



**LIFEBRANDZ LTD.**

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

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- (A) **PROPOSED CONSOLIDATION OF EVERY FIFTY (50) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) ORDINARY SHARE IN THE CAPITAL OF THE COMPANY ("CONSOLIDATED SHARE"), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED ("PROPOSED SHARE CONSOLIDATION"); AND**
- (B) **PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 305,835,100 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY ("RIGHTS SHARES") ON THE BASIS OF TWENTY-FIVE (25) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED ("RIGHTS ISSUE")**
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**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 the Company proposes to, in conjunction with and immediately prior to the commencement of the Rights Issue, undertake a share consolidation of every fifty (50) existing issued ordinary shares ("**Shares**") in the capital of the Company held by shareholders of the Company ("**Shareholders**") as at a books closure date to be determined by the Directors ("**Share Consolidation Books Closure Date**") into one (1) ordinary share ("**Consolidated Shares**"), fractional entitlements to be disregarded ("**Proposed Share Consolidation**").
- 1.2 The Board further wishes to announce that subject to and conditional upon the completion of the Proposed Share Consolidation, the Company proposes to undertake a renounceable non-underwritten rights issue ("**Rights Issue**") of up to 305,835,100 new Shares ("**Rights Shares**") in the share capital of the Company at an issue price of S\$0.028 ("**Issue Price**") for each Rights Share, on the basis of twenty-five (25) Rights Shares for every one (1) Consolidated Share in the share capital of the Company held by the Entitled Shareholders (as defined below) as at a time and date to be determined and announced by the Board, 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 under the Rights Issue ("**Rights Books Closure Date**"), fractional entitlements to be disregarded. **Shareholders should note that the Rights Issue will only be undertaken after, and is conditional upon the completion of, the Proposed Share Consolidation.**
- 1.3 The Company will be seeking specific Shareholders' approval at an Extraordinary General Meeting ("**EGM**") to be convened for, *inter alia*, the Proposed Share Consolidation and the Rights Issue. A circular to Shareholders setting out, amongst other things, the details of, and other relevant information pertaining to the Rights Issue, together with the notice of EGM, will be despatched to the Shareholders in due course.

**(A) PROPOSED SHARE CONSOLIDATION**

**2. DETAILS OF THE PROPOSED SHARE CONSOLIDATION**

**2.1 Overview of the Proposed Share Consolidation**

In conjunction with, and immediately prior to the completion of the Rights Issue, the Company proposes to undertake the Proposed Share Consolidation.

Under the Proposed Share Consolidation, every fifty (50) existing Shares registered in the name of each Shareholder will be consolidated into one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* with each other, and will be traded in board lots of 100 Consolidated Shares.

**Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of existing Shares as at the Share Consolidation Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Shares arising from the Proposed Share Consolidation will be disregarded. All fractional Shares arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including (a) disregarding the fractional entitlements; or (b) if practical and permissible, aggregating and selling the same and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractional Shares which are disregarded. Notwithstanding the above, Shareholders should note that the Proposed Share Consolidation is subject to such approvals and conditions as described in paragraph 0 below.**

Shareholders whose shareholding, as at the Share Consolidation Books Closure Date, is less than fifty (50) existing Shares or multiples of fifty (50) existing Shares should note that the Proposed Share Consolidation may result in (a) such Shareholders being no longer Shareholders or (b) rounding down to the nearest whole Consolidation Share with any fractions of Consolidated Shares (arising from the Proposed Share Consolidation) being disregarded. Accordingly, they should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately. They may, subject to such advice on actions that they should take and their own investment policies and risk/return requirements, consider the possibility of purchasing additional Shares so as to increase the number of existing Shares held to multiples of fifty (50) existing Shares prior to the Share Consolidation Books Closure Date.

As at the date of this announcement, the Company has an issued and paid up share capital of 611,670,246 Shares ("**Existing Share Capital**"). As at the date of this announcement, the Company has no treasury shares and no subsidiary holdings. Assuming that no new Shares will be issued by the Company during the period from the date of this announcement to the Share Consolidation Books Closure Date, the Company will have a share capital of approximately 12,233,404 Consolidated Shares (subject to rounding) following the Proposed Share Consolidation ("**Consolidated Share Capital**").

