executive Officer is required to provide a declaration in writing to the Board as to whether the declaration in accordance with section 295A of the Corporations Act is founded on a sound system of internal control and that the system is operating effectively in all material respects in relation to financial risks.

Aside from the risks outlined in section 7 of this Prospectus, the Company does not

have material exposure to other economic, environmental or social sustainability risks.

PRINCIPLE 8 - REMUNERATE FAIRLY AND RESPONSIBLY

Remuneration Committee - Recommendations 8.1, 8.2 and 8.3

The Directors consider the current size of the Board does not warrant the establishment of a separate Remuneration Committee. However, the Board will at some time consider forming a Remuneration Committee if the size of the Board increases and efficiencies may be derived from a formal committee structure. Nonetheless the Board is committed to ensuring that the principles of fair and responsible remuneration govern its operations.

There are no schemes for retirement benefits, other than superannuation, for non-executive directors.

9 FINANCIAL INFORMATION FOR THE GROUP

9.1 Introduction

The Financial Information for the Group contained in this section includes:

- (a) the Combined Historical Financial Information being:
 - (i) the Combined Historical Statement of Financial Position as at 31 December 2017;
 - (ii) the Combined Historical Statements of Profit or Loss and Other Comprehensive Income for the six month periods ended 31 December 2017 (HY17) and 31 December 2016 (HY16) and for the financial years ended 30 June 2017 (FY17) and 30 June 2016 (FY16); and
 - (iii) the Combined Historical Statement of Cash Flows for the six month periods ended 31 December 2017 (HY17) and 31 December 2016 (HY16) and for the financial years ended 30 June 2017 (FY17) and 30 June 2016 (FY16).

as if the Group had operated as a single combined entity since 1 July 2015 (“Combined Historical Financial Information”);

- (b) Pro Forma Combined Historical Financial Information being:
 - (i) the Pro Forma Combined Historical Statement of Financial Position as at 31 December 2017;
 - (ii) the Pro Forma Combined Historical Statements of Profit or Loss and Other Comprehensive Income for the six month periods ended 31 December 2017 (HY17) and 31 December 2016 (HY16) and for the financial years ended 30 June 2017 (FY17) and 30 June 2016 (FY16); and
 - (iii) the Pro Forma adjustments to show the effect of events and transactions related to the IPO as if they had occurred as at 31 December 2017.

as if the Group had operated as a single combined entity since 1 July 2015 (“Pro Forma Combined Historical Financial Information”)

The Combined Historical Financial Information and the Pro Forma Combined Historical Financial Information together form the Financial Information.

Table 1: Index to Section 9

Section	Heading
9.2	Preparation and Presentation of the Financial Information
9.3	The Combined Historical Statements of Profit or Loss and Other Comprehensive Income
9.4	The Pro Forma Combined Historical Statements of Profit or Loss and Other Comprehensive Income
9.5	The Combined Historical Statements of Cash Flows
9.6	The Combined Historical Statement of Financial Position and the Pro Forma Combined Historical Statement of Financial Position
9.7	Management's discussion and analysis of the Pro Forma Combined Historical Financial Information
9.8	Significant Accounting Policies

The information in this section should be read in conjunction with the risk factors set out in section 7 and other information set out in this Prospectus.

All amounts disclosed in this section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest thousand.

9.2 Preparation and Presentation of Financial Information

The Financial Information has been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Financial Information set out in this Prospectus is presented in an abbreviated form and does not contain all the disclosures and other mandatory professional reporting requirements that are applicable to a General Purpose Financial Report prepared in accordance with the Corporations Act 2001.

Significant accounting policies adopted in the preparation and presentation of the Financial Information are set out in section 9.8. The accounting policies have been consistently applied, unless otherwise stated.

9.2.1 Preparation of Historical Financial Information for listing purposes

789 Holdings Limited (the Company) was incorporated as the holding company on 13 August 2018 and is the reporting entity under this Prospectus. As part of the transactions in the IPO process, it will acquire all of the shares in the following companies:

- (a) Home 789 Resources Pty Ltd (Home789); and
- (b) Great Fortune Investment Pty Ltd (GFI).

The above entities together are referred to as the “Group”. In addition, the service agreement between Home789 and Aust Sunshine is being varied with the effect that Home789 will receive the net future revenue for projects marketed by Home789 as a sub-agent of Aust Sunshine.

The Financial Information has been prepared by including certain assets, liabilities, revenues and expenses of the Group and a related entity of the Group that will be combined together in the operations of the Group on listing.

The Combined Historical Financial Information for FY17 and FY16 was audited by UHY Haines Norton Chartered Accountants, Sydney in accordance with the requirements of Australian Auditing Standards and on which unmodified audit opinions were issued.

The Combined Historical Financial Information for HY17 and HY16 were reviewed by UHY Haines Norton Chartered Accountants, Sydney in accordance with the requirements of Australian Standards on Review Engagement on which unmodified review opinions were issued.

9.2.2 Preparation of Pro-forma Historical Financial Information

The Combined Historical Financial Information and the Pro Forma Combined Historical Financial Information has been prepared solely for the purposes of inclusion in this Prospectus. The Pro Forma Combined Historical Financial Information has been derived from the Combined Historical Financial Information after adjusting for the effects of the Pro Forma adjustments described in Sections 9.3 and 9.4.

Due to its nature, the Combined Historical Financial Information and the Pro Forma Combined Historical Financial Information do not represent the Group’s actual financial performance, cash flows or financial position.

The Directors have elected to account for the Acquisition as a capital re-organisation rather than a business combination. In the Directors’ judgement, the continuation of existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to an IPO and most appropriately reflects the substance of the internal restructure.

As such, the combined financial information of the Group will be presented as a continuation of the pre-existing accounting values of certain assets and liabilities of Home789 and GFI with Home789 deemed to be the acquirer for accounting purposes.

The Financial Information (excluding management’s discussion and analysis in Section 9.7) has been reviewed by the Investigating Accountant, UHY Haines Norton Corporate Finance Pty Ltd in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information, whose Investigating Accountant’s Report

and Financial Services Guide is contained within Section 10. Prospective investors should note the scope and limitations of the Investigating Accountant's Report.

Investors should note that past results are not a guarantee of future performance.

9.2.3 Explanation of certain non-IFRS and other financial measures

The Company uses certain measures to manage and report on its business that are not recognised under IFRS. These measures are collectively referred to as 'non-IFRS financial measures'. Non-IFRS financial measures are intended to supplement the measures calculated in accordance with IFRS and not as a substitute for those measures. As non-IFRS financial measures are not defined by the recognised body of accounting standards, they do not have a prescribed meaning and the way that the Company calculates them may be different to the way that other companies calculate similarly titled measures. Readers should therefore not place undue reliance on non-IFRS financial information.

In the disclosures in this Prospectus, the Company uses the following non-IFRS measures of performance to assist prospective investors with understanding the trends in financial performance and profitability.

- (a) Gross profit is calculated as revenue less costs of sales;
- (b) EBITDA is earnings before interest, tax, depreciation and amortisation expenses; and
- (c) EBIT is earnings before interest and tax expenses.

