



Innovative . Synergy

I SYNERGY HOLDINGS BERHAD

INFORMATION MEMORANDUM

CONTENT PAGE

01. Content Page.....	1
02. Important Information and Notices.....	2
03. Glossary.....	5
04. Message From the CEO.....	6
05. Company Overview.....	7
06. Executive Summary.....	8
07. Company Highlights.....	10
08. Board / Management Team.....	13
09. Business Overview.....	16
10. Affiliate Junction.....	18
10.1 MyKad Smart Shopper Program.....	19
10.2 Retail Network Affiliate Program.....	20
10.3 Agency Program.....	21
10.4 Project-based Collaboration.....	22
11. Competitive Strengths.....	24
12. Market Overview.....	26
13. Growth Opportunities.....	28
14. Risk Factors.....	30
15. Corporate Governance.....	32
16. Financial Information.....	33
17. Material Agreements.....	38
18. Additional Information.....	39
19. Corporate Directory.....	41



2.1 Memorandum Overview

This Information Memorandum has been prepared by I Synergy Holdings Berhad (1138715-H) in connection with its intention to apply for a compliance listing on the NSX. No copy of this information memorandum has been lodged with the Australian Securities and Investments Commission (ASIC) as this is not a prospectus or other disclosure document required to be lodged with ASIC under the Corporations Act.

Neither ASIC or the NSX take responsibility for the contents of this Information Memorandum. This Information Memorandum does constitute, or form part of, an offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares in the company, in any jurisdiction, nor shall it, or any part of it, or the fact of its publication form the basis of, or be relied on in connection with or act as any inducement to enter into any contract. Therefore this information memorandum may be withdrawn at any time before the proposed listing and is specifically subject to the terms described in this information memorandum.

The shares of the company have not been registered with or approved or disapproved by the NSX, nor has the NSX or any regulatory authority of any state passed upon or endorsed the merits of this listing or the accuracy or adequacy of this information memorandum. Any representation to the contrary has not been authorized by the company or its management.

2.2 Nominated Advisor

The listing nominated advisor assumes no responsibility for the accuracy or completeness of the information contained herein (financial, legal or otherwise). In making an investment decision, investors must rely on their own examinations of the company and the terms of this information memorandum. Moreover, the contents of this information memorandum are not to be construed as legal, business or tax advice. Each prospective investor is urged to consult its own attorney, business or tax advisor for legal, business or tax advice.

2.3 Application for Listing

Application will be made for listing of the company's securities to the NSX. The fact that the NSX may list the securities of the company is not to be taken in any way as an indication of the merits of the company or the listed securities. The NSX takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon any part of the contents of this document. It is expected that trading of the shares on the stock market conducted by the NSX will commence as soon as practical after approval for admission to the official list of the NSX is granted and all conditions (if any) applicable thereto have been satisfied for official quotation.

2.4 Disclosure of Information

This information memorandum does not contain the information that would be contained in a prospectus or other disclosure document prepared under the corporations act. While this information memorandum should be read in its entirety, it does not contain all the information that a prospective investor may require in investigating the shares and the company. Prospective investors should carry out their own independent investigations, analysis and obtain independent financial, taxation and other professional advice as needed in respect of the shares and the company and the information referred to in this information memorandum and other matters that may be relevant to its investment decision.

Each prospective investor considering an investment in the shares must make, and will be taken to have made, its own independent investigation and analysis of the information in this information memorandum and should consult their own advisors before investing in the company.

Prospective investors may contact the company to obtain a copy of the company's constitution.

2.5 Unauthorised Representations

No person has authority to give any information or make any representation in connection with the shares or the company that is not contained in the information memorandum. Any information not incorporated by express reference or set out in this information memorandum may not be relied upon as having been authorized by the company.

2.6 Restrictions

The distribution of this information memorandum in certain jurisdictions may be restricted by law. Persons, into whose possession this information memorandum comes, are required, by the company to inform themselves about and to observe such restrictions. This information memorandum does not constitute an offer or invitation to buy or sell shares or other marketable securities of the company, whether in Australia or in any other jurisdiction.

2.7 Forward Looking Statements

This information memorandum contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this information memorandum, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the company, the directors and management of the company. The actual results and future achievements may be materially different from that expressed or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on such forward-looking statements.

2.8 Suitability of Investment and Risk Factors

Before deciding to invest in the company by purchase of shares on market, following admission of the company to the official list of the NSX, prospective investors should read this entire information memorandum. Prospective investors should carefully consider all factors in the light of their personal circumstances (including financial and taxation issues) and seek professional advice from their accountant, stockbroker, lawyer and other professional adviser before deciding to invest. The company is unable to advise any prospective investor on the suitability or otherwise of an investment in the company. For such advice, each prospective investor must contact their own independent professional adviser(s).

If you require any further information please consult your stockbroker and other professional adviser.



- **"AJ"** ----- means Affiliate Junction
- **"ASEAN"** ----- means Association of Southeast Asian Nations
- **"ASIC"** ----- means Australia Security and Investments Commission
- **"ICT"** ----- means Information Communication Technology
- **"IM"** ----- means Information Memorandum
- **"ISI"** ----- means I Synergy International (M) Sdn Bhd
- **"MDeC"** ----- means Multimedia Development Corporation
- **"MSSP"** ----- means MyKad Smart Shopper Program
- **"NSX"** ----- means National Stock Exchange of Australia
- **"RNAP"** ----- means Retail Network Affiliate Program
- **"The Company"** ----- means I Synergy Holdings Berhad

section 04 / MESSAGE FROM THE CEO



Ever since its incorporation, I Synergy International (M) Sdn Bhd (ISI) has grown from strength to strength, consistently achieving development and growth in all aspects and successfully created a mutually beneficial ecosystem for all participating parties.

ISI accomplished its milestones even when affiliate marketing was a brand new and a virtually unheard of concept for brick-and-mortar businesses. The effectiveness of this cost-effective performance based marketing solution is undeniable. Many tangible testaments are found through the steady increase in the quantity of our affiliate base, participating merchants and the members of our anchor affiliate program.

ISI's achievements and progress has established the company as the leading and premiere affiliate marketing solution provider in Malaysia.

Management Team

The Company has a team of experienced and capable senior management who are absolutely driven in achieving all of the company's business objectives, from facilitation of business operations to organisational management. In addition, The Company's management as well as its skilled work force have established and implemented an effective system to ensure all business operations are accomplished and conducted efficiently.

Shared Values

True to its 'Innovative Synergy' philosophy, The Company's values lie in innovation, quality, integrity and the formation of productive synergy between all of its shareholders. This ensures growth and realisation of set objectives, thus elevating The Company to become a strong, competitive and dedicated player within the industry in which it operates.

To Prospective Investors

ISI is currently in a very fortunate position of being able to realise its full potential. Speaking on behalf of The Company, I remain confident that The Company's business model and innovative strategies will continue to ensure scalability and the generation of sustainable returns for shareholders.

Detailed information on The Company is contained in this Information Memorandum.

Please study this Information Memorandum and decide if The Company is right for you.

Yours faithfully,

Dato' Lawrence Teo

Chief Executive Officer



5.1 Introduction to the Company

The Company, I Synergy Holdings Berhad (ISH), is a public limited liability company incorporated in Malaysia on April, 2015.

ISH has been formed to be the parent company of I Synergy International (M) Sdn Bhd (ISI) as a result of the Share Exchange Agreement.

The intent is to list ISH on the National Stock Exchange of Australia (NSX).

5.2 I Synergy International (M) Sdn Bhd

ISI is a private limited liability company formed in Malaysia that operates and manages its own affiliate network called Affiliate Junction (AJ), Malaysia's leading and premiere affiliate network. Through the network, ISI offers affiliate marketing solutions for businesses from all industries to leverage on a cost effective performance-based marketing channel. ISI also focuses on the development of AJ's authorised agencies as well as affiliate programs' recruitment and promotion.

