

# **iCandy Interactive Limited**

## **ACN 604 871 712**

### **NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM**

**To be held virtually via the online platform <https://us06web.zoom.us/j/84226431288>  
at 2pm (AEDT) on Thursday, 13 January 2022**

This Notice of General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 (3) 8611 5353.

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# NOTICE OF MEETING

Notice is given that the General Meeting of Shareholders of iCandy Interactive Limited (ACN 604 871 712) (**Company**) will be held by virtual means via <https://us06web.zoom.us/j/84226431288> on Thursday, 13 January 2022 commencing at 2pm (AEDT) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 2pm (AEDT) on Tuesday, 11 January 2022.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

## AGENDA

### 1. Resolution 1 – Change to Scale of Activities – Proposed Acquisition

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

*“That, for the purposes of Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to change the scale of its activities by undertaking the Proposed Acquisition on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Short Explanation:** The Company has entered into a binding share sale agreement pursuant to which the Company has agreed to acquire (subject to satisfaction of certain conditions precedent) 100% of the issued capital of Lemon Sky Animations Sdn Bhd (**Proposed Acquisition**). If successful, the Proposed Acquisition will result in the Company changing the scale of its activities. Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and/or scale of its activities. ASX has advised the Company that it will not be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Shareholder approval is therefore sought under Listing Rule 11.1.2 to allow the Company to undertake the Proposed Acquisition and thereby make a significant change to the scale of its activities.

#### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a counterparty to the transaction that, of itself or together with one or more transactions, will result in a significant change to the nature and scale of the entity's activities and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a Shareholder), or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 2. Resolution 2 – Approval to issue Consideration Shares to the Lemon Sky Vendors

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

*"That, subject to and conditional upon the passing of Resolution 1, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company to issue a total of up to 262,587,273 Shares to the Lemon Sky Vendors (or their nominees) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Lemon Sky Vendors (or their nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 3. Resolutions 3(a) and 3(b) – Ratification of prior issue of Tranche 1 Placement Shares

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of:*

- (a) *87,092,479 Tranche 1 Placement Shares issued under the Company's Listing Rule 7.1 capacity; and*
- (b) *58,714,430 Tranche 1 Placement Shares issued under the Company's Listing Rule 7.1A capacity,*

*on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely the Tranche 1 Placement Participants) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of these Resolutions by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 4. Resolution 4 – Approval to issue Tranche 2 Placement Shares

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

*"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company to issue a total of 202,019,178 Tranche 2 Placement Shares to the Tranche 2 Placement Participants (or their nominees) on the terms and conditions set out in the Explanatory Memorandum."*

##### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Tranche 2 Placement Participants (or their nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### 5. Resolution 5 – Approval to issue Lead Manager Options

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

*"That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company to issue 6,000,000 Options to Evolution Capital Pty Ltd (or its nominees) on the terms and conditions set out in the Explanatory Memorandum."*

##### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Evolution Capital Pty Ltd (or its nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary

provided the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated 14 December 2021

**BY ORDER OF THE BOARD**

Jia Hui Lan  
Company Secretary

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# EXPLANATORY MEMORANDUM

## 1. Introduction

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This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held by virtual means on Thursday, 13 January 2022 commencing at 2pm (AEDT).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

## 2. Action to be taken by Shareholders

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Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

Shareholders should note that voting at the Meeting on all Resolutions will be conducted by poll rather than on a show of hands.

### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a proxy) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting via virtual means or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting via virtual means.

Please note that:

- (a) a member of the Company entitled to attend (via virtual means) and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Shareholders and their proxies should be aware that:

- (a) If proxy holders vote, they must cast all directed proxies as they are directed to; and
- (b) Any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details are set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (c) if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

***Transfer of non-chair proxy to Chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the Chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting; or
  - (ii) the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

**2.2 Corporate Representatives**

A corporation may appoint an individual as a representative to exercise its powers as Shareholder or as a Shareholder's proxy. The representative must bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has been previously given to the Company's share registry.

**2.3 Submit your Proxy Vote by Paper**

The return of your completed form can be done by one of the following ways:

<b>BY MAIL</b>	PO Box 253, Collins Street West Vic 8007
<b>BY EMAIL</b>	jjiahui@dwaccounting.com.au

**2.4 No Voting in Person**

In light of the ongoing COVID-19 pandemic, and in the interests of the safety of Shareholders, Directors and staff, the Board has decided to conduct the Meeting virtual rather than at a physical location. Shareholders will not be able to physically attend the Meeting, but will be

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able to view and participating in the Meeting online in accordance with the instructions accompanying this Notice.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 (3) 8611 5353.

