

NSX ANNOUNCEMENT

11 July 2018

THE COMPANY'S ENTRY INTO A CONDITIONAL SHARE SALE AGREEMENT

I Synergy Holdings Berhad (NSX:ISY) (the **Company**) refers to the market update which it released on 2 July 2018 and is pleased to announce that it had on 11 July 2018 entered into a conditional Share Sale Agreement (the **Definitive Agreement**) to purchase the one ordinary share in and representing the entire issued and paid up share capital of Golden Best Innovation Sdn. Bhd. (the **Target Company**), a private company limited by shares incorporated in and under the laws of Malaysia. On or before completion of the Definitive Agreement, Target Company will, through a wholly-owned subsidiary registered in China (**WFOE**), be the registered and beneficial holder of the entire equity capital of Yunnan Yunshan Yunshui Food Co., Ltd. 【Official name: 云南云山云水食品有限公司】 (the **Operating Company**).

Principal terms of the Definitive Agreement, brief information on the Operating Company and the effect of completion of the Definitive Agreement on the Company's capital structure are set out in this announcement.

Defined terms

Unless the context otherwise permits, defined terms used in this announcement have the meanings given to them as follows:

Acquisition	The purchase of the one ordinary share in and representing the entire issued and paid up share capital of the Target Company on the terms and subject to the conditions set out in the Definitive Agreement.
Bonus Issue	The issue of 0.8895 new Share for each Share held by a Shareholder (with fractions of a bonus share being disregarded) at nil consideration, one business day before completion of the Acquisition. The 265,000 new Shares to be issued pursuant to the Placement Agreement, if approval for their issue under section 75 of Companies Act 2016 of Malaysia is received from Shareholders, will be entitled to this bonus issue.
CMSA	Capital Markets and Services Act 2007 of Malaysia, as amended from time to time.
Covenantor	BU Hucheng, the controlling shareholder of the Operating Company before its entire equity capital is transferred to WFOE.
Due Diligence	The financial, legal and all other relevant and necessary due diligence on the Target Group to be carried out by or on behalf of the Company.
NSX	National Stock Exchange of Australia Limited or, where the context so requires, the securities exchange which it operates.
Placement Agreement	The Subscription and Share Lending Agreement dated 29 June 2018 entered in by and amongst the Company, GEH Yean Chin and TEO Chee Hong.

Rules	The <i>Rules on Take-overs, Mergers and Compulsory Acquisitions</i> issued by the SC pursuant to section 377 of the CMSA.
SC	The Securities Commission, a statutory body established under the Securities Commission Act 1993 of Malaysia.
Shareholders	Holders of Shares.
Shares	CHESS Depositary Interests issued by the Company, each in and over one ordinary share in the issued and paid up share capital of the Company.
Target Group	The Target Company and its subsidiaries on completion date, namely WFOE and the Operating Company.
Vendor	Nalini A/P Subramaniam, as bare trustee holding the entire share capital of Target Company for the Covenantor and the other YSYS Shareholders
YSYS Shareholders	Legal and/or beneficial shareholders of the Operating Company before its entire equity capital is transferred to WFOE.

Principal terms

The principal terms of the Definitive Agreement are set out below:

Counter-parties:	(1) Nalini A/P Subramaniam (i.e., the Vendor) (2) BU Hucheng (i.e., the Covenantor)
Sale Share	The Vendor will sell and the Company will purchase one ordinary share in and representing the entire issued and paid-up share capital of Target Company (the Sale Share) on the terms and subject to the conditions set out in the Definitive Agreement.
Purchase consideration:	A\$23,400,000, to be satisfied in full by the issuance of the Consideration Shares to the YSYS Shareholders in the proportion of their interests in the Operating Company its entire equity capital is transferred to WFOE.
Consideration Shares:	90,000,000 new Shares, credited and being fully paid on their issue.
Completion Date:	The fifth business day from the date the last condition precedent is fulfilled.
Conditions precedents	Completion of the Acquisition is conditional upon: (a) The Company not being specified as a “company” ¹ for the purposes of Division 2 Part VI of the CMSA or, alternatively, a confirmation being received from the SC that it will disapply the Rules in relation to the Acquisition; (b) Results of the Due Diligence being, in the absolute discretion of the Company, satisfactory;

¹ If the Company is so specified as a “company” for the purposes of Division 2 Part VI of the CMSA, Malaysian takeover rules will apply. If the Rules do not apply, either because the Company is not so specified as a “company” or as a result of a determination by the SC, the Company intends to voluntarily apply Australian takeover rules.

- (c) NSX accepting the Suitability for Listing Submission in relation to the Target Group which the Company will submit to NSX in accordance with Practice Note 20;
- (d) The Operating Company being a wholly owned subsidiary of WFOE;
- (e) WFOE being a wholly owned subsidiary of the Target Company; and
- (f) Approvals under Listing Rule 6.41, and all other applicable rules and regulations, for the Acquisition being received from Shareholders.