The Proposed Share Consolidation will have no impact on the issued and paid up share capital of the Company. The Proposed Share Consolidation will not involve the

diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid up capital of the Company, and has no effect on the Shareholders' funds (if any) of the Group. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation and no payment will be made to Shareholders pursuant to the Proposed Share Consolidation. The Proposed Share Consolidation will not cause any changes to the percentage shareholdings of each Shareholder, other than non-material changes due to rounding.

As at the date of this announcement, the Company does not have any share option or other share incentive schemes for its employees or any other convertible securities in issue.

## 2.2 Rationale of the Proposed Share Consolidation

The Board believes that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders for the following reasons:

(i) Reduction of volatility of the Share price

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), trading in lowly-priced shares may translate to higher transaction costs, relative to the trading price, for each board lot of Shares. In addition, lowly-priced shares are generally more prone to speculation and market manipulation. Given its susceptibility to speculation and market manipulation, lowly-priced shares are generally more volatile as compared to higher-priced shares, the Board believes that the Proposed Share Consolidation may serve to (a) reduce the volatility of its Share price and reduce fluctuations in the Company's market capitalisation; and (b) reduce the percentage transaction cost for trading in each board lot of Shares.

(ii) Increase in the market interest and attractiveness of the Company and its Shares

The Proposed Share Consolidation will rationalise the share capital of the Company by reducing the number of Shares issued and outstanding and, all other things being equal, the theoretical trading price and net tangible asset of each Consolidated Share would be higher than the trading price and net tangible set of each existing Share following the decrease in the number of Shares in issue after the Proposed Share Consolidation. In addition, the Proposed Share Consolidation may facilitate corporate actions and also increase market interest and activity in the Shares, and generally make the Shares more attractive to investors, including institutional investors.

**Shareholders should note that there is no assurance that the Proposed Share Consolidation will achieve the desired results described above or benefit all Shareholders, nor is there assurance that such results (if achieved) can be sustained in the longer term.**

## 2.3 Approvals and Conditions

The Proposed Share Consolidation is subject to, *inter alia*:

- (i) the receipt of the listing and quotation notice ("**LQN**") from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the dealing in, listing of and quotation for the Consolidated Shares on the Catalist board of the SGX-ST ("**Catalist**"); and
- (ii) the Proposed Share Consolidation being approved by Shareholders at an EGM to be convened.

An application will be made for permission to deal in and for the listing of and quotation for the Consolidation Shares on the Catalist. An announcement will be made in due course upon receipt of the LQN from the SGX-ST.

A circular to Shareholders setting out, amongst other things, the details of, and other relevant information pertaining to the Proposed Share Consolidation, together with the notice of EGM, will be despatched to the Shareholders in due course.

## (B) RIGHTS ISSUE

### 3. PRINCIPAL TERMS OF THE RIGHTS ISSUE

The principal terms of the Rights Issue are summarised below.

#### (i) Basis for the Provisional Allotment

The Rights Issue will be made on a renounceable basis to the Entitled Shareholders on the basis of twenty-five (25) Rights Share for every one (1) Consolidated Share held by Entitled Shareholders as at the Rights Books Closure Date, fractional entitlements to be disregarded.

#### (ii) Issue Size

As at the date of this announcement, there are 611,670,246 Shares issued by the Company ("**Existing Share Capital**"). The market price of the Shares at the close of trading on 30 January 2020 is S\$0.008. As at the date of this announcement, the Company does not have any share option or other share incentive schemes for its employees or any other convertible securities in issue. Following the Proposed Share Consolidation, the Company will have an issued share capital of approximately 12,233,404 Consolidated Shares (subject to rounding) ("**Consolidated Share Capital**").

Assuming that no other Shares are issued before the Rights Books Closure Date, and all Entitled Shareholders subscribe and pay for their *pro rata* entitlements of Rights Shares ("**Maximum Subscription Scenario**"), up to 305,835,100 Rights Shares will be issued. Upon the allotment and issuance of the Rights Shares, the Company will have an enlarged issued share capital comprising 318,068,504 Shares. The Rights Shares would represent approximately 2500.0% of the Consolidated Share Capital and approximately 96.2% of the enlarged issued share capital of the Company after the Rights Issue.

