



LIFEBRANDZ LTD.

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

**PROPOSED SUBSCRIPTION OF 75,000,000 NEW ORDINARY SHARES
IN THE SHARE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.006 PER SHARE**

1. INTRODUCTION

1.1. The board of directors (the "**Board**" or "**Directors**") of LifeBrandz Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that, on 17 January 2020, the Company had entered into a subscription agreement (the "**Subscription Agreement**") with Capital Square Co., Ltd. (the "**Subscriber**").

1.2. Pursuant to the Subscription Agreement, the Subscriber has agreed to subscribe for an aggregate of 75,000,000 new ordinary shares in the capital of the Company (the "**Subscription Shares**") at an issue price of S\$0.006 (the "**Issue Price**") for each Subscription Share amounting to an aggregate cash consideration of S\$450,000 (the "**Aggregate Consideration**"), subject to and upon the terms and conditions of the Subscription Agreement (the "**Proposed Subscription**"). Please refer to paragraph 3 of this announcement for more information on the Proposed Subscription.

1.3. Additional Listing Application

The Company will apply to the Singapore Exchange Securities Trading Limited ("**SGX-ST**") through its sponsor, SAC Capital Private Limited, for the dealing in, listing of and quotation for the Subscription Shares on the Catalist board of the SGX-ST (the "**Catalist**"). The Company will make the necessary announcement upon receipt of the listing and quotation notice ("**LQN**") from the SGX-ST.

1.4. Exemption from Prospectus Requirement

The Proposed Subscription is not underwritten and there is no placement agent appointed for the purpose of the Proposed Subscription. The offer and allotment and issue of the Subscription Shares is made pursuant to the exemption under Section 272B of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"). As such, no prospectus or offer information statement will be issued by the Company in connection with the Proposed Subscription.

2. INFORMATION RELATING TO THE SUBSCRIBER

Shareholders should note that information relating to the Subscriber in this paragraph and elsewhere in this announcement was provided by the Subscriber. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

- 2.1. The Subscriber is a company incorporated in Japan and principally engaged in financial investment and property investment. Mr. Fujiyoshi Daiki ("**FD**") is the sole director and sole shareholder of the Subscriber. Its subscription is for investment purpose.
- 2.2. FD was the chief executive officer of e-Holidays Co., Ltd. and the director of Takumi Holidays Pte. Ltd.. Both e-Holidays Co., Ltd. and Takumi Holidays Pte. Ltd. are wholly-owned subsidiaries of the Group. FD stepped down from his position as director of Takumi Holidays Pte. Ltd on 19 September 2019, and from his position as chief executive officer of e-Holidays Co., Ltd. on 25 September 2019.
- 2.3. The Subscriber presently owns 50% equity interest in LifeBrandz USA, Inc. (f.k.a. Cloud Eight, Inc.) ("**LB USA**"), following a transfer of 500,000 ordinary shares from Office Hashida Co., Ltd to the Subscriber. LB USA is a 50%-owned subsidiary of the Group. Following the transfer, the previous director of LB USA, Mr. Kenjiro Hashida has stepped down from the director position of LB USA and FD has been appointed as a director in place of him. Further information on the change in shareholder of LB USA can be found in a separate announcement released by the Company today on the SGXNET.
- 2.4. The Subscriber is a private investor and is subscribing for the Subscription Shares as principal and for its own benefit. As at the date of this announcement, the Subscriber and FD do not hold, directly or indirectly, any shares in the capital of the Company (the "**Shares**").
- 2.5. The Subscriber and FD are acquaintances of Mr. Saito Hiroyuki ("**SH**"), the Executive Chairman and Chief Executive Officer of the Company, and were introduced to the Company by SH. No commission was paid or is payable by the Company to SH or anyone in relation to the Proposed Subscription.
- 2.6. To the best of knowledge of the Directors, save as disclosed above and in relation to the Proposed Subscription, the Subscriber, and its directors and shareholders, does not have any other connections (including business relationships) with the Company, the Group, its Directors and substantial shareholders. The Subscriber does not fall into the class of restricted persons as specified under Rule 812(1) of the Listing Manual Section B: Rules of Catalyst of the SGX-ST (the "**Catalist Rules**").

3. SALIENT TERMS OF THE SUBSCRIPTION AGREEMENT

3.1. Subscription Shares

Pursuant to the terms of the Subscription Agreement, the Subscriber shall subscribe for 75,000,000 Subscription Shares at the Issue Price per Subscription Share representing 12.26% of the enlarged issued and paid-up share capital of the Company comprising 611,670,246 Shares subsequent to the completion of the Proposed Subscription.