Other terms:

Other relevant terms of the Placement Agreement are:

- (a) The Company undertakes to the Vendor and the Covenantor that it will not issue any new Share except for:
 - (i) the 265,000 new Shares to be issued pursuant to the Placement Agreement; and
 - (ii) bonus shares to be issued pursuant to the Bonus Issue.
- (b) The Covenantor undertakes and warrants to the Company and the Vendor, among others, that:
 - (i) he will provide in a timely manner and without undue delay all information, documents, explanations and unrestricted access to all management personnel of the Operating Company to the Company for the Company to complete the Due Diligence expeditiously;
 - (ii) he will pay, or indemnify the Company, for all professional and other advisers' fees which the Company will incur or had paid for the preparation and finalization of:
 - (A) the Suitability for Listing Submission in relation to the Target Group; and
 - (B) the notice of extraordinary general meeting to seek Shareholders' approvals for the Acquisition and other ancillary approvals; and
 - (iii) he is not aware of any circumstances which might reasonably be expected to materially and adversely affect:
 - (A) the financial position, business, operations, assets, profitability or prospects of the Operating Company; or
 - (B) the enterprise value of the Operating Company, other than circumstances affecting the industry in which the Operating Company participates as a whole.
- (c) The parties agree that it may be impossible to measure in monetary terms the damages that would be suffered by each of the Company and the Covenantor by reason of the failure by the Vendor to transfer the Sale Share on Completion Date. Therefore, the parties agree that the only remedy each of the

Company and the Covenantor has against the Vendor shall be specific performance.

Governing law: The laws of the Federation of Malaysia, the country of the Company's incorporation.

Information on Yunnan Yunshan Yunshui Food Co., Ltd.²

Yunnan Yunshan Yunshui Food Co., Ltd. produces and markets bottled and canned tropical fruit juices, with tamarind juice being its main product, under its own *Yunshan Yunshui* 【云山云水】 trademark. It commenced commercial operations in April 2014 when it obtained its business licence after its owned factory satisfactorily passed all the required production and food safety inspections. The Operating Company manufactures the products it sells at its factory located in Longchuan County, Dehong Autonomous Prefecture in Yunnan Province, China. The factory is located at the China-Myanmar border where the supplies of its principal raw materials, namely cane sugar and tamarind pulp, are in abundance.

The Operating Company maintains a branch office in Nanjing City in Jiangsu Province, which is located in the centre of one of the more densely populated and prosperous areas of China. The Nanjing branch office oversees brand promotion and market development. Currently, the Operating Company's products are sold to wholesalers and distributors in Beijing, Nanjing, Mangshi and Ruili.

Proposed director

The Company will appoint the Covenantor to the board as an executive director on and only upon completion of the Acquisition. Below is a brief profile² of the Covenantor:

BU Hucheng (Age 52) is an experienced entrepreneur, having operated a diverse range of businesses both in Jiangsu Province where he is from and in Yunnan Province where he is now settled. Prior to being an entrepreneur, he worked in the state-owned Jiangsu Province Supply & Marketing Co-operative. He graduated from China University of Mining & Technology in 1989 with a major in economic management, and obtained a master degree in International Finance from Shandong University in 1997. In addition to his stake in the Operating Company, he has interests in businesses in the jewellery, gemstone and agriculture industries.

Pending completion of the Acquisition, the Company is currently identifying candidates with listed company experience, not only with companies listed in Australia but with companies which are or were listed in Singapore and in Hong Kong, to strengthen the board. The Company will make an immediate announcement should a suitable candidate meeting this criteria is identified and appointed to the board.

Effect on capital structure

The capital structure of the Company before and after completion of the Acquisition, assuming the number bonus shares issued is 4,735,000, are as follows:

² The information set out in this section of the announcement is based on information and factual representations provided by the Covenantor and which the Company has not independently verified.

	Before the Acquisition		After completion of the Acquisition	
	No. of Shares	%	No. of Shares	%
Existing shareholders of the Company	5,000,000	100.00	10,000,000	10.00
BU Hucheng	—	—	50,800,000 ⁽¹⁾	50.80
JIA Yan	—	—	5,000,000 ⁽²⁾	5.00
Other YSYS Shareholders	—	—	34,200,000 ⁽³⁾	34.20
	5,000,000	100.00	100,000,000	100.00

Notes:

- (1) Includes 14,000,000 Shares which he will gift to Bu Yi, his adult but not yet financially independent son. Both BU Hucheng and BU Yi will offer all these 50,800,000 Shares to be restricted for 24 months from the date of their issue.
- (2) JIA Yan is the general manager of the Operating Company. He will offer all these 5,000,000 Shares to be restricted for 24 months from the date of their issue.
- (3) None of the other YSYS Shareholders will hold more than 5% of the Company's enlarged issued share capital.

Next steps

The Company will commence the Due Diligence shortly. Conditional upon the outcome of the Due Diligence being satisfactory, the Company will then make a Suitability for Listing Submission in relation to the Target Group to NSX in accordance with Practice Note 20, and conditional upon NSX accepting the Company's submission, the Company will convene an extraordinary general meeting to seek Shareholders' approval for the Acquisition and other other ancillary approvals.

Document for inspection

A copy of the Definitive Agreement will be available for inspection by Shareholders at the Company's principal place of business during normal business hours for a period of one month from 13 July 2018.

Director's interests

Save as disclosed above and their interests in the Company, none of the Company's directors or substantial shareholders have any interest in the Acquisition.

Continual and periodic update

The Company will continually update the market by way of an announcement when a significant milestone to completion of the Acquisition is reached. The Company will also make periodic updates on or about the fifteenth day of each month, the first such periodic update being scheduled to be released to the market on 15 August 2018.

Cautionary note

Shareholders and investors should note that there is no assurance that the results of Due Diligence will be satisfactory or that NSX will accept the Company's Suitability for Listing

Submission in relation to the Target Group. In the event either or both these events do not occur, the Company's ability to seek re-quotation of its securities will be adversely affected. Therefore, Shareholders and investors are advised to exercise caution when dealing in the Company's securities.

For and on behalf of
I Synergy Holdings Berhad

A handwritten signature in black ink, appearing to read 'Teo Chee Hong', is written over a light blue rectangular background.

Dato' Teo Chee Hong
Director