



IOUPAY LIMITED (ASX: IOU)
(ACN 091 192 871)

Level 1, 283 George Street
Sydney NSW 2000
Website: www.ioupay.com

31 March 2023

Dear fellow shareholder

On behalf of the Board of Directors of IOUpay Limited (the **Company**), I invite you to attend an Extraordinary General Meeting (**EGM**) of shareholders. The meeting has been called in response to a requisition under section 249D of the Corporations Act 2001 (Cth) by shareholders holding 5.08% of the Company's shares.

The meeting will be held on Wednesday, 3 May 2023, commencing at 2:00pm Sydney time (AEST), at the offices of the Company's share registry:

Automic Group
Level 5, 126 Phillip Street,
Sydney NSW 2000

Notice of AGM

In accordance with section 110D(1) of the Corporations Act 2001 (Cth), the Company will not be dispatching physical copies of the Notice of EGM (**Notice**) unless a shareholder has requested a hard copy. Instead, a copy of the Notice can be viewed and downloaded at the Company's website at <https://ioupay.com/egm.html>

Proxy form

The business of the EGM affects your shareholding, and your vote is important. Shareholders are encouraged to submit a proxy vote either online at <https://investor.automic.com.au/#/loginsah>, or by returning the personalised proxy form (enclosed) in accordance with the instructions set out on the proxy form. Your proxy vote must be received by 2:00pm Sydney time (AEST) on Monday 1 May 2023, being not less than 48 hours before the commencement of the Meeting, in order to be valid. Any proxy voting instructions received after that time will not be valid for the Meeting.

The Notice is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice, please contact the Company's share registry, Automic Group Pty Ltd on, 1300 288 664 (within Australia) or +61 2 9698 5414 (overseas).

For the reasons set out in full in the Notice of Meeting, and summarised overleaf, the Board recommends that all shareholders vote AGAINST all resolutions.

Yours faithfully

Isaac Chong Kwong Yang
Executive Chairman

Summary of Reasons for the Board's Recommendation

Shareholders should note that full details of the EGM and the proposed Resolutions are set out in the Notice of Meeting. The Notice is important and should be read in its entirety.

By way of summary only, the reasons for the Board's recommendation are set out below.

1. The EGM has been called by a group of shareholders ("the Requisitioners") led by Clee Capital Pty Ltd ("Clee").
2. Clee has also commenced proceedings against the Company in the Federal Court. The orders sought by Clee would prevent the Company from raising any capital or entering into any loan agreements. If granted, these orders would prevent the Company from raising any money for working capital and other purposes, which the Board believes would prejudice its business interests and make it more difficult for the Company's shares to be restored to trading on the ASX.
3. Clee has filed evidence in support of its action in the Federal Court from the Company's former CFO, Kenneth Kuan Choon Hsuing, who is currently being investigated by the Malaysian police in relation to a suspected significant fraud against the Company.
4. The Company has commenced civil proceedings against Mr Kuan to recover assets, and has been granted search and seizure orders from the High Court of Malaysia against Mr Kuan and three other associated parties, as well as freezing orders over their assets.
5. The orders sought by Clee, supported by Mr Kuan as a witness, would hamper the Company's ability to assist the police investigation, and the recovery action against Mr Kuan, by requiring the Company to hand over all hard drives and other sources of potential evidence.
6. The Board is gravely concerned about the effect of the orders that Clee is seeking, and the fact that Clee is relying on the evidence of Mr Kuan as a witness.
7. At the EGM, Clee and the Requisitioners will seek to remove all existing Directors of the Company, and instal three directors nominated by them.
8. The proposed replacement Directors appear to have no experience or qualifications at all as directors of listed companies, in Australia or elsewhere.
9. Clee and the Requisitioners have presented no positive plan whatsoever to improve the operations of the Company, or to restore value to shareholders.
10. The current Board has far greater depth of knowledge and expertise in operating the Company's businesses in Malaysia and Indonesia, as well as significant credentials as directors of ASX listed companies.
11. The Board seeks to continue its efforts to recover the assets misappropriated from the Company. This can only be assured if shareholders vote AGAINST all the proposed resolutions.
12. The Board also seeks to move ahead with its strategy to expand the Company's existing digital payments business, working together with its investment partner, IDSB, and to maximise the value of the Company's assets.

