

LIFEBRANDZ LTD.

(Company Registration No. 200311348E)
(Incorporated in the Republic of Singapore)

NON-BINDING MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID UP SHARE CAPITAL OF RAMEN CHAMPION PTE. LTD.

1. INTRODUCTION

The board of directors (the “**Board**”) of Lifebrandz Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that LB F&B Pte Ltd, a wholly-owned subsidiary of the Company (the “**Purchaser**”), had on 9 March 2018 entered into a non-binding Memorandum of Understanding (“**MOU**”) with Mr Koki Matsuda and Kanezin Japan Singapore Pte. Ltd. (“**Kanezin**”) (collectively, the “**Vendors**”) regarding the potential acquisition of 3,950,000 ordinary shares (the “**Target Shares**”) representing 100% of the entire issued and paid up share capital of Ramen Champion Pte. Ltd. (the “**Target Company**”) from the Vendors for an indicative consideration of S\$4,000,000, which will be subject to the results of the due diligence to be carried out on the Target Company and the definitive agreements to be agreed to by the Parties (the “**Proposed Acquisition**”).

The Board wishes to announce that the Purchaser and the Vendors (each a “**Party**”, collectively, the “**Parties**”) agree that the MOU is intended to set out the main heads of agreement between the Parties in relation to the Proposed Acquisition and is not legally binding on the Parties, save for certain specified clauses (relating to *inter alia* the period of exclusivity) which shall be legally binding on the Parties.

The Proposed Acquisition will be subject to the terms and conditions as set out in the definitive agreements, including a sale and purchase agreement to be entered into between the Parties.

2. INFORMATION ON THE TARGET COMPANY AND THE VENDORS

2.1. **The Target Company**

The Target Company is a Singapore incorporated company and is an established restaurant operator in Singapore with three (3) outlets. The principle business of the Target Company is developing ramen “theme parks” serving food and beverages, such as Japanese ramen. As at the date of the MOU, the Target Company has an issued and paid up share capital of S\$3,950,000 comprising of 3,950,000 ordinary shares.

2.2. **The Vendors**

The Vendors are collectively the legal and beneficial owners of the entire issued and paid up share capital of the Target Company.

Mr Matsuda, a Japanese citizen, is currently a director of the Target Company and holds 3,772,250 ordinary shares in the Target Company.

Kanezin, a Japanese incorporated company, holds the remaining 177,750 ordinary shares in the Target Company.

As at the date of this announcement, the Vendors do not have any shareholding interests (direct or indirect) in the Company, and is not related to any of the Company’s Directors, Chief Executive Officer, or controlling shareholder, or their respective associates.

3. SALIENT TERMS OF THE MOU

3.1. Exclusivity

The Vendors agrees that, for a period of 60 days after the execution of the MOU (the “**Exclusivity Period**”), other than with the other Party or their respective advisers, they will not engage in any negotiations or agree with or accept any proposal from any third party regarding the acquisition of shares of the Target Company, and shall not, and shall cause the Target Company and representatives of the Company not to, directly, or indirectly, solicit, initiate, encourage, or entertain any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, any person (other than the Purchaser) relating to any business combination transaction involving the Target Company, including the sale of any of the shares of the Target Company, any merger or consolidation with any of them, or the sale of the business or any of the assets of the Target Company (other than in the ordinary course of business).

3.2. Further action

The Parties intend and shall use all reasonable endeavours to enter into the Sale and Purchase Agreement as soon as possible and in any event within the Exclusivity Period (or such later date as the Parties may agree).

3.3. Structure of the Potential Acquisition

The Purchaser will acquire all of the 3,950,000 ordinary shares in three (3) tranches as set out below:

- (i) First tranche The Purchaser shall acquire from the Vendors the first tranche of 2,370,000 ordinary shares of the Target Company which amounts to 60% of the total issued and paid up capital of the Target Company.

At this stage, Kanezin will transfer all of its 177,750 ordinary shares to the Purchaser while Mr Matusda will transfer 2,192,250 out of 3,772,250 ordinary shares currently held by him to the Purchaser. The remaining 1,580,000 ordinary shares currently held by Mr Matsuda will be acquired by the Purchaser in the next two tranches below.

