

iCandy Interactive Limited

ACN 604 871 712

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

MONDAY, 11 JULY 2022

3:30PM (AEST)

LEVEL 4, 91 WILLIAM STREET, MELBOURNE VIC 3000

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

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

For personal use only

NOTICE OF MEETING

Notice is given that the General Meeting of Shareholders of iCandy Interactive Limited (ACN 604 871 712) (**Company**) will be held by at Level 4, 91 William Street, Melbourne Vic 3000 on Monday, 11 July commencing at 3:30pm (AEDT) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 3:30PM (AEDT) on Saturday, 9 July 2022.

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

AGENDA

1. Resolution 1 – Approval to exceed 10/12 on-market buy-back limit

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

“That, for the purposes of section 257C of the Corporations Act and for all other purposes, approval is given for the Company to buy-back up to 135,000,000 Shares representing approximately 11% of the Company’s issued Shares as at the date of this Notice) in the 12 month period following the approval of this Resolution pursuant to an on-market buy-back conducted on the terms and conditions set out in the Explanatory Memorandum.”

Dated 24 May 2021

BY ORDER OF THE BOARD



Jia Hui Lan
Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at Level 4, 91 William Street, Melbourne, Vic 3000 on Monday, 11 July 2022 commencing at 3:30pm (AEDT).

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

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

2. Action to be taken by Shareholders

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

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

2.1 Proxies

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

Please note that:

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

Shareholders and their proxies should be aware that:

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

Further details are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to Chair in certain circumstances

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

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

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

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

2.2 Corporate Representatives

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

2.3 Submit your Proxy Vote by Paper

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

BY MAIL	PO Box 253, Collins Street West Vic 8007
BY EMAIL	jiahui@dwaccounting.com.au

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

For personal use only

3. Resolution 1 – Approval to exceed 10/12 on-market buy-back limit

3.1 General

On 17 September 2021, the Company announced that it would conduct an on-market buy-back of up to a maximum of 36,000,000 Shares over a 12 month period commencing on 30 September 2021 in accordance with the limits permitted by section 257B of the Corporations Act, which permits the Company to buy-back up to 10% of its issued capital within the last 12 months without Shareholder approval. As announced to the ASX on 19 May 2022, the Company's buy-back program completed on 5 May 2022 and the Company was able to buy-back 36,000,000 Shares on-market without Shareholder approval.

On 24 May 2022, the Company announced that, subject to Shareholder approval, the intention to undertake a further on-market buy-back of up to 135,000,000 Shares (representing approximately 11% of the issued capital of the Company) in the 12 month period following the date of approval from Shareholders (**Buy-Back Program**). The purpose of the Meeting is for Shareholders to consider the Company's proposal to undertake the Buy-Back Program.

If this Resolution is approved, the Company will be able to buy-back up to 135,000,000 Shares under the Buy-Back Program over a period of up to 12 months from the date of approval of Shareholders at the Meeting. If this Resolution is not approved, the Company will be prohibited from buying back Shares in excess of the 10/12 limit.

Shareholders should note that this is a permissive Resolution, and therefore, does not require the Company to buy back Shares under the Buy-Back Program. There is no guarantee that the Company will buy back the maximum number of Shares permitted under the Buy-Back Program if this Resolution is passed.

The Company reserves the right to suspend or terminate the Buy-Back Program at any time, and the size and timing of any Share buy-backs will be determined by the Board.

3.2 Section 257C of the Corporations Act

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's insolvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

Section 257A of the Corporations Act provides that a company may buy-back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures laid down in Division 2 of Part J.1 of the Corporations Act.

Under the Corporations Act, shareholder approval is required for an on-market buy-back if all of the voting shares bought back during the last 12 months, and the voting shares proposed to be bought back, exceed 10% of the smallest number of voting shares on issue in the company at any time during the last 12 months (**10/12 limit**).

As the buy-back proposed under the Buy-Back Program would exceed the 10/12 limit, shareholder approval by way of an ordinary resolution is required.

A copy of this Notice (including the Explanatory Memorandum) has been lodged with ASIC.

3.3 Material information relating to Buy-Back Program

The Company provides the following information in relation to the Buy-Back Program, as required by section 257C(2) of the Corporations Act and *ASIC Regulatory Guide 110: Share buy-backs*.

(a) Process and period

The Buy-Back Program is an on-market buy-back on the terms announced 24 May 2022 and contained in this Notice.

If Shareholder approval for the Resolution is obtained, offers that are in excess of the 10/12 limit can be made under the Buy-Back Program after the Meeting. If the Resolution is approved, any buy-backs under the Buy-Back Program will be completed within 12 months from the date of the Meeting (that being on or before 23 May 2023).

