

CIRCULAR DATED 29 MARCH 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Lifebrandz Ltd. (the “Company”). If you are in any doubt in relation to this Circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled “DEFINITIONS”.

If you have sold or transferred all your shares in the capital of the Company represented by physical share certificate(s), you should forward this Circular with the Notice of Extraordinary General Meeting and the accompanying Proxy Form immediately to the purchaser or transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred all your shares in the Company held through CDP, you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee.

The Company will be making an application through the Sponsor to the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares, Rights Shares, the Warrants and the Warrant Shares. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST.

This Circular has been reviewed by the Company’s sponsor, RHT Capital Pte. Ltd. (the “Sponsor”), for compliance with the relevant rules of SGX-ST. The Sponsor has not independently verified the contents of this Circular. This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the correctness of any of the statements made, opinions expressed or reports contained in this Circular. The contact person for the Sponsor is Mr. Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.) at Six Battery Road, #10-01, Singapore 049909, telephone (65) 6381 6757.

LifeBrandz

Lifebrandz Ltd.

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

**CIRCULAR TO SHAREHOLDERS
IN RELATION TO THE**

- (I) PROPOSED CONSOLIDATION OF EVERY FIFTY (50) EXISTING ISSUED ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY SHAREHOLDERS AS AT THE SHARE CONSOLIDATION BOOKS CLOSURE DATE INTO ONE (1) CONSOLIDATED SHARE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED SHARE CONSOLIDATION”); AND**
- (II) PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 122,400,000 RIGHTS SHARES AT AN ISSUE PRICE OF S\$0.025 FOR EACH RIGHTS SHARE, WITH UP TO 122,400,000 FREE DETACHABLE WARRANTS, EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE (“WARRANT SHARE”) AT AN EXERCISE PRICE OF S\$0.05 FOR EACH WARRANT SHARE, ON THE BASIS OF TWO (2) RIGHTS SHARE WITH TWO (2) WARRANTS FOR EVERY ONE (1) EXISTING SHARE (ADJUSTED FOR THE PROPOSED SHARE CONSOLIDATION) HELD BY SHAREHOLDERS AS AT THE RIGHTS ISSUE BOOKS CLOSURE DATE, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE “PROPOSED RIGHTS CUM WARRANTS ISSUE”).**

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	11 April 2017 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	13 April 2017 at 3.00 p.m.
Place of Extraordinary General Meeting	:	2 Bukit Merah Central (formerly known as “Spring Singapore”) Podium Block, Level 3, Room P303, Singapore 159835

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

- “ARE”** : The application and acceptance form for Rights Shares with Warrants and excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Proposed Rights cum Warrants Issue
- “ARS”** : The application and acceptance form for Rights Shares with Warrants to be issued to purchasers in respect of the provisional allotments of Rights Shares with Warrants under the Proposed Rights cum Warrants Issue traded on the SGX-ST through the book-entry (scripless) settlement system
- “Authority”** : The Monetary Authority of Singapore
- “Board”** : The board of Directors of the Company as at the date of this Circular
- “Catalist Rules”** : Listing Manual Section B: Rules of Catalist of the SGX-ST, as may be amended, modified or supplemented from time to time
- “CDP”** : The Central Depository (Pte) Limited
- “Circular”** : This circular to Shareholders dated 29 March 2017 in relation to the Proposed Share Consolidation and Proposed Rights cum Warrants Issue
- “Closing Date”** : The time and date to be determined by the Directors and announced by the Company in due course, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of the Rights Shares with warrants under the Proposed Rights cum Warrants Issue
- “Code”** : The Singapore Code on Takeovers and Mergers, as amended, modified or supplemented from time to time
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
- “Company”** : Lifebrandz Ltd.
- “Consolidated Shares”** : Consolidated ordinary shares in the capital of the Company after completion of the Proposed Share Consolidation
- “Deed Poll”** : The deed poll to be executed by the Company for the purposes of constituting the Warrants and containing, *inter alia*, the provisions for the protection of the rights and interests of the Warrantholders
- “Directors”** : The directors of the Company as at the date of this Circular
- “Effective Trading Date”** : The date on which the Shares will trade on Catalist in board lots of 100 Consolidated Shares
- “EGM”** : The extraordinary general meeting of the Company, notice of which is set out on pages N-1 to N-6 of this Circular
- “Entitled Depositors”** : Shareholders with Shares entered against their names in the Depository Register and whose registered addresses with CDP are in Singapore as at the Rights Issue Books Closure Date or who had, at least five (5) Market Days prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents

DEFINITIONS

- “Entitled Scripholders”** : Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Share Registrar with valid transfers of their Shares and the certificates relating thereto for registration up to the Rights Issue Books Closure Date and whose registered addresses with the Company are in Singapore as at the Rights Issue Books Closure Date or who have, at least five (5) Market Days prior to the Rights Issue Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
- “Entitled Shareholders”** : Entitled Depositors and Entitled Scripholders
- “EPS”** : Earnings per Share
- “Exercise Price”** : The sum payable in respect of each Warrant Share to which the Warrantholder will be entitled to subscribe for upon the exercise of a Warrant, which shall be S\$0.05, subject to certain adjustments in accordance with the terms and conditions of the Warrants set out in the Deed Poll
- “Foreign Shareholders”** : Shareholders with registered addresses outside Singapore as at the Rights Issue Books Closure Date, and who have not, at least five (5) Market Days prior to the Rights Issue Books Closure Date, provided to CDP or to the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
- “FY”** : Financial year ended or ending 31 July, as the case may be
- “Group”** : The Company and its subsidiaries
- “Issue Price”** : The issue price of S\$0.025 for each Rights Share
- “Latest Practicable Date”** : 16 March 2017, being the latest practicable date prior to the printing of this Circular
- “Market Day”** : A day on which the SGX-ST is open for trading in securities
- “New Share Certificates”** : Has the meaning ascribed to it in Section 2.4.1 of this Circular
- “NTA”** : Net tangible assets
- “Offer Information Statement”** : The offer information statement referred to in Section 277 of the Securities and Futures Act to be issued by the Company and to be lodged with the SGX-ST, acting as an agent on behalf of the Authority in connection with the Proposed Rights cum Warrants Issue and, where the context admits, the ARE, the ARS, the PAL and any supplementary or replacement document thereof which may be issued by the Company in connection with the Proposed Rights cum Warrants Issue
- “Old Share Certificates”** : Has the meaning ascribed to it in Section 2.4.1 of this Circular
- “PAL”** : The provisional allotment letter to be issued to Entitled Scripholders setting out the provisional allotment of the Rights Shares with Warrants of such Entitled Scripholder under the Proposed Rights cum Warrants Issue