With Share Exchange Agreement, 100% of the shares of ISI were exchanged for 100% of the Shares in ISH.

I SYNERGY HOLDINGS BERHAD

100%

I SYNERGY INTERNATIONAL (M) SDN BHD

section 06 / EXECUTIVE SUMMARY



6.1 Innovative Synergy

I Synergy International (M) Sdn Bhd was founded by Dato' Lawrence Teo, with the vision and mission to become regional leader in affiliate marketing solutions, by identifying and initiating innovative business synergies among strategic partners, associates and clients to deliver optimal winning affiliate marketing solutions. I Synergy Holdings Berhad (ISH) became the parent company of ISI through a Share Exchange Agreement entered between the two business entities.

6.2 Core Business

The Company's core business operations revolve around affiliate marketing where ISI operates and manages an affiliate network platform called Affiliate Junction (AJ), the premiere leading affiliate marketing network in Malaysia. AJ has several affiliate programs in its network, and a huge database of affiliates, merchants and registered members. The mutually beneficial and win-win-win scenarios yield from the simple affiliate marketing concept, is the key of sustainability, scalability and ultimately success of the business.

Affiliate marketing is where affiliates act as the link between merchants and members of the program. Through the program, the merchants achieve their objective of selling product to the large number of members or to elicit other responses. The win-win program benefits affiliates, merchants and members by providing an efficient sales channel and attractive pricing.

6.3 Information Communication Technology

The mutually beneficial business ecosystem uses internet and ICT technologies to deliver the web-based affiliate management systems. The proprietary software functions are encoded in Electronic Data Capture terminals that have been developed for the program. This delivers significant competitive advantages in delivering the solution in a competitive retail market.

6.4 Tailoring Affiliate Marketing for Offline Businesses

The business and marketing concept has been carefully strategised by ISI. The operational experience, market research and analysis has enabled ISI to take the best components of e-commerce platforms and deliver a platform that meets the needs of the local market.

The Company believes that AJ is the first affiliate network that replicates the affiliate marketing concept of the e-commerce sector to work for offline brick-and-mortar retail businesses. The Company's innovative application of affiliate marketing for offline businesses has earned acknowledgement from government bodies, and growing receptiveness from the retail industry.

6.5 The Innovation

ISI's innovative marketing concept and market strategies in delivering cost-effective performance marketing solutions for retail industry is executed through its proprietary affiliate network, Affiliate Junction (AJ).

AJ is the leading affiliate network in Malaysia that is developed and managed by ISI. The platform has been launched with the objective to provide a mutually rewarding environment to provide a bridge between retailers and affiliates. AJ is designed to deliver cost effective performance based marketing for retail businesses to offer commissions to affiliates who bring them business leads and/or sales. As the affiliate network operator, AJ's role is to provide the platform technology, frontend terminals for retailers and members, backend system for retailers and affiliates, program referral transactions tracking, reporting, and the affiliate commission payout management.

Although ISI is not the original IP owner or inventor of this brilliant model, nevertheless it is the first affiliate network operator who offers an affiliate program that allows traditional brick-mortar retail businesses to participate in and benefit from the performance based marketing channel. The system even extends to the situation where the sales conversions from customers referred by affiliates take place offline in physical stores, while the backend system is online.

To facilitate aspects of the affiliate program such, as tracking and monitoring, pay out commission to the participating merchants and affiliates, the innovative solution is offered via the proprietary anchor loyalty affiliate program called "MyKad Smart Shopper Program" (MSSP). MSSP was designed to leverage on MyKad, the Malaysian compulsory national identification smart card. With their registered MyKad, it can be used by program members to verify any purchasing transaction at participating merchant stores. This enables all Malaysian citizens to access the AJ system.

6.6 For the Future

True to the business philosophy, ISI will continue to explore more potential opportunities and innovative synergies with new and existing partners, clients, associates and affiliates. The program will encompass an online strategy which will accelerate the growth of the business and extend the reach to many more affiliates, merchants and members.

section **07** / COMPANY HIGHLIGHTS



7.1 Mission & Vision

The founder, Dato' Lawrence Teo, formed I Synergy International (M) Sdn Bhd.

With the mission: To deliver innovative and mutually rewarding performance-based affiliate marketing solutions for partners, clients and affiliate members.

Dato' Lawrence Teo started with the vision of becoming the regional leader in affiliate networks and performance based marketing solutions.

7.2 Pioneering Affiliate Network

Affiliate Junction (AJ) is the first affiliate network in Malaysia designed with both offline and online business environment capabilities and is operated and managed by ISI.

7.3 Innovative Affiliate Program

One of the programs under AJ is the MyKad Smart Shopper Program (MSSP), an offline affiliate program that integrated MyKad's smartcard features as its program ID. This move has led to MSSP receiving support and being recognised as MyKad Flagship Application partner by Multimedia Development Corporation (MDeC).

7.4 Information Communication Technology Integration

To enhance its affiliate network platform, ISI launched Affiliate Junction 2.0 where enhancements of the network were made through the implementation of ICT technology for office automation, database registration, affiliate program mechanism and activities tracking & reporting.

7.5 Nationwide Business Centres

Affiliate Junction became the nation's affiliate marketing network leader by building its momentum through plans initiated with the launch of Phase 2 where focus was primarily given towards the growth of the network's affiliate base. As a result, affiliate business centres were opened nationwide and a more dynamic and effective educational systems were developed and introduced to the network's affiliate base.

7.6 Marketing Channel for Franchisor

The launch of Retail Network Affiliate Program (RNAP) – an affiliate program where participating retail-chains can leverage on AJ's network of affiliates to help refer their brands and recruit partners/franchisees/licensees to expand their businesses.

7.7 Proprietary Network System

The commencement of Affiliate Junction's Phase 3 with the implementation of a superior proprietary network system has led to technological functions of the network's program to run quicker, better and safer.

7.8 Awards & Accolades

Throughout the years, ISI has won various prestigious awards.

Golden Eagle Award

- Winner of Excellent Eagle Award in Golden Eagle Award 2014, No. 2 in position out of a 100 Excellent Eagle winners
- Winner of Emerging Eagle Award in Golden Eagle Award 2013
- The Golden Eagle Award, acknowledged as Malaysia's most respected accolade business award is dedicated to honour excellence, recognition and vitality of small and medium enterprises in Malaysia.

The Star Business Awards

- Winner of Most Promising Award in Star Business Awards (SOBA) 2014
- Finalist for Best Innovation Category of Star Business Awards (SOBA) 2014
- Top 10 Finalist for Best Innovation of The Star Outstanding Business Awards (SOBA) 2013
- The Star Business Awards aim is to recognize up-and-coming enterprises and their contributions to the Malaysian economy.

SME Recognition Award (SMERA)

- Winner of SME Innovation Excellence Award in SME Recognition Award 2013
- An annual award programme organised by the SME Association of Malaysia to recognise and celebrate the outstanding achievements of small and medium enterprises in Malaysia.

Asia Pacific International Entrepreneur Excellence Product Award

- Winner of Asia Pacific International Entrepreneur Excellence Product Award 2012
- The Award is designed to feature substantially strong and stable businesses in the market, and those with excellent performance in all areas or which have pioneered and made significant contributions towards society.

International Standard Quality Award

- Winner of International Standard Quality Award 2012 for Quality Brand category
- Award aim is to recognize participating companies and individuals who have demonstrated excellence and dedication in corporate sector and also to provide a platform for business networking.

7.9 Strategic Partnerships

The Company has formed partnerships with various organisations that serve the purposes of both strengthening The Company as well as advancing the interests of the other parties involved, hence mutually progressing toward the increase in productivity and profitability.

MDeC (Multimedia Development Corporation)

To integrate the multipurpose capabilities of MyKad, Malaysia's smart identity card, into one of ISI's affiliate programs, The Company collaborated with MDeC (Multimedia Development Corporation) in its implementation. MDeC is engaged in MyKad's integration due to their confidence in the affiliate program to act as a catalyst to encourage the usage of MyKad in the retail industry and to promote MyKad's versatility.