Assuming that no other Shares are issued before the Rights Books Closure Date, and assuming that none of the Entitled Shareholders other than the Undertaking Shareholders (as defined herein) subscribe and pay for the Rights Shares in accordance with their respective Irrevocable Undertakings (as defined herein) ("**Minimum Subscription Scenario**"), up to 6,321,429 Rights Shares will be issued. Upon the allotment and issuance of the Rights Shares, the Company will have an enlarged issued share capital comprising 18,554,833 Shares. The Rights Shares would represent approximately 51.7% of the Consolidated Share Capital and approximately 34.1% of the enlarged issued share capital of the Company after the Rights Issue.

Please refer to paragraph 4 of this announcement for more information on the Irrevocable Undertakings and paragraph 5.2 of this announcement for further details on the number of Rights Shares to be issued and the use of proceeds.

(iii) **Issue Price**

The Issue Price of S\$0.028 per Rights Share:

- (a) represents a discount of approximately 93.0% to the closing price of S\$0.40 per Share ("**Closing Price**") on the SGX-ST on 30 January 2020, being the last full market day (a "**Market Day**" being a day on which the SGX-ST is open for securities trading) on which the Shares were traded on the Catalist immediately prior to the date of the announcement (after adjusting for the Proposed Share Consolidation); and
- (b) represents a discount of approximately 33.8% to the theoretical ex-rights price<sup>1</sup> of S\$0.042 per Share (after adjusting for the Proposed Share Consolidation).

In arriving at the discount for the Issue Price, the Board took into consideration the following factors:

- (a) the prevailing market conditions; and
- (b) the discount rates of recent rights issue transactions on the SGX-ST for the past twelve (12) months.

(iv) **Status and Ranking**

The Rights Shares are payable in full upon acceptance and application by Entitled Shareholders. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions, the record date for which precedes the date of issue of the Rights Shares.

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<sup>1</sup> The theoretical ex-rights price is the theoretical market price of each Share assuming the completion of the Proposed Share Consolidation and the Rights Issue, and is calculated based on the Closing Price, and the number of Shares following completion of the Proposed Share Consolidation and the Rights Issue.

For this purpose, "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 Shareholders must be registered with The Central Depository (Pte) Limited ("**CDP**") or the Share Registrar (as defined below), as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

(v) **Eligibility of Shareholders to Participate in the Rights Issue**

The Company proposes to provisionally allot the Rights Shares to all Shareholders who are eligible to participate in the Rights Issue ("**Entitled Shareholders**"), comprising the Entitled Depositors and the Entitled Scripholders (both as defined below). Entitled Shareholders will be entitled to participate in the Rights Issue and receive the offer information statement to be issued by the Company in connection with the Rights Issue (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 CDP or the Share Registrar, as the case may be. Entitled Depositors are Shareholders with Shares standing to the credit of their securities accounts ("**Securities Accounts**") and whose registered addresses with CDP are in Singapore as at the Rights Books Closure Date or who have, at least three (3) Market Days prior to the Rights Books Closure Date provided CDP with addresses in Singapore for the service of notices and documents ("**Entitled Depositors**").

Entitled Scripholders are Shareholders whose share certificates are not deposited with CDP and who have tendered to the Company's share registrar, RHT Corporate Advisory Pte. Ltd. ("**Share Registrar**") 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 Rights Books Closure Date by the Share Registrar and whose registered addresses with the Company are in Singapore as at the Rights Books Closure Date or who have, at least three (3) Market Days prior to the Rights Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents ("**Entitled Scripholders**").

(vi) **Foreign Shareholders**

The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various securities laws requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will NOT be despatched to Shareholders with registered addresses outside Singapore and who have not, at least three (3) Market Days prior to the Rights Books Closure Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (the "**Foreign Shareholders**") and accordingly, the Rights Shares will NOT be offered to Foreign Shareholders.



