

ASX RELEASE | I Synergy Group Limited (ASX:IS3)

IS3 Enters into Sale and Purchase Agreement with its Technology provider Ocean Nexus SDN BHD

17 March 2020

I Synergy Group Limited (**I Synergy Group** or the **Company**) is pleased to announce it has executed an agreement to acquire the entire issued capital of a technology company Ocean Nexus SDN BHD, a company incorporated in Malaysia (Company Number 1129587-A) (**Ocean Nexus**) (**Agreement**).

Ocean Nexus is a private limited company incorporated in Malaysia and is principally engaged in the business of providing customised software design and development services & solutions to customers. I Synergy Group has used this technology company as a supplier for 18 months and has now performed due diligence on the accounting, financial and legal aspects of Ocean Nexus prior to the execution of this sale Agreement.

As at today and upon execution of the Agreement, Ocean Nexus has two shareholders (together “the **Vendors**”) and their shareholdings are:

- Mrs Koh Shuk Huay owing 85% interest; and
- Mr Lee Chen Hui owning 15% interest

The key details of the Agreement are as follows:

Purchase price :

The Purchase Price for the entire issued capital of Ocean Nexus shall comprise circa ~A\$282,000 cash and equity over the following components (together, the “Balance Purchase Price”):

- An upfront cash payment of RM200,000 (~\$A75,000) which will be paid immediately;
- The balance purchase price of RM550,000 (\$207,000) is to be paid as follows 437,500 fully paid ordinary shares which equates to A\$87,500 and deferred milestone consideration of \$113,000;
- One year after the Agreement execution date, the Company is to issue a fixed numbers of 437,500 fully paid ordinary shares to the Vendors at a deemed value of \$0.20 per share for a total deemed value of A\$94,000 (being a deemed equivalent value of RM250,000). These shares will be issued under the Company’s 15% capacity under ASX Listing Rule 7.1. The Company will today lodge an Appendix 3B for the proposed issue of securities; and
- As deferred milestone consideration, the Company to immediately deposit RM300,000 (~A\$113,000) to an interest-bearing solicitor’s trust account, with RM100,000 in cash to be released (together with interest earned) to the Vendors each year on each anniversary of the Execution Date for three anniversary years of 2021, 2022 and 2023.

RM means currency of Malaysian Ringgit. \$ means Australian dollars.

For information purposes A\$1 equals 2.65RM

Execution Date and Conditions precedent to Settlement:

Upon execution of the Agreement the Company received title to the entire issued capital of Ocean Nexus.

The settlement date of the Agreement is immediately following the payment of the Balance Purchase Price, which is conditional upon the Company receiving all necessary shareholder and regulatory approvals to issue the share consideration and is subject to any adjustments from cessation of Lock in Period employment (see below).

Employment Contracts:

The Vendors also have agreed to enter into employment arrangements with the Company for a period of three years from the Agreement execution date ("Lock in Period"). If any Vendor ceases employment during the Lock in Period then they may jointly forfeit any unpaid purchase price in accordance with the Agreement.

Mr Huay has been appointed as Chief Information Officer ("CIO") to the Company.

Mrs Koh Shuk Huay (85% Shareholder of Ocean Nexus)

Shuk Huay is the founder and CEO of a boutique software development firm. She was the Chief Product Officer of a travel technology firm and her past experience in the tech industry involves the ideation of a decentralized booking platform and various technological products for over 30 clients. Her current role at I Synergy as Chief Information Officer puts her in charge of I Synergy's technological road map and value offerings that will be rolled out in the near future.

Further Mr Hui has been appointed as Chief Technology Officer ("CTO") **(15% Shareholder of Ocean Nexus)**

Mr Lee Chen Hui (15% shareholder of Ocean Nexus)

A graduate of Monash University, Ray co-founded his own software development company while earning his degree in Computer Science. He has extensive experience with various technology stacks and has been a programmer since the age of 13. Ray has managed complex solution designs including cloud-based applications, blockchain application development, lightning network and smart contracts on the Ethereum blockchain. As the Chief Technology Officer of I Synergy, he now heads the development team and oversees all development processes within the company.

The acquisition enables the company to have technical IT expertise within the company rather than externally contracted and will strengthen our group IT capabilities in the ecommerce arena.

Dato Chee Hong Teo, MD, commented:

"This existing Acquisition will enable I Synergy Group Limited to enhance its software and IT capability software development activities which will enhance its revenue generating potential."

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This announcement was authorised for release by the board of I Synergy Group Limited

About I Synergy Group Limited (ASX: IS3)

I Synergy Group Limited ("iSYNERGY") is a leading affiliate marketing network and solutions provider. iSYNERGY connects advertisers with affiliates via its affiliate marketing platform to deliver performance-based solutions that enhance product/brand awareness and drive business leads. The affiliate marketing platform, Affiliate Junction, is home to more than 30,000 affiliates and 2,500 advertisers. Under the platform, there is a variety of affiliate programs available which cater to various industry verticals and markets. To learn more, please visit: www.i-synergygroup.com



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