TEKUN NASIONAL (Tabung Ekonomi Kumpulan Usaha Niaga)

TEKUN is an organisation that was formed by The Ministry of Entrepreneur and Co-operative Development (2004-2009) to encourage people's participation in entrepreneurship by means of providing financial support. Affiliate Junction is recognised by the organisation as an excellent platform for budding entrepreneurs which lead to the formation of a partnership between the two parties.

Ministry of Higher Education (Malaysia)

The ministry is a governmental body that also saw the potential of ISI's Affiliate Junction as an entrepreneurial platform where a partnership between the two bodies is fostered to develop and encourage Malaysia's youth participation in entrepreneurship.

Other than the organisations stated above, here is a list of for-profit organisations and unions that collaborate with ISI:

- 1. Koperasi Angkatan Muda Inovatif Kedah Berhad***
- 2. Koperasi Angkatan Setia Alor Setar Kedah Berhad***
- 3. Koperasi Angkatan Setia Anak Klang Berhad***
- 4. Koperasi Angkatan Wanita Bersatu KI Berhad***
- 5. Koperasi Bernama Berhad***
- 6. Koperasi Gerak Usahawanis Kuala Lumpur Berhad***
- 7. Koperasi Institut Teknologi Tun Hussein Onn Berhad***
- 8. Koperasi Kesatuan Guru-Guru Melayu Barat Berhad***
- 9. Koperasi Maju Gabungan Nusantara Malaysia Berhad***
- 10. Koperasi Mubarak Negeri Perak Berhad***
- 11. Koperasi Mutlaq Perak Berhad***
- 12. Koperasi Pembangunan Daerah Larut Mtg & Selama Bhd***
- 13. Koperasi Sekolah Menengah Teknik Melaka***
- 14. Koperasi Siswa Unikl Malaysia Berhad***
- 15. Koperasi Siswa Upsi Tanjung Malim Berhad***
- 16. Yayasan Kebajikan Atlet Kebangsaan***



The Board and management team rationale revolves around the formation of a strong working bond and mutual respect among The Company's personnel which has led to the replacement of the conventional 'working under an authoritative figure' etiquette in between different levels of management to one that is fundamentally collaborative in nature. This is also put into practice in order to provide a conducive working environment where opportunities for material and intellectual growth are generated effectively.

Executive Chairman / Chief Executive Officer – Dato' Lawrence Teo

A seasoned sales and marketing motivator and consultant with extensive experience in retail and network marketing, Dato' Lawrence is the founder of the innovative business concept that combines network and retail marketing into offline affiliate program. Dato' Lawrence is an active member of prominent retail associations/federation in Malaysia with strong retailer community and networks. He is also an Advisor to an established Malaysian angel investment platform for entrepreneurs, www.capital.com.my.

For his outstanding leadership, achievements and business excellence, Dato' Lawrence has been awarded with various prestigious awards:

EY Entrepreneur of the Year™ (EOY) Malaysia Awards

- Top Nominee for Emerging Entrepreneur Category of EY Entrepreneur Of The Year™ (EOY) Malaysia Awards 2014
- The Ernst & Young Entrepreneur Of The Year™ Award honours those who build the market-leading companies that make their communities, country and the world a better place.

JCI Creative Young Entrepreneur Award (CYEA)

- Top 10 in Junior Chamber International (JCI) Creative Young Entrepreneur Award 2014
- Launched internationally in year 2005 by Junior Chamber International, the largest young person organisation in the world, to recognize, honour and celebrate exceptional young entrepreneurs and the role of creativity in their success.

Global Leadership Awards

- Winner of Global Leadership Awards 2014: Master Class Entrepreneur of the Year
- The recipients of these awards are outstanding leaders in business of their respective sectors. Their outstanding qualities are reflected on the organization's positive financial results, and increased shareholder value.

Asia Pacific Entrepreneurship Awards

- Winner of Most Promising Entrepreneurship Award in Asia Pacific Entrepreneurship Award (APEA) 2013
- A world-class awards recognizing and honouring business leaders who have shown outstanding performance and tenacity in developing successful businesses within the region.

ASEAN Outstanding Business Award

- Winner ASEAN Outstanding Business Award (AOBA) 2013: Master Class Award – Emerging Entrepreneur of the Year
- The objectives of the ASEAN Outstanding Business Awards is to recognise the achievements in Asian business sector, to honour and encourage entrepreneur and leaders, to develop new leaders and to serve as catalyst of growth for country's economic driver.

Executive Director / Chief Operating Officer – Will Ong Han Keong

With over 8 years of hands-on experience in business operation, sales and project development & management in various industries, Mr Will Ong is an all-rounder leader and goal achiever.

He is experienced in developing and expanding new regional markets in Asia – including Philippines, Singapore, Brunei, Vietnam, and Thailand – and leading a team of 10 business consultants in achieving a company's 50% increase in annual turnover in 2007 accomplished through the development and execution of multifaceted business strategies and tactics.

As the second in command after the CEO, Mr Will Ong is an integral component in the administration of The Company's daily operations, overseeing and ensuring all the different dynamics within The Company are synergised, producing a professional corporate environment that is primed to consistently achieve optimum level of productivity efficiently.

Mr Will Ong is also the person in charge responsible for the affiliate system architecture of Affiliate Junction (AJ), Malaysia's first affiliate network.

Executive Director / General Manager – Lennon Chu Chung Piow

As an IT graduate, Mr Lennon Chu has been a participant in the telecommunication industry, in both new technology start-ups and listed corporation's subsidiary companies. In his years of experience with corporations, Mr Lennon Chu was a team leader in building and expanding company's reseller/agent network, as well as supporting the company's sales channels.

Mr Lennon Chu is the key liaison maintaining the trusty relationship between the corporate management team, the network of affiliates and The Company's clients, as well as making assertive efforts in upholding the highest network quality standards and integrity.

The network's affiliate base has benefitted tremendously under Mr Lennon Chu's supervision. In line with The Company's goals, Mr Lennon Chu proactively took on the responsibility of enhancing affiliates' skills and knowledge through training and implementation of educational tools and system to make certain of the quality and capabilities of the affiliates in achieving their entrepreneurial objectives.

Chief Financial Officer – Eng Guo Miao

Mr Eng is a Chartered Accountant of the Malaysian Institute of Accountants and an Associate Member of the Association of Chartered Certified Accountants. He was formerly with one of the well-known public accounting firms in Singapore specializing in audit of SGX-listed companies as well as actively involved in business and tax advisory engagement with multi-national companies before joining The Company

Mr Eng heads the finance team and is responsible for financial management of The Company to support the CEO and COO on strategic and tactical planning. The formulation and implementation of financial policies and practices as well as budgeting and internal controls of The Company are also performed by him. In addition, Mr Eng is responsible for the listing of The Company and is involved in mergers and acquisitions activities.

International Market Advisor – Ilmars Draudins

With a career spanning over 25 years in the service and information technology sectors plus another 20 years of investment banking experience, Mr Ilmars has used his expertise as a base to assist many high growth companies to develop the appropriate strategies and raise the necessary capital to increase the growth and development of successful organisations. Mr Ilmars has a great deal of experience in general management, senior project management and marketing.

He has lead numerous teams that have successfully conducted IPO's, Private Placements, Private Capital Raisings, M&A project work, Commercialisation Strategies and involvement in the strategic growth of companies and realising value for shareholders.

Mr Ilmars is a director of a number of Private and Public companies and uses his experience to assist these companies with their strategic direction and execution. Mr Ilmars is also a NOMAD for the NSX and the Responsible Manager for 2 AFSL Licences. The extensive network and range of contacts that Mr Ilmars has developed provide further assistance to these companies and their growth strategies.

He holds a Bachelor of Engineering (University of NSW), an MBA (Monash University) and a Certificate in Direct Marketing (ADMA).