The Offer Information Statement and its accompanying documents will not be despatched, lodged, registered or filed in any jurisdiction other than Singapore. Accordingly, Foreign Shareholders will not be entitled to participate in the Rights Issue and no provisional allotment of Rights Shares will be made to Foreign Shareholders. No purported acceptance thereof or application for any excess Rights Shares therefor by any Foreign Shareholder will be valid.

The Offer Information Statement and its accompanying documents will also NOT be despatched to persons purchasing entitlements to Rights Shares through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers may not accept any "nil-paid" rights credited to their Securities Account unless the Company and its counsel are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Entitlements to Rights Shares which would otherwise have been provisionally allotted to Foreign Shareholders will, if practicable to do so and at the absolute discretion of the Company, be sold "nil-paid" on the Catalist, as soon as practicable, 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 or, as the case may be, the number of Shares entered against their names in the depository register maintained by CDP as at the Rights Books Closure Date and sent to them at their own risk by ordinary post. If the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall be dealt with 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 Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"), the Share Registrar, or CDP and their respective officers in connection therewith.

Where the provisional allotments of Rights Shares are sold "nil-paid" on the Catalist, 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 Sponsor, the Share Registrar, or CDP and their respective officers in connection therewith. If such provisional allotments of Rights Shares cannot be sold or are not sold on the Catalist as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares, the new Shares represented by such provisional allotments will be allotted and issued to satisfy applications for excess Rights Shares or disposed of or dealt with in such manner 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 Sponsor, the Share Registrar, or CDP and their respective officers in connection therewith.

**SHAREHOLDERS WITH REGISTERED ADDRESSES OUTSIDE SINGAPORE WHO WISH TO PARTICIPATE IN THE RIGHTS ISSUE SHOULD PROVIDE (I) CDP AT 9 NORTH BUONA VISTA DRIVE, #01-19/20 THE METROPOLIS, SINGAPORE 138588 OR (II) THE SHARE REGISTRAR AT 30 CECIL STREET, #19-08 PRUDENTIAL TOWER, SINGAPORE 049712, AS THE CASE MAY BE, IN WRITING, WITH ADDRESSES IN SINGAPORE FOR THE SERVICE OF NOTICES AND DOCUMENTS, AT LEAST THREE (3) MARKET DAYS PRIOR TO THE RIGHTS BOOKS CLOSURE DATE.**

**(vii) Acceptance, Excess Application and Payment Procedures**

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or, in the case of Entitled Depositors only, trade (during the "nil-paid" rights trading period prescribed by the SGX-ST) their provisional allotments of the Rights Shares and will also be eligible to apply for Rights Shares in excess of their provisional allotments under the Rights Issue. Entitlements which are not allotted or taken up for any reason will be aggregated and issued to satisfy applications, if any, for excess Rights Shares or otherwise disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

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.

In the allotment of excess Rights Shares, preference will be given to Entitled 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 Rights Issue, or have representation (direct or through a nominee) on the Board 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 and issue of any Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting. The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the provisional allotments of the Rights Shares and for the applications for excess Rights Shares, including each different mode of acceptance or application and payment, will be contained in the Offer Information Statement and the relevant application forms.

**(viii) Offer Information Statement**

The terms and conditions of the Rights Issue may be subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the Offer Information Statement and its accompanying documents to be lodged with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore ("**MAS**"). The Offer Information



Statement will be despatched by the Company to Entitled Shareholders in due course.

(ix) **Odd Lots**

Shareholders who hold odd lots of the Rights Shares, and who wish to trade in odd lots on Catalist should note that they will be able to do so on the Unit Share Market.

(x) **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 Irrevocable Undertakings (as defined herein) provided by the Undertaking Shareholders (as defined herein) and there being no minimum amount that must be raised from the Rights Issue, the Company has decided to proceed with the Rights Issue on a non-underwritten basis. The Rights Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Listing Manual Section B: Rules of Catalist of the SGX-ST ("**Catalist Rules**").

(xi) **Option to Scale Down Subscription**

Depending on the level of subscription for the Rights Shares, the Company will, if necessary, scale down the subscription for the Rights Shares and/or excess applications for the excess Rights Shares by any Shareholder (if such Shareholder chooses to subscribe for 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 in the position of incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers ("**Code**") as a result of other Shareholders not taking up their Rights Shares entitlement fully; or to avoid the transfer of a controlling interest in the Company, which is prohibited under Rule 803 of the Catalist Rules, unless prior approval of Shareholders is obtained in a general meeting.