DEFINITIONS

- “Proposed Rights cum Warrants Issue”** : The proposed renounceable non-underwritten rights cum warrants issue of up to 122,400,000 Rights Shares at an issue price of S\$0.025 for each Rights Share, with up to 122,400,000 Warrants, each Warrant carrying the right to subscribe for one (1) Warrant Share at an exercise price of S\$0.05 for each Warrant Share, on the basis of two (2) Rights Share with two (2) Warrants for every one (1) existing Share (adjusted for the Proposed Share Consolidation) held by Shareholders as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded
- “Proposed Share Consolidation”** : The proposed consolidation of every fifty (50) existing Shares held by Shareholders as at the Share Consolidation Books Closure Date into one (1) Consolidated Share, fractional entitlements to be disregarded
- “Q1”** : The financial period ended or ending 31 October, as the case may be
- “Record Date”** : In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
- “Register of Members”** : The register of members of the Company
- “Register of Warrantholders”** : The register of Warrantholders of the Company
- “Rights Issue Books Closure Date”** : The date and time to be determined by the Directors and announced by the Company in due course, at and on which the Register of Members and the Depository Register will be closed to determine the entitlements of Shareholders to the Rights Shares with Warrants of Entitled Shareholders under the Proposed Rights cum Warrants Issue
- “Rights Shares”** : Up to 122,400,000 new Shares to be issued and allotted by the Company pursuant to the Proposed Rights cum Warrants Issue
- “Securities Account”** : The securities accounts maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
- “Securities and Futures Act”** : The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
- “SGX-ST”** : Singapore Exchange Securities Trading Limited
- “Share Consolidation Books Closure Date”** : The date and time to be determined by the Directors and announced by the Company in due course, at and on which the Register of Members and the Depository Register will be closed to determine the entitlements of Shareholders to the Consolidated Shares under the Proposed Share Consolidation
- “Share Registrar”** : Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.)
- “Shareholders”** : Registered holders of Shares in the Register of Members, except that where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean Depositors who have Shares entered against their names in the Depository Register. Any reference to Shares held by or shareholdings of Shareholders shall include Shares standing to the credit of their respective Securities Accounts

DEFINITIONS

- “Shares”** : Ordinary shares in the capital of the Company
- “Substantial Shareholder”** : A person who has an interest or interests in one or more voting Shares in the Company, and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
- “Warrant Agent”** : The warrant agent to be appointed, at the discretion of the Directors, in connection with the exercise of the Warrants in accordance with the terms and subject to the conditions of a warrant agency agreement to be executed by the Company
- “Warrant Shares”** : The new Shares to be issued and allotted by the Company, credited as fully paid, upon the exercise of the Warrants in accordance with the Deed Poll
- “Warrantholder”** : Registered holder of Warrants, except that where the registered holder is CDP, the term **“Warrantholder”** shall, in relation to such Warrants and where the context so admits, mean the Entitled Depositors whose Securities Accounts are credited with such Warrants
- “Warrants”** : Up to 122,400,000 free detachable warrants in registered form to be issued and allotted by the Company together with the Rights Shares pursuant to the Proposed Rights cum Warrants Issue, each Warrant carrying the right to one (1) Warrant Share at the Exercise Price, subject to the terms and conditions as set out in the Deed Poll

Currencies, Units and Others

- “S\$” and “cents”** : Singapore dollars and cents, respectively, being the lawful currency of Singapore
- “%” or “per cent.”** : Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore, and the terms **“subsidiary”** and **“treasury shares”** shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Catalist Rules or any modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Companies Act, the Catalist Rules or any modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day or date in this Circular shall be a reference to Singapore time and date unless otherwise stated.

Any discrepancies in the figures included in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, the figures shown as totals in certain tables included in this Circular may not be an arithmetic aggregation on the figures that precede them.

LETTER TO SHAREHOLDERS

Lifebrandz Ltd.

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

Directors:

Chng Weng Wah	Chief Executive Officer and Executive Director
Lim Kee Way Irwin	Independent Director
Toh Hock Ghim	Independent Director
Wong Joo Wan	Independent Director

Registered Office:

1001 Jalan Bukit Merah
#06-11
Singapore 159455

29 March 2017

TO: THE SHAREHOLDERS OF LIFE BRANDZ LTD.

Dear Sir/Madam

1. INTRODUCTION

1.1 Overview

The Directors propose to convene an EGM to seek Shareholders' approval for the following:

- (a) the Proposed Share Consolidation (Ordinary Resolution 1);
- (b) the Proposed Rights cum Warrants Issue (Ordinary Resolution 2);
- (c) the potential transfer of controlling interest in the Company to Mr Chng Weng Wah (Ordinary Resolution 3); and
- (d) the potential transfer of controlling interest in the Company to Ms Chan Hui Lan Catherine (Ordinary Resolution 4).

SHAREHOLDERS SHOULD NOTE THAT ORDINARY RESOLUTIONS 1 AND 2 ARE INTER-CONDITIONAL. IN OTHER WORDS, IF ORDINARY RESOLUTION 1 IS NOT PASSED BY SHAREHOLDERS, ORDINARY RESOLUTION 2 WILL ALSO NOT BE PASSED AND VICE VERSA. ORDINARY RESOLUTIONS 3 AND 4 ARE INTER-CONDITIONAL AND CONDITIONAL UPON THE PASSING OF ORDINARY RESOLUTION 2.

The purpose of this Circular is to provide Shareholders with information relating to the above Ordinary Resolutions and to seek Shareholders' approval for the resolutions pertaining to the same. The notice of EGM is set out on pages N-1 to N-6 of this Circular.

The Sponsor and the SGX-ST take no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

2. THE PROPOSED SHARE CONSOLIDATION

2.1 Basis of the Proposed Share Consolidation

Under the Proposed Share Consolidation, every fifty (50) existing Shares registered in the name of each Shareholder as at the Share Consolidation Books Closure Date will be consolidated to constitute one (1) Consolidated Share. Each Consolidated Share will rank *pari passu* in all respects with each other and will be traded in board lots of 100 Consolidated Shares.

LETTER TO SHAREHOLDERS

As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$55,086,000 divided into 3,060,000,000 Shares. On the assumption that there will be no new Shares issued by the Company up to the Share Consolidation Books Closure Date and subject to Shareholders' approval being obtained for the Proposed Share Consolidation, following the implementation of the Proposed Share Consolidation, the Company will have a theoretical issued share capital of S\$55,086,000 divided into 61,200,000 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 a Share arising from the Proposed Share Consolidation shall be disregarded. Fractions of a Consolidated Share arising from the Proposed Share Consolidation will be aggregated and dealt with in such manner (including the cancellation thereof) as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Affected Shareholders will not be paid for any fractional Shares cancelled by the Company.

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 of the Company and its subsidiaries. Shareholders will not be required to make any payment to the Company in respect of the Proposed Share Consolidation. The Proposed Share Consolidation will not result in any change to the percentage shareholding of each Shareholder, other than non-material changes due to rounding.

However, Shareholders should note that the Proposed Share Consolidation could result in odd lots and Shareholders holding odd lots of Consolidated Shares could face practical difficulties with the sale of their Consolidated Shares. Please refer to Section 2.5.2 of this Circular for details on the trading arrangements for odd lots.

2.2 Rationale for the Proposed Share Consolidation

For the past six (6) months prior and up to the Latest Practicable Date, the absolute price of the Shares traded had been at a low level in the range between S\$0.001 and S\$0.007.

As share trading may involve certain minimum fixed expenses (such as minimum brokerage fees), low traded Share prices translate to higher transaction costs, relative to the trading price, for each trading of one (1) board lot of Shares. The Board believes that with the implementation of the Proposed Share Consolidation, Shareholders should be able to execute trades in larger sizes due to the theoretical higher trading price of each Consolidated Share and this should reduce the transaction costs for Shareholders when dealing in the Consolidated Shares.