The Company's core business focuses on affiliate marketing which is driven by the synergistic elements between all parties involved. The mutually beneficial scenarios from the simple affiliate marketing concept is the key of sustainability, scalability and ultimately success of the business. This fundamental concept is what drives the company to survive challenges from its early stages when the idea was relatively new and unheard of, to today's rapidly growing receptiveness in the market.

9.1 Affiliate marketing

Affiliate marketing is a marketing practice that employs a systematic approach for advertisers to leverage and reward publishers for each of their successful marketing efforts in reaching out to the intended target audience, resulting in a desired business lead. Being purely performance based is a key characteristic of affiliate marketing. In other words, advertisers have to reward publishers only when the desired result from this marketing method is achieved. The return on investment is highly positive compared to other conventional A&P channels, where advertisers usually pay a fixed price to reach out to specific audiences without guaranteed results.

Advertisers: In affiliate marketing, advertisers that could participate are not limited to any industry and they may promote any kind of product or service. From selling electronic gadgets to promoting insurance policies and even pet grooming services, advertisers could take advantage of affiliate marketing as long as they are willing to reward publishers' successful marketing efforts in promoting their business.

Publishers or Affiliates, are the main drivers in the success of an affiliate marketing program. They are the bridging link that connects advertisers to the target audience. With discretion, publishers may utilise any creative outlets to realise affiliate marketing objectives, thus giving them the freedom to efficiently achieve them in accordance with their own capability and effort.

Audience or Members: In a conventional for-profit affiliate marketing initiative, the audiences' purchasing actions as a result of publisher's marketing engagement would be the main success indicator of the affiliate marketing effort. However affiliate marketing does not only cater to conversion of business leads to sales. The desired outcome desired by advertisers could vary from mere product information enquiries to credit card and membership sign up.

Network: The relationship between these three parties is fostered and supported by an affiliate marketing network. The network act as an intermediary platform that links advertisers, publishers and audience together, thus effectively forming a synergy through the implementation of the network's systematic approach in facilitating affiliate marketing practices. Therefore, the affiliate marketing network is an integral overseeing component that ensures the effectiveness of affiliate programs under its umbrella

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The Company's leading offline affiliate marketing solutions are delivered through its own affiliate network called Affiliate Junction (AJ), the premier affiliate marketing network managed and operated by ISI.

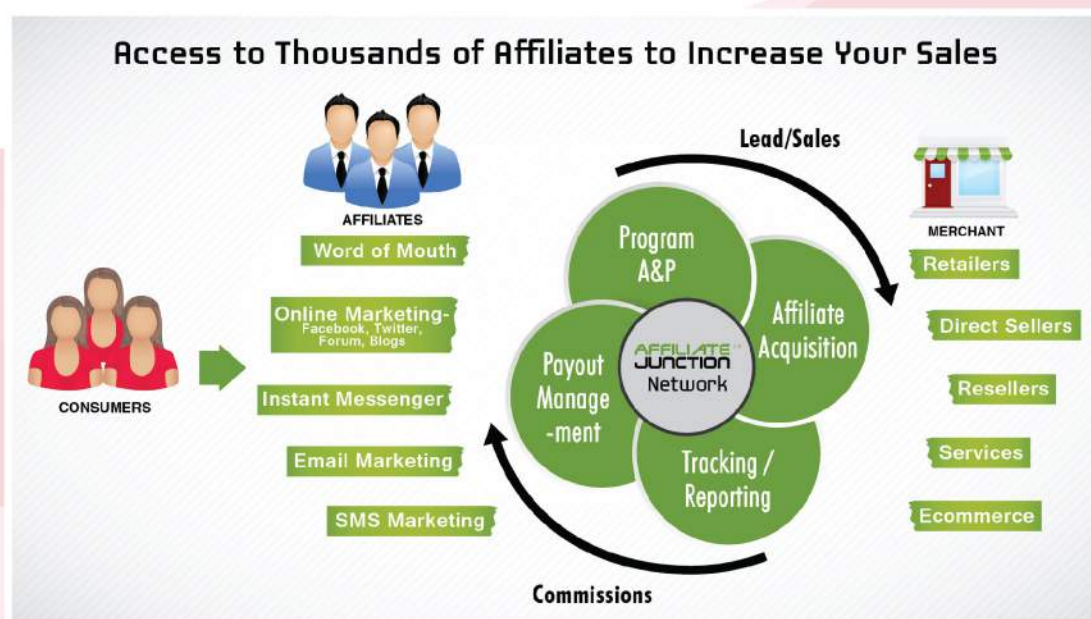
AJ is the first affiliate network in Malaysia offering offline (brick-and-mortar) affiliate program solutions and platforms for merchants as well as affiliates, through a single network. Due to the integration of ICT in the development of ISI's very own proprietary network system, AJ also has built in capabilities to venture into the e-commerce sector through the implementation of online affiliate programs.

Via AJ, advertisers can participate in offering AJ affiliates' commissions as a reward for promoting to consumers and driving leads and/or sales to their businesses via online and/or offline promotions.

The affiliate programs under Affiliate Junction include:

- MyKad Smart Shopper Program (MSSP)
- Retail Network Affiliate Program
- AJ Agency Program
- Project-based Collaboration

In developing the AJ network, The Company innovatively adapted affiliate marketing concept that is predominantly associated with the e-commerce industry and customised it for our anchor affiliate program, MSSP, optimising the concept to work for brick-and-mortar retail businesses.



10.1 MyKad Smart Shopper Program (MSSP)

AJ's anchor affiliate program, MyKad Smart Shopper Program (MSSP), is designed to leverage on Malaysian national identity smart card in promoting local retail industry. Using MyKad as the program ID, registered cardholders or program members (who have been referred by affiliates) can enjoy retail privileges at participating merchants' outlets using their MyKad. The referral affiliates will be incentivised through the program's system, thus creating a mutually rewarding retail ecosystem where all parties, merchants, affiliates and consumers, gain benefits from the program. This proprietary loyalty and reward program also covers the facilitation of tracking and monitoring and the pay-out of commission for participating merchants and affiliates.

Owing to the integration of MyKad as the program ID, MSSP has officially been recognised as the 50th function of MyKad. The recognition given by Multimedia Development Corporation (MDeC) is to endorse and support ISI's initiative in promoting the implementation of MyKad's multi-usage functionalities within the private commercial sector through MSSP.

To date, over 10,000 affiliates are keeping the cycle of MSSP's affiliate marketing in motion, referring spending customers towards various brands and merchants. The program is aimed to maximise the sales potential for merchant and in return it generates passive income for affiliates for their referral efforts. There are business centres all around Malaysia in order to give awareness, information and to promote this program nationwide. By leveraging on the National ID, Malaysian citizens universally have the access to the program's benefits by having their own MyKad as long as they become members.



10.2 Retail Network Affiliate Program (RNAP)

RNAP aims to offer retail chains, franchisors and licensors a well-established network of affiliates to promote and refer their brands and help recruit new partners / franchisees / licensees for their business expansion.

Through this program, AJ affiliates can earn one time referral commission upon successful participating brands' franchisee/partnership sign up, as well as recurring commission.



10.3 Agency Program

Building a robust affiliate base is an integral part for the continuous success of The Company's business where participants live and breathe affiliate marketing. The Company walks the talk by offering its own AJ Affiliate program to promote AJ to more businesses and affiliates.

To become AJ's affiliates or authorised agencies, it is a requirement that the prospects are business entities, therefore AJ's association with affiliates/agencies is a business-to-business (B2B) collaboration with the objective of achieving pre-determined business goals.



10.4 Project-based Collaboration

The potential of the affiliate marketing network for prospective advertisers is not only limited to participation of the available programs crafted by ISI. Any company from any industry that seeks to leverage on the ISI network of affiliates could engage collaborative partners with their own promotional objectives and/or activities in which AJ network would provide an already established marketing tool and system that could be customised to fit market needs.

