

LIFEBRANDZ LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200311348E)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF UP TO 1,101,000,000 NEW SHARES IN LIFEBRANDZ LTD. (THE “RIGHTS ISSUE”) ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWO (2) EXISTING ORDINARY SHARES

1. INTRODUCTION

The board of directors (the “**Directors**”) of Lifebrandz Ltd. (the “**Company**”) wishes to announce a proposed renounceable non-underwritten rights issue of up to 1,101,000,000 new ordinary shares in the capital of the Company (the “**Rights Shares**”), at an issue price of S\$0.005 for each Rights Share (the “**Issue Price**”), on the basis of three (3) Rights Shares for every two (2) existing ordinary shares in the capital of the Company (the “**Shares**”) held by Entitled Shareholders (as defined below) as at a time and date to be determined by the Directors for the purposes of determining Entitled Shareholders’ entitlements under the Rights Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded (the “**Rights Issue**”).

The Company has appointed Boulton Capital Asia Pte. Limited (the “**Manager**”) as the Manager for the Rights Issue.

2. DETAILS OF THE RIGHTS ISSUE

The Rights Issue is proposed to be offered on a renounceable basis to all shareholders of the Company (the “**Shareholders**”) whose registered addresses with the Company or The Central Depository (Pte) Limited (“**CDP**”), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least five (5) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents (the “**Entitled Shareholders**”) at the Issue Price for each Rights Share, on the basis of three (3) Rights Shares for every two (2) existing Shares held by, or standing to the credit of the securities accounts (the “**Securities Accounts**”) of Entitled Shareholders as at 5.00 p.m. (Singapore time) on the Books Closure Date, fractional entitlements to be disregarded.

Based on the 734,000,000 issued Shares of the Company as at the date of this announcement of the Rights Issue (“**Announcement**”), and assuming that the Rights Shares are fully subscribed, 1,101,000,000 Rights Shares will be issued pursuant to the Rights Issue.

The Rights Shares are payable in full upon acceptance and/or application and upon allotment and issue will rank *pari passu* in all respects with the then existing issued Shares 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 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 Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

The issue price of S\$0.005 for each Rights Share represents a discount of approximately 66.7% to the last transacted price of S\$0.015 per Share on the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 30 April 2009, being the last SGX-ST market day on which the Shares were traded immediately preceding this Announcement.

The terms and conditions of the Rights Issue are subject to such changes as the Directors may in their absolute discretion deem fit. The final terms and conditions of the Rights Issue will be set out in the Circular (as defined in paragraph 11 below) and the offer information statement (the “**Offer Information Statement**”) to be lodged with the Monetary Authority of Singapore and despatched to Entitled Shareholders in due course.

3. **IRREVOCABLE UNDERTAKINGS AND EXCESS APPLICATION UNDERTAKINGS**

As at the date of this Announcement:

- (a) C.H.Y Regalia Limited (“**Regalia**”) holds an aggregate of 101,077,000 Shares, representing approximately a 13.77% interest in the issued Shares of the Company;
- (b) Loh Kim Kang David (“**DL**”) holds an aggregate 29,000,000 Shares, representing approximately a 3.95% interest in the issued Shares of the Company; and
- (c) Han Seng Juan (“**HSJ**”) holds an aggregate 31,000,000 Shares, representing approximately a 4.22% interest in the issued Shares of the Company.

Irrevocable Undertakings

In connection with the Rights Issue and subject to the conditions and termination events set out below, each of Regalia, DL and HSJ (the “**Undertaking Shareholders**”) has irrevocably undertaken to the Company (collectively, “**Irrevocable Undertakings**”) that it/he, *inter alia*:

- (a) will not transfer, sell or otherwise dispose of any or all of the Shares held by it/him as at the date of the undertaking up to the Books Closure Date; and
- (b) will subscribe and pay for and/or procure subscriptions and payment for all its/his Rights Shares entitlements represented by the Shares held by it/him as at the Books Closure Date.

Excess Application Undertakings

In addition to their Irrevocable Undertakings and subject to the conditions and termination events set out below, each of DL and HSJ (the “**Relevant Undertaking Shareholders**”) has irrevocably undertaken to the Company to make excess applications in equal proportion (“**Excess Application Undertakings**”) to subscribe for up to 429,692,250 Rights Shares each or an aggregate of 859,384,500 Rights Shares, being the maximum balance number of Rights Shares which are available for subscription as a result of other Shareholders not taking up or not taking up fully their entitlements to the Rights Shares under the Rights Issue (before taking into account any applications for excess Rights Shares by any other Shareholders) and which are not subject to the Irrevocable Undertakings (the “**Balance Rights Shares**”).