For the reasons set out in full in the Notice of Meeting, the Board recommends that all shareholders vote AGAINST all resolutions.

IOUPAY LIMITED

ACN 091 192 871

NOTICE OF GENERAL MEETING

TIME: 2:00pm (Sydney time, AEST)

DATE: Wednesday, 3 May 2023

PLACE: Automic Group
Level 5, 126 Phillip Street,
Sydney NSW 2000

The Board recommends that all shareholders vote

AGAINST

all Resolutions in the Notice of Meeting

This Notice of Meeting should be read in its entirety. Shareholders in doubt as to how they should vote should seek advice from their professional advisers prior to voting.

STATEMENT FROM THE BOARD

In recent weeks, the Company has been rocked by the Board's discovery of a suspected significant fraud in its Malaysian operations. The sophisticated fraud also deceived the Company's auditors, but has now been stopped by the Board and action to recover funds is underway.

The Company's former CFO, Kenneth Kuan Choon Hsuing, is currently being investigated by the Malaysian police authorities. In addition, the Company has commenced recovery action against Mr Kuan, and executed search and seizure orders against him on 24 March 2023. These powerful orders from the High Court of Malaysia are rarely granted. They require strong evidence of apparent wrongdoing, sufficient to convince a judge that urgent action must be taken to search a defendant's premises and preserve assets for recovery by the wronged party.

At the same time as requisitioning this meeting, Capital Pty Limited ("**Clee**") commenced action in the Federal Court of Australia. Clee filed evidence from Mr Kuan as a key witness in support of its action. The urgent orders sought by Clee would prevent the Company from making any payments outside the ordinary course of business (with limited exceptions), which would hamper the Company's attempts to recover the missing assets.

Clee is also seeking orders preventing the Company from raising any capital or entering any loan agreements. If granted, these orders will prevent the Company from raising money for working capital and other purposes, which the Board believes would severely prejudice its business interests and make it more difficult for the Company's shares to be restored to trading on the ASX.

The Board is gravely concerned about the effect of the orders that Clee is seeking, and the fact that Clee is relying on the evidence of Mr Kuan as a witness.

Clee and four other small shareholders, who between them hold just over 5% of the Company's shares, are now trying to convince you that the Board should be removed, and replaced with three directors nominated by them.

Shareholders should ask themselves about both the motivation and credentials of those who are proposed to replace the existing Directors of the Company. No doubt there may be people more suited to meet the requirements and challenges of the Company than the current Board, but it is far from apparent that all, or indeed any of those nominated to replace the current Directors are suitable appointees to the Board.

Clee and the other Requisitioners have presented no positive plan whatsoever to improve the operations of the Company. Their public statements make vague accusations of wrongdoing on the part of the Board or certain members of it, but no evidence to support those claims has ever been produced.

In reality, what is obvious to the Board is that Clee, in concert with Mr Kuan and others who stand to lose from the successful prosecution of the Company's legal claims, wish to assume control of the Company without offering shareholders either a premium for control, or the realistic hope of improved enterprise value. There is no scenario under which there would be any winners from this, other than Clee and Mr Kuan and their associates and collaborators.

Actions Taken by the Board

Prior to the discovery of the fraud, the Board announced on 6 March 2023 that it is focused on cost reductions where appropriate, and driving improved efficiencies within the business to better position the Company for sustained growth.

The Board moved immediately to reduce costs and accelerate its already-planned program of increased efficiencies. This is in line with the already-planned new strategic direction of the business.

The Company has now restarted its buy now, pay later (BNPL) business, with a focus on a strictly limited number of existing profitable merchant customers. Cash will be returned to the business over time as the BNPL portfolio is reduced in size.