Below are some of the project-based collaborations we have executed:



Cathay AJ Movie Voucher Affiliate

Cathay Cineplexes offered special movie pass affiliate program to AJ affiliates. Affiliates can resell the special movie pass to public and earn commission through this voucher affiliate program, while customers enjoyed special F&B privileges at participating Cathay Cineplexes outlets.

EON BANK GROUP

MRCA-EON Bank Credit Card

Affiliate Junction was the exclusive affiliate network for MRCA-EON bank credit card promotion. AJ affiliates can participate in credit card applications referral as well as participating retail merchant referral and earn approval incentives as well as recurring retail transaction incentives.



Tune Talk

Tune Talk, the fastest growing mobile network operator in Malaysia, leveraged on Affiliate Junction as a marketing channel to increase the number of its service subscribers. The collaboration led to AJ's affiliates earning commission by advertising and selling Tune Talk's starter packs and prepaid cards to the nation's mobile users.

Our project-based collaborations are also not limited to only for-profit objectives:



National Cancer Society Malaysia

Started in October 2011 and ended in November 2013, The Company collaborated with the National Cancer Society of Malaysia (NCSM) in the implementation of a charity drive effort into the MyKad Smart Shopper Program where 1% of MSSP's retail transactions from all participating retail merchant's outlets were donated to NCSM in support of Malaysia's cancer patient community. The collaboration was designed with the objective of both generating funds for NCSM as well as increasing public's awareness on cancer.



PEKA

PEKA (Pertubuhan Perlindungan Khazanah Alam Malaysia) is a non-governmental organisation incorporated with the aim to raise awareness on environmental issues as well as to facilitate conservation measures. PEKA entered into collaboration with The Company with the main objective of increasing public awareness towards their cause. To pursue this objective, ISI design and produce a PEKA/Affiliate Junction (AJ) co-branded car decal and sold them to Affiliate Junction's huge Affiliate community. Each of the car decal is sold at RM3 where RM2 from each sale is donated to PEKA. This is an effective manoeuvre as it simultaneously creates awareness on PEKA's brand and initiatives to a wider audience as well as generates funding for the organisation.



11.1 Win-win-win business model

Affiliate marketing is a cost-effective marketing channel due to its performance-based nature which means cost will incur only when the affiliate marketing objective is achieved, resulting in a marketing cost that guarantees positive return on investment for merchants and a business initiative model that guarantees to reward affiliates for their successful effort. Consumers also reap the benefits of ISI's affiliate marketing initiatives as they are granted retail rewards with their purchases. All of these show how affiliate marketing undeniably provides a win-win-win market ecosystem where it benefits all players in any affiliate marketing initiative.

11.2 Accessibility

The Company's affiliate marketing network and solutions do not impose high barrier of entry especially from a cost standpoint. This allows for wider pool of prospective businesses to join in The Company's network and leverage on the marketing channel. The Company aims to ensure that its affiliate network is accessible by companies of all sizes, particularly those of small-and-medium enterprises (SME). The Company recognises that traditional forms of marketing are conventionally too costly for SMEs, thus The Company's cost effective performance-based Affiliate Junction platform is a practical and efficient marketing channel alternative. The Company also resolutely believes in the significance of SMEs as an integral component for sustainable economic growth, contributing substantially to the economy and providing a strong foundation for the growth of new industries as well as strengthening existing ones.

11.3 Credibility

Affiliate Junction and MyKad Smart Shopper Program (MSSP) is recognised and endorsed by Multimedia Development Corporation (MDeC), this showcased the vote of confidence from an official body of the legitimacy of the affiliate marketing solution and in its effectiveness.

11.4 Scalability of Operations

The Company's affiliate marketing solutions available through its network, Affiliate Junction, are supported by ISI's proprietary network system which is designed to ensure effectivity and efficiency of operation. Using technology-based mechanism for its affiliate programs averted ISI from being a capital intensive organisation due to the mechanism's relatively low maintenance cost in comparison to industries that utilise heavy duty apparatus. Furthermore, the availability of ISI's very own system network ensures scalability of business operations as market needs and demands increase.

11.5 Flexibility and Adaptability

The business model concept is flexible; it allows and encourages business diversification towards any affiliate marketing plans, which leads to more potential affiliate programs and creates larger and wider networks. The business model is also capable of accommodating businesses from any industry. The potential of affiliate marketing is virtually limitless due its adaptable nature.

11.6 Blue Ocean Strategy & First Mover Advantage

The innovation and strategy to become the leading affiliate network operator in the region is a reality by offering offline affiliate programs to leverage additional untapped market where no other online affiliate networks are participating. While ecommerce is definitely booming in the region and will continue to grow, physical retail business will not die and in fact more and more retail brands are converging by adopting both online and physical retail presence to serve the market and build brands.

The Company strongly believes in the business and market innovations employed in developing the Affiliate Junction network. This will ensure a sustainable and scalable business.

section 12 / MARKET OVERVIEW



Affiliate marketing's flexibility allows for it to thrive in both the online and offline environment. Therefore the market growth in both of these commercial sectors is conducive for The Company's affiliate marketing business operations.

12.1 Malaysia's Retail Industry:

Retailing maintains its momentum

Retailing sustained its current value growth despite the soft economic conditions during the previous year. While the economic conditions reduced many consumers' confidence to spend, some were still willing to trade up to premium goods to enhance their lifestyle. This indicates how certain segments of Malaysian consumers are undeterred by the economic performance of the country, effectively sustaining the retail industry momentum. In addition, retailers were also more aggressive in offering promotions, such as members' day, that further stimulated demand and willingness to spend. Governmental bodies' relentless efforts to drive tourism also benefited the performance of retailing during 2014.

Consumers' sophistication spurs retailing

During 2014, consumers continued to gain exposure to international beauty and fashion trends as well as brands via the internet and overseas travel. With this, their acceptance level of new products and brands increased compared with the early part of the review period. Retailers were therefore eager to import brands from various countries to better meet consumers' demands. The increasing demands for international goods also led to for the push of local brands. Local brand producers increased their initiative in promoting their products in order to remain competitive in the market. Governmental bodies also play a role in trying to strike a balance between local and international goods, providing a platform to ensure healthy competition between the two.

Competition intensifies in retailing

The retailing scene in Malaysia saw intensified competition during 2014, with store-based retailers engaging in more aggressive price promotions to stimulate consumer demand. Store-based players also focused on improving their product portfolios to ensure better alignment with consumers' changing needs, while slowing down their expansion pace in 2014. Consumers' increased acceptance of internet retailing due to the ability to purchase brands and products that are not available in Malaysia also intensified competition within retailing for 2014. In order to drive new revenue sources, store-based retailers also started to offer internet retailing platforms. While internet retailing contributes a minute portion of sales, store-based retailers still viewed this as being able to help them better align themselves with consumers' needs.

A positive performance is expected for retailing

Retailing is projected to record positive constant value growth over the forecast period, although at a slower pace versus the review period. Malaysia's economic conditions are expected to improve in the forecast period, which will boost consumer demand. Rising disposable incomes of consumers will also increase their willingness to trade up to premium products that can improve their lifestyle quality. With this, more international brands are likely to enter Malaysia to tap into this opportunity. The Malaysian government will also continue to launch various campaigns to attract tourists, which will further benefit retailing in the forecast period. Internet retailing will also grow in prominence as consumers continue to use this channel to achieve exclusivity. However, this will heighten competition in the retailing environment during the forecast period and will drive an impending need for store-based retailers to seek new growth channels.

12.2 E-Commerce:

A Connected Nation

Nearly 20 million people are connected to the Internet in Malaysia, and another five million are expected to go online next year. A high double-digit percentage of Internet users in Malaysia shop online, motivated by price advantages, product range and availability of reviews. Moreover, online shopping is encouraged by new E-Commerce regulations adopted in 2013, aimed at protecting consumer rights and preventing online fraud.