- (ii) Second tranche The Purchaser shall acquire from Mr Matsuda the second tranche of his 790,000 ordinary shares of the Target Company which amounts to 20% of the total issued and paid up capital of the Target Company.

The second tranche shall occur within the period from 1 January 2019 to 31 December 2020.

- (iii) Third tranche The Purchaser shall acquire from Mr Matsuda the third tranche of his 790,000 ordinary shares of the Target Company which amounts to 20% of the total issued and paid up capital of the Target Company, provided always that in the event the Purchaser fails to exercise the right to acquire the second tranche, the Purchaser shall have the right to acquire 1,580,000 ordinary shares of the Target Company which amounts to 40% of the total issued and paid up capital of the Target Company.

The third tranche shall occur within the period from 1 January 2020 to 31 December 2021.

4. FINANCING FOR THE POTENTIAL ACQUISITION

The Board would like to announce that the Potential Acquisition will be financed by a director’s loan from Mr Saito Hiroyuki, who is the Executive Chairman / Chief Executive Officer of the

Company. Mr Saito will be entering into a loan agreement with the Company to provide the required financing for the potential acquisition of up to S\$4,000,000 (the “**Loan**”).

The Loan will be structured in three (3) tranches and will be unsecured and interest free. The first tranche of the Loan will be used to cover the acquisition of the 2,370,000 ordinary shares of the Target Company. The second and third tranche of the Loan would be used to finance the remaining tranches of the Potential Acquisition. However, the second and third tranches of the Loan would only be advanced in the event that the Company is unable to finance the remaining two tranches of the Potential Acquisition through its internally generated funds, and/or funds raised by the Company. In the event that the Company is able to finance the remaining two tranches of the Potential Acquisition, the Loan provided by Mr Saito will be capped to the amount provided to acquire the first tranche of the Potential Acquisition.

Mr Saito is the Executive Chairman / Chief Executive Officer of the Company and the controlling shareholder of the Company and as at the date of this announcement has an indirect interest in an aggregate of 34,477,340 shares in the capital of the Company representing approximately 17.77% of the entire issued share capital of the Company. Accordingly, Mr Saito is an “interested person” for the purposes of Chapter 9 of The Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist (the “**Listing Rules**”), and the grant of the Loan by Mr Saito is an interested person transaction. However, as the Loan is interest free, the value of the interested person transaction is zero and therefore the Company is not required to seek shareholders’ approval pursuant to Rule 906 of the Listing Rules.

The Board and the Audit Committee of the Company are of the view that the grant of the Loan by Mr Saito is in the best interest of the Company and not prejudicial to the interests of the Company and its minority shareholders as it will improve the cash flow situation of the Company and enable the Company to embark on the Potential Acquisition in order to generate revenue for the Group.

5. RATIONALE OF THE PROPOSED ACQUISITION

The Proposed Acquisition is in the ordinary course of the Group’s business and is in line with the Group’s strategy to establish new food outlets and expand its business through acquisitions, joint ventures or strategic alliances. The Proposed Acquisition will provide an additional income stream from the sale of the food and beverages.

6. DIRECTORS’ INTEREST, SUBSTANTIAL SHAREHOLDERS AND CONTROLLING SHAREHOLDERS

Saved as disclosed above, none of the directors, substantial shareholders, or the controlling shareholders has any interest, direct or indirect, in the Loan, the MOU and/or the Potential Acquisition, other than through their respective shareholdings of the Company.

7. FURTHER ANNOUNCEMENTS

Further announcements will be made by the Company in relation to the MOU and the Potential Acquisition as and when appropriate.

8. RESPONSIBILITY STATEMENT

The directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the MOU, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

9. CAUTION IN TRADING

Shareholders and potential investors of the Company are hereby reminded to exercise caution when dealing in the securities of the Company. In particular, Shareholders and potential investors of the Company are reminded that there is no assurance that any transactions mentioned in this announcement will materialise. Persons who are in doubt to the action they should take should consult their stockbrokers, bank managers, solicitors, or other professional advisors.

BY ORDER OF THE BOARD

Saito Hiroyuki
Executive Chairman / Chief Executive Officer

12 March 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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