



iCandy Interactive Limited (ACN 604 871 712) Prospectus

For the offer of:

- (a) up to 70,500,000 new listed Options exercisable at \$0.025 on or before 31 December 2022 (**2.5c Options Offer**); and
 - (b) up to 45,532,143 new listed Options exercisable at \$0.22 on or before 15 December 2022 (**22c Options Offer**),
- (collectively, the **Offers**).

The Offers are not underwritten

The Offers close at 5.00pm AEDT on 21 December 2020

Important Notice

This is an important document and should be read in its entirety.

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. If you have any queries about any part of the Prospectus, please contact your professional adviser without delay. The New Listed Options offered by this Prospectus should be considered speculative.

For personal use only

Corporate Directory

Directors

Kin Wai Lau (Executive Director and Chairman)
Lum Piew (Executive Director)
Robert Kolodziej (Non-Executive Director)
Marcus Ungar (Non-Executive Director)
Masahiko Honma (Non-Executive Director)

Company Secretaries

Jiahui Lan
Andrew Draffin

Registered Office

Level 4, 91-97 William Street
MELBOURNE VIC 3000

Telephone: +61 3 8611 5353
Facsimile: +61 3 9833 7063
Email: info@icandy.io
Website: <http://www.icandy.io>

ASX Code

ICI

Share Registry*

Link Market Services Limited
Level 12, QV1 Building
250 St Georges Terrace
PERTH WA 6000

Solicitors

Nova Legal
Level 2, 50 Kings Park Road
West Perth WA 6005

Auditor*

Bentleys Audit & Corporate (WA) Pty Ltd
Level 3, London House
216 St Georges Terrace
PERTH WA 6000

* These parties are included for information purposes only. They have not been involved in the preparation of this Prospectus.

CONTENTS

TIMETABLE AND IMPORTANT DATES.....	3
IMPORTANT INFORMATION.....	4
1. DETAILS OF THE OFFER	6
2. RISK FACTORS.....	13
3. PURPOSE AND EFFECT OF THE OFFER.....	19
4. RIGHTS ATTACHING TO SECURITIES	22
5. ADDITIONAL INFORMATION	28
6. DIRECTOR'S CONSENT	37
7. DEFINITIONS.....	38
Annexure A – Pro-Forma Statement of Financial Position	39

TIMETABLE AND IMPORTANT DATES

EVENT	DATE
Lodgement of Prospectus with ASIC and ASX	21 December 2020
Opening Date of Offer	21 December 2020
Closing Date of Offer (5.00pm AEDT)	21 December 2020
Dispatch of holding statements in respect of the Offer	24 December 2020
Expected date for Quotation of the New Listed Options	24 December 2020

* These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates, including by extending the Closing Date. As such the date the New Listed Options are expected to commence trading on ASX may vary.

IMPORTANT INFORMATION

GENERAL

This Prospectus is dated 21 December 2020 and was lodged with ASIC on that date. Neither ASIC nor ASX, nor any of their officers, take any responsibility for the contents of this Prospectus.

This Prospectus expires 13 months from the date it was lodged with ASIC. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. An application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the New Listed Options the subject of this Prospectus.

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

This document is important and it should be read in its entirety. The New Listed Options to be issued pursuant to this Prospectus should be viewed as a speculative investment and investors should refer to the Section 2 for details of certain risk factors which are considered to be relevant for the purposes of the Offer. Investors should consult their stockbroker, solicitor, accountant or other professional adviser if necessary.

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this Prospectus and any such information may not be relied upon as having been authorised by the Directors.

A copy of this Prospectus can be downloaded from the Company's website at <http://www.icandy.io>. The offer constituted by an electronic version of this Prospectus is only available to persons receiving an electronic version of this Prospectus within Australia. A hard copy of this Prospectus may be obtained by contacting the Company.

A number of terms and abbreviations used in this Prospectus have defined meanings set out in Section 7.

OVERSEAS SHAREHOLDERS

New Listed Options will not be issued pursuant to this Prospectus to Shareholders with a registered address which is outside Australia or New Zealand. The distribution of this Prospectus in jurisdictions outside of Australia or New Zealand may be restricted by law and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the applicable securities law.

This Prospectus does not, and is not intended to, constitute an offer of securities in any jurisdiction where, or to any person to whom, it would be unlawful to make such an offer or issue. This Prospectus has not been, nor will it be lodged, filed or registered with any regulatory authority under the securities laws of any other country.

RISK FACTORS

Refer to Section 2 for details of the risks associated with an investment in the Company. As with any securities investment, there are risks associated with investing in the Company. Investors should be aware that an investment in the Company involves risks that may be greater than risks associated

with an investment in some other companies. The principal risks that could affect the financial and market performance of the Company are detailed in Section 2 of this Prospectus. The New Listed Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the Company, investors should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can be effectively managed is limited.

Risks of investing in the Company's existing assets and general risks are set out in Section 2 of this Prospectus.

Careful consideration should be given to all matters raised in this Prospectus and the relative risk factors prior to applying for New Listed Options offered under this Prospectus. Investors should consider the risk factors described in Section 2, together with the information contained elsewhere in this Prospectus, before deciding whether to apply for New Listed Options.

For personal use only

1. DETAILS OF THE OFFER

1.1 Background to the Offer

1.1.1 September Placement

On 15 September 2020, the Company announced a capital raising by way of private placement (**September Placement**) to Exempt Investors raise a total of \$1.25 million (before costs) through the issue of 62,500,000 Shares at an issue price of \$0.02 each (**September Placement Shares**).

On 18 September 2020, 55,233,817 Shares were issued in respect of the September Placement pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1 and 7,266,183 Shares were issued in respect of the September Placement pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1A.

The terms and conditions of the September Placement provided that:

- (a) participants in the September Placement would, subject to Shareholder approval being obtained, be issued free attaching Options exercisable at \$0.025 each, on or before 31 December 2022. Each September Placement participant will be issued one (1) Option for every one (1) September Placement Share issued (being a total of 62,500,000 Options); and
- (b) CoPeak Pty Ltd (trading as Peak Asset Management) (**Peak Asset Management**) was the lead broker for the September Placement. The total commission payable to Peak Asset Management was 6% of capital raised under the September Placement, together with 8,000,000 Options exercisable at \$0.025 each, on or before 31 December 2022,

(collectively **2.5c Options**)

The Company obtained Shareholder approval at its general meeting held on 4 December 2020 (**General Meeting**) to (among other things) issue the 2.5c Options to the September Placement participants and to Peak Asset Management (or nominees).