Strong E-Commerce Consumer Base

Along with Singapore, Malaysia dominates the Southeast Asian e-commerce market. Despite the small size of their populations relative to the region (only 8 percent combined), the two countries account for half of total online sales in ASEAN. Malaysian consumers display a moderate preference for cross-border online shopping—this constitutes an estimated 40 percent of all online transactions, primarily from Chinese and American retailers. Growth in Malaysia's e-commerce market has been fuelled by the country's up-and-coming middle class. Online travel in particular, through retailers like AirAsia.com, has witnessed a boom in sales, which in the Malaysian market alone totalled US\$90.8 billion in 2013. With a young, growing population, and relatively good internet penetration rates, Malaysia is expected to be a growth market, says a researcher at RHB Research Institute Sdn Bhd (RHB Research) in a special ASEAN report.

Booming Market

With a large population, growing penetration rates as the Digital Malaysia and Vision 2020 goals are realised, and more merchants leverage on the e-commerce opportunity, Malaysia has huge potential for continued and strong e-commerce growth in both domestic and cross-border markets. A study conducted by Nielsen showed that Malaysia's online commerce market grew 9% from RM1.8 billion (US\$598 million) in 2010 to RM1.97 billion (US\$654 million) in 2011. In addition, forecast shows that by 2015, the Malaysian online commerce market will hit RM5.76 billion. The healthy growth in online spending in Malaysia is due to a number of factors: New consumers purchasing online for the first time; retailers establishing an online presence or increasing the sophistication of their current online offering; a number of major international retailers marketing directly to Malaysian consumers; and finally, the explosive growth of mobile commerce. It is a call to action for more businesses in Malaysia to recognise the benefits of e-commerce and get online.

section 13 / GROWTH OPPORTUNITIES



In accordance with the development and progression towards the creation of the ASEAN Economic Community, The Company fully intends on taking advantage of this integration to expand its business to ASEAN countries.

13.1 Overseas Business Expansion – ASEAN market

The Association of Southeast Asian Nations (ASEAN) is intensifying efforts to realize by 2015 the ASEAN Economic Community (AEC) and implement the initiatives to achieve a single market and production base, allowing the free flow of goods, services, investments, and skilled labour, and the easier movement of capital across the region.

Benefits of AEC:

The ASEAN Economic Community is defined by four pillars: (i) creating a single market and production base, (ii) increasing competitiveness, (iii) promoting equitable economic development, and (iv) further integrating ASEAN with the global economy.

If ASEAN were one economy, it would be seventh largest in the world with a combined gross domestic product (GDP) of \$2.4 trillion in 2013. It could be fourth largest by 2050 if growth trends continue.

With over 600 million people, ASEAN's potential market is larger than the European Union or North America. Next to the People's Republic of China and India, ASEAN has the world's third largest labour force that remains relatively young.

All ASEAN countries are more important to foreign investors if they are considered as one node in a larger regional market of nearly 600 million people- a single market. The ASEAN Free Trade Agreement will be expanded to zero tariffs on almost all goods by 2015. ASEAN plans to remain engaged with the global economy through regional-level free trade agreements- today, ASEAN has such agreements with China, Japan, Korea, India, Australia and New Zealand.

Untapped Markets

As an affiliate network provider that functions for both online and brick-and-mortar businesses, ISI offers services that are unavailable in a majority part of Southeast Asia. By expanding our operation into these markets, we can establish a new base of eager affiliate marketing participants without the immediate threat of competition. The nation's government may sweeten the pot by offering certain incentives for setting up a business operation as our business model encourage a boost to its economy through the development of their retail industry.

Greater Exposure

Overseas expansion increases the exposure to our business, helping us create a larger "global footprint." As a result, ISI will gain greater brand recognition throughout the world. This can facilitate even more expansion in the future. We also can attain greater respect from customers and potential business partners in the domestic market, as they may now view ISI as a bigger player in the industry.

13.2 Venturing Into Online Affiliate Marketing

As we have developed the fundamental affiliate network model albeit starting with offline affiliate programs offerings, The Company have plans of utilising its current affiliate network to dive into the online market environment. This move will be significantly advantageous for The Company as it opens up the borderless global markets for Affiliate Junction.

Online market potential for affiliate marketing

There is no doubt about the market potential for typical online affiliate marketing as seen and proven by its global market revenue share in matured, developed markets such as North America, EU, China, etc. Affiliate marketing has grown quickly since its inception. The e-commerce website, viewed as a marketing toy in the early days of the Internet, became an integrated part of the overall business plan and in some cases grew to a bigger business than the existing offline business. According to one report, the total sales amount generated through affiliate networks in 2006 was £2.16 billion in the United Kingdom alone. This figure represents merely a tip of the iceberg of global affiliate marketing revenue in current as well as future markets' growth.

Historical Global/US/UK Ecommerce Affiliate Marketing-Driven Sales Figures:

- USA — in 2005 affiliate marketing-driven sales were expected to account for some 20 percent, or \$53 billion, of e-commerce sales.
- USA — Affiliate marketing spending stats & forecast: 2009 – \$1.94bn, 2010 – \$2.15bn, 2011 – \$2.53bn, 2012 – \$2.99bn, 2013 – \$3.47bn, 2014 – \$4.01bn
- UK — 2004-2010 growth: 2004 – £0.6bn, 2005 – £1.35bn, 2006 – £2.216bn, 2007 – £3.13bn, – £3.82bn, 2009 – £4.13bn, 2010 – £4.62bn
- Worldwide — in 2006 affiliate commission pay-outs were estimated at \$6.5 billion.

Affiliate marketing has become a major strategic consideration for all companies participating in e-commerce. The concept has certain technological complexities that have been made simpler through the development affiliate network such as AJ that facilitate the tracking and settlement of payments between various parties on the internet. The strategy represents the ultimate in genuine pay for performance online marketing and, as a result, represents one of the most promising long-term marketing strategies for e-commerce.



Investors should carefully consider all of the information contained in this Information Memorandum, including but not limited to, the following risk factors, which may affect some or all of the Company's activities, the industry in which it operates and the securities issued. However, the risk factors described below are not the only ones that will be faced by the Company. Other risks and uncertainties, including those not currently considered material by the Company's management, may impair the Company's business. The risk factors discussed below may adversely affect the business, financial condition, operating results or cash flow of the Company.

14.1 Socio-Political Risk

ISI conducts its affiliate marketing operations across the region. The political stability of the region is therefore crucial for growth and sustainability of the business. Any instability would create numerous disruptions ranging from marketing solution demand reduction to affiliate participation challenges.

14.2 Competition Risk

There is significant competition in all of the business segments in which The Company operates. Within many of the activities that The Company is involved in, various other companies provide various other forms of marketing solutions that The Company have to compete with. Especially in regards to conventional form of marketing where it is still viewed as the norm in the retail industry. Some of the companies, either those already in the market or those entering the industry, may also have greater resources than The Company, and the failure to maintain a competitive service offering could have a material adverse effect on The Company's business, operating results or financial condition.

14.3 Economic Risk

The risk that the macro-economic environment poses may reduce the customer's purchasing power. Situations of tight credit, and high inflation could negatively affect the region's retail industry, thus affecting demand for affiliate marketing solution. The investor also must be aware that the success of an Investee Company is dependent to some extent on the global economic environment and therefore growth of The Company may be impacted from time to time on account of market conditions.

14.4 Impact of Law in Governmental Regulation

The Company will need to comply with regulations relating to the affiliate marketing industry. The institution and enforcement of such regulations could have the effect of increasing the expenditure relating to, in lowering the income or rate of return from, as well as adversely affecting the value of the Company's assets.

14.5 No Guarantee as to Future Performance

For investors, the return on investment will depend on the success of the investee Company. The Company provides no assurance that the investee company will generate income or produce returns. Neither the associates of the Company nor the Directors guarantee any specific rate of return on the investments made by investors. Additionally, there is no assurance by the Company of distribution of returns to investors at any time.