### 3. Background to Proposed Acquisition

#### 3.1 General

The Company has entered into a binding share sale agreement (**Share Sale Agreement**) pursuant to which the Company has agreed to acquire (subject to satisfaction of certain conditions precedent) 100% of the issued capital of Lemon Sky Animations Sdn Bhd (**Lemon Sky Studios**) from the shareholders of Lemon Sky Studios (**Proposed Acquisition**).

#### 3.2 Share Sale Agreement

A summary of the material terms and conditions of the Share Sale Agreement is set out below:

(a) (**Consideration**): iCandy will acquire 100% of the issued capital Lemon Sky Studios from its two founders, Ka King, Foong and Cheng Fei, Wong (**Lemon Sky Vendors**) for a total consideration of MYR135 million (approximately A\$44.5 million based on a MYR/AUD exchange rate of \$0.3242 as at 17 November 2021), which will be settled through the payment of cash and issue of Shares as follows:

(i) (**Cash Consideration**): MYR54 million in cash to be settled in four tranches as follows:

Tranche	Payment Date	Amount (MYR)	Amount (AUD)*
1	Deposit paid upon execution of the Share Sale Agreement	1,000,000	329,630
2	Within 14 Business Days from the date on which all of the conditions precedent are satisfied (or waiver, to the extent permitted) under the Share Sale Agreement ( <b>Unconditional Date</b> )	20,250,000	6,675,000
3	Within 60 calendar days from the Unconditional Date	20,250,000	6,675,000
4	Within 6 calendar months from the Unconditional Date	12,500,000	4,120,370
	<b>Total</b>	<b>54,000,000</b>	<b>17,800,000</b>

\*Figures calculated based on an MYR/AUD exchange rate of \$0.3242 as at 17 November 2021. The amount in AUD will depend on the MYR/AUD exchange rate at the date of payment.

(ii) (**Consideration Shares**): MYR81 million (approximately A\$26.7 million based on an MYR/AUD exchange rate of \$0.3242 as at 17 November 2021) worth of Shares (**Consideration Shares**) to be issued within 14 Business Days from



the Unconditional Date and calculated based on a deemed issue price equal to the 5-day volume average weighted price (**VWAP**) of Shares as traded on the ASX immediately prior to the date of execution of the Share Sale Agreement, being A\$0.11 per Consideration Share.

The number of Consideration Shares to be issued to the Lemon Sky Vendors (or their nominees) will therefore depend on the MYR/AUD exchange rate as at the date of issue of the Consideration Shares. The table at Section 5.1 shows the number of Consideration Shares that may be issued based on various exchange rates.

- (b) (**Voluntary Escrow**): 50% of the Consideration Shares will be subject to voluntary escrow for a period of 12 months from the date of issue and 50% of the Consideration Shares will be subject to voluntary escrow for a period of 24 months from the date of issue.
- (c) (**Management Agreement**): Upon completion of the Proposed Acquisition, iCandy will enter into a management agreement with the Lemon Sky Vendors setting out the terms and conditions upon which the Lemon Sky Vendors will continue to manage Lemon Sky Studios for a period of three (3) years with an option to renew for an additional three (3) years.
- (d) (**Conditions Precedent**): Completion of the Proposed Acquisition is subject to and conditional upon iCandy obtaining the requisite approvals for the Proposed Acquisition from Shareholders at the Meeting.
- (e) (**Termination**): Either party can terminate the Share Sale Agreement by giving the other party (**Defaulting Party**) 14 days' notice upon the occurrence of any of the following events:
  - (i) the Defaulting Party breaches any material or fundamental term or condition of the Share Sale Agreement and fails to remedy such breach within 14 days upon receipt of a letter from the other party requiring the Defaulting Party to remedy the said breach;
  - (ii) the Defaulting Party passes a resolution for winding-up;
  - (iii) the Defaulting Party is unable to pay its debts when they are due within the meaning of any legislation regarding insolvency of the jurisdiction in which it carries on business; or
  - (iv) enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of its creditors or any class of them.

The Share Sale Agreement otherwise contains terms and conditions which are typical for an agreement of this nature (including representations, warranties and indemnities in favour of both iCandy and the Lemon Sky Vendors).

Resolution 1 seeks Shareholder approval for the Company to change the scale of its activities by undertaking the Proposed Acquisition and Resolution 2 seeks Shareholder approval for the Company to issue up to a maximum of 262,587,273 Consideration Shares to the Lemon Sky Vendors (or their nominees) as part consideration for the Proposed Acquisition in accordance with the Share Sale Agreement.