1.1.2 December Placement

On 9 December 2020, the Company announced a further capital raising by way of private placement (**December Placement**) to Exempt Investors raise a total of \$10.5 million (before costs) through the issue of 71,064,286 Shares at an issue price of \$0.14 each (**December Placement Shares**).

The December Placement Shares were issued on 16 December 2020, comprised of 23,741,286 Shares to be issued under the Company's existing Placement Capacity under ASX Listing Rule 7.1 and 47,322,327 Shares to be issued under the Company's existing Placement Capacity under ASX Listing Rule 7.1A.

The terms and conditions of the December Placement provided that:

- (a) participants in the December Placement would be issued free attaching Options exercisable at \$0.22 each, on or before 15 December 2022. Each December Placement participant will be issued one (1) Option for every two (2) December Placement Shares issued (being a total of 35,532,143 Options); and
- (b) Evolution Capital Advisors Pty Ltd (**Evolution Capital**) was the lead broker for the December Placement. The total commission payable to Evolution Capital was 6% of

capital raised under the December Placement, together with 10,000,000 Options exercisable at \$0.22 each, on or before 15 December 2022,

(collectively **22c Options**)

1.1.3 New Listed Options

The 2.5c Options and 22c Options are collectively referred to as the **New Listed Options**.

The Company is precluded from issuing a 'cleansing' notice in respect of the New Listed Options as they are not in a class of securities that were quoted securities at all times in the last 3 months. Consequently, the Company is issuing the New Listed Options pursuant to this Prospectus to those persons who are entitled to receive New Listed Options arising from their participation in the September Placement and December Placement (as applicable) (**Placement Participants**). This Prospectus has also been issued to facilitate secondary trading of the New Listed Options and any Shares issued upon exercise of the New Listed Options to be issued under the Offer.

New Listed Options will be issued pursuant to this Prospectus and in accordance with the timetable set out at the commencement of this Prospectus (and otherwise in accordance with the ASX Listing Rules).

The New Listed Options will be issued on the terms and conditions set out in Section 4.3 and Section 4.4.

All Shares issued on exercise of the New Listed Options will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 4.2 for further details regarding the rights and liabilities attaching to Shares.

For further details regarding the September Placement, refer to the Company's announcement dated 15 September 2020 and the Company's Notice of Meeting dated 4 November 2020. For further details regarding the December Placement, refer to the Company's announcement dated 9 December 2020.

1.2 The Offers

This Prospectus invites the Placement Participants to apply for a total of up to 116,032,143 New Listed Options in accordance with their entitlements under the September Placement and December Placement (as applicable), as follows:

- (a) up to 70,500,000 new listed Options exercisable at \$0.025 on or before 31 December 2022 (**2.5c Options Offer**); and
- (b) up to 45,532,143 new listed Options exercisable at \$0.22 on or before 15 December 2022 (**22c Options Offer**),

All Placement Participants will be sent a copy of this Prospectus, together with an Application Form. Only the Placement Participants can accept the Offer. Refer to Section 1.6 for details on how to apply for New Listed Options.

No funds will be raised from the New Listed Options issued in connection with the Placement or Company Placement as they are free attaching to the Placement Shares. The Company intends to apply the funds raised from the Placement as set out in Section 3.2.

The Offer is only available to those who are personally invited to accept the Offer. Accordingly, Application Forms will only be provided by the Company to these parties.

All New Listed Options offered under this Prospectus will be issued on the terms and conditions, as set out in Section 4.3 in respect of the 2.5c Options and Section 4.4 in respect of the 2.2c Options. Subject to the quotation requirements of the ASX Listing Rules, the New Listed Options issued under this Prospectus will form two new classes of listed securities of the Company.

All Shares issued on exercise of the New Listed Options will rank equally with the Shares on issue at the date of this Prospectus. Refer to Section 4.2 for further details regarding the rights and liabilities attaching to Shares.

1.3 Underwriting

The Offers are not underwritten.

1.4 Minimum Subscription

There is no minimum subscription under the Offers.

1.5 Opening and Closing Dates

The Offer will open for receipt of acceptances on **21 December 2020**.

The Offer will close at **5:00pm AEDT on 21 December 2020**, or such later date as the Directors, in their absolute discretion and subject to compliance with the Listing Rules, may determine.

1.6 How to accept the Offer

Only the Placement Participants will be provided a copy of this Prospectus and an Application Form in respect of the Offer. Applications for New Listed Options must be made by the Placement Participants at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Placement Participants may only make an application in accordance with their entitlement under the September Placement or December Placement (as applicable).

New Listed Options issued in connection with the September Placement and December Placement will be issued for nil consideration and therefore the Applicants are not required to pay any funds with the Application Form in respect of these New Listed Options.

Completed Application Forms must be sent to the Company in accordance with the instructions in the Application Form.

Completed Application Forms must be sent by no later than the Closing Date.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company, for the number of New Listed Options on the Application Form.

The Application Form does not need to be signed to be a binding acceptance of the New Listed Options under the Offer. If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form, is final.

If you are in doubt as to the course of action, you should consult your professional advisor(s).

1.7 Brokers to September Placement and December Placement

The Company engaged the services of Peak Asset Management to manage the September Placement. Refer to Section 5.5 for a summary of the material terms of the mandate between the Company and Peak Asset Management.

The Company engaged the services of Evolution Capital to manage the December Placement. Refer to Section 5.6 for a summary of the material terms of the mandate between the Company and Evolution Capital.

1.8 ASX quotation

Application for Official Quotation of the New Listed Options offered pursuant to this Prospectus will be made to ASX within seven (7) days after the date of this Prospectus. The New Listed Options will only be admitted to Official Quotation if the quotation requirements under the ASX Listing Rules are satisfied. If the quotation requirements are not satisfied or ASX otherwise does not grant Official Quotation of the New Listed Options, the New Listed Options will be issued on an unquoted basis.

The fact that ASX may grant official quotation to the New Listed Options is not to be taken in any way as an indication of the merits of the Company or the New Listed Options now offered under this Prospectus.