14.6 Management and Strategy Risk

The planned growth in revenues and profits is partly dependent on management's successful execution of the Company's strategy and plans. There is a risk that management may not succeed in implementing the Company's strategy and plans, and consequently may not deliver the expected revenues and profits.

14.7 Validity of the value of the Shares

Prior to this Compliance Listing, there has been no public market for our Shares. There can be no assurance that an active market for our Shares will develop or, if developed, that such market will be sustained. Investors should also be aware that the value of the Shares may be volatile and may go down as well as up and investors may therefore not recover any or all of their original investment, especially having regard to the Company's plan to seek a future listing, as the market in Shares may have limited liquidity. In addition, the price at which investors may dispose of their Shares may be influenced by a number of factors some of which may pertain to the Company, and others of which are extraneous. Investors may realise less than the original amount invested.



Good corporate governance and sustainable business performance are intertwined. The Board of Directors of I Synergy Holdings Berhad (“the Company”) is committed to strive for high standards of corporate governance.

15.1 The Board of Directors

i) Composition

The Board of Directors of the Company (“the Board”) consists of three executive directors. Their profiles are set out on pages 13 – 15 of this Information Memorandum. The Board is currently of the view that the composition of the Board is appropriate for the Company at this stage of its development. The composition of the Board of Directors of the Company may be altered from time to time by ordinary resolution passed at general meeting of the Company.

ii) Board effectiveness

The Board has the right mix of skills, experience and knowledge relevant to effectively direct and supervise the Company’s business activities and to ensure that the interest of investors, including the Company’s minority shareholders, is adequately protected.

iii) Board re-election

One third of the directors in office must retire at each annual general meeting. The Directors to be retire will be those who have been longest in office since their last election. No Director shall hold office for more than three years, or past the third annual general meeting following its appointment or election, whichever is longer. Unless otherwise disqualified under the Act or the Constitution, a Director who retires or whose office is vacated will be eligible for re-election to the Board. There is no mandatory retirement age for Directors and there is no share qualification necessary to be held by Directors.

15.2 Investor relations and shareholders communication

The Company acknowledges the need for shareholders to be informed of all material business matters affecting the Company.

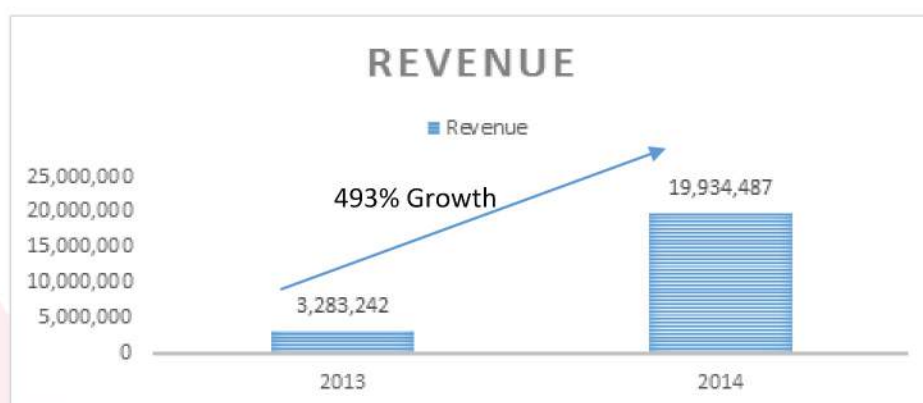
In addition to various announcements made during the year, the timely release of half-yearly financial results provides shareholders and the investing public with an overview of the Group’s performance and operations.

section 16 FINANCIAL INFORMATION



As the Company was incorporated on 3 April 2015, it has no substantial operating or trading history. The financial data of ISI, which became a subsidiary of the Company in April 2015 is considered relevant.

On 30 April 2015, the Vendors entered into the Share Exchange Agreement with the Company whereby the Vendors exchanged each share they held in ISI for 250,000,000 Shares in the Company in accordance with the terms and conditions therein contained. This agreement has since been completed resulting in ISI becoming a wholly-owned subsidiary of the Company.



	Audited 31 December 2013 RM	Audited 31 December 2014 RM
Revenue	3,283,242	19,934,487
Net Loss	(575,275)	(2,683,364)
Total Assets	15,299,103	43,535,469
Deferred Income/ Unbilled Revenue	6,294,650	39,105,568

Set out below is the summary of the following financial information:

- Audited Financial Information of ISI for the financial year ended 31 December 2013 and 31 December 2014.

The Auditors have given their approval for financial reports prepared by it to be included in this Information Memorandum, and to be named as Auditors of the Company. Complete set of audited financial statement for the Company are available for inspection at the Company's registered office.

Extract of I Synergy International (M) Sdn Bhd 2014 Audited Accounts

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 RM	2013 RM
REVENUE		19,934,487	3,283,242
OTHER INCOME		35,849	840
DIRECT COST		(1,879,376)	(345,336)
SELLING AND DISTRIBUTION COSTS		(18,424,635)	(3,426,233)
STAFF COST		(1,655,384)	(190)
ADMINISTRATION EXPENSES		(638,826)	(84,854)
FINANCE CHARGES		(30,479)	(2,744)
LOSS BEFORE TAXATION		(2,683,364)	(575,275)
TAXATION		-	-
NET LOSS FOR THE YEAR		(2,683,364)	(575,275)

Extract of I Synergy International (M) Sdn Bhd 2014 Audited Accounts

BALANCE SHEET AS AT 31 DECEMBER 2014

	2014 RM	2013 RM
ASSETS		
NON CURRENT ASSETS		
Property, Plant and Equipment	835,620	220,027
DEFERRED EXPENDITURE	28,436,449	4,676,614
CURRENT ASSETS		
Inventories	10,091	10,015
Trade Receivables	536,280	285,000
Amount due to related companies	1,719,705	-
Other receivables, deposits and prepayment	846,138	4,831,622
Cash and Bank Balances	11,151,186	5,275,825
	<u>14,263,400</u>	<u>10,402,462</u>
CURRENT LIABILITIES		
Trade Payables	2,803,186	1,967,066
Other Payables and Accruals	4,357,996	7,400,109
Amount due to Directors	7,239	34,220
Hire Purchase Creditors	54,475	16,953
	<u>7,222,896</u>	<u>9,418,348</u>
NET CURRENT ASSETS	<u>7,040,504</u>	<u>984,114</u>
	<u>36,312,573</u>	<u>5,880,755</u>
FINANCED BY:		
SHARE CAPITAL	100,000	100
ACCUMULATED LOSSES	<u>(3,258,639)</u>	<u>(575,275)</u>
SHAREHOLDERS' DEFICIT	<u>(3,158,639)</u>	<u>(575,175)</u>
NON CURRENT LIABILITIES		
Hire Purchase Creditors	365,644	161,280
Deferred Income	39,105,568	6,294,650
	<u>36,312,573</u>	<u>5,880,755</u>

16.1 Financial Review

Working Capital

As of the date of this Information Memorandum, the Directors are of the opinion that the Company has sufficient working capital to support its existing business as stated in this Information Memorandum. Notwithstanding the foregoing, the Directors intend to expand the Company's business and such expansion plans require the deployment of significant additional capital. Such capital is not available to the Company solely as a result of profits earned through its existing operations and the Directors intend that the Company will seek to raise new equity capital through a new issue of shares in the future subject to the Listing Rules, the Corporations Act and the Company's constitution.

Group Cash Flow & 11 Months Expenses

As of 31 December 2014, the Group has cash and cash equivalents RM11,151,186 and receivables of RM536,280, and incurred operating expenses of average RM193,104 per month for the past 11 months.

Based on this level of expenditure and the current availability of cash and liquid assets and on the assumption that no further revenue is realized for the next 24 months, and provided there are no significant increases in operating costs, the Group will be able to meet its expenses and continue operations by utilizing its existing resources.