The Company has commenced a reduction in headcount in the Malaysian office, with a number of senior managers associated with the former CFO leaving the business. The new streamlined team is already working at the optimum level to ensure business sustainability.

The office premises will be reduced in size accordingly, and other cost reductions will be implemented across the business, in areas such as outdoor advertising and travel expenses for local staff.

In addition, on 14 March 2023, the Board approached Crowe Malaysia PLT ("**Crowe**") and has engaged them to conduct an independent forensic audit of all suspicious transactions.

The Board's Revised Strategy for the Company

The fraud matter has accelerated the Board's plans to adopt a revised business strategy.

The core of the Company's business has always been its fintech and digital commerce software and services aimed at enterprise clients in South East Asia. The Company connects banks and merchants with their customers via smart technology platforms, supporting secure mobile payments, messaging and authentication services.

The business focus can therefore be described as "Digital Payments in Southeast Asia", which was the title and theme of the detailed investor presentation released to the market on 16 March 2021. The objective of the business was stated as follows: "*Our goal is to be one of the leading digital transaction processors in the booming cashless economies of South East Asia.*"

That investor presentation outlined the large market size and value for the Company's technology in South East Asia. It also noted the Company's plans to expand its digital commerce services, and add a number of new products to drive growth, one of which was the BNPL business.

The Company's BNPL Service in Context

In the Company's case, its BNPL offering is and was simply another way of connecting merchant communities with their customers. The Company launched its "myIOU" consumer app, and seeded the BNPL platform by using its own cash to make revolving short-term loans to consumers. The launch and expansion of the business required a significant investment in marketing and customer support. The BNPL platform has now been built and a popular brand and user community established.

The size and scale of the BNPL business has always been too small to be sustainable, and rising global interest rates have made it difficult to obtain the wholesale funding required to expand the business to a viable size.

Strategic focus

The Company has never been focussed solely on BNPL as its primary activity. In February 2021, the Company conducted a significant capital raising, with the funds to be used as per the Company's ASX release on 18 February 2021:

"The Company will be applying the proceeds from the placement towards funding existing operations including digital payments and BNPL inventories, new BNPL product development,

expansion of the Company's Malaysian operations, expansion in South East Asia, administrative and other costs...."

A major strategic initiative undertaken to expand the Company's Malaysian operations was the investment in iDestinasi Sdn Bhd (**IDSB**) in September 2021. IDSB is one of Malaysia's largest finance companies, acting as a specialist outsourced agent for banks for in-field origination, execution and settlement of loans, generating upfront transaction fees and ongoing account management fees. Currently the Company owns 21% of IDSB, with a second tranche of 13% still to be completed, for an overall investment of \$24 million.

IDSB is especially attractive as it does not risk its own balance sheet to make loans, but instead manages a high quality borrower portfolio of civil servants. There are approximately 1.6 million civil servants in Malaysia, with highly prized jobs and salaries guaranteed by the Malaysian Government. IDSB has a valuable Accountant General Salary Deduction Code ("AG Code"), allowing IDSB to deduct loan repayments from the salaries of civil servants directly at the paymaster source, on par with the Malaysian Government civil servant payroll agency. The AG Code held by IDSB is currently being renewed, with renewal expected to be finalised by late April 2023.

IDSB is a strongly profitable business, with the potential for further growth as Malaysia recovers from the Covid lockdowns, and via the development of new banking relationships. For a period of more than 10 years, IDSB was tied to offering loans on an exclusive basis from one bank only, but is now adding new banking partners. This includes Malaysia's largest banks, who are eager to offer credit to the high quality civil servant customer base serviced by IDSB.

IDSB is complementary to the Company's strategy of connecting banks and enterprises with their customers. The use of the Company's smart technology platforms facilitates the generation of transaction fees, by servicing banks and engaging with merchant networks. As IDSB expands its operations to work with larger banks, it will need to upgrade its IT systems to meet the requirements of those banks. The Company's payment platform already meets those requirements, as it currently services more than 20 of Malaysia's leading banks, insurers and telcos.

