

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 388,039,976 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

- 1.1. The board of directors (the "**Board**") of LifeBrandz Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company is proposing a renounceable non-underwritten rights issue of up to 388,039,976 new ordinary shares in the issued and paid-up capital of the Company (the "**Rights Shares**") at an issue price of S\$0.015 for each Rights Share (the "**Issue Price**"), on the basis of two (2) Rights Share for every one (1) existing ordinary shares in the issued share capital of the Company (the "**Shares**"), held by shareholders of the Company (the "**Shareholders**") as at a time and date to be determined by the Directors, at and on which the register of members and the transfer books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders (as defined herein) (the "**Books Closure Date**") under the rights issue, fractional entitlements to be disregarded (the "**Proposed Rights Issue**").
- 1.2. The Proposed Rights Issue is subject to, *inter alia*, the approval of the Shareholders at an extraordinary general meeting (the "**EGM**") to be convened by the Company in due course. A circular to Shareholders containing, *inter alia*, further information on the Proposed Rights Issue, together with the notice of the EGM, will be despatched to the Shareholders in due course.

2. DETAILS OF RIGHTS ISSUE

- 2.1. **Basis of Provisional Allotment.** The Proposed Rights Issue is proposed to be made on a renounceable basis to Entitled Shareholders (as defined herein) on the basis of two (2) Rights Shares for every one (1) existing Share, as at the Book Closure Date, fractional entitlements to be disregarded.
- 2.2. **Issue Price.** The Issue Price for each Right Share is S\$0.015, payable in full upon acceptance and application. The Issue Price represents a discount of:
 - (i) approximately 55.9% to the closing market price of S\$0.034 for trades done on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 18 December 2017 (being the last trading day on which the Shares were transacted on the SGX-ST prior to the release of the Announcement); and
 - (ii) approximately 28.6% to the theoretical ex-rights price of S\$0.021 per Share (the "**Theoretical Ex-Rights Price**"). The Theoretical Ex-Rights Price per Share is calculated based on the closing market price of S\$0.034 per Share on the SGX-ST on 18 December 2017, being the last trading day of the Shares on the SGX-ST prior to this announcement.
- 2.3. **Size.** As at the date of this Announcement, there are 194,019,988 Shares issued by the Company (the "**Existing Issued Share Capital**"), and there are 122,399,992 listed warrants which can be converted into 122,399,992 shares at any time during the period commencing on and including the date falling 12 months from 5 June 2017 and expiring at 5pm on the date immediately preceding 24 months from 5 June 2017. Therefore, based on the Existing Issued Share Capital, assuming the Proposed Rights Issue is fully subscribed, the number of Rights Shares to be allotted and issued under the Proposed Rights Issue will be 388,039,976 and, upon the completion of the allotment and issuance of the Rights Shares (the "**Completion**"), the issued and paid-up share capital of the Company will increase to 582,059,964 Shares (the "**Enlarged Share Capital**").
- 2.4. **Eligibility of Shareholders to Participate in the Proposed Rights Issue.** The Company proposes to provisionally allot Rights Shares to all the Shareholders who are eligible to participate in the Proposed Rights Issue (the "**Entitled Shareholders**"), comprising Entitled Depositors and Entitled Scripholders (both as defined herein) and excluding Foreign Shareholders (as defined herein).

Entitled Shareholders will be entitled to participate in the Proposed Rights Issue and receive the offer information statement (the "**Offer Information Statement**") together with the appropriate application forms and accompanying documents at their respective Singapore addresses as maintained with the records of the Central Depository (Pte) Limited ("**CDP**") or the Share Registrar (as defined herein), as the case may be.

- 2.5. **Entitled Depositors.** Shareholders whose securities accounts with CDP are credited with Shares as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date ("**Depositors**") will be provisionally allotted the Rights Shares on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at the Books Closure Date. To be "**Entitled Depositors**", Depositors must have registered their addresses with the CDP in Singapore as at the Books Closure Date or must have, at least three (3) Market Days (being days on which the SGX-ST is open for trading in securities) prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents.
- 2.6. **Entitled Scripholders.** Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (the "**Scripholders**") will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's share registrar Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) (the "**Share Registrar**") in order to be registered to determine the transferee's provisional allotments of the Rights Shares.

To be “**Entitled Scripholders**”, Scripholders must have registered their addresses in Singapore as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with their addresses in Singapore for the service of notices and documents.