### 3.3 Lemon Sky Studios

Lemon Sky Studios is a video game and animation studio founded in 2006 with an impressive portfolio of AAA projects, which include titles such as Uncharted: The Lost Legacy, the Last

of Us Part 2, Final Fantasy VII Remake, the Final Fantasy XIV franchise, Final Fantasy XV, Diablo 3, StarCraft: Remastered, Command & Conquer Remastered, Marvel's Spider-man, and many others. AAA game is a genre of game that refers to extremely high visual quality and realistic game graphics.

Notable partners who have worked with Lemon Sky Studios include Blizzard Entertainment, Naughty Dog, 2K Games, Square-Enix, Bandai Namco, Microsoft Studios, EA Entertainment, Disney, and Nickelodeon.

Lemon Sky Studios presently employs over 350 highly skilled artists from around the world and is headquartered in Kuala Lumpur, Malaysia.

### 3.4 Placement

As announced on 19 November 2021, the Company received firm commitments from professional and sophisticated investors to raise approximately A\$40,000,000 through the issue of up to 347,826,087 Shares at an issue price of \$0.115 per Share (**Placement**).

The Placement is proposed to be completed in two tranches, comprising:

- (a) the issue of 145,806,909 Shares on 29 November 2021 under the Company's Listing Rule 7.1 and 7.1A capacity (**Tranche 1 Placement**); and
- (b) the issue of 202,019,178 Shares subject to the Company obtaining Shareholder approval under Resolution 4 (**Tranche 2 Placement**).

The primary purpose of the Tranche 1 Placement is to fund the cash consideration payable to the Lemon Sky Vendors pursuant to the Share Sale Agreement. The funds raised from the Tranche 2 Placement will be applied toward the Company's existing projects as well as to supplement working capital. Further details regarding the intended use of funds raised under the Placement is set out in the table below:

Item	Amount (\$A)
Acquisition of Lemon Sky Studios (MYR54 million)	\$17,800,000
Increasing staff headcount to increase production ability on existing business and assets	\$8,800,000
Promotion and marketing on new and existing games	\$6,700,000
Acquisition of additional infrastructure to assist with the increment in production capabilities on existing business and assets	\$4,500,000
General working capital	\$2,200,000
<b>Total</b>	<b>\$40,000,000</b>

Resolutions 3(a) and 3(b) seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of 145,806,909 Shares under the Tranche 1 Placement and Resolution 4 seeks Shareholder approval for the issue of 202,019,178 Shares under the Tranche 2 Placement.

The Company engaged Evolution Capital Pty Ltd (**Lead Manager**) to manage the Placement. A summary of the material terms and conditions of the mandate between the Company and the Lead Manager (**Lead Manger Mandate**) is as follows:

- (a) (**Services**): The Lead Manager will lead and manage the Placement and act as exclusive agent of the Company in respect of the Placement to approach institutional and professional investors within Australia.
- (b) (**Fees**): The following fees are payable to the Lead Manager (or its nominees) pursuant to the Lead Manager Mandate:
- (i) a cash fee equal to 6% (plus GST) of the total amount raised under the Placement, other than the amount allocated to the Strategic Investor (a total of \$1,800,000 plus GST);
  - (ii) a cash fee equal to 3% (plus GST) of the amount allocated to the Strategic Investor (a total of \$300,000 plus GST); and
  - (iii) 6,000,000 unlisted Options exercisable at A\$0.115 and expiring on the date that is eighteen (18) months from the date of issue (**Lead Manager Options**).

The Lead Manager Mandate otherwise contains terms and conditions considered standard for an agreement of this nature.

Resolution 5 seeks Shareholder approval for the issue of 6,000,000 Lead Manager Options to the Lead Manager (or its nominees).

### 3.5 Financial Effect of the Proposed Acquisition

In its last audited financial report for Financial Year Ending 31 December 2020, Lemon Sky Studios has shown strong financial performance:

<b>Lemon Sky Studios</b> <b>Audited FYE 31 December 2020 (in AUD)</b>	
<i>Revenue</i>	<b>\$ 14.8 m</b>
<i>Gross Profit</i>	<b>\$ 8.25 m</b>
<i>Profit Before Tax (PBT)</i>	<b>\$ 4.02 m</b>
<i>Profit After Tax (PAT)</i>	<b>\$ 3.92 m</b>
<i>Net Assets</i>	\$ 15.21 m
<i>Net Tangible Assets</i>	\$ 11.96 m
<i>Cash and Equivalent in Hand</i>	\$ 6.06 m

The Proposed Acquisition will significantly enhance the financial position of iCandy. The combined entity is expected to have multiple new revenue streams which will provide further diversification and robustness going forward.