There are thus significant opportunities for the Company and IDSB to work together and expand the operations of both entities. The partnership with IDSB offers a unique competitive advantage that no other instalment credit or BNPL provider in Malaysia can match. In turn, the Company's investment in IDSB is currently producing regular dividend payments, which are expected to continue to increase, for the benefit of the Company's shareholders.

The Company's Mobile Banking division continues to grow, with record transaction volumes in recent months, and discussions under way with significant new partners. The Company's platform is trusted by banks and telcos to handle bill payments, banking, authentication, e-commerce, and other highly sensitive financial activities. This division is profitable and will continue to operate and provide the core of the Company's fintech offering.

In future the Company will act as an originator and servicer of loans and other financial products, allowing banks and other top tier merchants to service large customer communities. This may include a wholesale BNPL product offered by merchants themselves. The Company's business model will more closely resemble that of its investment partner, IDSB, as the Company will not use its own cash to make loans.

The Company's objective, to become a leading digital transaction processor in South East Asia, has not changed. With this refined strategy, the aim is to create a leading diversified fintech business, with the aim in due course become a profitable dividend-paying ASX-listed entity.

The Board seeks your support to move ahead with this positive strategy to improve the value of the business. The Board also seeks your support to continue its attempts to recover the funds misappropriated from shareholders, and to prosecute those responsible, in conjunction with the Malaysian police investigation.

The Board recommends that all shareholders vote AGAINST all Resolutions.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of IOUpay Limited (**Company** or **IOUpay**) will be held at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000, on Wednesday, 3 May 2023, at 2:00pm (Sydney time, AEST).

The Explanatory Statement that accompanies and forms part of this Notice of Meeting sets out the background information on the Resolutions to be considered. The Proxy Form also forms part of this Notice of Meeting.

This Notice of Meeting, Explanatory Statement and Proxy Form should be read in their entirety.

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

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 Shareholders of the Company as at 2:00pm (AEDT) on 1 May 2023.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
 - the proxy need not be a Shareholder of the Company; and
-

- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

A proxy may be an individual or a body corporate. If a body corporate is appointed, the proxy form must indicate the full name of the body corporate and the full name and title of the individual representative of the body corporate for the Meeting.

A Proxy Form accompanies this notice. If a Shareholder wishes to appoint more than 1 proxy, they may make a copy of the Proxy Form attached to this Notice. For the Proxy Form to be valid it must be received together with the power of attorney or other authority (if any) under which the form is signed, or a (notarially) certified copy of that power or authority.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy. Broadly, these provisions provide that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- 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**:

- 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);
- 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;
- 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
- 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:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's shareholders;
- the appointed proxy is not the Chair of the meeting;
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; and
 - 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 that meeting.

Proxy Voting by the Chair

If you complete a Proxy Form that authorises the Chair of the Meeting to vote on your behalf as proxy, and you do not mark any of the boxes so as to give him directions about how your vote should be cast, then you will be taken to have expressly authorised the Chair to exercise your proxy on the Resolution. In accordance with this express authority provided by you, the Chair intends to vote all undirected proxies AGAINST all resolutions. If you wish to appoint the Chair of the Meeting as your proxy, and you wish to direct him how to vote, please tick the appropriate boxes on the Proxy Form.

CORPORATE REPRESENTATIVES

Any corporation which is a Shareholder of the Company may appoint a proxy, as set out above, or authorise (by certificate under common seal or other form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chair) a natural person to act as its representative at any general meeting.

Corporate representatives are requested to bring appropriate evidence of appointment as a representative in accordance with the Constitution. Attorneys are requested to bring an original or certified copy of the power of attorney pursuant to which they were appointed. Proof of identity is also required for corporate representatives and attorneys.

SHAREHOLDER COMMUNICATIONS

Shareholders may elect to receive certain documents including annual reports and notice of meetings (proxy/voting forms) as follows:

- (a) You can make a standing election to receive the documents in physical or electronic form;
- (b) You can make a one-off request to receive a document in physical or electronic form; or
- (c) You can tell us if you do not want to receive a hard-copy of the Annual Report.