- 2.7. **Foreign Shareholders.** For practical reasons and in order to avoid violation of relevant legislation applicable in countries other than Singapore, the Proposed Rights Issue is only made in Singapore and the Rights Shares will not be offered to the Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not at least three (3) Market Days prior to the Books Closure Date, provided to the Company, the CDP, or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”). The Offer Information Statement to be issued for the Proposed Rights Issue and its accompanying documents will not be mailed outside Singapore. Accordingly, no provisional allotments of the Rights Shares will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid.

Entitlements to Rights Shares which would otherwise accrue to Foreign Shareholders will, if practicable, be sold “nil-paid” on the sponsor-supervised listing platform of the SGX-ST (the “**Catalist Board**”) after dealings in the provisional allotments of Rights Shares commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date and sent to them at their own risk by ordinary post, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S\$10.00. In the event the amount is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, the Share Registrar, the Central Provident Fund Board, or the CDP and their respective officers in connection therewith.

Where such provisional allotments of Rights Shares are sold “nil-paid” on the Catalist Board, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Directors, the Share Registrar, the Central Provident Fund Board, or the CDP and their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares or the Rights Shares represented by such provisional allotments.

SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE PROPOSED RIGHTS ISSUE SHOULD PROVIDE CDP OR THE SHARE REGISTRAR, AS THE CASE MAY BE, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE BOOKS CLOSURE DATE.

- 2.8. **Status and Ranking.** The Rights Shares will be payable in full upon acceptance and/or application and, upon issue and allotment, will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.

For the purpose herein, “Record Date” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or the CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

- 2.9. **Provisional Allotments and Excess Applications.** Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares and will be eligible to apply for Rights Shares in excess of their provisional allotments under the Proposed Rights Issue.

Provisional allotments of Rights Shares which are not taken up for any reason shall be used to satisfy excess applications for Rights Shares (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the interests of the Company. In the allotment of excess Rights Shares, preference will be given to the Shareholders for rounding of odd lots, and Directors and substantial shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights Issue, or have representation (direct or through a nominee) on the Board of the Company will rank last in priority for the rounding of odd lots and allotment of excess Rights Shares. The Company will also not make any allotment or issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by the Shareholders at a general meeting.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders’ entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or otherwise dealt with in such manner as the Directors may in their absolute discretion, deem fit for the benefit of the Company.

- 2.10. **Non-Underwritten Rights Issue.** In view of the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees, the Company has decided to proceed with the Proposed Rights Issue on a non-underwritten basis.
- 2.11. **Odd Lots.** Shareholders who hold odd lots of the Rights Shares, and who wish to trade in odd lots on the Catalist Board should note that they will be able to do so on the Unit Share Market.
- 2.12. **Option to scale down subscription.** Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription and/or excess applications for the Rights Shares by any of the Shareholders (if such Shareholder chooses to subscribe for his/her/its pro-rata Rights Shares entitlement and/or apply for excess Rights Shares) to avoid placing the relevant Shareholder and parties acting in concert with him/her/it (as defined in the Singapore Code of Takeovers and Mergers (the “**Code**”)) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares entitlements fully.

3. RATIONALE OF THE PROPOSED RIGHTS ISSUE

- 3.1. The Proposed Rights Issue has been proposed by the Company as part of its ongoing and prudent balance sheet management to strengthen its financial position, enlarge its capital base and further enhance the financial flexibility of the Group ("**Working Capital**"). Further to this, the Proposed Rights Issue will allow the Company to pursue its growth strategy of developing and expanding the Fintech and information technology business and travel business ("**Developing the New Businesses**") as well as the food and beverage business ("**Developing the Existing Business**").
- 3.2. In addition, the Proposed Rights Issue will also provide existing Shareholders who are confident of the future prospects of the Company with an opportunity to subscribe for additional Shares.