Set out in Schedule 2 is an unaudited pro-forma statement of financial position of the Company prepared using the audited statement of financial position of the Company as at

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30 June 2021 and on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position as a result of the Proposed Acquisition.

The statements of financial position have been prepared to provide information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

### 3.6 Business Model

iCandy does not consider that completion of the Proposed Acquisition will result in any change to its business model. The Proposed Acquisition is consistent with iCandy's existing focus and business model to develop, publish and market digital entertainment and mobile games.

The Proposed Acquisition fits with iCandy's strategy of expanding its reach within the regional gaming sector, through the exploration of new value-driving collaboration and partnerships, as well as strategic mergers and acquisitions. The Company views the acquisition of Lemon Sky Studios as an attractive opportunity to expand Shareholder value. Based on the experience of Lemon Sky Studios in producing AAA video games, the Board is of the opinion that iCandy is able to leverage its expertise and industry connections in game development to unlock business synergies between both companies.

In addition, the human capital and technology that Lemon Sky Studios possesses is viewed favourably by the Company. iCandy's management intends to retain the existing Directors of Lemon Sky Studios and its 350 employees. Lemon Sky Studios' proprietary assets and resources are expected to contribute to iCandy's growing portfolio of games going forward.

Following completion of the Proposed Acquisition the Company will focus on integrating and harnessing the synergies of the combined business to drive accretive value for Shareholders.

The Company will also continue to review value-adding acquisitions within the sector whilst maintaining momentum from its internal development pipeline, including the release of hyper-casual game platform and games under Nextgamer, as well as the soon-to-be released game from Lemon Sky Studios – Sky Candy.

### 3.7 Capital Structure

The indicative capital structure of the Company following completion of the Proposed Acquisition and the Placement (assuming no other securities are issued, and no other existing securities are exercised or converted into Shares) is set out below:

Security	Number
Existing Shares	590,973,471
Tranche 1 Placement Shares	145,806,909
Consideration Shares*	238,729,091
Tranche 2 Placement Shares	202,019,178
<b>Total Shares</b>	<b>1,177,528,649</b>

\* Figure based on an MYR/AUD exchange rate \$0.3242 as at 17 November 2021. The number of Consideration Shares to be issued to the Lemon Sky Vendors (or their nominees) will ultimately depend on the MYR/AUD exchange rate as at the date of issue of the Consideration Shares.. The

table at Section 5.1 shows the number of Consideration Shares that may be issued based on various exchange rates. Resolution 2 seeks Shareholder approval to issue up to a maximum of 262,587,273 Consideration Shares

### 3.8 Composition of the Board

There will be no change to the composition of the Directors of the Company as a result of the Proposed Acquisition.

### 3.9 Timetable

An indicative timetable for completion of the Proposed Acquisition and associated transactions is set out below:

Event	Date*
Completion of Tranche 1 Placement	29 November 2021
Notice of meeting for the General Meeting sent to shareholders	6 December 2021
Shareholder meeting to approve the Acquisition	10 January 2021
Issue of Consideration Shares Completion of the Proposed Acquisition Completion of the Tranche 2 Placement Payment of Tranche 2 cash consideration Issue of Lead Manager Options	17 January 2021
Payment of Tranche 3 cash consideration	26 March 2021
Payment of Tranche 4 cash consideration	26 June 2021

\*Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

## 4. Resolution 1 – Change to Scale of Activities – Proposed Acquisition

### 4.1 General

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 11.1.2 for the Company to change the scale of its activities by undertaking the Proposed Acquisition.

A detailed description of the Proposed Acquisition is outlined in Section 3 above.

### 4.2 Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- 11.1.1 provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

- 11.1.2 if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- 11.1.3 if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the Official List.

ASX has indicated to the Company that the change in the scale of the Company's activities as a result of the Proposed Acquisition requires the Company, in accordance with Listing Rule 11.1.2, to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

#### **4.3 Listing Rule 11.1.2**

Listing Rule 11.1.2 empowers ASX to require a listed company to obtain the approval of its shareholders to a significant change to the nature or scale of its activities. The Proposed Acquisition will involve a change to the nature or scale of the Company's activities for these purposes and, as its usual practice, ASX has imposed a requirement under Listing Rule 11.1.2 that the Company obtain shareholder approval to the Proposed Acquisition.