9.3 The Combined Historical Statements of Profit or Loss and Other Comprehensive Income

\$'000's	Reviewed Six Month to 31 Dec 2017 (HY17) \$	Reviewed Six Month to 31 Dec 2016 (HY16) \$
Revenue		
Services revenue	3,780	6,943
Other revenue	-	1
Interest income	1	1
Total Revenue	3,781	6,945
Expenses		
Commission expenses	1,460	2,703
Marketing expenses	39	26
Depreciation expense	14	20
Rent expense	95	93
Salaries and wages	287	246
Legal expenses	34	19
Other expenses	116	170
Finance costs	2	1
Total Expenses	2,047	3,278
Profit before income tax	1,734	3,667
Income tax expense	527	1,107
Profit after income tax	1,207	2,560
Other comprehensive income, net of tax	-	-
Total comprehensive income	1,207	2,560

Note:

All amounts disclosed in the tables unless otherwise noted are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

The Combined Historical Statements of Profit or Loss and Other Comprehensive Income (Continued)

\$'000's	Audited Year Ended 30 June 17 (FY17) \$	Audited Year Ended 30 June 16 (FY16) \$
Revenue		
Services revenue	11,822	7,469
Other revenue	2	62
Interest income	1	2
Total Revenue	11,825	7,533
Expenses		
Commission expenses	4,447	2,754
Marketing expenses	76	110
Depreciation expense	36	50
Rent expense	202	178
Salaries and wages	483	727
Legal expenses	27	8
Other expenses	302	367
Finance costs	5	2
Total Expenses	5,578	4,196
Profit before income tax	6,247	3,337
Income tax expense	1,875	998
Profit after income tax	4,372	2,339
Other comprehensive income, net of tax	-	-
Total comprehensive income	4,372	2,339

Note:

All amounts disclosed in the tables unless otherwise noted are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

9.4 The Pro Forma Combined Historical EBITDA reconciliation to the Statutory Combined Historical EBITDA

\$'000's		Audited Year Ended 30 June 17 (FY17) \$	Audited Year Ended 30 June 16 (FY16) \$
Statutory EBITDA		6,287	3,387
Pro Forma Adjustments			
Directors fee	(a)	60	60
Executive salaries	(b)	500	500
Compliance fee	(c)	120	120
Other expenses	(d)	240	240
Total Pro Forma Adjustments		920	920
Pro Forma EBITDA		5,367	2,467
\$'000's		Reviewed Six Month to 31 Dec 2017 (HY17) \$	Reviewed Six Month to 31 Dec 2016 (HY16) \$
Statutory EBITDA		1,749	3,687
Pro Forma Adjustments			
Directors fee	(a)	30	30
Executive salaries	(b)	250	250
Compliance fee	(c)	60	60
Other expenses	(d)	120	120
Total Pro Forma Adjustments		460	460
Pro Forma EBITDA		1,289	3, 227

- (a) Directors' fee - There will be three directors of the Company upon listing and they will be entitled to a fee of \$20,000 p.a. each for their services.
- (b) Executive salaries - Adjustment made to include a market salary of the Chief Executive Officer and the Chief Financial officer of the Group upon listing.
- (c) Compliance fee - Adjustment made to include fee in relation to the statutory audit, taxation, ASIC, ASX and company secretarial services upon listing.
- (d) Other expenses - Adjustments made in relation to the other costs such as share registry, AGM, annual reporting and other indirect expenses such as marketing.

9.5 The Combined Historical Statement of Cash Flows

	Reviewed Six Month to 31 Dec 2017 (HY17) \$	Reviewed Six Month to 31 Dec 2016 (HY16) \$
\$'000's		
Cash flows from operating activities		
Receipts from customers (inclusive of goods and service tax)	2,785	4,618
Payments to suppliers and employees (inclusive of goods and service tax)	(2,867)	(4,928)
	<u>(82)</u>	<u>(310)</u>
Interest received	1	1
Other revenue	-	1
Income taxes paid	<u>(88)</u>	<u>(39)</u>
Net cash from operating activities	<u>(169)</u>	<u>(347)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	-	-
Proceeds from sale of property, plant and equipment	-	63
Net cash used in investing activities	<u>-</u>	<u>63</u>
Cash flows from financing activities		
Amounts collected/paid by Aust. Sunshine Pty Ltd	214	417
Repayment of leases	-	-
Net cash used in financing activities	<u>214</u>	<u>417</u>
Net increase/(decrease) in cash and cash equivalents	45	133
Cash and cash equivalents at the beginning of the financial year	<u>175</u>	<u>135</u>
Cash and cash equivalents at the end of the financial year	<u>220</u>	<u>268</u>

Note:

All amounts disclosed in the tables unless otherwise noted are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

The Combined Historical Statement of Cash Flows (Continued)

	Audited Year Ended 30 June 17 (FY17) \$	Audited Year Ended 30 June 16 (FY16) \$
\$'000's		
Cash flows from operating activities		
Receipts from customers (inclusive of goods and service tax)	13,582	7,492
Payments to suppliers and employees (inclusive of goods and service tax)	(8,520)	(5,710)
	<u>5,062</u>	<u>1,782</u>
Interest received	1	2
Other revenue	2	62
Income taxes paid	(234)	(104)
Net cash from operating activities	<u>4,831</u>	<u>1,742</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1)	-
Proceeds from sale of property, plant and equipment	63	-
Net cash used in investing activities	<u>62</u>	<u>-</u>
Cash flows from financing activities		
Amounts collected/paid by Aust Sunshine Pty Ltd	(4,853)	(2,156)
Repayment of leases	-	(47)
Net cash used in financing activities	<u>(4,853)</u>	<u>(2,203)</u>
Net increase/(decrease) in cash and cash equivalents	40	(461)
Cash and cash equivalents at the beginning of the financial year	<u>135</u>	<u>596</u>
Cash and cash equivalents at the end of the financial year	<u><u>175</u></u>	<u><u>135</u></u>

Note:

All amounts disclosed in the tables unless otherwise noted are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

9.6 The Combined Historical Statement of Financial Position and the Pro Forma Combined Historical Statement of Financial Position

The table below sets out the Historical Statement of Financial Position as at 31 December 2017 and Pro Forma adjustments that have been made to the Historical Statement of Financial Position as at 31 December 2017. The Pro Forma adjustments reflect the impact of the offer as if they had occurred at 31 December 2017. The Pro Forma Historical Financial Information is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

	Reviewed 31-Dec-17 \$	Note	Pro Forma Offer Proceed \$2.5m \$
\$'000's			
Current Assets			
Cash and cash equivalents	220	1	2,420
Trade and other receivables	3,029		3,029
Other Assets	78		78
Total Current Assets	3,327		5,527
Non-Current Assets			
Property, plant and equipment	80		80
Deferred tax assets	64	2	80
Total Non-Current Assets	144		160
Total Assets	3,471		5,687
Current Liabilities			
Trade and other payables	503		503
Provision for income tax	227		227
Employee benefit provision	15		15
Total Current Liabilities	745		745
Non-Current Liabilities			
Employee benefit provision	2		2
Total Non-Current Liabilities	2		2
Total Liabilities	747		747
Net Assets	2,724		4,940

Shareholders' Equity

Issued Capital	-	3	2,500
Retained Profits	2,724	4	2,440
Total Shareholders' Equity	2,724		4,940

Note:

All amounts disclosed in the tables unless otherwise noted are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

Pro-forma adjustments to Statement of Financial Position**Note 1 - Cash and cash equivalents**

CASH AND CASH EQUIVALENTS	Pro-forma after Offer
Reviewed balance of the Company as at 31 December 2017	220,000
Pro-forma adjustments:	
Proceeds from shares issued under the Offer	2,500,000
Offer costs to be settled from Offer proceeds	(300,000)
Pro-forma Balance	2,420,000

The Offer is expected to raise \$2,500,000 before payment of Offer costs.

Offer costs incurred are expected to be approximately \$300,000 (inclusive of non-recoverable GST where applicable).

Note 2 - Deferred tax asset

DEFERRED TAX ASSET	Pro-forma after Offer
Reviewed balance of the Company as at 31 December 2017	63,623
Pro-forma adjustments:	
Deferred tax asset relating to capital raising costs	16,500
Pro-forma Balance	80,123

Offer costs are expected to be approximately \$300,000.

It is assumed the Offer costs are deductible to the Company for tax purposes over five years, resulting in deferred tax assets of \$16,500.