In addition, in terms of investment risk, low-priced securities may be more susceptible to speculation and market manipulation and share price volatility. Hence, the theoretical higher trading price of each Consolidated Share may reduce such risk.

Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results set out in this Section 2.2, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.3 Approvals and Conditions for the Proposed Share Consolidation

The Proposed Share Consolidation is subject to, amongst other things:-

- (a) the approval by Shareholders of the Proposed Share Consolidation; and
- (b) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares.

LETTER TO SHAREHOLDERS

The Company will make an application through the Sponsor to the SGX-ST for the dealing in, listing of and quotation for the Consolidated Shares on Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice for the Consolidated Shares.

Subject to the approval of the Proposed Share Consolidation by Shareholders at the EGM, an announcement will be made by the Company to notify Shareholders in due course of the Share Consolidation Books Closure Date and the Effective Trading Date.

2.4 Updating of Register of Members and Depository Register for the Consolidated Shares

If Shareholders approve the Proposed Share Consolidation at the EGM, Shareholders' entitlements to the Consolidated Shares will be determined on the Share Consolidation Books Closure Date, based on their shareholdings as at 5.00 p.m. on such date. The Register of Members and the Depository Register will be updated to reflect the number of Consolidated Shares held by Shareholders upon completion of the Proposed Share Consolidation, and the Shares will begin trading in board lots of 100 Consolidated Shares on the Effective Trading Date.

2.4.1 Deposit of Share Certificates with CDP

Shareholders who hold physical share certificates for the Shares in their own names ("**Old Share Certificates**") and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Share Consolidation Books Closure Date.

After the Share Consolidation Books Closure Date, CDP will only accept the deposit of share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their share certificates with CDP after the Share Consolidation Books Closure Date must first deliver their Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00 Singapore 068898 for cancellation and issuance of New Share Certificates in replacement thereof as described below.

2.4.2 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Share Consolidation Books Closure Date need not take any action. The Company will make arrangements with CDP to effect the exchange for New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00 Singapore 068898, as soon as possible after they have been notified of the Share Consolidation Books Closure Date and preferably not later than five (5) Market Days after the Share Consolidation Books Closure Date, for cancellation and exchange for New Share Certificates. No receipt will be issued by the Share Registrar upon receipt of any Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of Shareholders at their own risk within ten (10) Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have already been tendered to the Share Registrar for cancellation.

Shareholders should notify the Share Registrar if they have lost any of their existing Old Share Certificates or if there is any change in their respective addresses from that reflected in the Register of Members.

LETTER TO SHAREHOLDERS

Shareholders shall deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above, only after the Company's announcement of the Share Consolidation Books Closure Date.

Shareholders who hold physical share certificates are reminded that their Old Share Certificates are no longer good for settlement of trading in the Shares on the SGX-ST (as the Company is under a book-entry (scripless) settlement system) but will continue to be accepted for cancellation and issuance of New Share Certificates in replacement thereof for an indefinite period by the Share Registrar of the Company. The New Share Certificates will not be valid for delivery for trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

2.5 Trading Arrangements for the Shares and Odd Lots

2.5.1 Trading Arrangements for the Shares

Subject to Shareholders' approval of the Proposed Share Consolidation being obtained at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading of Shares will be in board lots of 100 Consolidated Shares. Accordingly, fifty (50) existing Shares as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the existing Shares will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

All fractional entitlements arising upon the implementation of the Proposed Share Consolidation will be aggregated and dealt with in such manner (including the cancellation thereof) as the Directors may, in their absolute discretion, deem fit in the interests of the Company. Affected Shareholders will not be paid for any fractional Shares cancelled by the Company.

2.5.2 Trading Arrangements for Odd Lots

The existing Shares are currently traded in board lots of 100 Shares in the ready market. Following the completion of the Proposed Share Consolidation, the Securities Accounts maintained with CDP of Shareholders (being Depositors) may be credited with odd lots of the Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares).

Depositors who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade such odd lots of Consolidated Shares on the SGX-ST should note that odd lots of Consolidated Shares can be traded on the unit share market which, following the Proposed Share Consolidation, would allow trading in odd lots with a minimum size of one (1) Consolidated Share. As odd lots of Consolidated Shares can be traded on the unit share market, no separate arrangements will be made for the trading of such odd lots.

3. THE PROPOSED RIGHTS CUM WARRANTS ISSUE

3.1 Basis of the Proposed Rights cum Warrants Issue

- 3.1.1** The Proposed Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis of up to 122,400,000 Rights Share at an Issue Price of S\$0.025 for each Rights Share, and up to 122,400,000 Warrants, with each Warrant carrying the right to subscribe for one (1) Warrant Share at the Exercise Price of S\$0.05 for each Warrant Share, on the basis of two (2) Rights Share with two (2) Warrants for every one (1) existing Share held by Entitled Shareholders as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded. For the avoidance of doubt, the Rights Issue Books Closure Date will be on a date after the completion of the Proposed Share Consolidation.

LETTER TO SHAREHOLDERS

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 Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. The Warrant Shares allotted and issued upon the exercise of the Warrants shall be fully paid and shall rank *pari passu* in all respects with the Shares then in issue, and shall rank for any dividends, rights, allotments or other distributions, the Record Date for which is on or after the relevant date of exercise of the Warrants.

The Issue Price of S\$0.025 for each Rights Share represents a discount of approximately 87.5% to the closing market price of the Shares as at the Latest Practicable Date, adjusted for the Proposed Share Consolidation, and a discount of approximately 70% to the theoretical ex-rights price of Shares, adjusted for the Proposed Share Consolidation. The Exercise Price of S\$0.05 for each Warrant Share represents a discount of approximately 75% to the closing market price of the Shares as at the Latest Practicable Date, and a discount of approximately 40% to the theoretical ex-rights price of Shares, adjusted for the Proposed Share Consolidation.

- 3.1.2** As at the Latest Practicable Date, the existing issued and paid-up share capital of the Company is 3,060,000,000 Shares. The issued and paid-up share capital of the Company following the completion of the Proposed Share Consolidation will be 61,200,000 Consolidated Shares (“**Adjusted Share Capital**”).

On the assumption that there is no change to the number of Consolidated Shares up to the Rights Issue Books Closure Date and that the Proposed Rights cum Warrants Issue is fully subscribed, an aggregate of 122,400,000 Rights Shares with 122,400,000 Warrants will be issued pursuant to the Proposed Rights cum Warrants Issue.

3.2 Principal Terms of the Rights Shares

Number of Rights Shares	:	Up to 122,400,000 Rights Shares (with up to 122,400,00 Warrants) to be issued, on the assumption that there is no change to the number of Consolidated Shares up to the Rights Issue Books Closure Date.
Basis of provisional allotment	:	Two (2) Rights Shares with two (2) Warrants for every one (1) existing Share held by Entitled Shareholders as at the Rights Issue Books Closure Date, fractional entitlements to be disregarded.
Issue Price	:	S\$0.025 for each Rights Share, payable in full on acceptance of the provisional allotments of Rights Shares with Warrants and/or excess applications.
Status of the Rights Shares	:	The Rights Shares, upon allotment and issue, will rank <i>pari passu</i> in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares.
Listing of the Rights Shares	:	The Company will make an application through the Sponsor to the SGX-ST for the dealing in, listing of and quotation for the Rights Shares on Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST for the Rights Shares.
Eligibility to participate in the Proposed Rights cum Warrants Issue	:	Please see Section 3.6 of this Circular.
Trading of the Rights Shares	:	Upon the listing of and quotation for the Rights Shares on Catalist, the Rights Shares will be traded under the book-entry (scripless) settlement system. Each board lot of Rights Shares will consist of 100 Shares.