(xii) **Approvals**

The Rights Issue is subject and conditional upon, *inter alia*:

- (a) the approval of the Shareholders for the Proposed Share Consolidation being obtained at the EGM;
- (b) the approval of the Shareholders for the Rights Issue being obtained at the EGM;
- (c) the receipt of the LQN from the SGX-ST (and such notice not having been withdrawn or revoked on or prior to the completion of the Rights Issue) for the dealing in, listing of and quotation for the Rights Shares on Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company; and
- (d) the lodgement of the Offer Information Statement, together with all other necessary accompanying documents, in connection with the

Rights Issue with the SGX-ST, acting as an agent on behalf of the MAS;  
and

- (e) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue, being obtained and not having been withdrawn or revoked before the completion of the Rights Issue.

The Company will be making an application to the SGX-ST, through the Sponsor, for dealing, listing and quotation, of the Rights Shares on the Catalist. An appropriate announcement will be made in due course when the Company receives the listing and quotation notice for the dealing in, listing of and quotation for the Rights Shares from the SGX-ST.

The Company also intends to convene the EGM to seek, *inter alia*, Shareholders' approval for the Rights Issue. The circular containing, *inter alia*, the notice of the EGM will be despatched to Shareholders in due course.

Appropriate announcements in relation to, *inter alia*, the above application, updates of expression of interest, intention and undertakings, despatch of the circular, and lodgement and despatch of the Offer Information Statement will be made in due course.

#### 4. IRREVOCABLE UNDERTAKINGS AND SET-OFF AND SETTLEMENT ARRANGEMENT

- 4.1 The Rights Issue will be supported by certain shareholders of the Company, namely Bounty Blue Capital Ltd ("**Bounty Blue**") and Capital Square Co., Ltd. ("**Capital Square**") (collectively, the "**Undertaking Shareholders**").

The shareholding interests of the Undertaking Shareholders as at the date of this announcement and following the completion of the Proposed Share Consolidation are as follows:

As at the date of this announcement

Undertaking Shareholder	Direct Interest		Deemed Interest		Total %
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>	
Bounty Blue <sup>(3)</sup>	-	-	155,148,030	25.36	25.36
Capital Square	75,000,000	12.26	-	-	12.26

After the Proposed Share Consolidation

Undertaking Shareholder	Direct Interest		Deemed Interest		Total %
	Number of Shares	% <sup>(2)</sup>	Number of Shares	% <sup>(2)</sup>	
Bounty Blue <sup>(3)</sup>	-	-	3,102,960	25.36	25.36
Capital Square	1,500,000	12.26	-	-	12.26

**Notes:**

- (1) Based on the Existing Share Capital.
- (2) Based on the Consolidated Share Capital.
- (3) Bounty Blue is deemed to be interested in the 155,148,030 Shares held through UOB Kay Hian Private Limited. Bounty Blue Capital Ltd is wholly owned by Rockwills Trustee Ltd, being the trustee of Blue Bay Trust (the "**Trust**"). The beneficiary and settlor of the Trust is Mr. Saito Hiroyuki, the Executive Chairman and Chief Executive Officer of the Company.

4.2 Bounty Blue had provided certain advances of S\$2,107,000 to the Company ("**Bounty Blue Advances**"). Capital Square had also provided certain advances of S\$200,000 to the Company ("**CS Advances**", and together with the Bounty Blue Advances, the "**Advances**"). The Advances were extended to the Company for general working capital and business expansion purposes. The Bounty Blue Advances are not interest bearing and no collateral was and/or is to be provided by the Company to secure the advance of the Bounty Blue Advances to the Company. The CS Advances bear interest at the rate of 5% per annum and no collateral was and/or is to be provided by the Company to secure the advance of the CS Advances to the Company.