The Company is committed to minimising paper usage and encourage all Shareholders to make the switch to paperless communications and provide us with your email address. To make the change, go to <https://investor.automic.com.au/#/loginsah> and follow the prompts. Shareholder documents are always available to access on our website and the ASX Platform.

ITEMS OF BUSINESS

1. Resolution 1: Election Of Gregory Woszczalski As A Director Of The Company

“That, Gregory Woszczalski, having consented to act as a director of the Company, be appointed a director of the Company effective immediately on the passing of this resolution.”

2. Resolution 2: Election Of David William Halliday As A Director Of The Company

“That, David William Halliday, having consented to act as a director of the Company, be appointed a director of the Company effective immediately on the passing of this resolution.”

3. Resolution 3: Election Of Mohammad Azizuddin Shahrudin As A Director Of The Company

“That, Mohammad Azizuddin Shahrudin, having consented to act as a director of the Company, be appointed a director of the Company effective immediately on the passing of this resolution.”

4. Resolution 4: Removal Of Lee Chin Wee As A Director Of The Company

“That, pursuant to, and in accordance with section 203D of the Corporations Act 2001 (Cth), Lee Chin Wee be removed as a director of the Company effective immediately on the passing of this resolution.”

5. Resolution 5: Removal Of Khairul Idham Bin Ismail As A Director Of The Company

“That, pursuant to, and in accordance with section 203D of the Corporations Act 2001 (Cth), Khairul Idham Bin Ismail be removed as a director of the Company effective immediately on the passing of this resolution.”

6. Resolution 6: Removal Of Paul William Russell As A Director Of The Company

“That, pursuant to, and in accordance with section 203D of the Corporations Act 2001 (Cth), Paul William Russell be removed as a director of the Company effective immediately on the passing of this resolution.”

7. Resolution 7: Removal Of Kwong Yang Chong As A Director Of The Company

“That, pursuant to, and in accordance with section 203D of the Corporations Act 2001 (Cth), Kwong Yang Chong be removed as a director of the Company effective immediately on the passing of this resolution.”

8. Resolution 8: Removal Of New Directors

“That, pursuant to, and in accordance with section 203D of the Corporations Act 2001 (Cth), each person appointed as a director of the Company on or after 2 March 2023 until the close of this general meeting (other than any person elected or appointed as a director following their nomination by the members of the Company issuing the section 203D(2) notice dated 2 March 2023) be removed as a director of the Company effective immediately on the passing of this resolution.”

By order of the Board

Ben Reichel

Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at an Extraordinary General Meeting to be held at Automic Group, Level 5, 126 Phillip Street, Sydney NSW 2000 on Wednesday 3 May 2023, at 2:00pm (AEST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

ASX takes no responsibility for the contents of the Notice or the Explanatory Statement.

This Explanatory Statement does not take into account any person's investment objectives, financial situation or particular needs. If you are in any doubt about what to do in relation to the Meeting you should consult your financial or other professional adviser.

1. BACKGROUND

The EGM has been called pursuant to a notice requisitioning a general meeting under section 249D of the Corporations Act 2001 (Cth) (Corporations Act), from shareholders holding at least 5% of the votes that may be cast at the meeting.

The notice was signed by the following entities ("the Requisitioners"):

- (1) Clee Capital Pty Ltd (ACN 637 619 937);
- (2) Finran Pty Ltd (ACN 664 481 789);
- (3) Liquipure Aust Pty Ltd (ACN 107 269 803);
- (4) Rookesbury Pty Ltd (ACN 061 932 321);
- (5) First State Pty Limited (ACN 155 959 569).

The notice states that Clee Capital Pty Ltd is representing the Requisitioners in this matter.

Under section 249D of the Corporations Act, the Board must call and arrange to hold a general meeting on the request of Shareholders with at least 5% of the votes that may be cast at the general meeting. The Board must call the meeting within 21 days after the request is given, and the meeting must be held not later than 2 months after the relevant notice has been received.