1.9 Issue of New Listed Options

The New Listed Options to be issued pursuant to the Offer will be issued in accordance with the timetable set out at the commencement of this Prospectus and otherwise in accordance with the ASX Listing Rules.

Holding statements for New Listed Options issued under the Offer will be mailed in accordance with the timetable set out at the commencement of this Prospectus and otherwise in accordance with the ASX Listing Rules.

1.10 CHESS and Issuer Sponsorship

The Company operates an electronic CHESS sub-register and an electronic issuer sponsored sub-register. These two sub-registers make up the Company's register of securities. The Company will not issue certificates to investors. Rather, holding statements (similar to bank statements) will be dispatched to investors as soon as practicable after issue.

Holding statements will be sent either by CHESS (for new investors who elect to hold their securities on the CHESS sub-register) or by the Company's Share Registry (for new investors who elect to hold their securities on the Issuer sponsored sub-register). The statements will set out the number of New Listed Options issued under the Prospectus and provide details of a Holder Identification Number (for new investors who elect to hold their securities on the Chess sub-register) or Security holder Reference Number (for new investors who elect to hold their securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each new investor following the month in which the balance of their holding of Securities changes, and also as required by the Listing Rules or the Corporations Act.

1.11 Risks

As with any securities investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 2 of this Prospectus. The New Listed Options on offer under this Prospectus should be considered speculative. Accordingly, before deciding to invest in the

Company, investors should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

1.12 Overseas Applicants

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 such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

New Zealand

The Offer is not being made to the public in New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the Offer is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Singapore

This Prospectus and any other materials relating to the New Listed Options have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Listed Options, may not be issued, circulated or distributed, nor may the New Listed Options be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are: (i) an existing holder of the Company's Shares, (ii) an "institutional investor" (as defined in the SFA); or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the New Listed Options being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Listed Options and the underlying Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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

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

Germany

The information in this document has been prepared on the basis that all offers of New Listed Options will be made pursuant to an exemption under the Directive 2003/71/EC (**Prospectus Directive**), as amended and implemented in Member States of the European Economic Area, from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Listed Options has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- (a) to any legal entity that is authorised or regulated to operate in the financial markets or whose main business is to invest in financial instruments unless such entity has requested to be treated as a non-professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, "**MiFID II**") and the MiFID II Delegated Regulation (EU) 2017/565;
- (b) to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) unless such entity has requested to be treated as a non-professional client in accordance with MiFID II and the MiFID II Delegated Regulation (EU) 2017/565;
- (c) to any person or entity who has requested to be treated as a professional client in accordance with MiFID II;
- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of the MiFID II unless such entity has requested to be treated as a non-professional client in accordance with the MiFID II Delegated Regulation (EU) 2017/565;
- (e) to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company; or

- (f) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of entitlements or Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

1.13 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them by consulting their own professional tax advisers. Taxation consequences will depend on particular circumstances. Neither the Company nor any of its officers accept any liability or responsibility in respect of the taxation consequences of the matters referred to above or any other taxation consequences connected with an investment in the Securities of the Company.

1.14 Privacy Disclosure

Persons who apply for New Listed Options pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for securities to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for New Listed Options will not be processed. In accordance with privacy laws, information collected in relation to specific Applicants can be obtained by that Applicant through contacting the Company or the Share Registry.

1.15 Enquiries

This document is important and should be read in its entirety. Persons who are in any doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

If you have any questions regarding the Offer, please contact the Company Secretary on +61 3 8611 5333, from 8.30am to 5.00pm AEDT, Monday to Friday.

2. RISK FACTORS

2.1 Introduction

The Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business.

Whilst the Directors recommend that Shareholders take up their entitlement to New Listed Options, there are however numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which the New Listed Options (or the underlying Shares) will trade.

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. However, the summary is not exhaustive and potential investors should examine the contents of this Prospectus in its entirety and consult their professional advisors before deciding whether to apply for the New Listed Options.

2.2 Company specific risks

2.2.1 Intellectual Property Rights

A substantial part of the Company's commercial success depends on its ability to protect its intellectual property and commercially sensitive information assets relating to its mobile games, to maintain trade secret protection and to operate without infringing the proprietary rights of third parties. At present, none of the Company's intellectual property rights are registered. Securing rights to technologies, and in particular intellectual property, through licensing or otherwise, will also play an integral part in the commercial success of the Company.

The commercial value of these intellectual property assets is dependent on any relevant legal protections. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or commercially sensitive information, or that competitors will not be able to produce non-infringing competitive products. Competition in retaining and sustaining protection of technologies and the complex nature of technologies can lead to expensive and lengthy disputes for which there can be no guaranteed outcome. There can be no assurance that any intellectual property which the Company (or entities it deals with) may have an interest in now or in the future will afford the Company commercially significant protection of technologies, or that any of the projects that may arise from technologies will have commercial applications.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent, or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has or will acquire an interest, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations.

2.2.2 Dependency on Key Directors and Personnel

The Company's continued success will depend, to a significant extent, upon the abilities and continued efforts of its Directors as well as the Group's key personnel. The loss of any of the Directors or key personnel may adversely affect the Group's continued ability to compete and grow in the videogame industry. Further, the Group's future success will also depend upon its ability to attract, retain and motivate skilled and qualified personnel.

To ensure smooth succession planning, efforts are being made by the Group to prepare and train younger members of its game development team to assume additional responsibilities. The Directors recognise the importance of skilled and capable personnel and, as such, have implemented a human resource strategy aimed at attracting and retaining such personnel which includes rewarding employees based on their performance.

2.2.3 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Placement. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development and research programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

2.2.4 Maintenance of Key Business Partner Relationships

The Company will rely on relationships with key business partners to enable it to continue to promote its mobile games and services (e.g. via licensing or publishing arrangements). A failure to maintain relationships could result in a withdrawal of business partner support, which in turn could impact the Company's financial position.

2.2.5 Brand Establishment and Maintenance

The Company believes that establishing and maintaining the Group's brand in the mobile games industry is critical to growing its game user base and product and service acceptance. This will depend largely on the Group's ability to provide innovative and in-demand mobile games. If the Company fails to successfully establish and maintain its brand, its business and operating results could be adversely affected.