Note 3 - Share Capital

SHARE CAPITAL	Pro-forma after Offer
Reviewed balance of the Company as at 31 December 2017	102
Pro-forma adjustments:	
Proceeds from shares issued under the Offer	2,500,000
Offer costs in relation to new equity raised	-
Pro-forma Balance	2,500,102

Prior to the Offer, the Company had paid up share capital of \$102. Under the Offer, the Company will raise \$2,500,000.

Note 4 - Retained Earnings

RETAINED EARNINGS	Pro-forma after Offer
Reviewed balance of the Company as at 31 December 2017	2,724,000
Pro-forma adjustments:	
Offer costs in relation to listing of existing equity	(283,500)
Pro-forma Balance	2,440,500

Offer costs in relation to listing of equity are booked against retained earnings of \$283,500 after tax effect.

9.7 Management's discussion and analysis of Historical Financial Information

The management discussion and analysis (MD&A) below relates to the Combined Historical Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows and should be read in conjunction with the description of the basis upon which the information has been prepared.

The MD&A provides a brief discussion of the general factors which affected historical operating and financial performance between HY17 and HY 16 and between FY17 and FY16. The discussion of these general factors is intended to provide a summary only and does not detail all the factors that affected historical operating and financial performance.

The information in this Section should also be read in conjunction with the risk factors set out in Section 9 and other information contained in this Prospectus.

9.7.1 Year on year management discussion and analysis

FY2017 compared to FY2016

\$'000's	FY17	FY16	Change (%)
Revenue	11,822	7,469	58.3%
Less: Cost of sales	(4,523)	(2,864)	57.9%
Gross Profit	7,299	4,605	58.5%
Gross Profit %	61.7%	60.2%	
Other income	3	64	(95.3%)
Operating expenses	(1,053)	(1,332)	(20.9%)
EBITDA	6,287	3,387	85.6%
EBITDA%	53.2%	45.4%	
EBIT	6,251	3,337	87.3%
EBIT%	52.9%	44.7%	

Note:

All amounts disclosed in the tables unless otherwise noted are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

Revenue

The Group achieved revenue growth of 58.3% in FY17 to reach a new high of \$11.8 million. While part of this growth was attributable to the increased number of sales achieved compared to FY2016 by approximately 1-2%, the main contributory factor to this growth was due to the settlements of projects that occurred during FY17.

In a typical real estate project marketing company, commission revenue is normally divided into two stages. The first stage of up to approx.. 50% of the commission revenue is earned at the time of the exchange of the contract for the sale of the property. The remaining commission revenue is earned at the time of settlement of the property. Whilst the exchange may occur in different financial years, settlement of the units for a specific project usually occurs in the same financial year.

Gross Profit

Gross profit margins remained steady as the commission expenses were accrued in proportion to the revenue earned.

Operating Expenses

Most of the operating expenses were consistent between FY16 and FY17. The reduction of 9.9% in operating expenses was mainly as a result of the reduction in salaries and wages. In FY17, the real estate agents' platform became more mature and qualified agents were willing to work on a commission basis only in exchange for the flexibility to work independently amongst various projects available in the market.

The reduction in the salary expense was also due to the Group's ability to restructure its internal operation's and to improve efficiency and reduce roles that were duplicated.

EBITDA

EBITDA increased from \$3.387 million in FY16 to \$6.287 million in FY17. EBITDA as a percentage of revenue increased by 7.8% as a result of a slight increase in gross profit and the decrease in operating expenses.

HY17 compared to HY16

\$'000's	HY17	HY16	Change (%)
Revenue	3,780	6,943	(45.6%)
Less: Cost of sales	(1,499)	(2,729)	(45.1%)
Gross Profit	2,281	4,214	(45.9%)
Gross Profit %	60.3%	60.7%	
Other income	1	2	(50.0%)
Operating expenses	(548)	(549)	(0.2%)
EBITDA	1,749	3,687	(52.6%)
EBITDA%	46.3%	53.1%	
EBIT	1,735	3,667	(52.7%)
EBIT%	45.9%	52.8%	

Note:

All amounts disclosed in the tables unless otherwise noted are rounded to the nearest \$1,000. Rounding in the Financial Information may result in some immaterial rounding differences between totals and sums of components and the total percentage calculations outlined within tables, figures and commentary.

Revenue

Revenue for the HY17 fell by over 45% compared to the HY16. This fall was a result of less settlements in the HY17 as well as the decrease in the number of sales achieved due to legislative changes which discouraged foreign investors and banks' tightened their lending policies.

Gross Profit

Gross profit margins remained consistent as the commission expenses are always in proportion to revenue.

Operating Expenses

Operating expenses remained consistent.

EBITDA Margin

The EBITDA margin as a percentage of revenue dropped by 6.8% as a result of the reduction in gross profit with unchanged operating expenses.

9.7.2 Debt facilities

Immediately following completion of the Offer, the Group will have no bank debt or borrowings.

9.7.3 Liquidity and Capital Resources

Following Completion of the Offer, the Group's principal sources of funds will be cash flow from operations and proceeds from the Offer.

9.7.4 Dividend Policy

The payment of a dividend by the Group is at the discretion of the Board and will be a function of a number of factors, including the general business environment, operating results and the financial condition of the Group.

While it is the aim of the Group that, in the longer term, its financial performance and position will enable the payment of dividends. However, at the Prospectus Date, the Directors do not provide any assurance of the future level of dividends or the extent to which they are franked, and there may be periods in respect of which dividends are not paid.

9.7.5 Capital Expenditure

No significant capital expenditures.

9.7.6 Commitments

As at 31 August 2018, the Group had an operating lease commitment of \$392,000.

9.7.7 Contingent liabilities

The Group is currently the subject of an investigation by Revenue NSW (Department) regarding its payroll liability. The Group believes that it has complied with its payroll duty obligations, and that it has no liability to the Department. However, there is a risk that the Department may find that the Group's commission payments ought to have been included in determining payroll liability, and that the Group did not pay the correct amount of payroll tax.

9.8 Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

In the directors' opinion, the Group is not a reporting entity because there are no users dependent on general purpose financial statements. These are special purpose financial statements. The directors have determined that the accounting policies

adopted are appropriate to meet the needs of the intended users of these special purpose financial statements.

Preparation of Historical Financial Information for listing purposes

789 Holdings Limited (the Company) was incorporated as the holding company on 13 August 2018. On listing, it will acquire all of the shares in the following companies:

- (a) Home 789 Resources Pty Ltd (Home789); and
- (b) Great Fortune Investment Pty Ltd (GFI)

The above entities together are referred to as the “Group”.

These Financial Statements have been prepared for listing purposes only and include certain assets, liabilities, revenues and expenses of the Group and a related entity of the Group that will be combined together in the operations of the Group on listing.

Due to its nature, these Financial Statements do not represent the Group's actual performance, cash flows or financial position as the financial statements have been prepared as if the Group had operated as a single combined entity since 1 July 2015.

The net contribution after the elimination of the intercompany transactions with the related entity of the Group to the Comprehensive Income of the Combined Entity for the financial year ended 30 June 2017 is recorded as transfers out to the owners of the Combined Entity in the Statements of Cash Flows and Changes in Equity.

Historical cost convention

The financial statements have been prepared under the historical cost convention, unless otherwise stated in the significant accounting policies below.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Foreign currency translation

The financial statements are presented in AUD which is the Combined Entity's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into AUD using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Rendering of Services - real estate sales commissions

Revenue from a contract to provide services (i.e. arranging the sales of the units in the development properties) is recognised by reference to the sale of an individual unit that forms part of the development property. 50% of the total commission earned for the sale of an individual unit is recognised at the exchange of the contract between the vendor and the buyer and the remaining 50% of the total commission earned is recognised at settlement.