Each of the Undertaking Shareholders will in due course provide to the Company confirmations from a financial institution that the Undertaking Shareholders will have sufficient funds available to them to enable them to subscribe for their respective Rights Shares entitlements pursuant to their Irrevocable Undertakings and the Balance Rights Shares pursuant to their Excess Application Undertakings (the “**Undertakings**”).

Commitment Fee

In consideration of the Excess Application Undertakings as described above, if the Rights Issue proceeds and subject to the Shareholders’ approval of the payment of the Commitment Fee, the Relevant Undertaking Shareholders, namely DL and HSJ, shall each be entitled to receive a fee (the “**Commitment Fee**”) of approximately S\$107,423, calculated based on 5% of the aggregate Issue Price for the 429,692,250 Balance Rights Shares in respect of which each of them has committed to make excess applications for, pursuant to their respective Excess Application Undertakings as described above.

The Company has considered other alternatives involving financial institutions and underwriters but due to the current market conditions and the business sector that the Company and its subsidiaries (collectively, the “**Group**”) are in, the Company was unable to obtain any underwriting commitment for the Rights Issue. In considering the payment of the Commitment Fee, the Company took into consideration the fact that the Excess Application Undertakings ensure the success of the Rights Issue given the difficulties in securing underwriting commitment, and will together with the Irrevocable Undertakings enable the Company to raise gross proceeds of S\$5.5 million. Further, the Commitment Fee recognises the opportunity costs to the Relevant Undertaking Shareholders of having to set aside funds for the respective Excess Application Undertakings for a relatively lengthy period of time from the date of their respective undertakings to the completion of the Rights Issue, particularly in the current uncertain market environment.

Conditions to the Undertaking Shareholders' Obligations

The Irrevocable Undertakings provided by the Undertaking Shareholders and the Excess Application Undertakings provided by the Relevant Undertaking Shareholders to the Company are subject to certain conditions, including but not limited to:

- (a) the conditions set out in paragraph 9 below being fulfilled;
- (b) the latest date for acceptance and/or excess application and payment of the Rights Shares under the Rights Issue being on or before 30 September 2009;
- (c) with respect to Regalia's Irrevocable Undertaking, there being no breach by DL or HSJ of their Irrevocable Undertakings and Excess Application Undertakings; and
- (d) with respect to DL's and HSJ's respective Irrevocable Undertaking and Excess Application Undertaking, there being no breach by Regalia of its Irrevocable Undertaking and there being no breach by the Company of the Company's Undertakings as set out below.

The Company's Undertakings

In consideration of the Excess Application Undertakings given to the Company by the Relevant Undertaking Shareholders and at their request, the Company has undertaken to the Relevant Undertaking Shareholders (the “**Company's Undertakings**”), *inter alia*:

- (a) to consult with the Relevant Undertaking Shareholders from the date of the undertaking up to the completion or termination of the Rights Issue on all material matters and actions to be taken relating to the management and operation of the business of the Group which may materially affect the business of the Group or any of the companies in the Group;
- (b) to carry on the business of each of the companies in the Group only in the ordinary course and in a manner consistent with its past practices during the period from the date of the undertaking until the date of completion or termination of the Rights Issue and accordingly, shall not except with the prior written consent of the Relevant Undertaking Shareholders and subject to the fiduciary duties of the Directors, *inter alia*:
 - (i) enter into or vary any contract or assume any liability in excess of S\$50,000;
 - (ii) enter into any capital commitment in a sum in excess of S\$50,000;
 - (iii) borrow any money;
 - (iv) make any payments out of or drawings on its bank accounts of an amount in excess of S\$50,000 in any single payment or more than S\$100,000 in the

aggregate in any one calendar month except for payments made for payroll expenses, rental for leases existing as at the date of the undertaking and food and beverage supplies;

- (v) other than pursuant to the Rights Issue, issue, allot, redeem or repurchase any share or loan capital or any options to subscribe for the same;
 - (vi) enter into any new lease or rental and hire purchase agreement;
 - (vii) enter into any agreement, arrangement or contract relating to or in connection with the appointment or engagement of any music artistes or deejays for an amount exceeding S\$50,000 in the aggregate in any one calendar month;
 - (viii) set up any new food and beverage or entertainment outlets;
 - (ix) vary or amend any terms and conditions of employment of any employee of any company in the Group;
 - (x) dismiss any existing full-time employee or director of any company in the Group, engage or appoint any new full-time employee or director of any company in the Group whose basic monthly salary is in excess of S\$10,000; and
- (c) each company in the Group shall not declare any dividends or make any other distributions to its shareholders.