2.2.6 Potential Acquisitions

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

2.2.7 Insurance Risk

Investors should note that the Company currently has no insurance policies in place in respect of its business or assets. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

2.2.8 Foreign exchange rate risk

The Company's financial reports will be prepared in Australian dollars. However, the Group's mobile games are available worldwide and the majority of the downloads of the Group's games to date have occurred in the Asia Pacific region. As such, any revenue received by the Group from its mobile games would likely largely be denominated in foreign currency depending upon the countries in which they are available. A proportion of the Group's operating expenses will also be incurred in Malaysia and Indonesia.

Therefore, the Company's Australian dollar reported revenue will be directly impacted by movements in world currency exchange rates (especially in the Asia Pacific region). Movements in such exchange rates may adversely or beneficially affect the Company's results or operations and cash flows. The Group does not currently hedge against this currency risk.

2.3 Industry specific risks

2.3.1 Competition

The mobile gaming industry is competitive and the Company expects to continue to face regular competition from both existing competitors and new entrants into the market. The Company currently competes with mobile gaming operators in Malaysia and other overseas countries, some of which have longer operating histories, wider product ranges, larger distribution networks and better marketing expertise. The principal elements of competition facing the Company include, amongst others, quality of games, branding, marketing and good customer service.

In order to compete effectively in the mobile gaming market, the Company will strive to improve its customer service, develop and introduce regular basis games that are highly interactive, captivating and entertaining and provide diversity in gameplay, style and type in order to attract a wider range of users of the Company's mobile games.

2.3.2 Rapid Changes in Game Trends

Rapid changes in mobile game trends may have an adverse impact on the Group's operating and financial performance. Currently, the Group is focusing on the development and publishing of mobile casual games. As at the date of this Prospectus, the Company has ownership of approximately 320 games titles in its game portfolio.

The Company is constantly keeping abreast with the latest mobile game trends in the market. Prior to the development of each new game, the Company will conduct a full-scale pre-production study and research program to understand current mobile game players' interests and preferences in order to create games which are in line with current market trends. The Directors believe that the demand for mobile casual games will continue to grow in the foreseeable future. Through the Group's experience and capability to produce quality mobile casual games, the Directors believe it is able to deliver games to the market quickly and without any compromise on quality.

2.3.3 Demand for Skilled Labour

In the mobile gaming industry, the need for technical staff is crucial as they possess the skills and knowledge in developing, localising and programming game codes and graphic designs which underpin mobile games. The Company is continually seeking to recruit additional technical and support staff as the Group expands.

One of the Group's strategies moving forward will be to consider expanding its operations by acquiring additional game studios in the Southeast Asia region, thereby recruiting talented

and skilled labour in that foreign region. By doing so, the Company would also be able to build a strong foundation in producing and localising games in regions which do not have a current sizeable market exposure.

2.3.4 Playability of the Group's Games

The majority of mobile games have a typical lifespan (assuming no upgrades) of around 4 years. The Group will aim to constantly introduce new features, items and expansion packs to its games to retain player interest. It is hoped that the Group's ability to enhance its games, in terms of extra virtual items, upgrade levels and gated featured items will help maintain the popularity and increase the attractiveness of such games. The Group will also share the ideas and feedback from players in order to improve the playability of the Group's games.

2.3.5 High Marketing Cost

The cost of marketing and launching new mobile games can be high. The Group's management will conduct a comprehensive marketing plan to ensure that all marketing costs are well spent. The Group has previously utilised international publishing houses to help publish its games overseas. As the Group's brand has become better recognised in the market, the Group has begun to launch and publish its games in-house via Apple's App Store and Google's Play Store. By publishing its own games, the Group is able to reduce marketing costs. Although the Group has the capability to publish its own games, it will continue to use other publishing companies to publish its games in new markets, particularly where the Group has limited resources and faces challenges in respect of language barriers and market recognition.

2.3.6 Credit Card Chargebacks

There is the constant risk to the Group that purchasers of 'in-game' virtual items may demand refunds from their credit card suppliers for 'in-game' purchases made, either fraudulently or otherwise. Any material increases in these demands (assuming refunds were then made by the credit card companies) would adversely affect the Group's revenues.

2.3.7 Market Risk

Although the mobile game market is an expanding global market expected to grow quickly, there is a constant risk that new technology is developed which is in direct competition with mobile games. Mobile games also currently compete with a variety of mediums and entertainment types. Should consumers elect to spend their time and money on forms of technology or entertainment other than mobile games, the Company's prospects and performance will be adversely affected.

2.3.8 Changes in Technology

The Company's success will depend, in part, on its ability to expand its products and grow its business in response to changing technologies, game user and third-party service provider's demands and competitive pressures. Failure to do so may impact the success of the Company. Further, the cost of responding to changing technologies is unpredictable and may impact the Company's profitability or, if such cost is prohibitive, may reduce the Company's capacity to expand or maintain its business. The Company will seek to offset such costs where possible through applications for research and development tax concessions. However, these concessions are available in only limited circumstances and the Company cannot assure that any application will be deemed compliant.

2.3.9 Reliance on Third Party Providers

The Group's mobile games are available through the Apple App Store and Google Play Store platforms (and other platforms) meaning that any change in the practices or provision of these platforms could have an adverse effect on the prospects and financial performance of the Group. There is also the risk that these platforms may suffer technical problems which could impact their ability to provide the Group's games to users and affect the performance of the Group. The Group can also give no guarantee that Apple and Google (or other platform providers) will continue to allow the Group's games to be made available through their respective platforms. Any restriction on the Group's ability to distribute its games via these platforms would likely have a materially detrimental effect on the Group's business.

One of the Company's main sources of revenues is via 'in-game' purchases. These purchases are subject to commissions payable to the platform providers. Should the platform providers increase their commission rates, this would have the effect of increasing the Group's mobile game sale costs.

2.3.10 Mobile Games

The Group may not be successful in developing mobile games which are attractive and are actually played by users. This would obviously have an adverse effect on the Company's profitability and performance. The business model of the Group is dependent upon its ability to maintain and develop existing mobile games and to launch and market new mobile games regularly. If the Group fails to maintain, develop and launch games, its revenues will likely decrease.