The Requisitioning Shareholders held 5.08% of the votes that may be cast at a general meeting of the Company (as determined as at the time required by section 249D(4) of the Corporations Act). Accordingly the EGM has been called in accordance with the Company's legal obligations. The Board does not support the resolutions to be put to the EGM.

2. RESOLUTIONS

2.1 Background

The proposed resolutions call for the removal of the existing four Directors of the Company, and the appointment of three new Directors.

The notice of requisition also included a resolution for the removal of Dato' Wan Asmadi Wan Ahmad as a Director. However, Dato' Wan resigned as a Director on 5 March 2023. Accordingly, that proposed resolution is moot and has not been included in this Notice of Meeting.

2.2 The proposed Directors

The Board has not been provided with any information from the Requisitioners about the experience, qualifications, or credentials of the proposed Directors nominated by them, other than a statement that Mr Greg Woszczalski is the co-founder of Grow Finance. According to its website, Grow Finance is based in Australia. It offers invoice financing and other financing solutions for small to medium enterprises that “*struggle to get traction with larger, traditional banking lenders*”, and businesses “*that might not have the long track record, financials, or scale to be able to deal with traditional bank lenders.*”

The second proposed Director, Mr David William Halliday, appears to be a partner of Aesir Capital, a corporate advisory and finance business based in Sydney, Australia. According to its website, Aesir Capital has completed a number of deals, with the largest one listed being acting as corporate adviser for GetSwift Limited (ASX:GSW) and acting as sole lead manager for two placements by GetSwift in 2017, raising a total of \$99 million. GetSwift has since been delisted from the ASX.

The third proposed Director, Mr Mohammad Azizuddin Shahrudin, appears to be an executive of businesses that compete with the Company in the Malaysian market. Mr Shahrudin's LinkedIn profile states that he is Director of Fatfish Ventures, a unit of Fatfish Internet Group (ASX:FFG). According to its website, Fatfish Internet Group has an investment in a digital payments businesses in Malaysia named BetterPay. Mr Shahrudin claims to be a director of BetterPay.

Fatfish Internet Group also has investments in term finance and buy now, pay later (BNPL) businesses in Malaysia, called SmartFunding and Payslowslow. These businesses compete with the Company in the Malaysian payments and term financing market.

None of the proposed Directors appear to have any credentials or experience whatsoever as directors of listed public companies, in Australia or elsewhere.

Further, the proposed Directors appear to have no relevant experience whatsoever in the businesses that the Company operates in the Malaysian market, other than Mr Shahrudin who works for a competitor.

2.3 The current Board

The current Board is an experienced team of professionals with diverse and complementary skill sets: corporate executive management, audit & accounting, legal, capital markets, banking & finance, technology & engineering. The Board has deep knowledge of, and decades of experience in, Malaysia and South East Asia, and significant experience as directors of ASX listed companies.

Under the leadership of Executive Chairman Isaac Chong, with his extensive background in large corporates, South East Asia and corporate finance, along with the core technical expertise and knowledge of founder and Managing Director Aaron Lee, the current Board of Directors is the right team for the task at hand to preserve the valuable assets of the Company, optimise the value of the IDSB investment and restructure the lending business to an operating model as an originator and servicer of financial products to banks and top tier merchants, rather than using its own balance sheet to fund loans.

The new strategic direction of the business was being developing during 2022, including the strategic partnership agreement with IDSB and establishing product distribution relationships with new partners, but has now been accelerated along with cost reductions and improved operating efficiencies to deal with strained financial position resulting from the recently-discovered fraud.

Together with its detailed knowledge of the business and local economy, this team has the skills and relationships to restore and grow shareholder value.

2.4 Statements by Clee and Mr Paul Russell

Attached to this Notice of Meeting are a statement from Clee and the Requisitioners pursuant to s249P of the Corporations Act.

There is also a statement from Mr Paul Russell under s203D of the Corporations Act, which refutes a number of the claims made by Clee.

GLOSSARY

AEST means Australian Eastern Standard Time as observed in Sydney, New South Wales.