LETTER TO SHAREHOLDERS

Acceptance, excess applications and payment procedures : Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares and the Warrants and will be eligible to apply for Rights Shares and the Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue.

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

In the allotment of excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for excess Rights Shares and Warrants, if any, provided that where there are insufficient excess Rights Shares with Warrants to allot to each application, the Company shall allot the excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will either be ineligible for excess Rights Shares, or if eligible, rank last in priority in the rounding of odd lots and allotment of excess Rights Shares with Warrants.

The Directors will take steps to ensure that Rule 803 of the Catalyst Rules on the restriction of transfer of controlling interest without prior approval of Shareholders in a general meeting is complied with in their exercise of discretion to allot or issue any such excess Rights Shares with Warrants.

Option to scale down subscription : Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, scale down the subscription and/or excess applications for the Rights Shares with Warrants by any of the Shareholders (if such Shareholder chooses to subscribe for his pro rata Rights Shares with Warrants entitlements and/or apply for excess Rights Shares with Warrants) to avoid placing the relevant Shareholder and parties acting in concert with him (as defined in the Code) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements fully.

Non-underwritten : The Proposed Rights cum Warrants Issue will not be underwritten.

Governing law : Laws of the Republic of Singapore

3.3 Principal Terms of the Warrants

Number of Warrants : Up to 122,400,000 Warrants to be issued together with the Rights Shares subscribed, on the assumption that up to 122,400,000 Rights Shares are issued and allotted.

Basis of provisional allotment : One (1) Warrant for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

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- Form and subscription rights : The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants as set out in the Deed Poll, each Warrant will entitle the Warrantholder, at any time during the Exercise Period, to subscribe for one (1) Warrant Share at the Exercise Price in force on the relevant exercise date.
- Detachability and trading : The Warrants are immediately detachable from the Rights Shares upon issue, and will be issued in registered form and will be listed and traded separately on Catalist under the book-entry (scripless) settlement system, upon the listing of and quotation for the Warrants on Catalist, subject to, amongst others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.
- Exercise Price : S\$0.05 for each Warrant Share on the exercise of the Warrant. The Exercise Price will be subject to adjustments under certain circumstances in accordance with the terms and conditions of the Warrants as set out in the Deed Poll.
- Exercise Period : The Warrants may be exercised at any time during the period commencing on and including the date falling 12 months from the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding 24 months from the date of issue of the Warrants, unless such date is a date on which the Register of Members is closed or is not a Market Day, in which case the Exercise Period shall end on the date prior to the closure of the Register of Members or on the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the Register of Warrantholders may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll. The Warrants which have not been exercised after the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.
- Notice of expiry of the Warrants shall be given to all Warrantholders of the Company at least one (1) month before the expiration date.
- Status of the Warrant Shares : The Warrant Shares, upon allotment and issue, will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of exercise of the Warrants.
- Listing of the Warrants and Warrant Shares : The Company will make an application through the Sponsor to the SGX-ST for the dealing in, listing of and quotation for the Warrants and Warrant Shares on Catalist. The Company will make the necessary announcement upon receipt of the listing and quotation notice from the SGX-ST for the Warrants and Warrant Shares.
- Adjustments : The Exercise Price and/or the number of Warrants to be held by each Warrantholder will, after the issue of the Warrants, be subject to adjustments under certain circumstances provided in the terms and conditions of the Warrants as set out in the Deed Poll.
- Such circumstances include, without limitation, consolidation, subdivision or reclassification of the Shares, capitalisation issues, rights issues and certain capital distributions.

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Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants issued under the Proposed Rights cum Warrants Issue and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the Catalist Rules from time to time) be announced by the Company on SGXNet.

- Modification of rights of Warranholders : The Company may, without the consent of the Warranholders but in accordance with the terms and conditions of the Deed Poll and subject to the approval of the SGX-ST, effect any modification to the terms and conditions of the Deed Poll including, without limitation, the terms and conditions of the Warrants which, in the opinion of the Company is:
- (a) not materially prejudicial to the interests of the Warranholders; or
 - (b) of a formal, technical or minor nature; or
 - (c) to correct a manifest error or to comply with mandatory provisions of Singapore law; or
 - (d) to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of Warrant Shares arising from the exercise thereof or meetings of the Warranholders in order to facilitate trading in or the exercise of the Warrants in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on Catalist; or
 - (e) to facilitate scripless settlement of trades of the Warrants or the Shares on Catalist in accordance with the requirements of the SGX-ST or CDP from time to time.

Any such modification shall be binding on all Warranholders and all persons having an interest in the Warrants. Upon any modification of the terms of the Deed Poll and/or the terms and conditions of the Warrants, notice shall be given to the Warranholders in accordance with the terms and conditions as set out in the Deed Poll as soon as practicable thereafter.

Any material alteration to the terms and conditions of the Warrants to the advantage of the Warranholders is subject to Shareholders' approval, and if necessary, the SGX-ST, except where the alterations are made pursuant to the terms and conditions of the Warrants as set out in the Deed Poll.

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Transfer and transmission : For as long as the Shares and the Warrants are listed on Catalist, a Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants as set out in the Deed Poll including, *inter alia*, the following:

(a) Warrants not registered in the name of CDP

A Warrantholder whose Warrants are registered in his or her own name (the “**Transferor**”) shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent (as defined in the Deed Poll), the Transferor’s warrant certificate(s) together with an instrument of transfer, in the form approved by the Company from time to time (the “**Transfer Form**”), duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll, provided that the Company and the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP. A Transferor shall be deemed to remain a Warrantholder until the name of the transferee is entered in the Register of Warrantholders by the Warrant Agent;

(b) Deceased Warrantholder

The executors or administrators of a deceased Warrantholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders) or, if the registered holder of the Warrants is CDP, of a deceased Depositor and, in the case of the death of one or more of several joint holders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company as having any title to the Warrants registered in the name of the deceased Warrantholder. Such persons shall be entitled to be registered as Warrantholders and/or to make such transfer(s) as the deceased Warrantholder is entitled to make, upon the production by such persons to the Company and the Warrant Agent of such evidence as may be reasonably required by the Company and the Warrant Agent to prove their title and on payment of the fees and expenses to be set out in the Deed Poll; and

(c) Warrants registered in the name of CDP

Where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Registry by CDP by way of book-entry. A Depositor shall be deemed to remain a Warrantholder until the name of the transferee is entered in the Depository Registry by CDP.