Rendering of Services - letting and property management

Letting fees are earned (normally one weeks rent) from the letting of properties and management fees are earned for the usual property management and charged as a percentage of the rent (approximately 5%).

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on

either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Combined Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30-60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Combined Entity has transferred substantially all the risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets. After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(a) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and bringing the asset to working condition for its intended use.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(c) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful lives. Property, plant and equipment under work-in-progress are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Office equipment	5-7 years
Furniture and fittings	5-10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in other property, plant and equipment. Upon, reviewed, adjustment or impairment shall be made, if required.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Combined Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the entities of the Combined Entity.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. Those which may be relevant to the Combined Entity are set out below.

AASB 9 Financial Instruments

AASB 9 replaces earlier versions of AASB 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. AASB 9 when effective will replace AASB 139 Financial Instruments: Recognition and Measurement.

AASB 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in AASB 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. AASB 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under AASB 139.

The adoption of AASB 9 will result in a change in accounting policy. The Combined Entity is currently examining the financial impact of adopting AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and related UIG Interpretations. The Combined Entity is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Adoption of above Australian Accounting Standards is not expected to have any significant impact on the financial statements of the Combined Entity.

Payroll liability

As noted in section 11.1, the Group contracts with Agents as independent contractors. As such the Company does not believe that Agents' commissions are to be included in assessing the Group's liability for payroll tax.

The Group is currently the subject of an investigation by Revenue NSW regarding its payroll liability. The Group believes that it has complied with its payroll duty obligations, and that it has no liability to Revenue NSW. However, there is a risk that Revenue NSW may find that the Group's commission payments ought to have been included in determining payroll liability, and that the Group did not pay the correct amount of payroll tax.

Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Estimation of the percentage of settlement of the real estate sales contracts

The Directors of the Group have determined that the percentage of settlement method best reflects the efforts that the Group contributed into arranging the sales of the individual units that form part of the contract with the property developers. The Directors of the Group estimate that on average 50% of these efforts on an individual unit are expended before the exchange of the contract between the vendor and the buyer and the remaining 50% is expended at the time of settlement (i.e. in line with the contractual entitlements for the sales commissions).

26th September, 2018

The Board of Directors
789 Holdings Limited
Suite 405, Level 4, 161 Redfern Street
Redfern, NSW 2016

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT ON THE FINANCIAL INFORMATION

Introduction

This report has been prepared at the request of the Directors of 789 Holdings Limited ("789 HL" or "Company") for inclusion in a Prospectus to be issued by the Company in respect of the initial public offering of fully paid ordinary shares in the Company ("the Offer") and the listing of the Company on the National Stock Exchange of Australia ("NSX").

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License under the Corporations Act 2001. UHY Haines Norton Corporate Finance Pty Limited ("UHYHNCF") holds the appropriate Australian Financial Services licence (number 269158) under the Corporations Act 2001 for the issue of this report.

Expressions and terms used in this report have the same meaning as defined in the Glossary of the Prospectus.

The Investigating Accountant's Report is prepared based on our understanding that for the purpose of the listing, 789 HL proposes to acquire the shares in the following entities:

- Home 789 Resources Pty Ltd (Home789); and
- Great Fortune Investment Pty Ltd (GFI);

The above entities together are referred to as the "Group" or "Combined Entity".

Scope

Combined Historical Financial Information

UHYHNCF has been engaged by the Directors of the Company to review the Combined Historical Financial Information.

For the purpose of this report, the Combined Historical Financial Information includes:

- the Combined Historical Statement of Financial Position as at 31 December 2017;

- the Combined Historical Statements of Profit or Loss and Other Comprehensive Income for the six-month periods ended 31 December 2017 and 31 December 2016 and for the financial years ended 30 June 2017 and 30 June 2016; and
- the Combined Historical Statements of Cash Flows for the six-month periods ended 31 December 2017 and 31 December 2016 and for the financial years ended 30 June 2017 and 30 June 2016.

as if the Group had operated as a single Combined Entity since 1 July 2015.

The Combined Historical Financial Information has been prepared by combining certain assets, liabilities, revenue and expenses of 789 Holdings Limited, Home 789 Resources Pty Ltd and Great Fortune Investments Pty Ltd, and certain revenue and expenses of a related entity that will be included in the operations of the Group on listing.

The Combined Historical Financial Information for FY17 and FY16 were audited by UHY Haines Norton Chartered Accountants, Sydney, in accordance with the requirements of Australian Auditing Standards and on which unmodified audit opinions were issued.

The Combined Historical Financial Information for HY17 and HY16 were reviewed by UHY Haines Norton Chartered Accountants, Sydney, in accordance with the requirements of Australian Standards on Review Engagement and on which unmodified review opinions were issued.

The Combined Historical Financial Information have been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in the International Financial Reporting Standards ("IFRS"), Australian Accounting Standards ("AAS") and the Company's adopted accounting policies.

The Combined Historical 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 the International Financial Reporting Standards ("IFRS"), Australian Accounting Standards ("AAS") and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Combined Historical Financial Information

UHYHNCF has been engaged by the Directors of the Company to review the Pro Forma Combined Historical Financial Information.

For the purpose of this report the Pro Forma Combined Historical Financial Information includes:

- the Pro Forma Combined Historical Statement of Financial Position as at 31 December 2017;
- the Pro Forma Combined Historical Statements of Profit or Loss and Other Comprehensive Income for the six-month periods ended 31 December 2017 and 31 December 2016 and for the financial years ended 30 June 2017 and 30 June 2016;
- the Pro Forma adjustments as explained in section 9 of the prospectus.

as if the Group had operated as a single Combined Entity since 1 July 2015 and the Group is listed as at 31 December 2017.

The stated basis of preparation is the recognition and measurement principles contained in the International Financial Reporting Standards ("IFRS") and Australian Accounting Standards ("AAS") applied to the Combined Historical Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred as at 31 December 2017. Due to its nature, the Pro forma Combined Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, or cash flows.

The Combined Historical Financial Information and the Pro Forma Combined Historical Financial Information are collectively referred to as the "Financial Information".

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Combined Historical Financial Information and the Pro Forma Combined Historical Financial Information including the selection and determination of the Pro Forma adjustments made to the Combined Historical Financial Information; and
- the information contained within the Prospectus.

This responsibility includes the operation of such internal controls as the Directors determine are necessary to enable the preparation of 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 Australian 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 would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any Financial Information used as a source of the Historical Financial Information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Combined Historical Financial Information

- reviewed the work papers, accounting records and other documents of the Group and its auditors; and
- made enquiries of the Directors, management and others in relation to the Combined Historical Financial Information;
- performed analytical procedures on the Combined Historical Financial Information;
- reviewed the extraction of the Combined Historical Financial Information from the audited Financial Reports for the financial years ended 30 June 2017 and 30 June 2016 and the reviewed Financial Statements for the six-month periods ended 31 December 2017 and 31 December 2016;
- performed consistency checks of the application of the stated basis of preparation, as described in the Prospectus, to the Combined Historical Financial Information;

Pro Forma Combined Historical Financial Information

- reviewed the work papers, accounting records and other documents of the Group, including those dealing with the extraction of the Combined Historical Financial Information from the audited Financial Reports for the financial years ended 30 June 2017 and 30 June 2016 and the reviewed Financial Statements for the six-month periods ended 31 December 2017 and 31 December 2016;
- made enquiries of the Directors, management, personnel and advisors of the Group;
- considered the appropriateness of the Pro Forma Adjustments described in Section 9 of the Prospectus;
- performed analytical procedures applied to the Pro Forma Combined Historical Financial Information; and
- reviewed the stated basis of preparation adopted and used by the Group over the period for consistency of application.

Conclusions

Combined 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 Combined Historical Financial Information, as described in section 9 of the Prospectus is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in section 9 of the Prospectus.