4.3 To show support for the Rights Issue and to demonstrate their commitment to the Company, the Undertaking Shareholders have each given irrevocable undertakings, pursuant to which each of the Undertaking Shareholders has irrevocably undertaken to the Company, *inter alia*, as follows:

- (i) Bounty Blue will subscribe for at least 59,178,571 Rights Shares of its *pro rata* entitlement of 77,574,000 Rights Shares for an aggregate subscription amount of S\$1,657,000 ("**Bounty Blue Subscription Amount**") and the Bounty Blue Subscription Amount will be settled and set-off against the Bounty Blue Advances, in whole or in part as applicable ("**Bounty Blue Irrevocable Undertaking**"), PROVIDED ALWAYS that if due to the Bounty Blue Irrevocable Undertaking, Bounty Blue is placed in a position of incurring a mandatory general offer obligation under Rule 14 of the Code, the Company will scale down the Bounty Blue Subscription Amount and the resultant Rights Shares in such a manner so as to avoid placing Bounty Blue in such a position;
- (ii) Capital Square will subscribe for at least 7,142,857 Rights Shares of its *pro rata* entitlement of 37,500,000 Rights Shares for an aggregate subscription amount of S\$200,000 ("**CS Subscription Amount**") and the CS Subscription Amount will be settled and set-off against the CS Advances, in whole or in part as applicable ("**CS Irrevocable Undertaking**", and together with the Bounty Blue Irrevocable Undertaking, the "**Irrevocable Undertakings**"), PROVIDED ALWAYS that if due to the CS Irrevocable Undertaking, Capital Square is placed in a position of incurring a mandatory general offer obligation under Rule 14 of the Code, the Company will scale down the CS Subscription Amount and the resultant Rights Shares in such a manner so as to avoid placing Capital Square in such a position;
- (iii) the Undertaking Shareholders will not sell, transfer or otherwise deal (as the case may be) with any of the Shares that they own or control as at the date of the Irrevocable Undertakings, during the period between the date of the Irrevocable Undertakings and the Rights Books Closure Date; and

- (ii) the Undertaking Shareholders will vote and/or procure the voting of, all their shareholding, whether held directly or indirectly, in favour of the resolution relating to the Proposed Share Consolidation and the Rights Issue at the EGM.
- 4.4 As the subscription monies payable by the Undertaking Shareholders will be fully offset against the Advances, the Undertaking Shareholders will not be required to provide any letter of confirmation of financial resources to pay for such subscription monies.
- 4.5 The Undertaking Shareholders confirm that they have not been offered additional terms or benefits in connection with the giving of the Irrevocable Undertaking set out above.
- 4.6 The Irrevocable Undertakings are subject to and conditional upon:
  - (i) the approval of the Shareholders for the Proposed Share Consolidation being obtained at the EGM;
  - (ii) the approval of the Shareholders for the Rights Issue being obtained at the EGM;
  - (iii) the receipt of the LQN from the SGX-ST (and such notice not having been withdrawn or revoked on or prior to the completion of the Rights Issue) for the dealing in, listing of and quotation for the Rights Shares on Catalist and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
  - (iv) the lodgement of the Offer Information Statement, together with all other necessary accompanying documents, in connection with the Rights Issue with the SGX-ST, acting as an agent on behalf of the; and
  - (v) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights Issue and to give effect to the Rights Issue, being obtained and not having been withdrawn or revoked before the completion of the Rights Issue.
- 4.7 As the CS Irrevocable Undertaking would result in the transfer of a controlling interest in the Company to Capital Square ("**Proposed Transfer of Controlling Interest**"), specific approval of the Shareholders is required under Rule 803 of the Catalist Rules. The Company will seek the approval of the Shareholders for the Proposed Transfer of Controlling Interest at the EGM to be convened for, *inter alia*, the Proposed Share Consolidation and the Rights Issue. If Shareholders' approval for the Proposed Transfer of Controlling Interest is not obtained, the Company will scale down Capital Square's subscription for the Rights Shares to avoid the transfer of a controlling interest in the Company to Capital Square.
- 4.8 The Company anticipates that, from the date of this announcement until the Rights Books Closure Date, the CS Advances may increase. In the event that the Company obtains further advances from Capital Square, the Company will discuss with Capital Square on the possibility of increasing the CS Subscription Amount, and further announcements will be made by the Company in this regard.