Extraordinary General Meeting or **EGM** or **Meeting** means the meeting convened by the Notice.

ASX means ASX Limited or the market operated by it, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

Chair means the chair of the Meeting.

Company or **IOUpay** means IOUpay Limited (ACN 091 192 871).

Constitution means the Company's constitution.

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

Directors means the directors of the Company from time to time.

Equity Securities includes a share, a right to a share or option, an option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution set out in the Notice.

Securities as defined in Chapter 19 of the ASX Listing Rules.

Shareholder means a holder of a Share.

Clee Capital Pty Ltd's statement to the shareholders of IOUPay Limited

Dear Fellow Shareholders,

I am writing to you on behalf of Clee Capital Pty Ltd ("**Clee Capital**") and the following shareholders of IOU, who each hold:

- (a) Finran is the largest shareholder of IOU, holding 23,303,816 shares.
- (b) Liquipure Aus Pty Ltd: 2,130,000.
- (c) Rookesbury Pty Ltd: 1,238,612.
- (d) First State Pty Limited: 2,316,667.

Clee Capital, together with the abovementioned shareholders, has issued a 249D Notice pursuant to the Corporations Act 2001 ("**249D**") in order to call an extraordinary general meeting ("**The Meeting**") proposing to change the Board of Directors of IOU. For a number of reasons, we are dissatisfied with the performance of the current Board and ask fellow shareholders to support the upcoming vote to remove all of the current directors and replace them with new directors consisting of Mr Gregory Woszczalski, Mr David William Halliday, Mohammed Azizuddin Shahrudin ("**New Directors**").

For further background, Clee Capital is the firm responsible as lead manager for the AUD \$50,000,000 capital raise at 50 cents per share which we completed for IOUPay Limited ("**IOU**") on 18 February 2021. Since that time, under the tenure of the IOU Board and Management, the IOU share price has dramatically declined over 90%. We are calling for a new direction.

Reasons shareholders should vote in favour of removing the current Directors

We have a number of concerns which are published in more detail on www.iou249d.com. By way of short summary, our concerns include:

- On 12 May 2022 at 11:30am, Terence Clee ("**Terence**") on behalf of Clee Capital and another of our investors who is a party to our 249D Notice met in person with Paul Russell ("**Paul**"). Paul is the Non-Executive Director of IOU who at the time according to the most recent annual report of IOU was paid over \$200,000 a year to handle investor relations for IOU

(whilst IOU simultaneously employs a professional firm M & C Partners to perform this non-core function). During this meeting, Terence raised with Paul various concerns about the management of IOU and the involvement of Anthony Dunlop ("**Anthony**"), who is facing criminal charges brought by ASIC, in IOU's daily operations. Anthony had introduced Paul to his role at IOU. Paul was shocked to hear Anthony was facing ASIC charges. We asked Paul seek to have Anthony removed from IOU operations. Paul later ceased contact with Terence.

- On 1 March 2023 IOU released to the market its Half Yearly Report which received auditor sign off. Based on the report, IOU and the various business units including the important BNPL business in Malaysia appeared to be in a strong and solvent position.
- On 2 and 3rd of March 2023, Clee Capital informed IOU of its intention to bring a 249D to call The Meeting to replace the IOU Board.
- On the morning of 6 March 2023, the Chairman and Company Secretary of IOU resigned their positions and the ASX announcement regarding this did not make mention of Clee Capital's 249D. IOU did not release news to the market of Clee Capital's request for The Meeting to change the Board until the morning of 7 March 2023. During the period between Clee Capital providing the 249D and that announcement the IOU share price had declined approximately 30% and over 30,000,000 shares were traded on the ASX. Very large selling of IOU shares occurred, which Clee Capital has written to the ASX asking them to investigate this trading activity and the reasons why IOU waited a significant period of time to notify the market of the 249D.
- On 13 March 2023, IOU dismisses its CFO Mr Kenneth Kuan ("**Mr Kuan**"). Clee Capital has sighted Mr Kuan's dismissal letter from IOU. The reasoning in the letter is that Mr Kuan refused to transfer sums of money out of the Malaysian operating business at the request of Director Mr Aaron Lee ("**Mr Lee**"). Meaning, he disobeyed Mr Lee's directions. Mr Kuan has informed Clee Capital that his actions arose out of concerns regarding the businesses' ability to pay merchants and staff. We now understand that payments to IOU's merchants are on hold and requests have been made for staff to voluntarily resign their positions.