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- Winding-up : In the event of a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement), the Warrantholders may elect to be treated as if they had immediately prior to the commencement of such winding-up exercised the Warrants and had on such date been the holders of the Warrant Shares to which they would have become entitled pursuant to such exercise. The Company shall give notice to the Warrantholders in accordance with the terms and conditions to be set out in the Deed Poll of the passing of any such resolution within seven (7) days after the passing thereof. Where a Warrantholder has elected to be treated as if he or she had exercised his or her Warrants as aforesaid, he or she shall be liable to pay the Exercise Price in relation to such exercise.
- Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution for the winding-up of the Company shall lapse and cease to be valid for any purpose.
- Further issues : Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. However, the Warrantholders shall not have any participation rights in any such issues of Shares by the Company unless otherwise resolved by the Company in a general meeting.
- Warrant Agent : To be appointed, at the discretion of the Directors, in connection with the exercise of the Warrants in accordance with the terms and subject to the conditions of the warrant agency agreement to be executed by the Company.
- Governing law : Laws of the Republic of Singapore

The terms and conditions of the Proposed Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights cum Warrants Issue will be set out in the Offer Information Statement to be lodged by the Company with the SGX-ST, and to be despatched to Entitled Shareholders in due course, subject to, *inter alia*, the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue being approved by Shareholders at the EGM.

3.4 Potential Transfer of Controlling Interests

Rule 803 of the Catalist Rule provides that an issuer must not issue securities to transfer a controlling interest without prior approval of shareholders in general meeting.

As at the Latest Practicable Date, Mr Chng Weng Wah ("**Mr Chng**") and Ms Chan Hui Lan Catherine ("**Ms Chan**") directly and indirectly hold 279,798,000 Shares and 250,000,000 Shares respectively. For further details on their shareholdings, please refer to Section 8 of this Circular.

For illustration purposes, assuming that, none of the Entitled Shareholders save for Mr Chng and Ms Chan subscribe and pay for his or her pro rata entitlement of Rights Shares with Warrants, Mr Chng and Ms Chan will directly and indirectly hold approximately 23.19% and 20.72% respectively of the share capital of the Company immediately following the completion of the Proposed Share Consolidation and Proposed Rights cum Warrants Issue. The aforesaid shareholding figures were computed based on the following assumptions:

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- (i) As at the Rights Issue Books Closure Date, Mr Chng and Ms Chan directly and indirectly hold 5,595,960 Shares and 5,000,000 Shares respectively after adjusting for the Proposed Share Consolidation;
- (ii) Mr Chng and Ms Chan fully subscribing for their respective Rights Shares entitlements; and
- (iii) Each of Mr Chng and Ms Chan do not apply for any excess Rights Shares with Warrants.

Based on the above, in the event other Shareholders do not take up their pro rata entitlements of Rights Shares with Warrants fully, the full subscription by Mr Chng and Ms Chan of their respective pro rata entitlement of Rights Shares alone could result in a transfer of a controlling interest in the Company, which is subject to the approval of the Shareholders pursuant to Rule 803 of the Catalyst Rules. Accordingly, the Company intends to seek the approval of Shareholders for the potential transfer of controlling interests to Mr Chng and Ms Chan at the EGM.

Assuming further that Mr Chng and Ms Chan fully exercise their Warrants and that no Shares are issued before that time, Mr Chng and Ms Chan will directly and indirectly hold approximately 33.48% and 29.91% respectively of the Company's enlarged share capital. As Mr Chng and Ms Chan, as parties acting in concert (as defined in the Code), would collectively hold 33.48% in this situation, they would then incur an obligation to make a mandatory general offer to the other Shareholders under the Code.

3.5 Approvals and Conditions for the Proposed Rights cum Warrants Issue

The Proposed Rights cum Warrants Issue is subject to, amongst other things:

- (a) the approval by Shareholders of the Proposed Rights cum Warrants Issue;
- (b) the receipt of the listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on Catalyst;
- (c) the completion of the Proposed Share Consolidation; and
- (d) the lodgement of the Offer Information Statement and its accompanying documents with the SGX-ST.

The Company will make an application through the Sponsor to the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the Warrant Shares on Catalyst. The Company will make the necessary announcement upon receipt of the listing and quotation notice for the Rights Shares, the Warrants and the Warrant Shares.

3.6 Eligibility of Shareholders to participate in the Proposed Rights cum Warrants Issue

3.6.1 Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Proposed Rights cum Warrants Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and its accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP during the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

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Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants under the Proposed Rights cum Warrants Issue on the basis of their shareholdings as at the Rights Issue Books Closure Date. Entitled Shareholders are at liberty to accept, decline, renounce or, in the case of Entitled Depositors only, trade their provisional allotments of Rights Shares with Warrants on the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST in full or in part, and will be eligible to apply for excess Rights Shares with Warrants under the Proposed Rights cum Warrants Issue. Entitled Depositors who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants, may only do so through CDP or by way of an electronic application through an ATM of a participating bank. Full details of the Proposed Rights cum Warrants Issue will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

For Entitled Shareholders who hold Shares through finance companies or Depository Agents, acceptances of the Rights Shares with Warrants provisionally allotted to them and (if applicable) excess Applications must be done through these intermediaries. Any acceptance and/or excess applications by such Entitled Shareholders directly to CDP or through the ATMs will be rejected.

All dealings in and transactions of the provisional allotments of the Rights Shares with Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their new share certificates with CDP prior to the Rights Issue Books Closure Date so as to enable CDP to credit their Securities Accounts with their Shares and the provisional allotments of Rights Shares with Warrants. Entitled Scripholders should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the new share certificates with CDP or such later date as CDP may determine.

Entitled Depositors should note that all notices and documents will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update their records or to effect any change in address must reach CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, at least five (5) Market Days before the Rights Issue Books Closure Date. Entitled Scripholders should note that all notices and documents will be sent to their last registered addresses in the Register of Members.

The procedures for, and the terms and conditions applicable to, acceptances, splitting, renunciation and/or sales of the provisional allotments of Rights Shares with Warrants and for excess Applications, including the different modes of acceptance or application and payment, will be set out in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course.

3.6.2 Foreign Shareholders

The Offer Information Statement and its accompanying documents will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities 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 countries other than in Singapore, the Offer Information Statement and its accompanying documents have not been and will not be despatched to Foreign Shareholders or to any jurisdictions outside Singapore.

Foreign Shareholders will not be entitled to participate in the Proposed Rights cum Warrants Issue. Accordingly, no provisional allotment of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or excess Applications by Foreign Shareholders will be valid.

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The Offer Information Statement and its accompanying documents will also not be despatched to Purchasers if their registered addresses with CDP are outside Singapore (the “**Foreign Purchasers**”). Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

The Company reserves the right to treat as invalid any ARE, ARS or PAL which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction; (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares with Warrants or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore; or (c) purports to exclude any deemed representation or warranty. The Company further reserves the right to reject any acceptances of the Rights Shares with Warrants and/or excess applications where it believes, or has reason to believe, that such acceptances and/or excess applications may violate the applicable legislation of any jurisdiction.

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses in the Register of Members.

Shareholders (not being Depositors) who do not presently have an address in Singapore for the service of notices and documents and who wish to be eligible to participate in the Proposed Rights cum Warrants Issue should provide such an address in Singapore not later than five (5) Market Days before the Rights Issue Books Closure Date by notifying the Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00 Singapore 068898.