2.3.11 Data loss, theft or corruption

The Group stores data in its own systems and networks and also with a variety of third-party service providers. Exploitation or hacking of any of these systems or networks could lead to corruption, theft or loss of the Group's data which could have a material adverse effect on the Group's business, financial condition and results. Further, if the Group's systems, networks or mobile games are subject to any type of 'cyber' crime, its games may be perceived as unsecure which may lead to a decrease in the number of users.

2.4 General risks

2.4.1 Coronavirus (COVID-19)

The outbreak of the coronavirus pandemic (**COVID-19**) is impacting on global economic markets. The nature and the extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any government or industry measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of COVID-19 on the Company and its operations. If any of these impacts appear material prior to the close of the Offer, the Company will inform investors under a supplementary prospectus.

2.4.2 Economic Risks

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's research and development programmes, as well as on its ability to fund those programmes.

2.4.3 Market Conditions

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as general economic outlook; introduction of tax reform or other new legislation; interest rates and inflation rates; changes in investor sentiment toward particular market sectors; the demand for, and supply of, capital; and terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company

2.5 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by prospective investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the Securities.

For personal use only

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of the Offer

The primary purposes of this Prospectus is to:

- (a) issue the New Listed Options under the Offers;
- (b) obtain Quotation of the New Listed Options and facilitate secondary trading of the New Listed Options issued under the Offer; and
- (c) facilitate secondary trading of any Shares issued upon exercise of the New Listed Options issued under the Offer.

Section 707(3) of the Corporations Act generally requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

The Corporations Act provides an exception to section 707(3) where an entity issues a 'cleansing' notice under section 708A(5). However, the Company is precluded from issuing a 'cleansing' notice in respect of the New Listed Options as they are not in a class of securities that were quoted securities at all times in the last 3 months.

Consequently, the Company has issued this Prospectus in respect of the Offer to the Placement Participants. Issuing the New Listed Options under this Prospectus will enable persons who are issued the New Listed Options to on-sell their New Listed Options, and any Shares issued on exercise of the New Listed Options pursuant to *ASIC Corporations (Sale Offers That Do Not Need Disclosure) Instrument 2016/80*.

3.2 Proposed use of funds

No funds will be raised from the New Listed Options issued in connection with the September Placement or December Placement as they are free attaching to the Placement Shares.

The Company intends to apply the funds raised from the September Placement to fast track and increase marketing for new games that have been released by the Company, and to fund the Company's general working capital requirements.

The Company intends to apply the funds raised from the December Placement to invest and expand the production capabilities of game development studios of the Company so that the Company will have more capacity to roll out more game titles and improve on the quality of its game titles, and to fund the Company's general marketing costs and working capital requirements.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

Refer to Section 5.10 for details of the estimated expenses of the Offer.

3.3 Effect of the Offers

The principal effect of the Offers (assuming all New Listed Options offered under this Prospectus are issued) will be that 116,032,143 New Listed Options will be issued.

The effect of the Offers on the capital structure of the Company is set out in Section 3.6.

3.4 Effect on control of the Company

The Offers will not have a material impact on the control (as defined by section 50AA of the Corporations Act) of the Company. No investor or existing Shareholder will have a voting power greater than 20% as a result of the completion of the Offers.

The maximum number of New Listed Options proposed to be issued under the Offer is 116,032,143 New Listed Options. If all these New Listed Options are exercised, the Shares issued on exercise will represent approximately 17.49% of the Shares on issue following completion of the Offer.

3.5 Pro Forma Statement of Financial Position

Set out in Annexure A 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 30 June 2020 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 recent events such as the September Placement, December Placement and the Offers.

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 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer (assuming all New Listed Options are issued, no other Securities are issued, and no other existing Securities are exercised or converted into Shares are exercised) is set out below.

Shares	
Current Shares on issue as at the date of this Prospectus	547,313,849
Options	
Options on issue as at the date of this Prospectus:	
Unlisted Options exercisable at \$0.08 on or before 14 June 2021	7,592,550
Unlisted Options exercisable at \$0.06 on or before 22 July 2022	633,332
Subtotal	8,225,882
New Listed Options to be issued under the Offers:	
Listed Options exercisable at \$0.025 on or before 31 December 2022 (to be issued pursuant to the 2.5c Options Offer) ¹	70,500,000
Listed Options exercisable at \$0.22 on or before 15 December 2022 (to be issued pursuant to the 22c Options Offer) ¹	45,532,143
Total Options on issue on completion of the Offer	124,258,025

Other Securities	
Performance Rights Class A	6,000,000
Performance Rights Class B	6,000,000
Performance Rights Class C	6,000,000
Performance Rights Class D	6,000,000
Performance Rights Class E	6,000,000
Total Performance Rights on Issue	30,000,000

Notes:

1 The full terms and condition of the New Listed Options are set out in Sections 4.3 and 4.4.

3.7 Details of substantial holders

Based on public information as at the date of this Prospectus, the persons who (together with their associates) have a relevant interest in 5% or more of the Company's securities are set out below:

Shareholder	Shares	%
Fatfish Internet Pte Ltd	187,500,001	40.11
Animoca Brands Limited	44,475,833	9.51
Acorn Managed Investments Pty Ltd	22,222,222	4.75

The Offers will have no effect on the quantity of Shares held by these substantial shareholders as only New Listed Options are being issued. The Company will notify ASX of any changes in interests of the substantial holders as a result of the issue of Shares under the December Placement in accordance with its continuous disclosure obligations.

4. RIGHTS ATTACHING TO SECURITIES

4.1 Terms and Conditions of New Shares

All New Shares issued on exercise of the New Listed Options will rank pari passu in all respects with the Company's existing ordinary fully paid shares. The Company will apply for Official ASX Quotation of all Shares issued upon exercise of New Listed Options issued under the Offer.

4.2 Rights and Liabilities Attaching to Shares

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not

credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the ordinary shares on issue are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of Shares**

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) **Variation of rights**

Pursuant to section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(h) **Alteration of 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. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.3 Rights and Liabilities Attaching to 2.5c Options

The rights and liabilities attaching to the 2.5c Options are as follows:

(a) Entitlement

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

(b) Exercise Price and Expiry Date

Each Option is exercisable at \$0.025 (**Exercise Price**) on or before 31 December 2022 (**Expiry Date**).

An Option not exercised by the Expiry Date will automatically lapse at 5.00pm (WST) on the Expiry Date.

(c) Exercise Period

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

(d) 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.

(e) 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**).