## 5. USE OF PROCEEDS AND RATIONALE OF THE RIGHTS ISSUE

### 5.1 Rationale

The Company is proposing to undertake the Rights Issue to strengthen the financial position of the Group, reduce its existing liabilities, and to finance the expansion of (i) its food and beverage business ("**F&B Business**") (in particular, to open more high-end Japanese restaurants overseas in the near future) and (ii) its new distribution business as approved by the Shareholders on 27 November 2019 ("**Distribution Business**"). The Rights Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company, and will allow the Group to be less reliant on external sources of funding, providing the financial flexibility for its core activities.

### 5.2 Use of Proceeds

The Company intends to utilise the proceeds from the Rights Issue, to partially repay the Advances from the Undertaking Shareholders, for business expansion purposes and for working capital purposes. The amount and percentage allocation of the use of proceeds for these purposes will depend on the amount of Rights Shares allocated to the Undertaking Shareholders and subscription of the Rights Shares by other Entitled Shareholders.

#### Maximum Subscription Scenario

In the Maximum Subscription Scenario, where all Entitled Shareholders (including the Undertaking Shareholders) subscribe for their respective *pro rata* entitlement of Rights Shares (i.e. assuming no change in shareholdings for all Entitled Shareholders following the completion of the Rights Issue), the number of Rights Shares to be issued and the estimated gross proceeds from the Rights Issue ("**Gross Proceeds**") is as follows:

Shareholder	<i>Pro rata</i> entitlement of Rights Shares	Aggregate Gross Proceeds
Bounty Blue	77,574,000	2,172,072 <sup>(1)</sup>
Capital Square	37,500,000	1,050,000 <sup>(2)</sup>
Remaining Entitled Shareholders	190,761,100	5,341,311
<b>Total</b>	<b>305,835,100</b>	<b>8,563,383</b>

#### **Note:**

(1) S\$1,657,000 to be set-off against the Bounty Blue Advances.

(2) S\$200,000 to be set-off against the CS Advances.

Accordingly, in the Maximum Subscription Scenario, S\$1,857,000 of the Advances will be set-off against the aggregate Gross Proceeds and the Company will raise gross proceeds of S\$6,706,383. After deducting the estimated professional fees and related expenses of approximately S\$0.16 million, the net proceeds raised from the Rights Issue in the Maximum Subscription Scenario is expected to be approximately S\$6.55 million ("**Net Proceeds**").

The Company intends to use the Net Proceeds in the following manner:

<b>Use of Net Proceeds</b>	<b>Allocation of the Net Proceeds (S\$' million)</b>	<b>Approximate Allocation of the Net Proceeds (%)</b>
Repayment of Advances by the Undertaking Shareholders	1.86	28.4
Funding for expansion of the F&B Business	1.80	27.5
Funding for expansion of the Distribution Business	0.20	3.1
General working capital purposes	2.69	41.0
<b>Total</b>	<b>6.55</b>	<b>100.0</b>

The Company intends to utilise the Net Proceeds for general working capital purposes which includes, but not limited to, operating costs of the Group, payment of professional fees, payment of trade-related debts, and payment of staff salaries. The Company envisages more cash to be utilised for its operating activities as the Group is in its business expansion phase.

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

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated in the Offer Information Statement, and provide a status report on the use of the Net Proceeds in the Company's annual reports until such time the Net Proceeds have been fully utilised. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the Net Proceeds in the announcements and status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

#### Minimum Subscription Scenario

In the Minimum Subscription Scenario, where only the Undertaking Shareholders subscribe for the Rights Shares in accordance with the Irrevocable Undertakings, the Gross Proceeds will be used entirely to set-off the Advances in accordance with the Irrevocable Undertakings. Professional fees and expenses relating to the Rights Issue will be paid out of the Company's existing resources as no fresh funds will be raised from the issuance of the Rights Shares.