Depositors whose registered addresses with CDP are not in Singapore and who wish to be eligible to participate in the Proposed Rights cum Warrants Issue should provide an address in Singapore for the service of notices and documents not later than five (5) Market Days before the Rights Issue Books Closure Date by notifying CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588.

Entitlements to Rights Shares or the Warrants which would otherwise accrue to Foreign Shareholders will, at the sole and absolute discretion of the Company, be sold “nil-paid” on Catalist after dealings in the provisional allotments of Rights Shares and the Warrants commence. In exercising its discretion, the Company may consider, amongst other things, whether a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Rights Issue Books Closure Date and sent to them at their own risk by ordinary post, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S\$10.00. In the event the amount is less than S\$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in connection therewith. Where such provisional allotments of Rights Shares and the Warrants are sold “nil-paid” on 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, CDP and their respective officers in respect of such sales or the proceeds thereof, the provisional allotments of Rights Shares and the Warrants represented by such provisional allotments.

3.7 No Undertaking and No Underwriting

As at the Latest Practicable Date, the Company has not received undertakings from any Shareholder to subscribe for the Rights Shares with Warrants pursuant to the Proposed Rights cum Warrants Issue.

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The Company has decided to proceed with the Proposed Rights cum Warrants Issue on a non-underwritten basis as the Company believes that the Issue Price of S\$0.025 for each Rights Share and Exercise Price of S\$0.05 for each Warrant Share is sufficiently attractive.

Further, the Directors are of the opinion that there is no minimum amount which must be raised from the Proposed Rights cum Warrants Issue, as in the event it is unable to raise sufficient funds, the Company will source for alternative sources of funding, including but not limited to bank borrowings and Shareholders' loans. Hence, in view of the above and the savings enjoyed for not having to bear underwriting fees, the Company has decided to proceed with the Proposed Rights cum Warrants Issue on a non-underwritten basis.

3.8 Rationale and Use of Proceeds

3.8.1 Rationale

The Proposed Rights cum Warrants Issue has been proposed to raise funds for (a) the expansion of the business of the Group through investments, acquisition, joint ventures or strategic alliances ("**Acquisitions**"); and (b) working capital so as to provide the Group with more flexibility and enhance its ability to formulate, strategise and execute its business plans ("**Working Capital**").

3.8.2 Use of Proceeds

In the event that the Proposed Rights Issue is subscribed in full, the estimated net proceeds ("**Net Proceeds**") will be approximately S\$2,930,000, after deducting estimated professionals' fees and related expenses incurred in connection with the Proposed Rights cum Warrants Issue.

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

- (a) up to S\$1,172,000 (representing up to 40% of the Net Proceeds) for Acquisitions; and
- (b) up to S\$1,758,000 (representing up to 60% of the Net Proceeds) for Working Capital.

On the basis of the foregoing, and assuming that all Warrants issued are exercised, the estimated gross proceeds from the exercise of the Warrants ("**Exercise Proceeds**") will be approximately S\$6,120,000. As and when the Warrants are exercised, the Exercise Proceeds raised may, at the discretion of the Directors, be applied in the following proportions:

- (i) up to 40% towards potential acquisitions and;
- (ii) up to 60% towards working capital requirements of the Group.

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

The Company will make periodic announcements on the utilisation of Net Proceeds and/or Exercise Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the proceeds raised in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report. Where the proceeds have been used for working capital, the Company will provide a breakdown with specific details on how the proceeds have been applied in the announcements and status reports. The Company may adjust the intended use of Net Proceeds and Exercise Proceeds to facilitate the business operations of the Group, as the Directors in their absolute discretion deem fit. Where there is a material deviation in the use of proceeds, the Company will also state the reasons for such deviation.

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3.9 Rights Issue Books Closure Date

Subject to Shareholders' approval for the Proposed Rights cum Warrants Issue being obtained at the EGM, the Rights Issue Books Closure Date for the purpose of determining the Entitled Shareholders' entitlements under the Proposed Rights cum Warrants Issue will be announced at a later date.

4. FINANCIAL EFFECTS OF THE PROPOSED SHARE CONSOLIDATION AND THE PROPOSED RIGHTS CUM WARRANTS ISSUE

4.1 Assumptions

The pro forma financial effects of the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue are purely for illustration purposes only and do not purport to be indicative or a projection or an estimate of the future results and financial positions of the Company and/or the Group immediately following the completion of the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue.

The financial effects have been prepared based on the latest announced audited consolidated financial statements of the Group for FY2016.

For the purpose of this Section 4, the following assumptions apply:

- (a) all Shareholders subscribe for their respective entitlements of Rights Shares with Warrants under the Proposed Rights cum Warrants Issue;
- (b) all the Rights Shares with Warrants have been issued;
- (c) all the Warrants are exercised immediately after completion of the Proposed Rights cum Warrants Issue;
- (d) for the purpose of computing the financial effects of the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue on the NTA per Share of the Group:
 - (i) the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue are assumed to have been completed on 31 July 2016; and
 - (ii) the issuance of new Shares subsequent to FY2016 pursuant to the exercise of 122,400,000 Warrants are assumed to be completed on 31 July 2016; and
- (e) for the purpose of computing the financial effects of the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue on the EPS of the Group:
 - (i) the Proposed Share Consolidation and the Proposed Rights cum Warrants Issue are assumed to have been completed on 1 August 2015; and
 - (ii) the issuance of new Shares subsequent to FY2016 pursuant to the exercise of 122,400,000 Warrants are assumed to be completed on 1 August 2015.

4.2 Share Capital

	Number of Shares ('000)	Share Capital (\$'000)
Existing Share Capital as at 31 July 2016	3,060,000	55,086
Immediately after the Proposed Share Consolidation	61,200	55,086
Add: Issuance of all of the Rights Shares	122,400	3,060
Exercise of all of the Warrants	122,400	6,120
Enlarged Share Capital after the issue of all the Rights Shares and the exercise of all the Warrants	306,000	64,266

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4.3 NTA per Share

	NTA (S\$'000)	Number of Shares ('000)	NTA per Share (cents)
As at 31 July 2016	(158)	3,060,000	(0.01)
Immediately after the Proposed Share Consolidation	(158)	61,200	(0.26)
After the Proposed Share Consolidation and issuance of all of the Rights Shares but before the exercise of the Warrants	2,772	183,600	1.51
After the Proposed Share Consolidation and issuance of all of the Rights Shares and after the exercise of all the Warrants	8,892	306,000	2.91

4.4 EPS

	Earnings attributable to Shareholders (S\$'000)	Number of Shares ('000)	EPS (cents)
As at 31 July 2016	(1,067)	3,060,000	(0.03)
Immediately after the Proposed Share Consolidation	(1,067)	61,200	(1.74)
After the Proposed Share Consolidation and issuance of all of the Rights Shares but before the exercise of the Warrants	(1,067)	183,600	(0.58)
After the Proposed Share Consolidation and issuance of all of the Rights Shares and after the exercise of all the Warrants	(1,067)	306,000	(0.35)

4.5 Gearing

	Total Borrowings (S\$'000)	Total Shareholders' Equity (S\$'000)	Gearing (times)
As at 31 July 2016	0	(162)	n.m.
Immediately after the Proposed Share Consolidation	0	(162)	n.m.
After the Proposed Share Consolidation and issuance of all of the Rights Shares but before the exercise of the Warrants	0	2,768	n.m.
After the Proposed Share Consolidation and issuance of all of the Rights Shares and after the exercise of all the Warrants	0	8,888	n.m.