(f) Quotation

The Company will seek quotation of the Options in accordance with the Listing Rules and Corporations Act, subject to satisfaction of the minimum quotation conditions of the ASX Listing Rules. In the event that quotation of the Options cannot be obtained, the Option will remain unlisted.

(g) Issue of Shares on exercise

Within 15 business days after the Exercise Date, the Company will:

- (i) allot and 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, subject to any restriction or escrow arrangements imposed by ASX or under the Scheme, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(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

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.

Participation in new issues

- (j) 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. However, the Company will give the holders of Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

(k) Change in exercise price

There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).

(l) Adjustment for bonus issues

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Option exercise price.

(m) Transferability

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

(n) Adjustments

Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.

(o) Governing Law

These terms and the rights and obligations of the Option holder are governed by the laws of Western Australia. The Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

4.4 Rights and Liabilities Attaching to 22c Options

The rights and liabilities attaching to the 22c Options are as follows:

(a) Entitlement

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

(b) Exercise Price and Expiry Date

Each Option is exercisable at \$0.22 (**Exercise Price**) on or before 15 December 2022 (**Expiry Date**).

An Option not exercised by the Expiry Date will automatically lapse at 5.00pm (WST) on the Expiry Date.

(c) Exercise Period

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

(d) 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.

(e) 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**).

(f) Quotation

The Company will seek quotation of the Options in accordance with the Listing Rules and Corporations Act, subject to satisfaction of the minimum quotation conditions of the ASX Listing Rules. In the event that quotation of the Options cannot be obtained, the Option will remain unlisted.

(g) Issue of Shares on exercise

Within 15 business days after the Exercise Date, the Company will:

- (i) allot and 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, subject to any restriction or escrow arrangements imposed by ASX or under the Scheme, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(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

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.

Participation in new issues

(j) 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. However, the Company will give the holders of Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

(k) Change in exercise price

There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).

(l) Adjustment for bonus issues

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Option exercise price.

(m) Transferability

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

(n) Adjustments

Any calculations or adjustments which are required to be made will be made by the Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option holder.

(o) Governing Law

These terms and the rights and obligations of the Option holder are governed by the laws of Western Australia. The Option holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

5. ADDITIONAL INFORMATION

5.1 Company Update

Details of the Company's current activities are set out in the announcements made by the Company to the ASX and are available from the ASX, or the Company's website at <http://www.icandy.io>.

5.2 Nature of this Prospectus

The New Listed Options to be issued pursuant to this Prospectus are options over continuously quoted securities. This Prospectus is issued under the special prospectus content rules for continuously quoted securities in Section 713 of the Corporations Act. This enables listed disclosing entities, such as the Company, to issue a prospectus for continuously quoted securities with modified disclosure requirements if they satisfy certain requirements.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information reasonably necessary to make an informed assessment of:

- (a) the effect of the Offer on the Company; and
- (b) the rights and liabilities attaching to the New Listed Options offered pursuant to this Prospectus and the underlying securities.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest in the Company.

5.3 Continuous Reporting and Disclosure Obligations

As the Company is admitted to the official list of ASX, the Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

Investors are encouraged to check and monitor any further announcements made by the Company to ASX prior to securities being issued under the Offer. To do so, please refer to the Company's ASX announcements platform via www.asx.com.au.

By virtue of section 713 of the Corporations Act, the Company is entitled to issue a "transaction-specific" prospectus in respect of the Offer.

In general terms, a "transaction-specific prospectus" is only required to contain information in relation to the effect of the issue of securities on the Company and the rights and liabilities attaching to the securities. It is not necessary to include general information in relation to all

of the assets and liabilities, financial position and performance, profits and losses or prospects of the issuing company.

As a disclosing entity under the Corporations Act, the Company states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 31 December 2019;
 - (ii) any half-year financial report of the Company lodged with ASIC after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC; and
 - (iii) all continuous disclosure notices given by the Company after the lodgement of the annual financial report referred to above and before the lodgement of this Prospectus with ASIC (see below).

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

This Prospectus contains information specific to the Offer. If investors require further information in relation to the Company, they are recommended to take advantage of the opportunity to inspect or obtain copies of the documents referred to above.

The following announcements have been lodged with ASX in respect of the Company since the Company lodged its annual financial report for the financial year ended 31 December 2019 on 31 March 2020.

Date	Title
21/12/2020	ICI Masketeers to launch in China
16/12/2020	Cleansing Notice and Appendix 2A
15/12/2020	Masketeers Launches on Samsung USA Galaxy App Store
11/12/2020	Masketeers hits \$1 million revenue
09/12/2020	Proposed issue of Securities - ICI
09/12/2020	ICI Raises A\$10.5m in Oversubscribed Placement
07/12/2020	Trading Halt

Date	Title
04/12/2020	Results of Meeting
25/11/2020	Cleansing Notice and Appendix 2A
20/11/2020	Masketeers continues to push in North America
19/11/2020	Cleansing Notice & Appendix 2A
18/11/2020	Operational Update- Hellopet House launches into 65 counties
12/11/2020	iCandy enters into JV to form new game studio
12/11/2020	Placement Capacity Update
11/11/2020	Trading Halt
11/11/2020	Pause In Trading
11/11/2020	Masketeers records A\$668,000 in revenues for first 30-days
10/11/2020	Cleansing Notice and Appendix 2A
04/11/2020	Notice of General Meeting/Proxy Form
30/10/2020	Appendix 2A & Cleansing Notice
30/10/2020	Appendix 4C - quarterly
27/10/2020	Operational Update - New Game Launch
19/10/2020	Operational Update - Masketeers first 10 days Revenue
14/10/2020	ICIs EPSL to launch its inaugural international championship
12/10/2020	Operational Update - Masketeers First Revenues Update
09/10/2020	Change in substantial holding
08/10/2020	Masketeers Launches and Other New Game Update
05/10/2020	Cleaning Notice & Appendix 2A
05/10/2020	Reinstatement to Official Quotation
05/10/2020	Update
02/10/2020	Suspension from Official Quotation
30/09/2020	Trading Halt
30/09/2020	Pause in Trading
28/09/2020	Masketeers Reaches 1mil pre-orders & launch date brought fwd
25/09/2020	Cleaning Notice & Appendix 2A
24/09/2020	Cleansing Notice and Appendix 2A
24/09/2020	Operational Update - Alibaba Partnership
22/09/2020	Proposed issue of Securities - ICI
22/09/2020	Clarification - Proposed Issue of Securities
22/09/2020	Operational Update - Successful completion of trial new game
21/09/2020	Proposed issue of Securities - ICI
21/09/2020	Placement - Strategic Digital & Affiliate Marketing Investor
18/09/2020	Trading Halt

