

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

**THE PROPOSED ACQUISITION OF THE BUSINESS AND ASSETS OF QUMULUS PTE. LTD. BY
LUX LEISURE PTE. LTD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY**

1. INTRODUCTION

The board of directors (“**Directors**”) of the Company wishes to announce that Lux Leisure Pte. Ltd. (“**Lux**”), a wholly owned subsidiary of the Company has, on 2 March 2013, entered into a master agreement (“**Master Agreement**”) in relation to the proposed acquisition of the business and assets of Qumulus Pte. Ltd. (“**Qumulus**”).

2. PRINCIPAL TERMS OF THE MASTER AGREEMENT

Pursuant to the Master Agreement, Qumulus has agreed to sell and transfer to Lux, as a going concern, its business and assets, being the Contract (as defined below), the employees who are engaged in connection with the Business (as defined below), the data base of customers that Qumulus possesses and/or maintains (“**Database**”) and the concept and business plans of Qumulus in relation to the proposed new outlets at Clarke Quay which have been presented to the Directors (the “**Business**”) (the “**Proposed Acquisition**”).

2.1 Consideration

The consideration for the Proposed Acquisition is an aggregate sum of S\$3,480,000 (“**Consideration**”) which is determined based on a willing-buyer willing-seller basis, taking into account various factors such as the service charges paid to Qumulus under the Contract for the period commencing 1 January 2012 to 31 December 2012, the remaining term of the Contract, which expires on 20 August 2014 when the present lease for the Club (as defined below) ends, and the Database. The Consideration shall be fully satisfied on Completion Date (as defined below) by the allotment and issue of 300,000,000 new ordinary shares in the capital of the Company (“**Consideration Shares**”) to Qumulus and/or its nominee credited at fully paid, at S\$0.0116 for each Consideration Share, being the volume weighted average price of the ordinary shares of the Company (“**Shares**”) for trades done on the SGX-ST on 1 March 2013, the full market day preceding the date of the Master Agreement.

2.2 Conditions Precedent

Completion of the Proposed Acquisition (“**Completion**”) is conditional upon the following:

- (a) the Novation Deed (as defined below) being duly signed by Royal Concepts, Qumulus and Lux;
- (b) the provision of a written undertaking by Qumulus to the Company, its subsidiaries and associated companies (“**Group**”), pursuant to which Qumulus shall provide the Funding Amount (as defined below) to the Group within 10 business days from the Completion Date or such other date as Qumulus and Lux may agree;
- (c) the in-principle approval for the additional listing application in respect of the listing and quotation of the Consideration Shares on the Main Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) being obtained from the SGX-ST and not having been revoked or amended and, where such approval is subject to conditions, to the extent that such conditions for the listing and quotation of the

Consideration Shares on the Main Board of the SGX-ST are required to be fulfilled on or before Completion Date, they are so fulfilled; and

- (d) on the Completion Date, the representations, undertakings and warranties of Qumulus as contained in the Master Agreement being true, accurate and correct in all material respects as if made on the Completion Date and Qumulus having performed in all material respects all of its obligations thereunder to be performed on or before the Completion Date.

2.3 Completion Date and Long-stop Date

- 2.3.1 Completion date is the date on which the last of the conditions has been fulfilled, or such other date as Qumulus and Lux may agree in writing, on or prior to the Long-stop Date (as defined below) ("**Completion Date**").
- 2.3.2 If any of the conditions as set out in paragraph 2.2 has not been satisfied or waived by the relevant party by 30 April 2013 or such other date as Qumulus and Lux may agree in writing ("**Long-stop Date**"), the obligations of Lux and Qumulus under the Master Agreement will be terminated.

2.4 Novation of Contract

- 2.4.1 Qumulus had entered into a collaboration agreement dated 30 July 2011 with Stereolounge Pte. Ltd. (now known as Royal Concepts Pte. Ltd.) ("**Royal Concepts**") in relation to the collaboration between the aforesaid parties in respect of a lounge and club named Mink and Royal Room ("**Club**"), located at 7 Raffles Boulevard, #01-050, Pan Pacific Hotel, Singapore 039595 (the "**Contract**").
- 2.4.2 Pursuant to the Contract, Qumulus shall market and promote the Club. Qumulus' responsibilities under the Contract include, *inter alia*, conceptualising, promoting and marketing the Club, managing the concept, graphic design and production of all marketing items in relation to the Club and managing and controlling the guestlist and entry into the Club. Pursuant to the Contract, decisions on all matters pertaining to the operations of the Club will be made jointly between Qumulus and Royal Concepts and the profit and loss of the Club shall be shared on a 50:50 basis between Qumulus and Royal Concepts.
- 2.4.3 In connection with the Proposed Acquisition, Qumulus has agreed to enter into a deed of novation ("**Novation Deed**"), pursuant to which Lux shall be substituted in place of Qumulus as a party to the Contract and the Contract shall be novated to Lux.