n.m.: not meaningful

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5. FINANCIAL INFORMATION OF THE GROUP

5.1 Consolidated Income Statements

The consolidated income statements of the Group for FY2014, FY2015, FY2016 and Q1 FY2017 are set out below:

Group	FY2014 \$'000 (Audited)	FY2015 \$'000 (Audited)	FY2016 \$'000 (Audited)	Q1 FY2016 \$'000 (Audited)	Q1 FY2017 \$'000 (Unaudited)
Continuing Operations					
Revenue	1,168	1,260	1,022	255	151
Other Operating Income	125	48	48	1	–
	<u>1,293</u>	<u>1,308</u>	<u>1,070</u>	<u>256</u>	<u>151</u>
Expenses					
– Inventories and consumables used	(412)	(581)	(491)	(136)	(60)
– Amortisation and depreciation	(142)	(142)	(7)	(3)	(1)
– Employee benefits	(1,038)	(939)	(929)	(233)	(222)
– Advertising, media and entertainment	(72)	(57)	(36)	(11)	(5)
– Rental on operating leases	(176)	(186)	(217)	(55)	(56)
– Transportation	(8)	(4)	(1)	–	–
– Legal and professional fees	(187)	(299)	(266)	(59)	(72)
– Other operating expenses	(211)	(256)	(182)	(44)	(32)
– Changes in inventories of finished goods	4	(3)	(4)	(2)	2
	<u>(949)</u>	<u>(1,159)</u>	<u>(1,063)</u>	<u>(287)</u>	<u>(295)</u>
Loss before income tax from continuing operations	(949)	(1,159)	(1,063)	(287)	(295)
Income tax expenses	(3)	(4)	(4)	(4)	–
	<u>(952)</u>	<u>(1,163)</u>	<u>(1,067)</u>	<u>(291)</u>	<u>(295)</u>
Loss from continuing operations	(952)	(1,163)	(1,067)	(291)	(295)
Loss from discontinued operations, net of tax	(5,820)	(1,800)	–	–	–
	<u>(6,772)</u>	<u>(2,963)</u>	<u>(1,067)</u>	<u>(291)</u>	<u>(295)</u>
Loss for the year	(6,772)	(2,963)	(1,067)	(291)	(295)
Attributable to:					
Equity holders of the company	(5,751)	(7,630)	(1,064)	(290)	(295)
Non-controlling interest	(1,021)	4,667	(3)	(1)	–
	<u>(6,772)</u>	<u>(2,963)</u>	<u>(1,067)</u>	<u>(291)</u>	<u>(295)</u>

LETTER TO SHAREHOLDERS

A review of the operations, business and financial performance of the Group is set out below:

Q1 FY2017 vs Q1 FY2016

The decrease in revenues of 41% over corresponding period was mainly due to the decline of tourist arrival and spending at the Mulligans' outlet. The activity was also badly affected from the death of King Bhumibol Adulyadej. Trading activities has also contributed to the drop in sales mainly due to the slowdown in the related business trend.

No related miscellaneous income was recorded for the period.

Total expenses for Q1 FY2017 decreased by approximately 18% to S\$0.45 million primarily due to the following factors:

- Inventories and consumables usage saw a decrease of 56% contributed from the slower sales activities;
- Lower advertising, media and entertainment expenses due to the lower activities and related payout;
- Amortisation and depreciation maintained at low level as most fixed assets were fully depreciated;
- Employee benefits decreased by 5% mainly due to fewer staff deployment and effective cost control; and
- Other operating expenses decreased by 26% mainly coming from cost control measures and initiatives carried out at the operation and group level.

The Group maintained the loss for Q1 FY2017 as compared to the corresponding period primarily due to the prevalent sales activities and lower cost structure.

FY2016 vs FY2015

The decrease in revenues of 19% in FY2016 over corresponding year was mainly due to the slower F&B sales activities at the Mulligans' outlet. The activity was affected from the economic slowdown and aggravated by the weather conditions.

Related miscellaneous and other income maintained in FY2016 as compared to FY2015.

Total expenses for FY2016 decreased by approximately 14% to S\$2.1 million primarily due to the following factors:

- Inventories and consumables usage saw a decrease of 15% contributed from the slower sales activities;
- Advertising, media and entertainment expenses decreased by 37% due to the lesser advertising and marketing activities;
- Amortisation and depreciation decreased drastically mainly due to most of the fixed assets were fully depreciated in the last financial year;
- Legal and professional expenses decreased by 11% mainly due to lesser related payout and provisions for the business operations; and
- Other operating expenses decreased by 29% mainly coming from cost control measures and initiatives carried out at the operation and group level.

The Group reported a lower loss for FY2016 as compared to FY2015 primarily due to the effective cost control and measures carried out in the year.

LETTER TO SHAREHOLDERS

FY2015 vs FY2014

An increase in revenues of 8% in FY2015 over corresponding year was mainly contributed from the trading activities of component parts in the year. The F&B club operations under the Mulligans concept maintained its revenue and nurtured popularity with the regular crowds and tourist segment.

Related miscellaneous and other income decreased in FY2016 as compared to FY2015 due to the recovery of legal cost received in the last financial year.

Total expenses for FY2015 increased by approximately 10% to S\$2.5 million primarily due to the following factors:

- Inventories and consumables usage increased by 41% contributed from the higher cost margin from the trading activities;
- Advertising, media and entertainment expenses decreased by 21% due to the lesser advertising and marketing activities;
- Rental on operating lease increased by 6% due from rental expenses incurred for the head office premises;
- Higher legal and professional expenses mainly due to related payout and provisions for the legal advisory and share placements;
- Other operating expenses increased by 21% mainly coming from related cost incurred for the business operations and write off of receivables in the year.

During the financial year, the Group completed a strategic review of the business operations and ceased the F&B club operations in the Clarke Quay arena. The Group announced on the closure of Clarke Quay's operations on 13 March 2015. The closure of the affected venues comprise Aquanova, Fenix room, Mulligan's Irish Pub (Clarke Quay branch), Playhouse and HotDog. The decision to cease the operations have been arrived at after reviewing the financial position of the affected entities, as well as their business prospects and environment. Having considered the intense competition that the entities have been facing, the trend of diminishing crowd spending and the impact on restricted liquor licensing hours, the Board has determined that the operations was not sustainable or commercially viable and directed the closure of the abovementioned clubs and the entities namely Cannery Leisure Pte Ltd, Tribeca Leisure Pte Ltd, Lux Leisure Pte Ltd, Brandz+ Pte Ltd and Luminox Pte Ltd were placed under liquidation as per the announcement dated 7 May 2015.

The Group reported a lower loss for FY2015 primarily due to the cost control measures carried out in the year as compared to a higher cost business operations structure of the last financial year.