Date	Title
18/09/2020	Pause in Trading
18/09/2020	Appendix 2A & Cleansing Notice
16/09/2020	Response to ASX Price and Volume Query
15/09/2020	Proposed issue of Securities - ICI
15/09/2020	Completion of A\$1.25million capital raise
11/09/2020	Trading Halt
31/08/2020	Half Yearly Report and Accounts
31/07/2020	Appendix 4C - quarterly
31/07/2020	Results of Meeting
01/07/2020	Notice of Annual General Meeting/Proxy Form
09/06/2020	Cleansing Notice
09/06/2020	Appendix 2A
04/06/2020	Proposed issue of Securities - ICI
04/06/2020	Updates to Animoca Brands Game Portfolio Acq. and Masterchef
15/05/2020	Amended Appendix 4C Clarifications
12/05/2020	Amendment - Appendix 4C
30/04/2020	Appendix 4C - quarterly
17/04/2020	ESPL to enter Indian eSports market via strategic p/ship
15/04/2020	Trading Halt
15/04/2020	Pause In Trade
31/03/2020	Appendix 4G
31/03/2020	Annual Report to shareholders

5.4 Market Price of Shares

The highest and lowest closing prices of Shares on the ASX during the 3 months preceding the date of this Prospectus, and the closing price on the trading day before the date of this Prospectus, are set out below.

	Price (\$)	Date
Highest	\$0.21	17/11/2020
Lowest	\$0.051	17/09/2020
Last	\$0.135	18/12/2020

5.5 Peak Asset Management Mandate for September Placement

The Company engaged the services of Peak Asset Management to manage the September Placement pursuant to a mandate agreement

The material terms of the agreement are as follows:

- (a) Peak Asset Management will provide capital raising services, management services and corporate advisory services to the Company in conjunction with the September Placement.
- (b) Peak Asset Management will receive:
 - (i) a management fee equal to 2% of all funds raised under the September Placement;
 - (ii) a capital raising fee equal to 4% on all funds raised under the September Placement; and
 - (iii) 8,000,000 2.5c Options.

The agreement otherwise contains terms and conditions, warranties and representations considered standard for an agreement of this nature.

5.6 Evolution Capital Mandate for December Placement

The Company engaged the services of Evolution Capital to as lead manager for the December Placement pursuant to a lead manager mandate

The material terms of the mandate are as follows:

- (a) Evolution Capital will provide lead manager capital raising services, marketing services and corporate advisory services to the Company in conjunction with the December Placement.
- (b) Evolution Capital will receive:
 - (i) a capital raising fee equal to 6% on all funds raised under the September Placement; and
 - (ii) 10,000,000 22c Options.

The mandate otherwise contains terms and conditions, warranties and representations considered standard for an agreement of this nature.

5.7 Litigation

The Directors are not aware of any legal proceedings which have been threatened or actually commenced against the Company.

5.8 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid (in cash or securities or otherwise) and no benefits have been given or agreed to be given to any Director:

- (a) to induce him to become, or to qualify him as, a Director; or
- (b) for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Remuneration

The remuneration (including superannuation) paid to the Directors for the two financial years prior to the date of this Prospectus, and proposed to be paid to the Directors for the current financial year (on an annualised basis), is set out below:

Director	FY 2018	FY 2019	FY 2020
Kin Wai Lau (Executive Director and Chairman)	\$24,907	\$25,309	\$105,309
Lum Piew (Executive Director)	-	\$24,500	\$24,500
Robert Kolodziej (Non-Executive Director)	\$12,000	\$12,000	\$12,000
Marcus Ungar (Non-Executive Director)	\$18,000	\$18,000	\$18,000
Masahiko Honma (Non-Executive Director)	-	-	-

Securities

The securities in which the Directors and their associates have or are proposed to have relevant interests in at the date of this Prospectus are set out below.

Director	Shares	Options	Other Securities
Kin Wai Lau ¹ (Executive Director and Chairman)	196,428,873	1,964,286	30,000,000
Lum Piew (Executive Director)	-	-	-
Robert Kolodziej ² (Non-Executive Director)	250,000	-	-
Marcus Ungar (Non-Executive Director)	-	-	-
Masahiko Honma (Non-Executive Director)	-	-	-

Notes:

For personal use only

- 1 192,500,001 shares are held by Fatfish Internet Pte Ltd, of which Mr Lau is a director. 3,571,702 shares to be issued to Fatfish Group Limited, of which Mr Lau is a director, to be issued subject to shareholder approval. 357,170 shares to be issued to Mr Lau subject to shareholder approval. 1,785,715 options are free attaching options that would be issued to Fatfish Group Limited, subject to shareholder approval. 178,571 options are free attaching options to be issued to Mr Lau, subject to shareholders approval. 30,000,000 Performance Rights is to be issued to Mr Lau. The Performance Rights are vested upon the satisfaction of certain Milestones.
- 2 250,000 shares are held directly by Mr Kolodziej.

There are no related party transactions entered into that have not otherwise been disclosed in this Prospectus.

5.9 Interests and Consents of Advisers

Other than as set out below or elsewhere in this Prospectus, no underwriter, 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 holds, or has held within two years before lodgement of this Prospectus with ASIC, 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 of the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any underwriter, 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 this Prospectus, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

Pursuant to Section 716 of the Corporations Act, Nova Legal has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Nova Legal has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name. Nova Legal has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Nova Legal approximately \$7,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Nova Legal has received fees of \$69,179.25 (including GST, excluding disbursements) in respect of general legal services provided to the Company.