- The Board, having dismissed Mr Kuan for the reason of not obeying directions of Mr Lee, now cites in ASX announcements a different reason to the dismissal letter; the reasons of a fraud investigation in to Mr Kuan.
- Clee Capital as an outsider is unable to determine the validity of the fraud allegations in the company which the current Board claims to be investigating. We have made requests for information which have not been forthcoming.

Future plans of the New Directors if elected

Clee Capital and our investors believe that the New Directors of IOU must be elected by the shareholders to conduct a comprehensive strategic review of the IOU business operations and an independent investigation of all fraud allegations involving the company. This process must be an independent process to be conducted by the New Directors who shall appoint an independent investigator.

If appointed, the New Director that will lead the investigation with the support of the rest of the New Board shall be Greg Woszczalski. He is the co-founder of Grow Finance (<https://www.grow.com.au>). Grow Finance is a leading lending partner for SME businesses that are looking to grow, manage cash flow and deal in today's increasingly complex and competitive operating environment. Grow employs over 50 staff and is operational in 4 Australian states. In 2022, Japan's Nomura Bank which invested \$35 million in to an equity raise and Grow also obtained from a number of banks a \$450 million warehouse facility.

We also wish to provide you with comprehensive biographies and interviews with the proposed New Directors as well as other information about the future plans. We have unfortunately been limited to 1000 words in this letter. For shareholders seeking more information in order to inform their decision we encourage you to visit www.iou249d.com.

Statement from Paul Russell to the shareholders of IOUpay Limited

There are a number of misrepresentations about my position with the Company made by Clee Capital Pty Limited (“Clee”) in its statement included in this Notice of Meeting, and also I understand in discussions with shareholders. In the interests of shareholders making an informed decision on the resolutions proposed, I believe they should be aware of the facts.

- The statement made by Clee that I “was paid over \$200,000 a year to handle investor relations” is untrue. As shown in the Company’s Annual Reports (FY21 & FY22), my consultancy agreement paid \$10,500 per month in those periods. It has since been terminated by mutual agreement, and is not currently paying me anything;
- There was no material duplication of functions between M+C Partners and my consultancy agreement. To suggest otherwise indicates either dishonesty or ignorance;
- I have only ever met with Terence Clee once and have no relationship with him, so to claim that I “later ceased contact” is disingenuous to say the least;
- Following the meeting with Mr Clee on 12 May 2022 at which he claimed there were issues at the Company to be investigated, I reported the details to the IOU Chairman. I also conducted my own enquiries in accordance with my duties as a director, and reached the assessment that Mr Clee was likely in some form of dispute with Anthony Dunlop over past dealings;
- Mr Dunlop is not involved in the operations of the Company, he is not a director and has no influence over the Board. I consider that Clee’s claims in this regard are wrong;
- Through mutual agreement with the Company, I stepped down from my executive functions and terminated the Consultancy Agreement effective 1 March 2023. This was clearly announced to ASX on 6 March 2023 (under separate heading) in the Business and Operational Update;
- Given my increasing family commitments and in light of the significant issues now being addressed (including cost reductions and strategy re-alignment, and the s249D notice recently received) it made sense for the incoming Company Secretary, Ben Reichel, to assume responsibility for investor relations. Mr Reichel is eminently qualified to fulfil this role and has my complete support. I am continuing to assist Mr Reichel and the Company in every way possible.

Proxy Voting Form

If you are attending the meeting in person, please bring this with you for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Your proxy voting instruction must be received by **2.00pm (AEST) on Monday, 1 May 2023**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

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 Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at
<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



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