The Subscription Shares shall be issued free from any and all claims, charges, liens, mortgages, securities, pledges, equities, encumbrances or other interests whatsoever and shall rank *pari passu* with and shall carry all rights similar to the existing Shares except that the Subscription Shares will not rank for any dividends, rights, allotments, or other distributions, the record date for which falls on or before the date of the allotment and issue of the Subscription Shares.

The Subscription Shares represent approximately 13.98% of the existing issued and paid-up share capital (excluding treasury shares and subsidiary holdings) of the Company as at the date of this announcement and approximately 12.26% of the enlarged share capital (excluding treasury shares and subsidiary holdings) of the Company following the completion of the Proposed Subscription, assuming there are no changes to the number of Shares (excluding treasury shares and subsidiary holdings) of the Company before the completion of the Proposed

Subscription.

3.2. Issue Price

The Issue Price of S\$0.006 per Subscription Share is equivalent to the volume weighted average price ("**VWAP**") of S\$0.006 per Share for trades done on the SGX-ST on 16 January 2020, being the last full market day on which the Shares were traded prior to the Company's trading halt on 17 January 2020 and prior to the date of the Subscription Agreement.

The Issue Price was commercially agreed between the Company and the Subscriber after arm's length negotiations and taking into account historical trading performance of the Company and prevailing market conditions.

3.3. General Mandate

The Subscription Shares will be allotted and issued pursuant to the general share issue mandate granted by the shareholders of the Company ("**Shareholders**") by way of an ordinary resolution ("**General Mandate**") at the annual general meeting of the Company held on 27 November 2019 ("**2019 AGM**"). The General Mandate authorises the Directors to allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the 2019 AGM, of which the aggregate number of new Shares of the Company to be issued other than on a *pro-rata* basis to all existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). As at the date of the 2019 AGM, the Company had 536,670,246 Shares in issue.

As at the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate. Accordingly, the maximum number of Shares that may be issued pursuant to the General Mandate is 536,670,246 Shares, of which the maximum number of Shares that may be issued other than on a *pro-rata* basis pursuant to the General Mandate is 268,335,123 Shares. Accordingly, the proposed allotment and issue of the Subscription Shares falls within the limit of the General Mandate.

3.4. Compliance with Catalist Rules

The Subscription Shares (i) will not be placed to any person who is a Director or a substantial Shareholder of the Company or any other person in the categories set out in Rule 812(1) of the Catalist Rules, and (ii) will not result in any transfer of controlling interest in the Company.

3.5. Conditions Precedent

Under the Subscription Agreement, the completion of the Proposed Subscription is conditional upon the satisfaction or waiver of, *inter alia*, the following conditions ("**Conditions**"):

- (a) the LQN being obtained from the SGX-ST and not having been revoked or amended and, where the LQN is subject to conditions, to the extent that any conditions of the LQN are required to be fulfilled on or before the Completion Date (as defined below), they are so fulfilled;
- (b) the exemption under Section 272B of the SFA being applicable to the allotment and issue of Subscription Shares under the Subscription Agreements;
- (c) the allotment and issue of Subscription Shares to the Subscriber not being prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Subscription Agreements by any legislative, executive or regulatory body or authority of

Singapore or elsewhere which is applicable to the Company or the Subscriber; and

- (d) the representations, warranties and undertakings given by the Subscriber and the Company as set out in the Subscription Agreement remaining true and correct in all material respects as at the Completion Date.

3.6. Long-Stop Date

Under the Subscription Agreement, if the Conditions Precedent are not satisfied (or, where applicable, are not waived) on the date falling not later than four (4) weeks from the date of the Subscription Agreement (or such later date as the parties may mutually agree) (the "**Long-Stop Date**"), the Subscription Agreement shall terminate and be of no further effect and no party shall be under any liability to the other in respect of the Subscription Agreement.

3.7. Completion

Completion of the Proposed Subscription under the Subscription Agreement shall take place on the date falling five (5) market days after the date on which the SGX-ST issues the LQN (or other such date as the Company and the Subscriber may agree) ("**Completion Date**").