Changes in Financial Position

The Directors assert that to the best of their knowledge, there have been no adverse material changes to the financial or trading position of the Group since the date of the last audited accounts for the year ended 31 December 2014, except below:

On 30 April 2015, the Vendors entered into the Share Exchange Agreement with the Company whereby the Vendors exchanged each share they held in ISI for 250,000,000 Shares in the Company in accordance with the terms and conditions therein contained. This agreement has since been completed resulting in ISI becoming a wholly-owned subsidiary of the Company.

16.2 Notes to Explanation

Revenue Model

I Synergy has a strong revenue model which is based on the activities of its well in excess of 10,000 Affiliate Members. Affiliates sign up with I Synergy so that they are able to build their own businesses and generate revenue. The Affiliates will then in turn sign up its own members or customers that will buy products and services from Merchants that are part of the Affiliate Junction program. The larger the number of Customers the greater the revenue that they will receive from the commission on sales. Currently the Affiliate network has many hundreds of thousands of Customers and thousands of participating retailers or service providers.

The model has now been working for a number of years and I Synergy is generating revenue from:

- Commissions and system fees that are derived from the sale of products and services from participating merchants in the Affiliate Programs. These are performance-based marketing solutions that will grow substantially from the increased activity within the Network.
- License fees from Affiliates to purchase a license right in order to participate in the Affiliate Programs within Affiliate Junction. The license terms vary from 3 years, 6 years, 10 years or life time. With the license right, the Affiliates are able to build up their own businesses and generate income by leveraging the Affiliate Programs with participating merchants. The license fees are paid up front and the company recognises the revenue generated by these fees on a year by year basis. This results in an annuity style revenue that grows due to the increasing number of Affiliates.
- The company runs a number of training programs and seminars and generates revenue from these programs. Marketing materials are provided for use by Affiliates to assist with the sale programs that are being run to generate revenue for Affiliates. The company generates revenue from these programs and materials.

These 3 major revenue streams provide an ongoing revenue stream as the business expands.

Deferred Revenue

The company receives revenue from the license fees that Affiliates pay to join the Affiliate Junction Program. This entitles them to the right to participate in the program and derive the benefits of a growing revenue stream. Affiliates joining the Program pay the license fee up front and prepay the license for up to 10 years. The license fees are amortised and the revenue is recognised on a year by year basis over the life of the license term.

The statement of financial position includes the balance of the license fee revenue as a liability which will be brought to account as revenue in subsequent years. This deferred income represents an ongoing revenue stream for the life of the license which is similar to an annuity revenue stream. This revenue stream continues to grow as the number of Affiliates expands.

Deferred expenditure

The company pays commission for the sale of affiliate license right as stated above. The commission incurred in generating the sales are recognized over the license term as the cost of sale. Thus, the amount paid in advance are recorded as deferred expenditure (or known as prepayment) on the statement of financial position.

The deferred expenditure would be amortized and released to profit or loss to match to the the license revenue recognized.



section 17 MATERIAL AGREEMENTS

17.1 Share Exchange Agreement

On 30 April 2015, the Vendors entered into the Share Exchange Agreement with the Company whereby the Vendors exchanged each share they held in ISI for 250,000,000 Shares in the Company in accordance with the terms and conditions therein contained. This agreement has since been completed resulting in ISI becoming a wholly-owned subsidiary of the Company.

17.2 Executive/Director Agreement

Dato' Lawrence Teo had on 30 April 2015 entered into an employment agreement with the Company as the Chief Executive Officer of The Company. The agreement is on normal commercial terms.

Will Ong Han Keong had on 30 April 2015 entered into an employment agreement with the Company as the Chief Operating Officer of The Company. The agreement is on normal commercial terms.

Lennon Chu Chung Piow had on 30 April 2015 entered into an employment agreement with the Company as the General Manager of The Company. The agreement is on normal commercial terms.



18.1 Issue of CDI's for Shares

The Company is incorporated in Malaysia which does not recognize the CHESS system of holding securities or electronic transfer of legal title to shares. To enable companies such as I Synergy to have their securities cleared and settled electronically through CHESS, depository interests called CHESS Depository Interests (CDIs) are issued. CDI Holders receive all of the economic benefits of actual ownership of the underlying shares. CDIs are traded in a manner similar to shares of Australian companies listed on the NSX.

CDIs will be held in uncertificated form and settled/transferred through CHESS. No share certificates will be issued to CDI Holders. Shareholders will trade their CDI's on the NSX.

Each CDI represents one underlying Share. The main difference between holding CD's and Shares is that CDI Holders hold the beneficial ownership in the Shares instead of the legal title. CDN, a subsidiary of the Australian Stock Exchange Limited (ASX), will hold the legal title to the underlying Shares. The Shares underlying the CDIs will be registered in the name of CDN and will be held on behalf of and for the benefit of the CDI Holder. CDIs will be CHESS approved from the date of official quotation in accordance with the Listing Rules and the ASX Settlement Operating Rules. The Shares underlying the CDIs will rank equally with the Shares currently on issue in the Company.

18.2 Consents and Disclaimers

Collins Street Group Pty Ltd has given and has not withdrawn its written consent to be named in this Information Memorandum in the form and context in which it is named.

Tan Chuan Yong & S.M. Chan has given and has not withdrawn its written consent to be named in this Information Memorandum in the form and context in which it is named.

Richard Ho & Associates has given and has not withdrawn its written consent to be named in this Information Memorandum in the form and context in which it is named.

Boardroom Pty Ltd has given and has not withdrawn its written consent to be named in this Information Memorandum in the form and context in which it is named.

18.3 Interests of Advisors

Collins Street Group is the nominated corporate adviser to the Company including for the purpose of its listing on the NSX, in respect of which it will receive AU\$40,000 (excluding GST and disbursements) for work performed on standard commercial terms.

Boardroom Pty Ltd is the Company's registry services provider. Boardroom Pty Ltd provides such services on standard commercial terms and conditions

Tan Chuan Yong & S.M. Chan is the Company's Malaysian legal advisers for the purposes of its listing on the NSX, in respect of which it will receive RM28,000 (excluding GST and disbursement) for work performed on standard commercial terms.

Other than set out above or elsewhere in this Information Memorandum, no person named in this Information Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Information Memorandum holds at the date of this Information Memorandum, nor has held in the two years before the date of this Information Memorandum, an interest in the Company.

Nor has anyone paid or agreed to pay, or given or agreed to give, any benefits to such persons in connection with the NSX compliance listing and this Information Memorandum.

18.3 Privacy

The Company collects personal information from investors for the purposes of maintaining its share register and administering interests in the Company. Protecting the privacy of Investors is a key part of the Company's normal operations. The Company does not disclose personal information to any outside third party organization, unless it is contracted to the Company to provide administrative services or activities on the Company's behalf. In this case, the Company ensures that the third party is bound by the same privacy rules which itself follows.



Board of Directors

- Dato' Lawrence Teo
- Will Ong Han Keong
- Lennon Chu Chung Piow

Registered Office

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

Principle Place of Business

Unit 20-05/06/07/08, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200, Kuala Lumpur

Auditor

Richard Ho & Associates (AF 1600)

No. 11-1-1, Medan Putra Business Centre, Jalan Medan Putra 3, Bandar Sri Menjalara, Kepong, 52200 Kuala Lumpur, Malaysia

Legal Advisor

Tan Chuan Yong & S.M. Chan (Advocates & solicitors)

8th Floor, No. 55-8, The Boulevard, Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur, Malaysia

Listing Nominated Advisor

Collins Street Group Pty Ltd

Level 13, 350 Collins Street Melbourne VIC 3000, Australia

Share Registry

Boardroom Pty Limited

Level 8, 446 Collins Street Melbourne VIC 3000, Australia



Innovative . Synergy

I Synergy Holdings Berhad

*Unit 20-05/06/07/08, Vertical Business Suite,
Avenue 3, Bangsar South, No. 8 Jalan Kerinchi,
59200, Kuala Lumpur*