Resolution 1 seeks the required Shareholder approval for the Proposed Acquisition for the purposes of Listing Rule 11.1.2.

#### **4.4 Technical information required by Listing Rule 14.1A**

If Resolution 1 is passed, the Company will be able to proceed with the Proposed Acquisition, which will allow the Company to change the scale of its activities.

If Resolution 1 is not passed, the Company will not be able to proceed with the Proposed Acquisition, nor will it proceed with the issue the Consideration Shares (the subject of Resolution 2). As a result, the Company will be unable to undertake the change of scale of its activities.

#### **4.5 Technical information required by Guidance Note 12, Section 7.2**

Pursuant to and in accordance with Guidance Note 12, Section 7.2, the following information is provided in relation to Resolution 1:

- (a) the Company is proposing to acquire 100% of the issued capital of Lemon Sky Studios from the Lemon Sky Vendors, being its founders Foong Ka King and Wong Cheng Fei. The material terms of the Share Sale Agreement for the Proposed Acquisition are set out in Section 3.2 above;
- (b) an assessment of the financial effect of the Proposed Acquisition on the Company is set out in Section 3.5 and Schedule 2 of this Notice;
- (c) details of any changes the Company will be making to its business model in light of the Proposed Acquisition are set out in Section 3.6;
- (d) the Company intends to fund the Proposed Acquisition by completing the Tranche 1 Placement (being the subject of Resolution 3). Refer to Sections 3.4 and 6.1 for further details regarding the Tranche 1 Placement;
- (e) there will be no change to the composition of the Directors of the Company as a result of the Proposed Acquisition.
- (f) the indicative timetable for implementing the Proposed Acquisition is set out in Section 3.9; and
- (g) the Company notes that ASX takes no responsibility for the contents of this Notice.

## 5. Resolution 2 – Approval to issue Consideration Shares to the Lemon Sky Vendors

### 5.1 General

Resolution 2 seeks Shareholder approval for the Company to issue up to 238,729,091 Consideration Shares to the Lemon Sky Vendors (or their nominees) as part consideration for the Proposed Acquisition in accordance with the Share Sale Agreement.

A summary of the material terms and conditions of the Share Sale Agreement is set out in Section 3.2 .

Pursuant to the Share Sale Agreement, the Company will issue that number of Shares equal in value to MYR81 million based on a deemed issue price per Consideration Share equal to A\$0.11 (being the 5-day VWAP of Shares as traded on the ASX immediate prior to the date of execution of the Share Sale Agreement). The number of Consideration Shares to be issued to the Lemon Sky Vendors (or their nominees) will therefore depend on the MYR/AUD exchange rate as at the date of issue of the Consideration Shares.

The table below shows the number of Consideration Shares that may be issued under Resolution 2 based on various exchange rates.

	MYR = AUD0.2918 (10% decrease)	MYR = AUD0.3242 (as at 17 November 2021)	MYR = AUD0.3566 (10% increase)
<b>A\$ equivalent of MYR81,000,000</b>	A\$23,635,800	A\$26,260,200	A\$28,884,600
<b>Number of Consideration Shares based on a deemed issue price equal to \$A0.11</b>	214,870,909	238,729,091	262,587,273

The above workings are an example only and the actual number of Consideration Shares issued may differ due to changes in the MYR/AUD exchange rate at the date of issue of the Consideration Shares.

Neither Foong Ka King nor Wong Cheng Fei (or their respective Associates) will hold a relevant interest (as defined under the Corporations Act) in Shares of 20% or more as a result of the Proposed Transaction. Foong Ka King nor Wong Cheng Fei are not (and will not be following completion of the Proposed Transaction) Associates of each other or hold (or will hold following completion of the Proposed Transaction) a relevant interest in each other's securities in the Company.

Resolution 2 is conditional upon the Shareholders approving Resolution 1. If Resolution 1 is not approved by Shareholders, the Proposed Acquisition will not be implemented and the Consideration Shares the subject of Resolution 2 will not be issued.

### 5.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its Shareholders over any 12-month period to 15% of the fully paid shares it had on issue at the start of that period.

The proposed issue of Consideration Shares does not fit within any of the relevant exceptions. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much

flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the issue under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

To this end, Resolution 2 seeks Shareholder approval for the issue of the Consideration Shares under and for the purposes of Listing Rule 7.1.