CoPeak Pty Ltd (trading as Peak Asset Management) (**Peak Asset Management**) was appointed broker to the Company's September Placement and will be paid fees as described in Section 5.5. References to Peak Asset Management appear for information purposes only. Peak Asset Management has given and, as at the date of this Prospectus, has not withdrawn, its written consent to be named in this Prospectus in the form and context in which it is named. Peak Asset Management has had no involvement in the preparation of any part of the Prospectus other than being named. Peak Asset Management has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Evolution Capital Advisors Pty Ltd (**Evolution Capital**) was appointed broker to the Company's December Placement and will be paid fees as described in Section 5.6. References to Evolution Capital appear for information purposes only. Evolution Capital has given and, as at the date of this Prospectus, has not withdrawn, its written consent to be

named in this Prospectus in the form and context in which it is named. Evolution Capital has had no involvement in the preparation of any part of the Prospectus other than being named. Evolution Capital has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Link Market Services Limited (**Share Registry**) has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Application Forms received pursuant to this Prospectus, and are paid for these services on standard industry terms and conditions. References to the Share Registry appear for information purposes only. The Share Registry has given and, as at the date of this Prospectus, has not withdrawn, its written consent to be named as Share Registry in the form and context in which it is named. The Share Registry has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. The Share Registry has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

Bentleys Audit & Corporate (WA) Pty Ltd (**Auditor**) has given and, as at the date of this Prospectus, has not withdrawn, its written consent to use of the audited statement of financial position as at 30 June 2020 set out in Annexure A of this Prospectus. The Auditor has had no involvement in the preparation of any part of the Prospectus other than being named as Auditor to the Company. The Auditor has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

5.10 Estimated Expenses of the Offer

In the event the Offer is fully subscribed, the estimated expenses of the Offer (excluding GST) are as follows:

Item	Amount (\$)
ASIC fees	\$3,206
ASX fees	\$30,896
Legal fees	\$7,000
Printing, registry and other expenses	\$2,000
Total	\$43,102

Note: The Company engaged the services of Peak Asset Management and Evolution Capital to manage the September Placement and December Placement. Refer to Sections 5.5 and 5.6 for further details.

5.11 Electronic Prospectus

Pursuant to ASIC Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus. 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 Prospectus or any of those documents were incomplete or altered.

For personal use only

6. DIRECTOR'S CONSENT

This Prospectus is dated 21 December 2020 and is issued by iCandy Interactive Limited.

The Directors have made all reasonable enquires and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of iCandy Interactive Limited:



Kin Wai Lau
Executive Director and Chairman

For personal use only

7. DEFINITIONS

Applicant means a Placement Participant who applies for New Listed Options pursuant to the Offer.

Application Form means an application form attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) operating as the Australian Securities Exchange.

Business Day means any day which is defined to be a Business Day pursuant to Listing Rule 19.12.

CHESS means Clearing House Electronic Sub-register System of ASX Settlement Pty Ltd (ACN 008 504 532).

Closing Date means the closing date of the Offer being 5.00pm AEDT on 21 December 2020 (unless extended).

Company means iCandy Interactive Limited (ACN 604 871 712).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Cth means the Commonwealth of Australia.

Directors means directors of the Company.

Dollars or **\$** means dollars in Australian currency.

Exempt Investors means investors who qualify under section 708 of the Corporations Act and can receive securities from the Company without the need for such securities to be issued under a disclosure document.

Group means the Company and its controlled entities.

GST means goods and service tax levied in Australia pursuant to A New Tax System (Goods and Services Tax) Act 1999 (Cth).

Listing Rules means the Listing Rules of the ASX.

New Listed Options means options to be issued to the Placement Participants on the terms and conditions set out in Section 4.3 and Section 4.4.

Offers means the offer of 116,032,143 New Listed Options to the Placement Participants pursuant to this Prospectus.

Official List means the official list of ASX.

Opening Date means 21 December 2020.

Option means an option to acquire a Share.

Placement has the meaning given to it in Section 1.1.

Placement Participant means a person who participated in or provided services in relation to the September Placement or December Placement (as applicable) and **Placement Participants** has a corresponding meaning.

Prospectus means this prospectus dated 21 December 2020.

Quotation and **Official Quotation** means official quotation on ASX.

Securities means Shares and/or Options.

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

Shareholder means the holder of a Share as recorded in the register of the Company.

WST means Western Standard Time, Perth, Western Australia.

Annexure A – Pro-Forma Statement of Financial Position

Pro-Forma Statement of Financial Position as at 30 June 2020

	30-Jun-20	Effect of Placements	Effect of Offer	Pro Forma Balance
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	251,452	12,730,196		12,981,648
Trade and other receivables	539,500	72,000		611,500
Other financial assets	1,262,619			1,262,619
Other assets	117,356			117,356
Right-of-use assets	16,966			16,966
TOTAL CURRENT ASSETS	<u>2,187,893</u>			<u>14,990,089</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method	-			-
Property, plant and equipment	116,827			116,827
Intangible assets	1,016,423			1,016,423
TOTAL NON-CURRENT ASSETS	<u>1,133,250</u>			<u>1,133,250</u>
TOTAL ASSETS	<u>3,321,143</u>			<u>16,123,339</u>
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	435,983			435,983
Lease liabilities	18,224			18,224
Other financial liabilities	756,721			756,721
Current tax liabilities	-			-
TOTAL CURRENT LIABILITIES	<u>1,210,928</u>			<u>1,210,928</u>
NON-CURRENT LIABILITIES				
Deferred tax liabilities	8,090			8,090
TOTAL NON-CURRENT LIABILITIES	<u>8,090</u>			<u>8,090</u>
TOTAL LIABILITIES	<u>1,219,018</u>			<u>1,219,018</u>
NET ASSETS	<u>2,102,125</u>			<u>14,904,321</u>
EQUITY				
Issued capital	30,957,876	13,503,079	(539,660)	43,921,295
Reserves	(19,237,128)	(700,883)	539,660	(19,398,351)
Retained earnings	(9,499,981)			(9,499,981)
Equity attributable to owners of the parent entity	2,220,767			15,022,963
Non-controlling interest	(118,642)			(118,642)
TOTAL EQUITY	<u>2,102,125</u>			<u>14,904,321</u>

Notes:

- Effects of placement includes the Company's placements as announced 15 September 2020, 21 September 2020 and 9 December 2020. This also includes the effect of any Options which were exercised from September 2020 to 16 December 2020.
- Effect of Offer takes into account 8,000,000 Broker Options to be issued under Placement 1 and 10,000,000 Broker Options to be issued under the placement announced 9 December 2020. The value of these options were calculated using the Black Scholes method.