4. USE OF PROCEEDS OF THE PROPOSED RIGHTS ISSUE

- 4.1. The estimated net proceeds (the "**Net Proceeds**"), after deducting estimated costs and expenses of S\$140,000.00, are expected to be approximately S\$5,680,600.00.
- 4.2. In particular, the Net Proceeds of the Proposed Rights Issue will be used in the following proportions:

Use of Net Proceeds	Allocation of the Net Proceeds (S\$)	Approximate Allocation of the Net Proceeds (%)
Developing the New Businesses	2,408,360.00	42.4
Developing the Existing Business	1,000,000.00	17.6
Working Capital	2,272,240.00	40.0
Approximate Net Proceeds arising from the Proposed Rights Issue	5,680,600.00	100.0

- 4.3. Pending the deployment of the Net Proceeds for the uses identified above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, or used for any other purposes on a short-term basis as the Directors may deem appropriate in the interests of the Group.
- 4.4. The Company will make periodic announcements on the utilisation of such proceeds from the Proposed Rights Issue as and when the funds from the Proposed Rights Issue are materially disbursed and provide a status report on the use of the proceeds raised in its interim and full-year financial statements issued under Rule 705 of the The Listing Manual of the SGX-ST Section B: Rules of Catalyst (the "**Listing Manual**") and in the Company's annual report(s). Where the proceeds have been used for working capital, the Company will also provide a breakdown with specific details on the use of proceeds for working capital in the announcements and status reports. Where there is a material deviation in the use of the use of proceeds, the Company will also state the reasons for such deviation.
- 4.5. There is no minimum amount to be raised from the Proposed Rights Issue, as in the event that it is unable to raise sufficient funds, the Company will source for alternative sources of funding, including but not limited to bank borrowings and Shareholders' loans.

5. CONFIRMATION BY DIRECTORS

- 5.1. For the purposes of Rule 814(1)(e) of the Listing Manual, the Directors are of the opinion that, barring any unforeseen circumstances:
- (i) after taking into consideration the present bank facilities, the working capital available to the Group is sufficient to meet its present requirements; and
 - (ii) after taking into consideration the present bank facilities and the proceeds from the Proposed Rights Issue, the working capital available to the Group is sufficient to meet its present requirements.
- 5.2. The Directors confirm that the proceeds from the Proposed Rights Issue will be utilised in accordance with Paragraph 4 above. Nevertheless, in light of the recent diversification by the Company into the New Businesses, the Company is proposing to undertake the Proposed Rights Issue as a strategic initiative to raise additional funding to strengthen the financial position of the Group by enlarging the Group's working capital and capital base, and to enhance the financial flexibility of the Company to capitalise on potential growth and acquisition opportunities.

6. CIRCULAR AND EGM

The Company intends to convene the EGM to seek Shareholders' approval for the Proposed Rights Issue. The Circular containing, *inter alia*, the notice of the EGM and details of the abovementioned transaction will be despatched to the Shareholders in due course.

7. OFFER INFORMATION STATEMENT

The terms and conditions of the Proposed Rights Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Proposed Rights Issue will be contained in the Offer Information Statement, to be lodged with the SGX-ST, acting as an agent on behalf of the Monetary Authority of Singapore (the "**MAS**"), and to be dispatched by the Company to Entitled Shareholders in due course, subject to the necessary approvals listed in paragraph 9 of this announcement being obtained.

8. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS, AND CONTROLLING SHAREHOLDERS

None of the Directors, substantial shareholders, and controlling shareholders has any interests, direct or indirect, in the Proposed Rights Issue, other than through each of their respective shareholding interests, direct and/or indirect, in the Company.

9. APPROVAL OF THE PROPOSED RIGHTS ISSUE

9.1. The Proposed Rights Issue is subject to, *inter alia*, the following:

- (i) the Proposed Rights Issue, including the allotment and issue of the Rights Shares, being approved by the Shareholders at the EGM to be convened;
- (ii) the approval in-principle from the continuing sponsor of the Company, RHT Capital Pte. Ltd. (the "**Continuing Sponsor**"), and/or the SGX-ST (as the case may be), being obtained for the listing and quotation of the Right Shares on the Catalist Board and, if the approval is granted subject to conditions, such conditions being reasonably acceptable to the Company, and such approval in-principle not having been withdrawn or revoked on or prior to the closing date of the offer of the Rights Shares under the Proposed Rights Issue; and
- (iii) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable) in respect of the Proposed Rights Issue with the SGX-ST, acting as an agent on behalf of the MAS.

9.2. The Continuing Sponsor, for and on behalf of the Company, will submit an additional listing confirmation to the SGX-ST for permission for the listing and quotation of the Rights Shares on the Catalist Board. Accordingly, an appropriate announcement will be made in due course to notify the Shareholders when the listing and quotation notice is obtained.

10. 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 Proposed Rights Issue, 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.

11. FURTHER ANNOUNCEMENTS

Further announcements will be made by the Company in relation to the Proposed Rights Issue as and when appropriate.

12. 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 the Proposed Rights Issue 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

18 December 2017

*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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