### **5.3 Technical information required by Listing Rule 14.1A**

If Resolution 2 is passed, the issue of the Consideration Shares can proceed without using up any of the Company's 15% limit on issuing Equity Securities without Shareholder approval set up in Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares or the Proposed Acquisition. In addition, the time, resources and costs spent in relation to the Proposed Acquisition cannot be recovered. The Company may enter into new rounds of negotiations with the parties involved in the Proposed Acquisition, and additional costs may incur.

### **5.4 Technical information required by Listing Rule 7.3**

The following information is provided to Shareholders for the purposes of Listing Rule 7.3 in relation to Resolution 2:

- (a) the maximum number of Consideration Shares to be issued is 262,587,273. The actual number of Consideration Shares issued will depend on the MYR/AUD exchange rate at the date of issue of the Consideration Shares.
- (b) the Consideration Shares will be allotted and issued to the Lemon Sky Vendors, as follows:
  - (i) 53% of the total number of Consideration Shares will be issued to Wong Cheng Fei (or his nominees); and
  - (ii) 47% of the total number of Consideration Shares will be issued to Foong Ka King (or his nominees).
- (c) the Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules), and it is intended that issue of the Consideration Shares will occur on one date;
- (d) the Consideration Shares will be issued for nil cash consideration as they are being issued as part consideration for the Proposed Acquisition. Accordingly, no funds will be raised by the issue of the Consideration Shares. However, the Consideration Shares have an implied value of approximately \$26,250,000 based on the deemed issue price of \$0.075 per Consideration Share agreed under the Share Sale Agreement;
- (e) the Consideration Shares will be fully paid ordinary shares that rank equally in all respects with the Company's existing Shares;
- (f) the Consideration Shares are being issued under the Share Sale Agreement. A summary of the material terms and conditions of the Share Sale Agreement is set out in Section 3.2;



- (g) the Consideration Shares are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in the Notice.

## **6. Resolutions 3(a) and 3(b) – Ratification of prior issue of Tranche 1 Placement Shares**

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### **6.1 General**

Resolutions 3(a) and 3(b) seek Shareholder ratification pursuant to Listing Rule 7.4 for the 145,806,909 Shares issued under the Tranche 1 Placement at an issue price of \$0.115 per Share (**Tranche 1 Placement Shares**).

87,092,479 Shares were issued pursuant to the Company's capacity under Listing Rule 7.1 (being the subject of Resolution 3(a)) and 58,714,430 Shares were issued pursuant to the Company's 7.1A mandate which was approved by Shareholders at the annual general meeting held on 30 July 2021 (being the subject of Resolution 4).

Further information in relation to the Placement and the issue of the Tranche 1 Placement Shares is set out in Section 3.4 above.

### **6.2 Listing Rules 7.1 and 7.1A**

Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

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

The issue of the Tranche 1 Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the Tranche 1 Placement Shares

### **6.3 Listing Rule 7.4**

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares.

### **6.4 Technical information required by Listing Rule 14.1A**

If Resolutions 3(a) and 3(b) are passed, the Tranche 1 Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder

approval over the 12 month period following the date of issue of the Tranche 1 Placement Shares.

If Resolutions 3(a) and 3(b) are not passed, the Tranche 1 Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Placement Shares.

## 6.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 3(a) and 3(b):

- (a) the Tranche 1 Placement Shares were issued to professional and sophisticated investors who are clients of the Lead Manager (**Tranche 1 Placement Participants**). The Placement Participants were identified through a bookbuild process, which involved the Lead Manager seeking expressions of interest to participate in the Placement from non-related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the Tranche 1 Placement Participants were:
  - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company (other than Animoca Brands Limited), advisers of the Company or an associate of any of these parties; and
  - (ii) issued more than 1% of the issued capital of the Company at the time of issue, other than the following entities:
    - (A) Bombora Investment Management Pty Ltd <Bombora Special Inv A/C>;
    - (B) HSBC Custody Nominees (Australia) Limited;
    - (C) CS Fourth Nominees Pty Limited <Settlement A/C>;
    - (D) CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>;
    - (E) Citicorp Nominees Pty Limited; and
    - (F) Animoca Brands Limited.
- (c) 145,806,909 Tranche 1 Placement Shares were issued on the following basis:
  - (i) 87,092,479 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 3(a)); and
  - (ii) 58,714,430 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 3(b));
- (d) the Tranche 1 Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Tranche 1 Placement Shares were issued on 29 November 2021;

- (f) the issue price was \$0.115 per Share under both the issue of Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has not and will not receive any other consideration for the issue of the Tranche 1 Placement Shares;
- (g) the purpose of the issue of the Tranche 1 Placement Shares and the intended use of funds raised under the Placement is summarised in Section 3.4; and
- (h) the Tranche 1 Placement Shares were not issued under an agreement.

