

28 January 2016

ASX ANNOUNCEMENT

AMENDMENT TO TERMS OF PROPOSED PERFORMANCE SHARES

Synergy Plus Limited (**Synergy** or the **Company**) refers to its Notice of General Meeting announced to the ASX on 24 December 2015 (**Notice**) regarding the acquisition of VGW Holdings Limited.

The Company advises that the parties have amended Clause 2(b) of the Performance Shares terms and conditions as set out in Schedule 3 and Resolutions 3 and 8 of the Notice. The amended terms and conditions of the proposed Performance Shares are set out in the schedule attached. The ASX have confirmed that terms and conditions are appropriate and equitable for the purposes of ASX Listing Rule 6.1.

For and on behalf of the Board

Domenic Martino

Director

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SCHEDULE - TERMS OF PROPOSED PERFORMANCE SHARES

There will be six classes of Performance Shares issued to Lance East Corporation. All six classes will have the same terms save for the performance milestones specified in clause 2(a) below. For the purposes of these terms, Performance Shares will refer to all six classes and means, collectively or separately as appropriate, the Class A Performance Shares, the Class B Performance Shares, the Class C Performance Shares, the Class D Performance Shares, the Class E Performance Shares and the Class F Performance Shares.

1. Rights attaching to Performance Shares

- (a) **(Nature of Performance Share)** Each Performance Share is a share in the capital of the Company.
- (b) **(General Meetings)** A Performance Share confers on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. The holder has the right to attend general meetings of Shareholders of the Company.
- (c) **(No Voting Rights)** A Performance Share does not entitle the holder to vote on any resolutions proposed at a general meeting of Shareholders of the Company.
- (d) **(No Dividend Rights)** A Performance Share does not entitle the holder to any dividends.
- (e) **(Rights on Winding Up)** The holder is not entitled to participate in the surplus profits or assets of the Company upon the winding up of the Company.
- (f) **(Not Transferable)** A Performance Share is not transferable, except as otherwise contemplated by these terms.
- (g) **(Reorganisation of Capital)** If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed to the extent necessary to comply with the applicable rules of any recognised securities exchange where the Company's Shares are listed (**Recognised Securities Exchange**) at the time of reorganisation (for example, the ASX Listing Rules).
- (h) **(Application to Recognised Securities Exchange)** If the Company is admitted to the Official List of a Recognised Securities Exchange (such as the ASX), a Performance Share will not be quoted on the Recognised Securities Exchange. However, upon conversion of a Performance Share into one (1) Share in accordance with clause 2(a), the Company must after the conversion, apply for the quotation on the relevant Recognised Securities Exchange of the Shares arising from the conversion in accordance with the rules of the Recognised Securities Exchange.
- (i) **(Amendments required by a Recognised Securities Exchange)** The terms of the Performance Shares may be amended by the Directors of the Company as reasonable or necessary in order to comply with the rules of a Recognised Securities Exchange, or any directions of the Recognised Securities Exchange regarding the terms, including where necessary to enable the Company to list on a Recognised Securities Exchange.
- (j) **(Participation in Entitlements and Bonus Issues)** The holder of a Performance Share will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(No Return of Capital)** A Performance Share does not entitle the holder to the return of any capital whether in a winding up, upon a reduction of capital or otherwise.
- (l) **(No Other Rights)** A Performance Share gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

2. Conversion of Performance Shares

- (a) **(Conversion on achievement of Milestones)** Subject to clauses 2(c), 2(d), 2(e) and 3 below, a Performance Share will convert into one (1) Share upon:
- (1) in the case of the 120,000,000 Class A Performance Shares, the achievement of A\$10.0 million in audited Annual Net Revenue by the Company (**Class A Milestone**);
 - (2) in the case of the 120,000,000 Class B Performance Shares, the achievement of A\$20.0 million in audited Annual Net Revenue by the Company (**Class B Milestone**);
 - (3) in the case of the 120,000,000 Class C Performance Shares, the achievement of A\$30.0 million in audited Annual Net Revenue by the Company (**Class C Milestone**);
 - (4) in the case of the 120,000,000 Class D Performance Shares, the achievement of A\$40.0 million in audited Annual Net Revenue by the Company (**Class D Milestone**);
 - (5) in the case of the 120,000,000 Class E Performance Shares, the achievement of A\$50.0 million in audited Annual Net Revenue by the Company (**Class E Milestone**) and
 - (6) in the case of the 50,000,000 Class F Performance Shares, the achievement of A\$100.0 million in audited Annual Net -Revenue by the Company (**Class F Milestone**).

