

**I Synergy Holdings Berhad (Co No: 1138715-H)**

Address: B-1-15, Block B, 8th Avenue, Jalan Sungai Jernih 8/1, Section 8, 46050 Petaling Jaya, Selangor

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**I Synergy Holdings Berhad (“NSX:ISY”)**

**Announcement 23<sup>rd</sup> February 2018**

**DISCUSSION WITH X SPA BEAUTY**

I Synergy Holdings Berhad is in discussions with a company X Spa Beauty Sdn Bhd. The purpose of the discussions is to reach an agreement for the acquisition of X Spa by I Synergy. Current negotiations are being held with the expectation of signing a Memorandum of Understanding in the near future.

The objective of the acquisition is I Synergy to reposition its business direction after disposal of its core business in last year. The management believe that the acquisition to create and enhance value to the shareholders to allow the existing I Synergy shareholders to participate in the growth in X Spa business and expansion. It is estimated it could take 3-4 months after signing the Memorandum of Understanding where I Synergy will perform due diligence on the X Spa and call for shareholders meeting in resolving the acquisition. The purchase price will be satisfied through the issue of consideration shares. The outcome of the transaction will likely result in the shareholders of X Spa constitute the majority of the shareholding of I Synergy. The final shareholding distribution will depend of the final valuation of the X Spa business.

The expectation at this stage is that a transaction will be concluded during the second quarter of 2018. The company will keep shareholders informed about progress.

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### **About X Spa Beauty:**

*X Spa is in the process of setting up a chain of salons which will provide a range of services such as facial treatments, body treatments, slimming programs, Spa, hair removal, manicures, pedicures and other beauty related services.*

*The company has been recently set up and has an aim of establishing about 20 salons during 2018 and 2019. The company is managed by industry professionals who have up to 15 years of experience in the beauty industry. The CEO is Dato' Jess Low who has had a number of key roles in various famous beauty salons in Malaysia. She is ably supported by a management team of 3 professionals who have had many years of experience in the industry.*

### **Key success factors of X Spa Beauty:**

The key success factors for X Spa Beauty are location, environment, convenience and reputation.

X Spa Beauty also conducts several marketing plans to promote their business to the public, such as advertisements on cars, live broadcast to introduce their services, packages and products to the public through Facebook, distributes leaflets in malls, billboards along the roadside, roadshows, free shuttle bus services and advertisements on Facebook, Instagram, Wechat and Youtube.

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X Spa Beauty sets themselves apart from other conventional beauty salons in Malaysia. The comparisons between other beauty salons and X Spa Beauty are shown in the table below:

	Other Beauty Salons in Malaysia	X Spa Beauty
Organizational & Culture	<ul style="list-style-type: none"><li>• High turnover rate of beauticians</li><li>• Lack of managerial skills and strategic planning for the management</li><li>• Most do not have proper system in running the business</li></ul>	<ul style="list-style-type: none"><li>• Great employee incentives and benefits to keep the turnover rate low</li><li>• Management will organize trainings and events to keep employees motivated and happy</li><li>• Implemented system framework such as proper standards of practice, work system, etc</li><li>• Extended business hours compared to traditional beauty salons</li></ul>
Location	<ul style="list-style-type: none"><li>• Mostly located on the second floor of the shop lots</li><li>• Some located in shopping malls</li></ul>	<ul style="list-style-type: none"><li>• Located on ground floor, the entire block of shop lots or bungalows</li><li>• Stores in shopping malls</li></ul>
Marketing Plans	<ul style="list-style-type: none"><li>• Low customer retention &amp; limited budget for marketing</li><li>• Problems in getting new customers</li><li>• Small and unattractive signboards.</li></ul>	<ul style="list-style-type: none"><li>• Shuttle service provided</li><li>• TV advertising, Magazine and Socia Media</li><li>• Great loyalty reward programs which enable customers to spend their points at our partners' stores</li><li>• Attractive packages to get new customers and keeping the existing customers at the same time</li><li>• Participates in roadshows in charity events &amp; shopping malls to deliver free voucher</li><li>• Organizes various types of events for customers, eg: lucky draw, party &amp; etc.</li><li>• Attractive billboards on busy street.</li><li>• Huge signboard &amp; LED board outside the outlets</li><li>• Video shooting for treatments provided at outlet for advertising purposes</li></ul>

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Booking	<ul style="list-style-type: none"><li>• Have to make an appointment face to face</li></ul>	<ul style="list-style-type: none"><li>• Provide mobile app (X – Beauty App) for customers to make appointment and payment through the app</li></ul>
Product	<ul style="list-style-type: none"><li>• Selling general types of products in their stores: toner, moisturizer, sunblock, etc</li><li>• Could get the products from other retail stores</li><li>• May only sell one or two series of product</li></ul>	<ul style="list-style-type: none"><li>• Customized products based on the customers' skin conditions (Serumix)</li><li>• Only distributor in Malaysia</li><li>• Unique &amp; Customized skin care from Australia.</li></ul>
Services	<ul style="list-style-type: none"><li>• May offer only one or two types of services</li></ul>	<ul style="list-style-type: none"><li>• Offer a wide range of services for the convenience of the customers</li></ul>
Others	<ul style="list-style-type: none"><li>• Some do not have any devices and some only have up to 3 devices</li></ul>	<ul style="list-style-type: none"><li>• Exclusive &amp; High Technology Devices for treatments</li></ul>

X Spa Beauty will expand its business to other states of Malaysia within year 2018 and 2019. Upon successful expansion in Malaysia, X Spa Beauty will expand its business to Australia, China and other countries.

X Spa Beauty will start selling its products in Australia after the acquisition and in accordance with the business plan. The size, scope and the timing of the rollout will be included in the information that will be sent out to shareholders for them to approve the acquisition.

For more information about X Spa Beauty, you may refer to its official website at <http://x-spabeauty.com/en/>.

On behalf of the Board Dato Teo Chee Hong