(b) Number of Shares on issue

The Company has 1,230,764,902 Shares on issue as at the date of this Notice.

(c) Maximum number of Shares to be bought back

Under the Buy-Back Program, the maximum number of Shares to be bought back on-market is 135,000,000 Shares, which represents approximately 11% of the issued capital of the Company.

The number and percentage of Shares to be bought back will be determined based on the Share price and market conditions over the period of the Buy-Back Program.

(d) Particulars of the terms of the Buy-Back Program

The usual ASX rules for settlement of on-market transactions will apply to the Shares acquired under the Buy-Back Program. All Shares that are bought back under the Buy-Back Program will be immediately cancelled upon settlement of the trade.

(e) Offer price

The price under the Buy-Back Program will be the prevailing market price for Shares and will be subject to ASX Listing Rule requirements.

ASX Listing Rule 7.33 provides that a company may only buy back Shares under an on-market buy-back at a price which is not more than 5% above the volume weighted average market price for Shares in that class, calculated over the last 5 days on which sales in the Shares were recorded before the day on which the purchase under the buy-back was made.

The Company's closing Share price on 20 May 2022, being the last practicable date before the finalisation of this Notice, was \$0.073. The highest and lowest marker sale prices for the Company's Shares on the ASX during the previous 3 months were \$0.165 and \$0.070, respectively.

(f) Reasons for the Buy-Back Program

The Board considers that the Company's current Share price does not accurately reflect the underlying value of the Company's assets and growth prospects and the Buy-Back Program offer a number of advantages, as described below.

(g) Interests of participating Directors

The Directors (and their Related Parties) have confirmed that they will not participate in the Buy-Back Program.

(h) Financial effect of the Buy-Back Program on the Company

Shareholders should be aware that any Shares bought back by the Company under the Buy-Back Program would result in a reduction in the number of Shares on issue. As at 23 May 2022, the Company had 1,230,764,902 Shares on issue. Given the maximum number of Shares that could be bought back under the Buy-Back Program, it is not anticipated that the Buy-Back Program will result in a material change in the liquidity or control of the Company's Shares.

The Board does not believe that the Buy-Back Program will materially prejudice the Company's ability to pay its creditors. No adverse tax consequences are expected to arise for the Company from the Buy-Back Program.

(i) Source of funds

The Buy-Back Program will be funded by the Company's existing cash and will reduce the Company's cash balance by the aggregate amount paid to buy-back Shares on-market under the Buy-Back Program.

(j) Advantages of the Buy-Back Program

The advantages of the Company's Buy-Back Program are:

- (i) efficient and flexibly means of retuning excess funds to Shareholders;
- (ii) reduces excess cash holdings;
- (iii) increase the liquidity of the Shares;
- (iv) increase in the ownership interest in the Company of each Shareholder of the Company, given that there will be lesser Shares on issue; and
- (v) promote a more efficient capital structure.

(k) Disadvantages of the Buy-Back Program

The disadvantages of the Company's Buy-Back Program are:

- (i) artificially supporting the Share price;
- (ii) the possibility of paying too high a price for the Shares; and
- (iii) reduces the cash balances of the Company.

(l) Buy-Back Program period

If this Resolution is approved, the Buy-Back Program will commence on the date of the Meeting and will operate for as long as 12 months from the date of the Meeting.

(m) Current Share price

As at 20 May 2022, that being the last practicable date before the issue of this Notice, the closing price of Shares on ASX was \$0.073.

3.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

The Directors confirm that they intend to vote in favour of this Resolution in relation to all votes that they control. No Director has an interest in the Buy-Back Program other than as holders of Shares in the Company.

For personal use only

SCHEDULE 1– DEFINITIONS

In this Notice and the Explanatory Memorandum:

\$ or A\$ means Australian Dollars.

Associate has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Buy-Back Program has the meaning given in Section 3.1.

Chair means the person appointed to chair the Meeting convened by this Notice.

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

Constitution means the constitution of the Company as at the commencement of the Meeting.

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

Director means a director of the Company.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Proxy Form means the proxy form attached to the Notice.

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

Resolution means resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

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

Proxy Form

iCandy Interactive Limited
ACN 604 871 712

General Meeting

I/We:

of:

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

Name:

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Level 4, 91 William Street, Melbourne Vic 3000, on 11 July 2022 at 3:30pm and at any adjournment thereof.

Chair's Voting Intention in relation to undirected proxies

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

Voting on business of the Meeting

		For	Against	Abstain
Resolution 1	Approval to exceed 10/12 on-market buy-back limit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact Name: _____

Email Address: _____

Contact Ph
(Daytime): _____

Consent for contact
by email in relation to
this Proxy Form: _____

YES NO

Instructions for completing Proxy Form

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

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

Proxy Forms received later than this time will be invalid.