## **7. Resolution 4 – Approval to issue Tranche 2 Placement Shares**

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### **7.1 General**

Resolution 4 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of 202,019,178 Shares at an issue price of \$0.115 per Share to raise a further \$23,232,205 under the Tranche 2 Placement (**Tranche 2 Placement Shares**).

Further information in relation to the Placement and the issue of the Tranche 2 Placement Shares is set out in Section 3.4 above.

### **7.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out in Section 6.2 above.

The proposed issue of the Tranche 2 Placement Shares does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

### **7.3 Technical information required by Listing Rule 14.1A**

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares. In addition, the issue of the Tranche 2 Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Placement Shares or the Proposed Acquisition. In addition, the time, resources and costs spent in relation to the Proposed Acquisition cannot be recovered. The Company may enter into new rounds of negotiations with the parties involved in the Proposed Acquisition, and additional costs may incur.

### **7.4 Technical information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Tranche 2 Placement Shares will be issued to professional and sophisticated investors who are clients of the Lead Manager (**Tranche 2 Placement Participants**). The Tranche 2 Placement Participants were identified through a bookbuild process, which involved the Lead Manager seeking expressions of interest to participate in the Placement from non-related parties of the Company;
- (b) the maximum number of Tranche 2 Placement Shares to be issued is 202,019,178. The Tranche 2 Placement Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

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- (c) the Tranche 2 Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Tranche 2 Placement Shares will occur on the same date;
  - (d) the issue price of the Tranche 2 Placement Shares will be \$0.115 per Tranche 2 Placement Share. The Company will not receive any other consideration for the issue of the Tranche 2 Placement Shares;
  - (e) the purpose of the issue of the Tranche 2 Placement Shares and the intended use of funds raised under the Placement is summarised in Section 3.4;
  - (f) the Tranche 2 Placement Shares are not being issued under an agreement; and
  - (g) the Tranche 2 Placement Shares are not being issued under, or to fund, a reverse takeover.

## **8. Resolution 5 – Approval to issue Lead Manager Options**

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### **8.1 General**

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of 6,000,000 Lead Manager Options in accordance with the Lead Manager Mandate.

Further information in relation to the Placement, the Lead Manager Mandate and the issue of the Lead Manager Options is set out in Section 3.4 above.

### **8.2 Listing Rule 7.1**

A summary of Listing Rule 7.1 is set out in Section 6.2 above.

The proposed issue of the Lead Manager Options does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

### **8.3 Technical information required by Listing Rule 14.1A**

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Lead Manager Options. In addition, the issue of the Lead Manager Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Lead Manager Options. In such circumstances, the Company may be required to renegotiate payment terms under the Lead Manager Mandate, which may require the Company to pay the Lead Manger additional cash fees.

### **8.4 Technical information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Lead Manager Options will be issued to Evolution Capital Pty Ltd (or its nominees);
- (b) the maximum number of Lead Manager Options to be issued is 6,000,000. The terms and conditions of the Lead Manager Options are set out in Schedule 3;

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- (c) the Lead Manager Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Lead Manager Options will occur on the same date;
  - (d) the Lead Manager Options will be issued at a nil issue price, in consideration for lead manager services provided by Evolution Capital Pty Ltd in accordance with the Lead Manager Mandate;
  - (e) the purpose of the issue of the Lead Manager Options is to satisfy the Company's obligations under the Lead Manager Mandate;
  - (f) the Lead Manager Options are being issued to Evolution Capital Pty Ltd (or its nominees) under the Lead Manager Mandate. A summary of the material terms of the Lead Manager Mandate is set out in Section 3.4; and
  - (g) the Lead Manager Options are not being issued under, or to fund, a reverse takeover.



**Related Party** has the meaning set out in the ASX Listing Rule 10.11.

**Resolution** means resolution contained in the Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Strategic Investor** means Animoca Brands Limited.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

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## SCHEDULE 2 – PRO-FORMA BALANCE SHEET

