



iCandy Interactive Limited  
(ACN 604 871712)  
Level 4, 91 William Street  
Melbourne, VIC 3000  
Australia

12 November 2020

ASX and Media Announcement

## **iCandy Enters into JV To Form New Game Studio with Leading Global Game Animation and Art Studio, Lemon Sky Studios**

### **Highlights:**

- **iCandy signs binding termsheet to enter into a joint venture with premier game art and animation studio, Lemon Sky Studios to form a new game studio**
- **Lemon Sky has worked with industry leaders such as Bandai Namco, Blizzard Entertainment, Electronic Arts, Naughty Dog, 2K Games, Capcom, Disney and Nickelodeon**
- **Lemon Sky has tremendous successes working on AAA game-titles that include Marvel's Avengers, Command & Conquer Remastered, Warcraft 3: Reforged, StarCraft: Remastered, Call of Duty: Infinite Warfare, , Final Fantasy VII Remake, and many more**
- **Under the arrangement, a 50:50 joint venture new company will be formed to develop 3D mobile game with cross-platform and AAA quality**
- **The new joint venture studio will develop its own line of products and will be set up in Kuala Lumpur, Malaysia initially.**
- **The joint venture will mark iCandy's first step into developing 3D games with AAA visuals and animation**

iCandy Interactive Ltd ("**iCandy**" or the "**Company**") is pleased to announce that it has entered into a binding term sheet with Lemon Sky Studios, one of the world's leading digital art and animation studio for the video games industry, to enter into a joint venture to set up a new joint venture game studio company ("**JV-Co**").

The JV-Co that will focus on developing 3D mobile games with cross-platform potential and of AAA quality. The JV-Co will develop its own new line of game-titles.

For personal use only



**iCandy Interactive Limited**  
(ACN 604 871712)  
Level 4, 91 William Street  
Melbourne, VIC 3000  
Australia

## Track-Records of Lemon Sky Studios

Lemon Sky is one of the world's leading animation and digital art studio that focusses on developing animation and digital art for the video-game industry. Lemon Sky currently employs more than 350 highly skilled artists from around the world. Since its founding in 2006, Lemon Sky has worked with gaming industry giants such as Disney, Blizzard Entertainment, Electronic Arts, Square Enix, Naughty Dog, 2K Games, Capcom, Bandai Namco, and Nickelodeon.

Lemon Sky has a tremendous successful track-records of working on AAA game-titles that include:

- StarCraft: Remastered,
- Command & Conquer Remastered
- Warcraft 3: Reforged
- Final Fantasy VII Remake
- Marvel's Avengers
- Marvel's Spider-man
- Uncharted: The Lost Legacy
- And many other games

## The Joint Venture Structure

The JV-co will be incorporated in Malaysia with 50:50 initial shareholding between iCandy and Lemon Sky. iCandy and Lemon Sky commit a total of MYR 1,000,000 (A\$335,000) of initial working capital into the JV-Co, with equal capital contribution from each side. Further working capital could be provided by the founding shareholders equally or third-party investors that could be invited to invest into JV-Co at a later stage. The initial operation and game studio of the JV-co will be set up in Kuala Lumpur, Malaysia.

More details on the terms of the formation and operation of the JV-Co is herein attached on Appendix A of this announcement.

## Rationale

The strategic collaboration between iCandy and Lemon Sky will allow the 2 companies to leverage on each other's strength to expand their product offerings, with iCandy offering its large gamers community as well as prowess in mobile gaming and esports; and Lemon Sky offering its world-class animation and digital art skills, as well as business connection with global gaming industry behemoths.



**iCandy Interactive Limited**  
(ACN 604 871712)  
Level 4, 91 William Street  
Melbourne, VIC 3000  
Australia

Whilst iCandy has been successful with in its core business (i.e., developing and publishing mobile games), iCandy believes that the strategic collaboration with Lemon Sky will help the Company step up its game by adding to its portfolio the capability to develop 3D mobile games with better visuals and animation, which can be a catalyst to propel the Company to its next level of growth and success.

iCandy will fund its portion of financing for the JV-Co from its operating cashflow.

iCandy's quoted shares on ASX were put on a trading pause earlier while the binding termsheet for the JV-Co was being finalized. iCandy's quoted shares on ASX will resume trading upon the release of this announcement.

This announcement has been authorized by the Board of Directors of iCandy.

— END —

### **About iCandy Interactive**

iCandy Interactive Limited (ASX: ICI) is an Australian publicly traded company that has its core business in the development and publishing of video games and digital entertainment for a global audience. iCandy Interactive runs a portfolio of mobile games that have been played by over 350 million mobile gamers worldwide and has won multiple awards in various coveted international events. For more info visit [www.icandy.io](http://www.icandy.io)

For further communication: [ir@icandy.io](mailto:ir@icandy.io)

### **About Lemon Sky**

Lemon Sky Studios is an internationally recognized, premier CGI art and animation studio based in Kuala Lumpur, Malaysia. As pioneers of the Malaysian digital art landscape, we have been consistently producing top quality CGI art and animation for AAA games and animated series.

For over 10 years, we have worked with some of the leading names in the market including Blizzard Entertainment, Naughty Dog, 2K Games, Bandai Namco, Capcom, Square Enix, Microsoft, EA, Disney and Nickelodeon. Together with our clients we have built and designed some of the most popular games and beloved animation series in the market.

For personal use only



FINANCIAL REVIEW  
**FAST 100 2020**  
IN COOPERATION WITH **statista**  
*iCandy – Proudly Ranked 25<sup>th</sup>  
of Australia's Fastest Growing*

**iCandy Interactive Limited**  
(ACN 604 871712)  
Level 4, 91 William Street  
Melbourne, VIC 3000  
Australia

In addition to servicing some of the top names in the industry, we have produced our very own original IP, AstroLOLogy to fulfil the market needs for quality animation.

Lemon Sky Studios remains steadfast in providing quality art and CGI services in the marketplace. We remain passionate and motivated by our simple goal: Make Good Art. For more info visit [www.lemonskystudios.com](http://www.lemonskystudios.com)

For personal use only



## Appendix A - Salient Terms of the Binding Joint Venture Term Sheet

1. **Definitive Agreement.** A definitive joint venture agreement will be entered into by the parties within 30 days of signing the binding term sheet.
2. **Incorporation.** JV-Co will be incorporated in Malaysia with its main location of operation in Kuala Lumpur, Malaysia
3. **Initial Capital Contribution.** iCandy and Lemon Sky will both contribute an initial capital of MYR1,000,000 (A\$335,000), with 50:50 contribution from each to own 50% of the JV-Co each. For further capital requirement, both parties may consider further funding on equal basis or opening up any investment opportunity to third-party investors
4. **Pre-emptive Rights.** Both parties will have first right of refusal to take up further investment into JV-co before being offered to third-party investors.
5. **Budget.** Financial planning and budget will be set annually to be approved by the Board of Directors of JV-co and shall be reviewed on a quarterly basis.
6. **Board of Directors.** Each party has the right to nominate 2 representatives to the Board of Directors of the JV-Co.
7. **Management.** The Board of Directors shall appoint the management committee of the JV-Co, who shall be responsible to plan and develop the business and product plans for the JV-Co. A General Manager will be appointed by the Board of Directors of JV-Co to oversee the day-to-day operation of JV-Co.
8. **Talents.** JV-Co will hire its own dedicated team, with iCandy and Lemon Sky assisting to identify and recruit suitable talents for the JV-Co's game studio.
9. **Intellectual Property.** The JV-Co shall have the rights to all intellectual property it develops.

For personal use only