Termination of the Undertakings

The Company's Undertakings and the Relevant Undertaking Shareholders shall lapse and cease to have any effect if the Rights Issue is terminated or is not completed by 15 October 2009 for any reason whatsoever (or such later date as the parties may agree in writing). Further, the Relevant Undertaking Shareholders shall be entitled by notice given at any time prior to the commencement of ex-rights trading, terminate their respective undertaking agreements in certain circumstances, including, *inter alia*, the following:

- (a) the Company has not performed or complied with any one or more of its obligations under the Company's Undertakings;
- (b) save as publicly disclosed by the Company or otherwise disclosed by the Company to the Relevant Undertaking Shareholders on or prior to the date of the undertaking, if there shall have been any material adverse change, or any development which is likely to result in a material adverse change in the condition (financial or otherwise) of the Group as a whole; or
- (c) if there shall have been any material adverse change, or any development which is likely to result in a material adverse change or any crisis in local, national and international financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market in Singapore or elsewhere), political, industrial, economic, legal or monetary conditions, taxation or exchange controls.

4. WAIVER OF MANDATORY OFFER OBLIGATION ARISING FROM PARTICIPATION IN THE PROPOSED RIGHTS ISSUE

The Company intends to seek approval from Shareholders for the Rights Issue as well as a whitewash resolution (the "**Whitewash Resolution**") pursuant to the Singapore Code on Take-overs and Mergers (the "**Code**").

In view of the Undertaking Shareholders' obligations under their Irrevocable Undertakings and the Excess Application Undertakings, assuming that (i) only the Undertaking Shareholders subscribe in full for their respective entitlements for the Rights Shares, (ii) none of the other Shareholders subscribe for their respective entitlements for the Rights Shares, and (iii) the Relevant Undertaking Shareholders subscribe for all the Balance Rights Shares in equal number and proportion, the shareholdings of each of the Undertaking Shareholders will increase in the following manner:

- (a) **Regalia.** The shareholding of Regalia in the Company will remain unchanged at approximately 13.77%.
- (b) **DL.** The shareholding of DL in the Company will increase from approximately 4.0% to 27.4%.
- (c) **HSJ.** The shareholding of HSJ in the Company will increase from approximately 4.2% to 27.6%.

Pursuant to the Rights Issue and the Irrevocable Undertakings and Excess Application Undertakings of the Relevant Undertaking Shareholders, the Relevant Undertaking Shareholders, namely DL and HSJ, may potentially acquire and hold more than 30% of the voting rights of the Company collectively arising from their acquisition of the Rights Shares pursuant to their Irrevocable Undertakings and Excess Application Undertakings. In such event, the Relevant Undertaking Shareholders may incur an obligation to make a mandatory general offer for the Company under Rule 14 of the Code, unless such obligation to make a mandatory general offer is waived by the Securities Industry Council (“SIC”).

Accordingly, an application will be made to the SIC for a waiver (the “Whitewash Waiver”) of the obligation, if any, of the Relevant Undertaking Shareholders to make a mandatory general offer for the remaining Shares in the Company not already owned or controlled by them and their concert parties under Rule 14 of the Code.

The Rights Issue and the obligations of the Undertaking Shareholders pursuant to the Undertakings are conditional upon, *inter alia*, the grant of the Whitewash Waiver by the SIC and Shareholder’s approval of the Whitewash Resolution.

The Company has appointed SAC Capital Private Limited as the independent financial adviser in relation to the Whitewash Resolution.

5. PURPOSE OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Rights Issue will be fully subscribed and taken up, on the basis that the Undertaking Shareholders subscribe and pay for their respective entitled Rights Shares pursuant to their respective Irrevocable Undertakings and the Relevant Undertaking Shareholders subscribe for all the Balance Rights Shares in equal number and proportion pursuant to their Excess Application Undertakings.

Therefore, assuming that the Rights Issue is fully subscribed, the estimated net proceeds from the Rights Issue (after deducting estimated expenses of approximately S\$0.4 million in connection with the Rights Issue) is expected to be approximately S\$5.1 million (the “Rights Proceeds”).

As stated in the Company's announcement of its second quarter financial statements for the three months ended 31 January 2009, the Group had a negative working capital position at that time, due to the repayment of bank borrowings and payment for renovations at the outlets Zirca, Rebel, Yello Jello and YUE. Through the Rights Issue, the Company seeks to strengthen its balance sheet and improve its working capital position. Accordingly, the Company intends to use the Rights Proceeds for funding of the general working capital requirements of the Group.

Pending the deployment of the net proceeds for the purposes mentioned above, the Rights Proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem fit in the interests of the Company.

6. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

The Company proposes to provisionally allot the Rights Shares to all Entitled Shareholders, who comprise Entitled Depositors and Entitled Scripholders (both as defined below). Entitled depositors are Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with the CDP are in Singapore as at the Books Closure Date or who had, at least five (5) market days prior to the Books Closure Date, provided the CDP with addresses in Singapore for the service of notices and documents (the “**Entitled Depositors**”). Entitled scripholders are Shareholders whose share certificates are not deposited with the CDP and who had tendered to Tricor Barbinder Share Registration Services Pte. Ltd. (a division of Tricor Singapore Pte. Ltd.), (the “**Share Registrar**”) at 8 Cross Street, #11-00 PWC Building, Singapore 048424, valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who had, at least five (5) market days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents (the “**Entitled Scripholders**”).

7. PROVISIONAL ALLOTMENTS

Entitled Shareholders will be provisionally allotted the Rights Shares under the Rights Issue on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept, decline, renounce or in the case of Entitled Depositors trade on the SGX-ST (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of the Rights Shares and are eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue. Entitled Depositors who wish to accept their provisional allotments of Rights Shares and (if applicable) apply for excess Rights Shares, may only do so through CDP or by way of an electronic application through an automated teller machine of a participating bank.

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

In the allotment of excess Rights Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and substantial Shareholders will rank last in priority.

8. OVERSEAS SHAREHOLDERS

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than in Singapore where Shareholders may have their registered addresses, the Rights Issue is only made in Singapore and the Offer Information Statement and its accompanying documents will not be despatched to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least five (5) market days prior to the Books Closure Date, provided the CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents (the “**Overseas Shareholders**”) or into any jurisdictions outside Singapore.

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares, which would otherwise have been provisionally

allotted to Overseas Shareholders, to be sold “nil-paid” on the SGX-ST 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 the expenses expected to be incurred. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to the Overseas 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 as at the Books Closure Date and sent to them at their own risk by ordinary post, provided that where the amount of net proceeds to be distributed to any single Overseas Shareholder 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 and no Overseas Shareholder shall have any claim whatsoever against the Company, the Manager or CDP or their respective officers in connection therewith. Where such provisional allotments of Rights Shares are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Overseas Shareholder shall have any claim whatsoever against the Company, the Manager or CDP or 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.

To this end, the Overseas Shareholders are encouraged to provide a registered address to the Share Registrar or CDP as the case may be, in Singapore at least five (5) market days prior to the Books Closure Date, to be able to participate in the Rights Issue.

9. APPROVALS

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

- (i) the approval in-principle of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on the Official List of the SGX-ST (the “**Approval-in-Principle**”) having been obtained;
- (ii) the Rights Issue, the issuance of the Rights Shares under the Rights Issue and the proposed payment of the Commitment Fee to the Relevant Undertaking Shareholders having been approved by Shareholders at an extraordinary general meeting (the “**EGM**”) to be convened by the Company;
- (iii) the grant of the Whitewash Waiver by the SIC;
- (iv) the approval of the independent shareholders for the Whitewash Resolution at the EGM; and
- (v) the lodgement of the Offer Information Statement together with all other accompanying documents, by the Company with the Monetary Authority of Singapore.

ANYONE WHO WISHES TO INVEST OR TRADE IN THE SHARES OF THE COMPANY SHOULD EXERCISE DUE CAUTION AND NOTE THAT THERE IS NO ASSURANCE THAT THE RIGHTS ISSUE WILL PROCEED AS IT IS SUBJECT TO A NUMBER OF CONDITIONS TO BE FULFILLED, *INTER ALIA*, THE LIST OF APPROVALS AS STATED IN PARAGRAPH 9(I) TO (V) ABOVE AND THE CONDITIONS AND TERMINATION EVENTS AS STATED IN PARAGRAPH 3 ABOVE.

10. LISTING AND TRADING

An application will be made to the SGX-ST for permission to deal in, and for the listing of and quotation for the Rights Shares on the Official List of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

11. CIRCULAR TO SHAREHOLDERS

Following the receipt of the Approval-in-Principle from the SGX-ST, a circular to Shareholders containing, *inter alia*, the notice of EGM, details of the Rights Issue, the Whitewash Resolution and the Commitment Fee (the “**Circular**”), will be despatched to Shareholders in due course. Thereafter, the Offer Information Statement will be lodged with the Monetary Authority of Singapore and despatched to Shareholders in due course following the EGM, if the Rights Issue, the Whitewash Resolution and the proposed payment of the Commitment Fee to the Relevant Undertaking Shareholders are approved at the EGM.

12. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this Announcement) have taken all reasonable care to ensure that the facts stated in this Announcement are fair and accurate and that no material facts have been omitted from this Announcement, and they jointly and severally accept responsibility accordingly.

Where there are any variations or amendments to the terms of the Rights Issue, the Company will make further announcements as and when appropriate.

BY ORDER OF THE BOARD

Submitted by Lee Shieh-Peen Clement, Executive Chairman of the Company on 30 April 2009 to the SGX-ST