Pro Forma Combined 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 Combined Historical Financial Information, as described in section 9 of the Prospectus is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 9 of the Prospectus.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 9 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report on Financial Information may not be suitable for use for another purpose.

Consent

UHY Haines Norton Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

UHY Haines Norton Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Financial Services Guide

The Financial service guide is attached to this report.

Yours sincerely,



Vikas Gupta

Director

UHY HAINES NORTON CORPORATE FINANCE PTY LIMITED
(AFSL Number 269158)

THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INVESTIGATING ACCOUNTANT'S REPORT

PART 2 – FINANCIAL SERVICES GUIDE

1. UHY Haines Norton Transaction Advisory Services

UHY Haines Norton Corporate Finance Pty Ltd ("UHYHNCF" or "we" or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Accountant's Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice for the following classes of financial products:
 - (i) securities to retail and wholesale clients

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$25,000 (exclusive of GST).

Except for the fees and benefits referred to above, UHYHNCF, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of our Report.

6. Associations with product issuers

UHYHNCF and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of UHYHNCF is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the below details. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of the Corporations Act 2001.

<p>Contacting UHYHNCF</p> <p>The Director UHY Haines Norton Corporate Finance Pty Ltd Level 11, 1 York Street Sydney NSW 2001</p> <p>Telephone: (02) 9256 6600</p>	<p>Contacting the Independent Dispute Resolution Scheme:</p> <p>Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001</p> <p>Telephone: 1300 367 287</p>
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This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

11 MATERIAL CONTRACTS

The following are summaries of the significant terms of the material agreements which relate to the businesses of the Group.

11.1 License Agreement

HOME789 enters into standard license agreements with its Agents, who each hold a real estate agent licence.

Under the agreements, HOME789 as the licensor grants the agents as the licensees to:

- (a) use the HOME789 property platform;
- (b) use the HOME789 brand including the name, trademark and logo; and
- (c) sell properties listed on the HOME789 platform.

Pursuant to the agreements, HOME789 maintains the HOME789 platform and protects the HOME789 brand, further HOME789 sources appropriate stock to be sold to the market, undertakes due diligence and appraisal on the sourced stocks, lists and markets the stocks for sale. The licensees market the stocks listed by HOME789, refer or introduce, via HOME789, the licensees' clients or client database to stocks sourced and/or listed by HOME789.

Pursuant to the agreements, HOME789 issues a notice to the licensees setting out the stocks to be sold by the licensees from the HOME789 platform and the fees to be paid to the licensees for a successful sale. HOME789 must pay the licensees the licensees commission or fee on the 14th day of the subsequent month after receiving payment from the sale. HOME789 is not obliged to pay the licensees any commission or fee until HOME789 has been paid its own relevant commission or fee in full.

The agreement can be terminated with the written consent of both parties or by either party with 30 days written notice to the other party.

The agreement also contains a restraint of trade clause on the licensee for a period of 36 months from the date of the termination of the agreement.

11.2 Project Marketing Exclusive Agency Agreement

HOME789 enters into Project Marketing Exclusive Agency Agreements with developers whereby property developers appoint HOME789 as the exclusive real estate selling agent to market and sell property development projects.

The appointment is usually for a term of 90 days. If the term is more than 90 days, the principal may turn the exclusive agency agreement into an open agency agreement or terminate the agreement with 7 days' notice in writing to HOME789 any time after the end of the 90 days period.

HOME789 is entitled to a commission if the principal enters into a sale contract for a property with an introduced party. Commission is usually between 2.2% to 4.4% of the actual sale price (inclusive of GST). Usually, 50% of the commission is payable to HOME789 upon the exchange of the relevant sale contracts and the balance of the commission is due and payable upon the settlement of the sale contracts. However, certain developers only pay the commission two to three months after the payment events. There are risks associated with this practice, please refer to section 7.1(l) for details.

Under the agreement, the principal is entitled to introduce up to three prospective purchasers to the properties and if any principal introduced party enters into sales contracts, HOME789 is not entitled to a commission or any fee for that sale.

11.3 Open Agency Agreement

HOME789 enters into project marketing open agency agreements with various developers whereby the developers as the principal appoints HOME789 as the non-exclusive real estate selling agents to market and sell properties.

The appointments are usually for an open period until the project is settled. The principal may terminate the agreement with 7-28 days' notice in writing to HOME789.

HOME789 is entitled to a commission if the principal enters into a sale contract for a property with an introduced party. Commission is usually between 2.2% to 4.4% of the actual sale price (inclusive of GST). Usually, 50% of the commission is payable to HOME789 upon the exchange of the relevant sale contracts and the balance of the commission is due and payable upon the settlement of the sale contracts. However, certain developers only pay the commission two to three months after the payment events. There are risks associated with this practice, please refer to section 7.1(l) for details.

Under the agreement, the principal is entitled to introduce purchasers to the properties as well as any other principal appointed real estate agents and HOME789 is not entitled to a commission or any fee for that sale.

11.4 Individual Sales Agreement

HOME789 and home owners enter into standard sale agreements in the form of the Sales Inspection Report and Exclusive Agency Agreement as recommended by the Real Estate Institute of New South Wales (**Sale Agreements**). Under the Sale Agreements, HOME789 usually has the exclusive right to sell properties within the agreed exclusivity periods, which are usually 90 days. HOME789's commission under the Sale Agreement is usually between 1.65% to 2.2% of the actual sale price (inclusive of GST). The commission is due and payable upon demand on settlement of the sale.

11.5 Property Management Agreements

GFI and home owners enter into standard property management agreements in the form of the Exclusive Management Agency Agreement as recommended by the Real Estate Institute of New South Wales (**Property Management Agreements**). Under the Property Management Agreements, GFI will provide services to property owners in relation to the letting and management of properties on behalf of property owners. GFI charges a lease fee to let a property and a commission (a fixed percentage of the property's rental income) to manage a property.

11.6 Lease agreement

(a) Suite 405, Level 4, 161 Redfern Street, Redfern

On 31 October 2013, GFI as lessee and Combined Projects (Redfern) Pty Limited entered into a lease agreement in relation to Suite 405, Level 4, 161 Redfern Street, Redfern. The lease is for a term of 5 years with the option to renew for a period of 5 years. The rent under the lease agreement is \$98,100 per annum plus GST. Rent renewal is carried out on each anniversary of the commencing date with fixed percentage of 3% or CPI renewal, whichever is the greater. The premise is used as commercial office.

(b) Suite 406, Level 4, 161 Redfern Street, Redfern

On 1 June 2014, HOME789 as lessee and Combined Projects (Redfern) Pty Limited entered into a lease agreement in relation to Suite 406, Level 4, 161 Redfern Street, Redfern. The lease is for a term of 4 years and 4 months with the option to renew for a period of 5 years. The rent under the lease agreement is \$73,800 per annum plus GST. Rent renewal is carried out on each anniversary of the commencing date with fixed percentage of 3% or CPI renewal, whichever is the greater. The premise is used as commercial office.

(c) Suite 6A, 106 Princes Highway, Arncliffe

HOME789 as lessee and UFN Roselands Pty Limited entered into a lease agreement in relation to Suite 6A, 106 Princes Highway, Arncliffe NSW 2205. The lease is for a term of 5 years commencing on 26 February 2018 with the option to renew for a period of 5 years. The rent under the lease agreement is \$51,800.00 per annum plus GST. Rent renewal is carried out on each anniversary of the commencing date with fixed percentage of 3% or CPI renewal, whichever is the greater. The premise is used as real estate office.

11.7 Executive Service Agreement

Mr Kai (Walton) Zhu is the Executive Chairman of the Group. Mr Zhu receives an annual remuneration of \$300,000 plus bonus. Pursuant to Mr Zhu's employment contract, Mr Zhu may resign from his respective positions by giving 3 months' notice in writing. Mr Zhu's employment may be terminated by his employer (a member of the Group) by giving 3 months' notice in writing or by making a payment in lieu of

notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, Mr Zhu's employment contract may be terminated immediately by notice in writing and without payment in lieu of notice.

