

ASX ANNOUNCEMENT

29 March 2017

Company Announcements Office
ASX Limited
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

ASX GRANTS CONFIRMATION IN RESPECT OF LISTING RULE 6.1

Kollakorn Corporation Limited (**ASX: KKL**) advises that the Company has obtained ASX approval for the issuance of 75,000,000 unlisted performance shares to the shareholders of Isity Global Pte Ltd under ASX Listing Rule 6.1.

The Company is proposing to issue 75,000,000 unquoted, non-voting, non-participating, non-transferable Performance Shares to the vendors of Isity as part of the proposed acquisition. The Performance Shares will convert into shares on a one-for-one basis upon the satisfaction of performance milestones related to the revenue and EBITDA of the Company. In the event those milestones are not met then all such unconverted Performance Shares held by each holder will be cancelled or bought back for no or nominal consideration. The milestones are to be achieved within a maximum period of 3 years and 3 months from the date of issue of the Performance Shares.

The ASX has advised that the terms of the performance shares are considered to be appropriate and equitable for the purposes of Listing Rule 6.1 subject to the following conditions:

1. The Company obtains shareholder approval for the issue of the Performance Shares, and the Notice of Meeting includes sufficient information about the terms and conditions of the Performance Shares including, if applicable, approval for the issue of the Performance Shares which are to be held by a related party pursuant to Chapter 2E of the Corporations Act 2001 (Cth).
 2. The Performance Shares are not quoted.
 3. The Performance Shares are not transferrable.
 4. The Performance Shares do not confer any right to vote, except as otherwise required by law.
 5. The Performance Shares do not confer any right to participate in new issues of securities such as bonus issues or entitlement issues.
 6. The Performance Shares do not confer any right to a dividend.
 7. Each Performance Share is converted into one ordinary share upon achievement of relevant milestones:
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Primary performance target

- a. The revenue contributed by Isity in the financial year ended 30 June 2020 shall be equal to or exceed \$100 million; and
- b. That earnings before interest, taxation, depreciation and amortisation (“EBITDA”) in the financial year ended 20 June 2020 shall be equal to or exceed \$30 million;

Secondary performance target

- a. From an agreed base of \$8 million for revenue in 2017, the revenue received from Isity must increase at a minimum of 25% each financial year commencing the financial year ended 30 June 2018; and
 - b. That based on EBITDA being 30% of the revenue and from an agreed base of \$2.4 million for EBITDA in 2017, the EBITDA received from Isity must increase at a minimum of 25% each financial year commencing the financial year ended 30 June 2018.
8. If the performance milestone for a class of Performance Shares (“Performance Milestone”) is not achieved by the relevant expiry date, then all such unconverted Performance Shares held by each holder will be cancelled or bought back for no or nominal consideration.
 9. The Company makes an announcement upon the satisfaction of any Performance Milestone, the conversion of any of the Performance Shares and the expiry of any class of Performance Shares.
 10. The terms and conditions of the Performance Shares, including without limitation the relevant milestones that have to be satisfied before the Performance Shares may be converted, are not to be changed without the approval of ASX and ordinary shareholders.
 11. The Company discloses the following in each annual report, annual audited accounts, half-yearly report and quarterly cashflow report issued by the Company, in respect of any period during which the Performance Shares remain on issue or are converted or redeemed.
 - a. The Performance Shares do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
 - b. The number of Performance Shares on issue during the relevant period.
 - c. A summary of the terms and conditions of the Performance Shares, including without limitation the number of ordinary shares into which the Performance Shares are convertible and the relevant milestones that have to be satisfied in order for the Performance Shares to be converted.
 - d. Whether any of the Performance Shares were converted or redeemed during that period.
 - e. Whether a milestone for the Performance Shares was met during that period.
 12. The Company discloses the following in item 9 of each Appendix 3B lodged by the Company while any of the Performance Shares remain on issue:
 - a. The number of Performance Shares on issue at the time of lodgement of the Appendix 3B.
 - b. The conversion ratio of the Performance Shares into ordinary shares upon achievement of a relevant milestone.
 13. The terms of the confirmation are immediately disclosed to the market and are clearly disclosed in the Notice of Meeting.
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The Notice of Meeting referred to in the confirmation will be released at a later date.

On behalf of the Board of Kollakorn



Tom Bloomfield
Company Secretary