	30 June 2021	Lemon Sky's Balance Sheet	On Acquisition Date <sup>1</sup>	Capital Raise	Pro Forma Historical at 30 June 2021
	\$	\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	9,982,829	6,002,938	(15,564,842)	17,860,000	18,280,925
Trade and other receivables	1,482,442	5,216,175	-	-	6,698,617
Other financial assets	340,238	-	-	-	340,238
Other assets	113,447	-	-	-	113,447
<b>Total Current Assets</b>	<b>11,918,956</b>	<b>11,219,114</b>	<b>(15,564,842)</b>	<b>17,860,000</b>	<b>25,433,227</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	107,227	9,199,785	-	-	9,307,012
Other financial assets	1,180,229	-	-	-	1,180,229
Intangible assets	4,269,297	3,222,621	28,677,956	-	36,169,874
Investments accounted for using the equity method	46,236	329,063	-	-	375,299
Right-of-use assets	162,746	-	-	-	162,746
<b>Total Non-Current Assets</b>	<b>5,765,735</b>	<b>12,751,469</b>	<b>28,677,956</b>	<b>-</b>	<b>47,195,160</b>
<b>TOTAL ASSETS</b>	<b>17,684,691</b>	<b>23,970,583</b>	<b>13,113,114</b>	<b>17,860,000</b>	<b>72,628,387</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Trade and other payables	1,141,442	1,254,961	-	-	2,396,403
Lease liabilities	71,575	113,006	-	-	184,581
Other financial liabilities	295,259	-	-	-	295,259
Borrowings	-	1,032,525	-	-	1,032,525
Current tax liabilities	-	57,707	-	-	57,707
<b>Total Current Liabilities</b>	<b>1,508,276</b>	<b>2,458,199</b>	<b>-</b>	<b>-</b>	<b>3,966,475</b>
<b>Non-Current Liabilities</b>					
Lease liabilities	93,583	300,009	-	-	393,592
Borrowings	-	6,123,201	-	-	6,123,201
Deferred tax liabilities	3,307	-	-	-	3,307
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>96,890</b>	<b>6,423,210</b>	<b>-</b>	<b>-</b>	<b>6,520,100</b>
<b>TOTAL LIABILITIES</b>	<b>1,605,166</b>	<b>8,881,409</b>	<b>-</b>	<b>-</b>	<b>10,486,575</b>
<b>NET ASSETS</b>	<b>16,079,525</b>	<b>15,089,173</b>	<b>13,113,114</b>	<b>17,860,000</b>	<b>62,141,812</b>
<b>EQUITY</b>					
Issued capital	44,131,830	81,050	26,179,150	17,860,000	88,252,030
Reserves	(18,535,011)	65	-	-	(18,534,946)
Retained earnings	(9,645,081)	15,008,058	(13,066,036)	-	(7,703,059)
Equity attributable to owners of the parent entity	15,951,738	15,089,173	13,113,114	17,860,000	62,014,025
Non-controlling interest	127,787	-	-	-	127,787
<b>TOTAL EQUITY</b>	<b>16,079,525</b>	<b>15,089,173</b>	<b>13,113,114</b>	<b>17,860,000</b>	<b>62,141,812</b>



**Notes:**

1. This is the net cash effect after paying for the cash component of the acquisition and the cash at bank that Lemon Sky brings into the Group. Also included is the share based component of the acquisition of Lemon Sky and the goodwill on consolidation upon consolidation of the Group.
2. All assets and liabilities have been brought into account using the fx rate on 17 November 2021. MYR/AUD of 0.3242.

# SCHEDULE 3 – TERMS AND CONDITIONS OF LEAD MANAGER OPTIONS

The terms and conditions of the Lead Manager Options are set out below:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option is \$0.115 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEST) on the date that is eighteen (18) months from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Following the Exercise Date and within the time period specified by the ASX Listing Rules, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with

ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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# Proxy Form

**iCandy Interactive Limited**  
**ACN 604 871 712**

## General Meeting

I/We:

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

Or:  the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held by virtual means via <https://us06web.zoom.us/j/84226431288> on Thursday, 13 January 2022 at 2pm (AEDT), and at any adjournment thereof.

### Chair's Voting Intention in relation to undirected proxies

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

### Voting on business of the Meeting

		For	Against	Abstain
Resolution 1	Change to Scale of Activities – Proposed Acquisition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to issue Consideration Shares to the Lemon Sky Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(a)	Ratification of prior issue of Tranche 1 Placement Shares (LR 7.1)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(b)	Ratification of prior issue of Tranche 1 Placement Shares (LR 7.1A)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval to issue Tranche 2 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue Lead Manager Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

### Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: \_\_\_\_\_

Contact Name: \_\_\_\_\_

Email Address: \_\_\_\_\_

Contact Ph (Daytime): \_\_\_\_\_

Consent for contact by email in relation to this Proxy Form: YES  NO

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## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to iCandy Interactive Limited, PO Box 253, Collins Street West Vic 8007
  - (b) email to the Company at [jiahui@dwaccounting.com.au](mailto:jiahui@dwaccounting.com.au),

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**