11.8 Non-Executive Service Agreements

The Company has entered into separate non-executive director service agreements with each of Mr John Nakhoul and Mr John Huntley Knox pursuant to which each party is appointed as a Non-Executive Director. Each of Mr John Nakhoul and Mr John Huntley Knox is entitled to annual fees of \$20,000 (inclusive of superannuation). The Agreement has a term of three years from the commencement date, unless terminated earlier in accordance with the agreement (subject to applicable laws).

11.9 Related parties transactions

- (a) Service agreement between HOME789 and Aust Sunshine Marketing Pty Limited

In 2013, HOME789 and Aust Sunshine entered into a service agreement, the material terms of which were as follows:

- (i) (Appointment) Aust Sunshine granted HOME789 a right to sell properties listed by Aust Sunshine on a sub-agency basis.
- (ii) (Reimbursement) Aust Sunshine agreed to reimburse all costs that HOME789 incurs under the agreement.
- (iii) (Remuneration) HOME789 was entitled to charge Aust Sunshine remuneration calculated in accordance with a stated formula.

The agreement was a sub agency agreement pursuant to section 34 of the Property, Stock and Business Agents Act 2002 (NSW).

On 21 September 2018, HOME789 and Aust Sunshine amended the agreement so that HOME789's remuneration and reimbursement for expenses was equal to amounts received by Aust Sunshine from vendor developers for selling properties listed by Aust Sunshine.

Aust Sunshine ceased listing properties for sale. Aust Sunshine is 99% owned by SWASA Wealth Pty Limited ATF the CJ Family Trust (Kai (Walton) Zhu's family trust).

- (b) Project Marketing Exclusive Agency Agreement 24-26 Carlingford Road, Epping NSW 2121

On 11 July 2016, UFN A EPPING PTY LTD (ACN 607122 305) as principal and HOME789 as agent entered into a Project Marketing Exclusive Agency Agreement 24-26 Carlingford Road, Epping NSW 2121 for HOME789 to act as the exclusive selling agent for the properties under the development undertaken at 24-26 Carlingford Road, Epping NSW 2121.

HOME789 is entitled to a commission if the principal enters into a sale contract for a property with an introduced party. Commission is 3.3% of the actual sale price (inclusive of GST). 50% of the commission is payable to HOME789 upon the exchange of the relevant sale contracts and the balance of the commission is due and payable upon the settlement of the sale contracts.

UFN A EPPING PTY LTD (ACN 607122 305) is 100% owned by Kai (Walton) Zhu.

(c) Trademark license agreement

On 30 September 2015, HOME789 and SWASA Wealth Pty Limited ATF the CJ Family Trust (Kai (Walton) Zhu's family trust) (**SWASW**) entered into a trademark license agreement whereby SWASW granted HOME789 an exclusive right to use the trademarks as set out in section 5.7. The first five years of the grant is free and HOME789 will pay an annual license of \$20,000 (plus GST) starting from the sixth year from the date of the agreement. The term of the license agreement is not specified in the agreement.

The parties may terminate the agreement at the earlier of: mutual agreement in writing to terminate; by 14 days' notice if there is a breach of the agreement or the law by a party and that party fails to rectify the breaches within 21 days or a timeframe agreed by both parties; if the trademark is not renewed or HOME789 ceases to use the trademark for the business.

(d) Sale and purchase agreements

The Company and Kai (Walton) Zhu entered into a sale and purchase agreements in respect of the acquisition by the Company of 100% of the shares in the capital of HOME789 and GFI. The consideration to be paid to Kai (Walton) Zhu or his nominees will be satisfied through the issue by the Company of an aggregate of 29,999,999 Shares. Completion of the sale and purchase agreement is conditional upon the fulfilment of the following conditions precedent: (i) the Company, at its absolute discretion, is satisfied with its due diligence results on HOME789 and GFI; (ii) the Company raising \$2,500,000 under the Prospectus; and (iii) the Company receiving conditional approval for quotation of the Company's shares on the official list of the NSX. Each of the sale and purchase agreements also contains other representations, warranties and conditions considered standard for an agreement of this nature.

12 DETAILS OF THE PUBLIC OFFER

12.1 Shares offered for subscription under the Offer

By this Prospectus, the Company offers 10,000,000 Shares at \$0.25 per Share to raise \$2,500,000.

All Shares offered under this Prospectus will rank equally with existing Shares. The rights and liabilities of the Shares offered under this Prospectus are summarised at section 13.

The details of how to apply for Shares under the Offer are set out at section 12.7.

12.2 Conditions of the Offer, including Minimum Subscription

The Offer is conditional upon the Company:

- (a) complying with the admission requirements for admission to NSX;
- (b) completing the Acquisition; and
- (c) raising \$2,500,000 under the Offer.

The Company will not issue any Shares pursuant to the Offer until these conditions are satisfied.

If NSX does not grant permission for the quotation of the Shares within 3 months after the date of the Prospectus or the Minimum Subscription is not reached within 4 months after the date of the Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be allotted or issued. In these circumstances, all applications will be dealt with in accordance with the Corporations Act including the return of all application moneys without interest.

12.3 Minimum Subscription

The minimum subscription under the Offer is \$2,500,000, and no Shares will be issued under this Prospectus unless the Company receives applications for that amount.

12.4 Oversubscriptions

No oversubscriptions are intended to be accepted by the Company.

12.5 Underwriting

The Offer is not underwritten.

Following the expiry of the exposure period, the Company will seek to appoint a sponsoring broker to comply with NSX Listing Rules.

12.6 Opening and Closing Dates

The Opening Date of the Offer will be 5 October 2018 and the Closing Date will be

30 November 2018. 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.

12.7 Application for Shares

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 this Prospectus before deciding to apply for Shares. 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.

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. 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.

Applications must be for a minimum of 8,000 Shares (being minimum application moneys of A\$2,000), and thereafter in multiples of 2,000 Shares (A\$500).

Payment by Cheque

Cheques must be made payable to 'REGISTRY DIRECT PTY LIMITED - HOME 789 RESOURCES' and should be crossed 'Not Negotiable'.

Completed Application Forms and accompanying cheques must be received by the Share Registry by no later than 5.00pm (AEDT) on the Closing Date by the Share Registry:

Delivery by post	Delivery by hand
Registry Direct	Registry Direct
PO Box 18366, Collins Street, East VIC 8003	Level 6, 2 Russell Street, Melbourne VIC 3000

Payment by BPay

To pay via BPAY® please complete the online form available at <https://www.registrydirect.com.au/offering/789HoldingsLimitedIPO/>.

The Company reserves the right to extend the Offer or close the Offer early without notice. Applicants are therefore urged to lodge their Application Form as soon as possible.

An original, completed and lodged Application Form, together with a cheque for the application moneys, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a valid application. An Application will be deemed to have

been accepted by the Company upon allotment of the Shares.

If the Application Form is not completed correctly, or if the accompanying payment of the application moneys is for the wrong amount, it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the application moneys.

No brokerage or stamp duty is payable by Applicants in respect of Applications for Shares under this Prospectus.

12.8 Applicants outside Australia

The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities law. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to acquire Shares.

The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

12.9 Foreign selling restrictions

No action has been taken to register or qualify Shares that are subject to the Offer or otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

12.10 Offers in PRC

This Prospectus may not be circulated or distributed in the PRC and the Shares offered by this Prospectus have not been offered or sold and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. The contents of this Prospectus have not been reviewed by any PRC regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice. For the purpose of the paragraphs above, the PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

12.11 Offers in Hong Kong

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

independent professional advice.