2.5 Funding Amount

In connection with the Proposed Acquisition, Qumulus has agreed to provide an aggregate amount of S\$500,000 ("**Funding Amount**") at no interest to the Group. The Funding Amount is to be provided by Qumulus within 10 business days from the Completion Date or such other date as Qumulus or Lux may agree ("**Commencement Date**") and shall be repaid in full by the Group on the date falling one (1) year from the Commencement Date ("**Repayment Date**"), or in the event that the Company undertakes any capital raising exercise after the Commencement Date, the Group may, with the prior written consent of Qumulus, repay the Funding Amount in full prior to the Repayment Date upon the receipt of the funds arising from such capital raising exercise. In the event that the Funding Amount is provided to the Group prior to the Completion Date and Completion does not take place by the Long-stop Date for any reason, the Group shall repay the Funding Amount within three (3) months from the Long-stop Date or such other date as Qumulus and Lux may agree in writing.

2.6 Other Salient Terms

2.6.1 Lock-up

Qumulus has undertaken to Lux that it shall not, during the period commencing from the Completion Date to the date falling 12 months after the Completion Date, directly or indirectly:

- (a) offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, any or all of its effective interest in the Consideration Shares;
- (b) enter into a transaction (including a derivative transaction) with a similar effect to the foregoing;
- (c) deposit any Consideration Shares in any depository receipt facility; or
- (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above.

2.6.2 Appointment of Director

Lux shall procure the Company to, as soon as practicable after Completion, use its reasonable endeavours to procure the appointment of Mr Cedric Chong Sien Chern ("**Cedric Chong**"), who is nominated by Qumulus, to the Company's board of directors. A service contract will be entered into between Mr Cedric Chong and the Company upon such appointment.

2.6.3 Undertaking by Qumulus and Massive Collective Pte. Ltd.

Qumulus has provided an undertaking to Lux that for the period of 12 months from the Completion Date, will not be interested (directly or indirectly), either on its account or in conjunction with or on behalf of any person, firm, or company, directly or indirectly and whether or not for gain, to, *inter alia*, carry on or be engaged, concerned or interested directly or indirectly in, within Singapore, whether as, shareholder, director, employee, partner, agent, the business of club management or operations (excluding the clubs that Qumulus currently operates as at the date of the Master Agreement and the setting up of restaurants, pubs and bars) ("**Non-Compete Undertaking**").

Massive Collective Pte. Ltd. ("**Massive**") will, prior to Completion, provide a Non-Compete Undertaking to Lux.

3. **RATIONALE FOR THE PROPOSED ACQUISITION**

The Proposed Acquisition is strategic and could allow the Group and the Qumulus group to combine each other's core competencies, such as business expertise and marketing experience in the lifestyle entertainment industry and synergies to increase the Group's competitiveness and profile in the lifestyle entertainment industry.

4. **INFORMATION ON QUMULUS**

4.1 **Information on Qumulus**

Qumulus is a private company limited by shares incorporated in Singapore in 2011. As at the date of this Announcement, Qumulus' shareholders are Filter Entertainment Pte. Ltd. (as to 70%) and Mr Cedric Chong (as to 30%). Filter Entertainment Pte. Ltd. is jointly held by eM & eM Pte. Ltd. and Massive. Massive is a nightlife and hospitality group that specialises in lifestyle marketing consultancy, club marketing and operations. They are the marketing team

for clubs such as Filter, Mink and Royal Room. eM & eM is part of a food and beverage group in Singapore that operates various outlets including 5 Emerald Hill, Que Pasa, Ice Cold Beer and Coastes.

4.2 Service Charges paid to Qumulus under the Contract

The aggregate amount of service charges paid to Qumulus under the Contract for the period commencing 1 January 2012 to 31 December 2012 was approximately S\$1.83 million.

5. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

5.1 Assumptions

5.1.1 For the purposes of this paragraph, the pro forma financial effects of the Proposed Acquisition are prepared purely for illustration only and do not reflect the actual future financial situation of the Group after completion of the Proposed Acquisition. The financial effects of the Proposed Acquisition are prepared on the following basis and assumptions:

- (a) the pro forma financial effects on the net tangible assets (“**NTA**”) per Share and the share capital of the Group is to illustrate what the financial position of the Group would have been, as at the date of the audited balance sheet as of 31 July 2012, if the Proposed Acquisition had occurred at the end of 31 July 2012;
- (b) the pro forma financial effects on the earnings per Share (“**EPS**”) for the financial year ended 31 July 2012 would have been, if the Proposed Acquisition took place on 1 August 2011; and
- (c) adjustments for the service charges paid to Qumulus under the Contract for the period commencing 1 August 2011 to 31 July 2012.

5.1.2 NTA

The Business which Lux proposes to acquire does not have a book value in Qumulus’s accounts. Accordingly, we are not able to compute the effect of the Proposed Acquisition on the NTA per share of the Company as at 31 July 2012. We are currently in discussions with our auditors and we are obtaining a valuation of the Contract and the Database from which we will then be able to derive the fair value of the intangible assets to be acquired. Assuming that the fair value is lower than the Consideration, this will result in a goodwill which will be carried in the books of the Company and subject to impairment testing. Assuming that the fair value exceeds the Consideration, this will result in negative goodwill which will have a one time positive impact on our income.

5.1.3 Earnings

Earnings attributable to the Business to be acquired relates only to the income from the Contract. However, the Company would be required to amortise the fair value of the contract over the remaining term of the Contract. Accordingly, based on current estimates, the net impact on the Group’s EPS immediately after the Proposed Acquisition computed on the assumption that the Proposed Acquisition was completed on 1 August 2011 will not be significant. In the event that there is a negative goodwill as described in paragraph 5.1.2 above, there will be a positive impact on the EPS.

5.1.4 Share Capital

	Number of Shares ('000)	Share Capital (S\$'000)
Share capital of the Company as at 31 July 2012	1,835,000	47,076

Issue of Consideration Shares	300,000	3,480
Share capital of the Company as at 31 July 2012 after the Completion	2,135,000	50,556

5.1.5 Gearing

The Proposed Acquisition is not expected to have any impact on the gearing of the Company.

6. RELATIVE FIGURES

6.1 The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual are as follows:

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|-----|--|----------------|
| (a) | Net asset value of the assets to be disposed of, compared with the Company's net asset value | Not applicable |
| (b) | Net profits attributable to the assets acquired or disposed of, compared with the Company's net profits | Note (1) |
| (c) | Aggregate value of the consideration given or received, compared with the Company's market capitalization as at 1 March 2013, being the last market day immediately preceding the date of the Master Agreement | 16.3% |
| (d) | Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue | 16.3% |

Note (1): Please refer to paragraphs 5.1.2 and 5.1.3 of this Announcement.

6.2 As at the date of this Announcement, the Company has an issued and paid share capital of S\$47,076,000 comprising 1,835,000,000 Shares. Upon Completion, the Company will have an enlarged issued and paid up share capital of S\$50,556,000 comprising 2,135,000,000 Shares ("**Enlarged Issued Share Capital**"). Qumulus will hold approximately 14.05% of the Enlarged Issued Share Capital as a result of the allotment and issue of the Consideration Shares by the Company to Qumulus.

6.3 As the relative figures under Rules 1006(c) and 1006(d) above exceed 5%, the Proposed Acquisition constitutes a discloseable transaction under Rule 1010 of the SGX-ST Listing Manual.

7. DOCUMENTS FOR INSPECTION

A copy of the Master Agreement and its appendices, being a copy of the draft Novation Deed and a copy of the Contract may be inspected by shareholders of the Company at the registered office of the Company at Block 3C, River Valley Road, #02-02, Cannery, The, Singapore 179022 during office hours for 3 months from the date of this Announcement.

8. INTERESTS OF DIRECTORS

None of the Directors has an interest, direct or indirect (other than through their shareholding in the Company), in the Proposed Acquisition. As at the date of this Announcement, the Company does not have any controlling shareholders.

9. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of this Announcement) collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, having made all reasonable enquiries and to the best of their knowledge and belief, this Announcement contains full and true disclosure of all material facts about the Proposed Acquisition and the Directors are not aware of any facts, the omission of which would make any statement in this Announcement misleading. Where any information in this Announcement has been extracted or reproduced from published or otherwise publicly available sources or obtained from Qumulus, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources or, as the case may be, accurately reflected or reproduced in this Announcement.

The Company will make further announcements as and when appropriate if there are any further updates in relation to the Proposed Acquisition.

BY ORDER OF THE BOARD
Bernard Lim Miang
Executive Director and Chief Executive Officer
4 March 2013