4. **RATIONALE FOR THE PROPOSED SUBSCRIPTION AND USE OF PROCEEDS**

Based on the audited financial results of the Group for the financial year ended 31 July 2019, the Group is in a net current liabilities position of S\$2.1 million and a net assets position of S\$0.4 million. In addition, based on the unaudited financial results of the Group for the 3-month financial period ended 31 October 2019, the Group is in a net current liabilities position of S\$3.2 million and a net liabilities position of S\$0.3 million.

The Proposed Subscription will allow the Company to strengthen its financial position by raising net cash proceeds (after deducting estimates expenses of approximately S\$26,000) of approximately S\$424,000 ("**Net Proceeds**"). The Company intends to utilize the entire Net Proceeds to finance the Group's general working capital.

Pending the deployment of the Net Proceeds, the Net Proceeds may be deposited with banks and/or financial institutions and/or invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such use is in accordance with the stated use and in accordance with the percentage allocated. As the Net Proceeds will be used for working capital purposes, the Company will disclose a breakdown with specific details on how the Net Proceeds have been applied. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of Net Proceeds in the Company's quarterly and full year financial statements issued under Rule 705 of the Catalist Rules and its annual report(s).

5. **DIRECTOR'S CONFIRMATION**

The Directors are of the opinion that, (i) after taking into consideration the Group's present internal resources and bank facilities available to the Group, the working capital available to the Group is sufficient to meet its present requirements; and (ii) after taking into consideration the Group's present internal resources and bank facilities available to the Group and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the above, the Directors are of the opinion that the Net Proceeds will further strengthen and supplement the Group's financial position and capital base.

6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

6.1. Bases and assumptions

The financial effects of the Proposed Subscription on (a) the consolidated net tangible liabilities ("**NTL**") per Share and (b) the consolidated loss per Share ("**LPS**") of the Group, have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 July 2019 ("**FY2019**"). The *pro forma* financial effects of the Proposed Subscription are for illustration only and do not reflect the actual financial effects or the future financial performance and condition of the Group after the Proposed Subscription.

The financial effects are based on the following assumptions:

- (a) the financial effects of the Proposed Subscription on the NTL per Share of the Group are computed based on the assumption that the Proposed Subscription had taken place on 31 July 2019;
- (b) the financial effects of the Proposed Subscription on the LPS is computed based on the assumption that the Proposed Subscription were completed on 1 August 2018; and
- (c) the expenses incurred in connection with the Proposed Subscription amount to approximately S\$26,000.

6.2. Share Capital

	Before the Proposed Subscription	After the Proposed Subscription
Issued and paid-up share capital (S\$'000)	62,650	63,074
Total number of issued Shares (excluding treasury shares) ⁽¹⁾ ('000)	536,670	611,670

Note:

- (1) As at the date of this announcement, the Company does not hold any treasury shares.

6.3. Net Tangible Assets ("**NTA**") or NTL per Share

The illustrative financial effects of the Proposed Subscription on the NTA or NTL per Share of the Group as at 31 July 2019 are as follows:

	Before the Proposed Subscription	After the Proposed Subscription
(NTL)/NTA ⁽¹⁾ attributable to the owners of the Company (S\$'000)	(211)	213

Total number of issued Shares (excluding treasury shares) ⁽²⁾ ('000)	536,670	611,670
(NTL)/NTA per Share (S\$ cents)	(0.04)	0.03

Notes:

- (1) NTL means total assets less the sum of total liabilities, non-controlling interests and intangible assets.
(2) As at the date of this announcement, the Company does not hold any treasury shares.

6.4. LPS

The illustrative financial effects of the Proposed Subscription on the LPS of the Group for FY2019 are as follows:

	Before the Proposed Subscription	After the Proposed Subscription
Loss for the financial year (S\$'000)	(3,446)	(3,446)
Net loss attributable to owners of the Company (S\$'000)	(3,094)	(3,094)
Weighted average number of Shares ('000)	498,088	573,088
LPS (S\$ cents)	(0.62)	(0.54)

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Subscription, other than in their capacity as Director or Shareholder of the Company.

8. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection during normal business hours from 9.00 a.m. to 5.00 p.m. at the Company's registered office at 80 Raffles Place, #41-02 UOB Plaza 1, Singapore 048624 for three (3) months from the date of this announcement.

9. DIRECTOR'S 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 Subscription, and 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 this 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.

10. TRADING CAUTION

Shareholders are advised to exercise caution in trading their Shares. The Proposed Subscription is subject to certain conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Subscription will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Saito Hiroyuki
Executive Chairman and Chief Executive Officer
20 January 2020

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (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.*

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.