

5 November 2024

ASX Announcement

iCandy Commences Legal Action on Former Lemon Sky Executives in Malaysia For Various Breaches

iCandy Interactive Ltd (ASX: ICI) iCandy Interactive Ltd ("iCandy" or "the Company") announces that it has commenced legal action in Malaysia against the former executives of its Malaysian subsidiary, Lemon Sky Animation Sdn. Bhd. ("Lemon Sky"),

Background

Lemon Sky, a leading video-game development and animation studio, was acquired by iCandy in 2021 as part of the Company's strategic expansion. Former Lemon Sky shareholders and executives, namely **former CEO of Lemon Sky Mr Cheng Fei Wong, and former COO Mr Ka King Foong** were operating under a 3-year management contract to manage Lemon Sky, which ended as at 31 August 2024 (see ASX announcement 29 August 2024).

Toward the later part of the management contract term, investigation was initiated by the Board of Directors into suspicious transactions involving an undisclosed privately held company, **Momodica Sdn. Bhd** ("Momodica"). Following an internal review and forensic audit that has now reached a conclusive state, it was revealed that Momodica was majority owned by Wong and Foong, and Lemon Sky discovered an arrangement instigated by Wong and Foong to pay Momodica monies irrespective of the quality or quantum of sub-contracting work undertaken. The transactions involved amounted to RM1,505,750.00 (approximately A\$ 524,542).

Legal Action

Lemon Sky has yesterday filed a lawsuit in the High Court of Malaya in Kuala Lumpur, Malaysia against Wong and Foong for numerous breaches of fiduciary duties, breaches of trust and other unlawful actions.

Next Steps

The board of iCandy would like to assure shareholders that all necessary steps are being taken to protect the interests of iCandy and Lemon Sky, and this legal action underscores the commitment to maintaining the highest standards of corporate governance and protecting shareholder value.

Lemon Sky does not rule out the possibility of bringing further legal actions against Wong, Foong, Momodica, and other former or current employees of Lemon Sky that had been knowingly facilitating these ill-intentioned activities or similar. As this legal action(s) will be subject to the Malaysian court processes and its legal disclosure requirements, iCandy will only inform the market when there is significant development on this legal action(s).



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The Board of Directors of iCandy remains highly confident in the short-term and long-term prospects of Lemon Sky.

The Board of Directors of Lemon Sky would like to further assure all clients and partners of Lemon Sky that it will be maintaining the usual high standard of service levels, and the legal actions herein stated shall not affect the ability of Lemon Sky to service its clients and partners.

This announcement has been authorised by the Board of Directors of iCandy Interactive Ltd.

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About iCandy Interactive

iCandy Interactive Limited (ASX:ICI) ("**iCandy**" or the "**Company**") is an award-winning, publicly traded video-game development group that has been listed on the Australian Securities Exchange since 2016.

With headquarters in Melbourne, Australia, and offices across Malaysia, Singapore and Indonesia, iCandy is one of the largest independent game developers in the region. Our team of more than 650 full-time game developers, artists, and engineers has delivered more than 350 mobile, console, PC, and Web 3.0 titles. The Company has worked with some of the biggest names in the global video game industry on some of the most widely known iconic franchises in video games history. For more information, please visit our website at <https://icandy.io/>.

iCandy Group is supported by a strong network of strategic shareholders, including Animoca Brands, Fatfish Group, Baidu, Singtel, SK Square, AIS, IncubateFund, as well as several Australian and international funds.

For more details, please contact: ir@icandy.io