Under the Minimum Subscription Scenario, the number of Rights Shares to be issued and the estimated gross proceeds from the Rights Issue is as follows:

Shareholder	Number of Rights Shares based on Irrevocable Undertakings	Aggregate Gross Proceeds
Bounty Blue	2,392,857 <sup>(1)</sup>	67,000
Capital Square	3,928,571 <sup>(1)</sup>	110,000
<b>Total</b>	<b>6,321,429</b>	<b>177,000<sup>(2)</sup></b>

**Notes:**

(1) Under the Irrevocable Undertakings, the Rights Shares entitlement of Bounty Blue and Capital Square are 59,178,571 and 7,142,857 respectively. However, issuing such number of Rights Shares to the Undertaking Shareholders will result in the Undertaking Shareholders incurring an obligation under Rule 14 of the Code to make a mandatory general offer for all the Shares of the Company. Accordingly, Bounty Blue's application to subscribe for Rights Shares will be scaled down from 59,178,571 to 2,392,857, resulting in Bounty Blue holding 5,495,817 Shares, representing 29.62% of the enlarged issued share capital of the Company and Capital Square's application to subscribe for Rights Shares will be scaled down from 7,142,857 to 3,928,571, resulting in Capital Square holding 5,428,571 Shares, representing 29.26% of the enlarged issued share capital of the Company, in each case following the completion of the Rights Issue.

(2) Entire gross proceeds to be set-off against the Advances.

Based on the reasonable opinion of the Directors as at the date of this announcement, there is no minimum amount which must be raised from the Rights Issue. In the event that the Company 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.

### 5.3 Fund-raising Exercises Undertaken in the Past 12 Months

The Company undertook two (2) fund-raising exercises in the past twelve (12) months, the details of which are set out below:

(i) 2019 Rights Issue

The Company had on 14 December 2018 announced a proposed renounceable non-underwritten rights issue ("**2019 Rights Issue**") of up to 325,862,071 Rights Shares at an issue price of S\$0.007 per Rights Share. The 2019 Rights Issue was completed on 23 January 2019, and 80,014,724 Rights Shares were issued and allotted.

The gross proceeds and the net proceeds of the 2019 Rights Issue were S\$0.56 million and S\$0.46 million respectively (after taking into consideration associated expenses). The net proceeds were used for the intended purposes, i.e. funding for expansion of the F&B Business and repayment of advances from Bounty Blue in the following manner:

- (a) Expansion of F&B Business: S\$98,000
- (b) Repayment of advances from Bounty Blue: S\$362,000

(ii) 2020 Subscription

The Company had on 20 January 2020 announced a proposed subscription by Capital Square ("**2020 Subscription**") of 75,000,000 new Shares at an issue price of S\$0.006 per Share. The 2020 Subscription was completed on 31 January 2020 and 75,000,000 new Shares were issued and allotted to Capital Square.

The gross proceeds and the net proceeds of the 2020 Subscription were S\$0.45 million and S\$0.42 million from the 2020 Subscription (after taking into consideration associated expenses) have not been utilized yet and it is intended to be utilized for general working capital purposes.

**6. WORKING CAPITAL**

The Directors are of the opinion that after taking into consideration the operating cash flows of the Group, the financial support from Bounty Blue and the advances from Capital Square, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the reasons for undertaking the Rights Issue are set out in paragraph 5.1 of this announcement.

The Directors are also of the opinion that after taking into consideration the operating cash flows of the Group, the financial support from Bounty Blue, the advances from Capital Square as well as the proceeds from the Rights Issue, the working capital available to the Group is sufficient to meet its present requirements.

**(C) CIRCULAR TO SHAREHOLDERS**

The Circular containing further details of, *inter alia*, the Proposed Share Consolidation and the Rights Issue, together with the notice of the EGM in connection therewith, will be despatched to the Shareholders in due course.

**(D) INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF THE COMPANY**

Save as disclosed in this announcement, none of the Directors or substantial Shareholders of the Company, as well as their respective associates, have any interests, direct or indirect, in the Proposed Share Consolidation and the Rights Issue (other than through their respective shareholdings in the Company, if any).

**(E) DIRECTORS' 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 Share Consolidation and the 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 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.

**(F) FURTHER ANNOUNCEMENTS**

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

**(G) CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Proposed Share Consolidation and the Rights Issue are subject to certain conditions. As at the date of this announcement, there is no certainty or assurance that the Proposed Share Consolidation and the Rights Issue 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 and potential investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers 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  
31 January 2020

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*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.*

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