This document has not been registered by the Registrar of Companies in Hong Kong pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32) of the Laws of Hong Kong (CWMO).

Accordingly: (i) the Shares may not be offered or sold in Hong Kong by means of any document other than to persons who are “professional investors” as defined in the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (SFO) and any rules made under the SFO, or in other circumstances which do not result in the document being a “prospectus” as defined in section 2(1) of the CWMO or which do not constitute an offer to the public within the meaning of the CWMO or an invitation to the public within the meaning of the SFO; and (ii) this document must not be issued, circulated or distributed in Hong Kong other than (1) to “professional investors” as defined in the SFO and any rules made under the SFO, (2) to persons and in circumstances which do not result in this document being a “prospectus” as defined in section 2(1) of the CWMO or which do not constitute an offer to the public within the meaning of the CWMO or an invitation to the public within the meaning of the SFO or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFO and CWMO.

12.12 Application money held in trust

All application moneys will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or application moneys returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

12.13 Allocation and allotment of Shares

The Company reserves the right to reject any Application or to allocate to any Applicant fewer Shares than the number applied for. The Company also reserves the right to reject or aggregate multiple applications in determining final allocations.

In the event an Application is not accepted or accepted in part only, the relevant portion of the application moneys will be returned to Applicants, without interest.

The Company reserves the right not to proceed with the Offer or any part of it at any time before the allocation of the Shares to Applicants. If the Offer or any part of it is cancelled, all application moneys, or the relevant application moneys will be refunded.

The Company also reserves the right to close the Offer or any part of it early, or extend the Offer or any part of it, or accept late Applications Forms either generally or in particular cases.

The allotment of Shares to Applicants will occur as soon as practicable after Application Forms and application moneys have been received for the minimum subscription of Shares being offered and all other conditions satisfied, following

which statements of shareholding will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their statement of shareholding will do so at their own risk.

No Shares will be allocated in a manner inconsistent with section 606 of the Corporations Act.

12.14 CHES

The Company participates in the Clearing House Electronic Subregister System (CHES). CHES is operated by ASX Settlement Pty Ltd (ASPL), a wholly owned subsidiary of ASX.

Under CHES, the Company will not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASPL will send a CHES statement.

12.15 Restricted securities

The NSX may classify certain securities as being subject to the restricted securities provisions of the Listing Rules. In particular, Directors, other related parties and promoters may receive escrow on securities held by them for up to 24 months from the date of quotation of the Company's Shares on NSX.

None of the Shares offered under the Offer will be treated as restricted securities and will be freely transferable from their date of allotment.

13 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

The Shares to be issued under this Prospectus will rank equally in all respects with existing Shares in the Company.

Full details of the rights attaching to the Company's Shares are set out in its Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the principal rights which attach to the Company's Shares:

(a) Voting

Every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands, and, on a poll every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her.

A poll may be demanded by the chairman of the meeting, by any five Shareholders entitled to vote on the particular resolution present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of the Shares of all those Shareholders having the right to vote on the resolution.

(b) Dividends

Dividends are payable out of the Company's profits and are declared by the Directors.

Shareholders are entitled to dividends as a result of ownership of their Shares in accordance with the Constitution.

(c) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in Shares or by an instrument in writing in a form approved by NSX or in any other usual form or in any form approved by the Directors.

The Directors of the Company may refuse to register any transfer of Shares, (other than a market transfer) where the Company is permitted or required to do so by the Listing Rules or the ASX Settlement Operating Rules. The Company must not prevent, delay or interfere with the generation of a proper market transfer in a manner which is contrary to the provisions of any of the Listing Rules or the ASX Settlement Operating Rules.

(d) Meetings and notice

Each Shareholder is entitled to receive notice of and to attend general meetings for the Company and to receive all notices, accounts and other

documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules.

(e) Liquidation rights

The Company has only issued one class of shares, which all rank equally in the event of liquidation. Once all the liabilities of the Company are satisfied, a liquidator may, with the authority of a special resolution of Shareholders divide among the Shareholders the whole or any part of the remaining assets of the Company. The liquidator can with the sanction of a special resolution of the Company's Shareholders vest the whole or any part of the assets in trust for the benefit of shareholders as the liquidator thinks fit, but no shareholder of the Company can be compelled to accept any shares or other securities in respect of which there is any liability.

(f) Shareholder liability

As the New Shares offered under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(g) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of shareholders present and voting at the general meeting. At least 28 days' written notice, specifying the intention to propose the resolution as a special resolution must be given.

(h) Listing Rules

If the Company is admitted to the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

14 ADDITIONAL INFORMATION

14.1 No prospective financial forecasts

The Directors have considered the matters outlined in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings because the proposed future operations of the Company do not have an operating history from which reliable forecasts can be made and due to current market trends in the NSW residential investment market (and in particular the off-the-plan sector and foreign investment). Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

Notwithstanding the above, this Prospectus includes, or may include, forward looking statements including, without limitation, forward looking statements regarding the Company's financial position, business strategy, and plans and objectives for its business and future operations (including development plans and objectives), which have been based on the Company's current expectations. These forward-looking statements are, however, subject to known and unknown risks, uncertainties and assumptions that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward looking statements are based on numerous assumptions regarding the Company's present and future business strategies and environment in which the Company will operate in the future.

Matters not yet known to the Company or not currently considered material to the Company may impact on these forward-looking statements. These statements reflect views held only as at the date of this Prospectus. In light of these risks, uncertainties and assumptions, the forward-looking statements in this Prospectus might not occur. Investors are therefore cautioned not to place undue reliance on these statements.

14.2 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third-party service providers, including mailing houses and professional advisors, and to NSX and regulatory authorities.

An applicant has an entitlement to gain access to the information the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered

office.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

14.3 Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All prospective investors in the Company are urged to take independent financial advice about the taxation and any other consequences of investing in the Company.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to taxation and any other consequences of investing in the Company.

14.4 Interests of experts and advisors

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

JAZ Capital Group Pty Ltd has acted as corporate adviser to the Company in connection with this Prospectus. The Company will pay approximately \$50,000 (excluding GST) to JAZ Capital Group Pty Ltd for these services. JAZ Capital Group Pty Ltd has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

Atkinson Corporate Lawyers has acted as legal adviser to the Company in connection with this Prospectus. The Company will pay approximately \$45,000 (excluding GST) to Atkinson Corporate Lawyers for these services. Atkinson Corporate Lawyers has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

UHY Haines Norton was the auditor for the Group's historical financial information which is referred to in this Prospectus. UHY Haines Norton has provided services to the Group totaling \$80,000 (excluding GST) for the auditing of the Group's financial information for FY2016, FY2017 and half years ended on 31 December 2016 and 2017. UHY Haines Norton has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

UHY Haines Norton Corporate Finance Pty Ltd has prepared the Investigating Accountant's Report in this Prospectus. In respect of this work, the Company will pay approximately \$30,000 (excluding GST). UHY Haines Norton Corporate Finance Pty Ltd has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

Minerva Corporate acts as the company secretary to the Company. Minerva Corporate will be paid at an hourly rate of \$175 (plus GST) for its services. Minerva Corporate estimates that fees for its services up to the listing of the Company on NSX is approximately \$2,500. Minerva Corporate has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

Registry Direct acts as the share registry to the Company for the Offer. Registry Direct will be paid \$1,500 (excluding GST) for these services. Registry Direct has not received any other fees for services to the Company in the 2 years prior to the date of this Prospectus.

14.5 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) specified below and included in this Prospectus with the consent of that person.