For the purposes of this clause:

- (7) **A\$** means Australian dollars;
 - (8) **Annual Net Revenue** means the gross revenues (or player purchases) less refunds for the Company's fiscal year (being the period from 1 July to 30 June next) determined in accordance with *Generally Accepted Accounting Standards*; and
 - (9) a determination as to whether or not the above Milestones have been achieved, will be made by the Company's auditor immediately after completion of the audit of the Company's financial statements. In the absence of manifest error, the auditor's determination will be conclusive and binding on both the Company and the Holder.
- (b) **(Conversion on Control Event)** Subject to clauses 2(c), 2(d) and 2(e), and 3 below, a Performance Share will convert into one (1) Share upon a Control Event occurring provided always that if the Company is admitted to the Official List of a Recognised Securities Exchange (such as the ASX), the maximum number of Shares, in aggregate, a Holder of Performance Shares may obtain is 10% of the issued ordinary capital of the Company as at the date of conversion.

For the purposes of this clause, a **Control Event** means any of the following:

- (1) a takeover bid under Chapter 6 of the Corporations Act 2001 (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
- (2) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.

but does not include any transaction or event required to occur (at the reasonable discretion of the Board of the Company) as part of or to facilitate the Company becoming listed on a Recognised Securities Exchange.

- (c) **(Expiry Date)** The Milestones must be achieved on or before that date which is five (5) years following the issue date of the Performance Shares (**Expiry Date**).

- (d) **(No conversion if Milestone not Achieved)** Subject to clauses 2(c), 2(e) and clause 3 below, if a Milestone is not achieved on or before the Expiry Date, then all of the relevant Performance Shares held by the holder will **automatically consolidate into one (1) Share only (Automatic Conversion)**.
- (e) **(Compliance with law)** The conversion of a Performance Share is subject to compliance at all times with the Corporations Act and, if applicable, the rules of the Recognised Securities Exchange on which the Company is listed.
- (f) **(Conversion Procedure)** the Company will issue the holder with a new Share certificate or (if applicable) holding statement for the Shares as soon as practicable following the conversion of a Performance Share into a Share in accordance with condition 2(a).
- (g) **(Ranking of Shares)** The Shares into which the Performance Shares will convert will rank pari passu in all respects with existing Shares and will confer rights identical with all other Shares then on issue.

3. Shareholder Approval – Takeover Provisions

- (a) **(Conversion Event)** Where conversion of Performance Shares is to occur as a consequence of either:
 - (1) the achievement of a Milestone (pursuant to clause 2(a));
 - (2) the occurrence of a Control Event (pursuant to clause 2(b));
 - (3) Automatic Conversion (pursuant to clause 2(d)); or
 - (4) any other provision of these terms,

(each a **Conversion Event**), and the issue of the Shares on conversion of the Performance Shares (**Conversion Shares**) will or will be likely to result in an acquisition of a relevant interest in the Company's Shares which causes the voting power in the Company of any person and their associates (as defined in the Corporations Act) (**Defined Person**) exceeding, in aggregate, 19.99% (a **Threshold Event**), the Company must follow the procedure set out in 3(b) below.
- (b) **(Shareholder Approval)** Where clause 3(a) applies, prior to issuing the Conversion Shares:
 - (1) the Company must provide the Defined Person with 20 days after the Conversion Event occurs (**Prescribed Period**) to divest itself of the Performance Shares or make such other arrangements as may be necessary or appropriate so that the issue of the Conversion Shares will not result in a Threshold Event; and
 - (2) if at the end of the Prescribed Period, a Threshold Event still will or will be likely to occur as a result of the issue of the Conversion Shares, the Company must as soon as reasonably practicable and within 60 days after the Conversion Event, do all such things, including without limitation, convening one or more Shareholder meetings to obtain the Shareholder Approval (**Approval Meeting**), preparing and circulating to its members all materials required for the Approval Meeting and engaging any experts required, reasonably necessary to seek shareholder approval to issue the Conversion Shares pursuant to section 611 (Item 7) of the Corporations Act (**Shareholder Approval**); and
 - (3) If Shareholder Approval is not obtained at the Approval Meeting, the Company will provide the holder with a further 30 days to divest itself of the Performance Shares or make such other arrangements as may be necessary or appropriate so that the issue of the Conversion Shares will not result in a Threshold Event.

- (c) **(Unconverted Performance Shares)** Where clauses 3 (a) and (b) apply, provided that the procedure in clause 3(b)(1)-(3) has been followed, the Company will issue:

(1) the Conversion Shares:

- (A) if the Shareholder Approval has been obtained;
- (B) if a Threshold Event will not occur; or
- (C) only to the extent possible without resulting in a Threshold Event, and any other Performance Shares will remain unconverted **(Unconverted Performance Shares)** if:
 - (i) the Shareholder Approval has not been obtained;
 - (ii) a Threshold Event will occur if all of the Conversion Shares are issued.
 - (iii) Where there are Unconverted Performance Shares, the Conversion Shares in respect of the Unconverted Performance Shares will be converted when, in the Company's reasonable opinion, the issuance would no longer result in a Threshold Event.