Name	Role	Statement/Report
UHY Haines Norton Corporate Finance Pty Limited	Investigating Accountant	Investigating Accountants' Report, section 10
JAZ Capital Group Pty Ltd	Corporate advisor	Nil

Name	Role	Statement/Report
Atkinson Corporate Lawyers	Solicitors to the Offer	Nil
UHY Haines Norton	Auditor	Nil
Minerva Corporate	Company secretary	Nil
Registry Direct Limited	Share Registry	Nil

14.6 Expenses of the Offer

The total estimated expenses of this Prospectus are estimated to be between approximately \$300,000 excluding GST, consisting of the following:

Items	(\$)
Corporate advisor fee	50,000
Audit and Investigating accountants fee	110,000
Legal fees	45,000
ASIC and NSX fees	61,000
Company secretary fee	2,500
Share registry	1,500
Other miscellaneous costs	30,000
Total¹	300,000

¹ Total fees might be higher due to GST.

14.7 Queries

This Prospectus provides information for investors to decide if they wish to invest in the Company and should be read in its entirety. If you have any questions about investing in the Company, please contact your stockbroker, financial planner, accountant, lawyer or other professional advisers.

Any queries regarding the Offer should be directed to the Company Secretary on +61 894 864 036.

Any queries regarding the Application Form should be directed to the Share Registry

on 1300 55 66 35.

15 DIRECTORS' RESPONSIBILITY AND CONSENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive. In respect to any other statements made in the Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, and those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgment of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of the Shares pursuant to this Prospectus.

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 27 September 2018



Signed for and on behalf of
789 Holdings Limited by
Weifan (Faye) Rao
Company Secretary

16 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

\$ or A\$	Australian dollars unless otherwise stated.
Acquisition	the acquisition by the Company of HOME789 and GFI.
AEDT	Australian Eastern Daylight-Saving Time.
Agent	has the meaning given in section 5.3.
Applicant	a person who submits a valid Application Form pursuant to this Prospectus.
Application	a valid application made on an Application Form to subscribe for Shares pursuant to this Prospectus.
Application Form	the application form attached to this Prospectus.
APRA	the Australian Prudential Regulation Authority.
ASIC	the Australian Securities & Investments Commission.
ASX	the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.
Board	the Board of Directors of the Company.
Chairman	the Chairman of the Company.
Closing Date	the closing date for receipt of Application Forms under this Prospectus, estimated to be 5.00pm AEDT on 30 November 2018 or an amended time as set by the Board.
Company	789 Holdings Limited (ACN 628 136 658).
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.
FY	financial year, ending on 30 June of any year, and the four digits following FY indicate which year (for example FY2017 means the financial year ending 30 June 2017).
GFI	Great Fortune Investment Pty Limited.

HOME789	Home 789 Resources Pty Limited.
Investigating Accountant's Report	the investigating accountant's report prepared by UHY Haines Norton Corporate Finance Pty Limited which includes information derived from the audited financial report of the Group for FY2016, FY2017 and half years ended on 31 December 2016 and 2017, a copy of which is included in section 10 of the Prospectus.
Listing Rules	the listing rules of NSX.
Minimum Subscription	\$2.5 million.
NSX	NSX Limited (ABN 98 008 624 691) or the National Stock Exchange (as the context requires).
Offer	an offer by the Company of 10,000,000 Shares at \$0.25 per Share to raise a minimum of \$2,500,000 under this Prospectus.
Official List	the official list of the NSX.
Opening Date	opening date for the Offer under this Prospectus, 5 October 2018 or another date as set by the Board.
Prospectus	this prospectus and includes the electronic prospectus.
Share	a fully paid ordinary share in the capital of the Company.
Share Registry	Registry Direct Limited or any other share registry appointed by the Company from time to time.
Shareholder	a registered holder of Shares in the Company.
Unicorn Propfin Limited	a company incorporated in the British Virgin Islands with registration number as 1967899.

Guide to the Application Form

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THE APPLICATION FORM.

Please complete all relevant sections of the appropriate Application Form using BLOCK LETTERS. These instructions are cross-referenced to each section of the Application Form.

Instructions

1. If applying for Securities insert the number of Shares for which you wish to subscribe at Item A (not less than 8,000 shares and then in multiples of 2,000 shares).

2. Multiply by \$0.25 AUD to calculate the total for Shares and enter the \$ amount.

3. Write your full name. Initials are not acceptable for first names.

4. Enter your postal address for postal correspondence. All postal correspondence to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

5. If you are sponsored in CHESS by a stockbroker or other CHESS participant, you may enter your CHESS HIN if you would like the allocation to be directed to your HIN. NB: your registration details provided must match your CHESS account exactly.

6. Enter your Australian tax file number ("TFN") or ABN or exemption category, if you are an Australian resident. Where applicable, please enter the TFN/ ABN of each joint Applicant. Collection of TFN's is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application Form.

7. Complete payment details as requested. Applicants may lodge their Application Form and pay their Application Monies to their broker in accordance with the relevant broker's directions. Please contact your broker for further instructions.

8. Enter your telephone number so we may contact you regarding your Application Form or Application Monies.

9. Enter your email address here. This field is not compulsory. If you provide an email address, you declare that you wish to have corporate communications emailed rather than posted.

Correct Forms of Registrable Title

Note that ONLY legal entities can hold the Securities. The Application must be in the name of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and surname is required for each natural person.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual	Mr John David Smith	J D Smith
Company	ABC Pty Ltd	ABR P/L or ABC Co
Joint Holdings	Mr John David Smith & Mrs Mary Jane Smith	John David & Mary Jane Smith
Trusts	Mr John David Smith <J D Smith Family A/C>	John Smith Family Trust
Deceased Estates	Mr Michael Peter Smith <Est Lte John Smith A/C>	John Smith (deceased)
Partnerships	Mr John David Smith & Mr Ian Lee Smith	John Smith & Son
Clubs/Unincorporated Bodies	Mr John David Smith <Smith Investment A/C>	Smith Investment Club
Superannuation Funds	John Smith Pty Limited <J Smith Super Fund A/C>	John Smith Superannuation Fund

Lodgement

Mail your completed Application Form to the following address **by no later than 5:00pm AEDT on 30 November 2018** (date subject to change):

Mailing address:

Registry Direct Limited
PO Box 18366
Collins Street East VIC 8003

Delivery address:

Registry Direct
Level 6, 2 Russell Street
Melbourne VIC 3000

It is not necessary to sign or otherwise execute the Application Form.

If you have any questions regarding the Application Form, please contact Registry Direct on 1300 55 66 35.



To apply online with
BPAY go to:

Broker Reference - Stamp Only

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[illegible]

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Please complete information on the next page →

5 CHESS participant - Holder Identification Number (HIN)

Important please note: if the name & address details above in sections 3 & 4 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.

X										
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6 Enter your tax file number(s), ABN, or exemption category

Applicant 1

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Applicant 2

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Applicant 3

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7 Payment details:

BY CHEQUE: Please make your cheque payable to Registry Direct Pty Limited – Home 789 Resources.

Drawer	Cheque No.	BSB No.	Account Number	Amount of Payment

8 Contact telephone number (mobile)

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9 Email address (not compulsory)

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By providing your email address, you declare you wish to receive corporate communications via email.

Privacy Statement:

The Share Registry's Privacy Policy (**Privacy Policy**) also sets out important information relating to the collection, use and disclosure of all personal information that you provide to the Share Registry. Please ensure that you and all relevant individuals have read the Privacy Policy carefully before submitting the Application Form. The Privacy Policy can be found on the website <https://www.registrydirect.com.au/privacy-policy/>.

Registry Direct Limited advises that Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a shareholder (including your name, address and details of the shares you hold) to be included in the public register of the entity in which you hold shares. Information is collected to administer your shareholding and if some or all of the information is not collected then it might not be possible to administer your shareholding. Your personal information may be disclosed to the entity in which you hold shares. You can obtain access to your personal information by contacting Registry Direct at the address or telephone number shown on the Application Form.