LETTER TO SHAREHOLDERS

5.2 Balance Sheet

The consolidated balance sheets of the Group for FY2014, FY2015, FY2016 and Q1 FY2017 are set out below:

Group	FY2014 \$'000 (Audited)	FY2015 \$'000 (Audited)	FY2016 \$'000 (Audited)	Q1 FY2017 \$'000 (Unaudited)
ASSETS				
<u>Non-Current Assets</u>				
Property, plant and equipment	2,028	9	6	5
Fixed Deposit	1,980	–	–	–
Other Receivables	91	–	–	–
	4,099	9	6	5
<u>Current Assets</u>				
Trade and other receivables	1,040	290	227	229
Inventories	315	13	9	11
Cash and cash equivalents	1,132	1,084	93	23
	2,487	1,387	329	263
Total Assets	6,586	1,396	335	268
LIABILITIES				
<u>Current Liabilities</u>				
Trade and other payables	3,332	491	493	718
	3,332	491	493	718
<u>Non-Current Liabilities</u>				
Provision for reinstatement	1,134	–	–	–
	1,134	–	–	–
Total Liabilities	4,466	491	493	718
EQUITY				
Share capital	53,336	55,086	55,086	55,086
Foreign currency translation Reserve	(27)	(29)	(25)	(22)
Accumulated losses	(48,820)	(54,159)	(55,223)	(55,518)
Equity attributable to equity holders of the Company	4,489	898	(162)	(454)
Non-controlling interest	(2,369)	7	4	4
Total Equity	2,120	905	(158)	(450)
Total Liabilities & Equity	6,586	1,396	335	268

LETTER TO SHAREHOLDERS

5.3 Working Capital

The working capital of the Group for FY2014, FY2015, FY2016 and Q1 FY2017 is set out below:

Group	FY2014 \$'000 (Audited)	FY2015 \$'000 (Audited)	FY2016 \$'000 (Audited)	Q1 FY2017 \$'000 (Unaudited)
Current Assets	2,487	1,387	329	263
Current Liabilities	3,332	491	493	718
Net Current (Liabilities) / Assets	(845)	896	(164)	(455)

A review of the working capital of the Group for FY2014, FY2015, FY2016 and Q1 FY2017 is set out below:

Q1 FY2017 vs FY2016

As at 31 October 2016, current assets decreased by S\$0.07 million compared to 31 July 2016 mainly due to a decrease in cash and cash equivalents. Other items in the current assets comprising trade receivables, inventories and other assets maintained at the same proportion as at 31 October 2016 comparing corresponding period.

As at 31 October 2016, the increase in current liabilities of S\$0.23 million comprises trade and other payables, related provisions and accrual compared to 31 July 2016.

FY2016 vs FY2015

As at 31 July 2016, current assets decreased by S\$1.06 million compared to 31 July 2015 mainly due to a decrease in cash and cash equivalents. Other items in the current assets comprising trade receivables, inventories and other assets also decreased as at 31 July 2016 as compared to the corresponding year.

As at 31 July 2016, there was a slight increase in current liabilities comprising of trade and other payables, related provisions and accrual as compared to 31 July 2015.

FY2015 vs FY2014

As at 31 July 2015, current assets decreased by S\$1.1 million compared to 31 July 2014 mainly due to a decrease in trade and other receivables. Other items in the current assets comprising cash and cash equivalents, inventories and other assets also decreased as at 31 July 2015 in comparison to the corresponding year.

As at 31 July 2015, there was a decrease in current liabilities of S\$2.8 million comprising trade and other payables, related provisions and accrual as compared to 31 July 2014.

During the financial year, the Group completed a strategic review of the business operations and ceased the F&B club operations in the Clarke Quay arena. The closure of the affected venues comprise of Aquanova, Fenix room, Mulligan's Irish Pub (Clarke Quay branch), Playhouse and HotDog. The decision to cease the operations have been arrived at after reviewing the financial position of the affected entities, as well as their business prospects and environment and the entities namely Cannery Leisure Pte Ltd, Tribeca Leisure Pte Ltd, Lux Leisure Pte Ltd, Brandz+ Pte Ltd and Luminox Pte Ltd were placed under liquidation in FY2015.

LETTER TO SHAREHOLDERS

5.4 Statements of Cash Flow

The consolidated cash flow statements of the Group for FY2014, FY2015, FY2016 and Q1 FY2017 are set out below:

Group	FY2014 \$'000 (Audited)	FY2015 \$'000 (Audited)	FY2016 \$'000 (Audited)	Q1 FY2017 \$'000 (Unaudited)
Net cash used in operating activities	(2,493)	(1,620)	(987)	(70)
Net cash used in investing activities	(484)	(178)	(4)	–
Net cash generated from financing activities	2,882	1,750	–	–
Net decrease in cash and cash equivalents	(95)	(48)	(991)	(70)
Cash and cash equivalents at the beginning of the financial year	1,227	1,132	1,084	93
Cash and cash equivalents at end of the financial year	1,132	1,084	93	23

A review of the cash flow position of the Group is set out below:

Net cash flow from operation activities

In FY2015, the Group has negative cash flow from operating activities of S\$1.62 million principally due to the operating loss for the year and the changes in the working capital. In FY 2016, the Group continued to have a negative cash flow from operating activities of S\$1.0 million mainly contributed from the operating loss for the year. In Q1 FY2017, the Group achieved a lower negative cash flow from operating activities mainly due to effective cost control and lower operating loss for the period.

Net cash flow from investing activities

There was no cash flow used from investing activities in Q1 FY2017 due to the slow business transaction structure. In FY 2016, the Group had a net cash flow used for investing activities of less than S\$0.01 million mainly for purchase of operation equipment incurred for the business and outlet concept. In FY2015, the group incurred a net cash flow for investing activities of S\$0.18 million which includes improvement work and fittings for the operations and related cash outflow from the liquidation of respective entities.

Net cash flow from financing activities

There was no cash flow generated from financing activities in Q1 FY2017 and FY2016 due to the slow business trend and market sentiment. In FY2015, the Group generated a cash flow from financing activities of S\$1.75 million from the issuance of 500,000,000 new ordinary shares in the share capital of the Company.

LETTER TO SHAREHOLDERS

6. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any litigation or arbitration proceedings to which the Group is a party to or which is pending or known to be contemplated that may have or which have had in the last 12 months immediately preceding the date of this Circular, a material effect on the Group's financial position or profitability.

7. MATERIAL CONTRACTS

Save as disclosed below, the Group has not entered into any material contracts outside the ordinary course of business for the period of two (2) years prior to the Latest Practicable Date:

- (i) a conditional sale and purchase agreement ("**SPA**") dated 15 July 2015 entered into with Healthtrends Medical Investments Limited, pursuant to which the Company shall acquire ordinary shares of four (4) target companies. The Company subsequently announced on 12 July 2016 that the SPA was terminated;
- (ii) a non-binding term sheet dated 12 July 2016 entered into with Asidokona Mining Resources Pte. Ltd., pursuant to which the Company intends to acquire the entire issued and paid-up share capital of Tolukuma Gold Mines Limited free from all encumbrances and with all rights attaching thereto, subject to the parties entering into a definitive sale and purchase agreement. The Company subsequently announced on 27 October 2016 that the aforesaid term sheet had lapsed;
- (iii) a non-binding term sheet dated 17 July 2016 entered into with Crede Capital Group, LLC ("**Investor**"), pursuant to which the Company agreed to issue and the Investor agreed to subscribe for US\$20 million in principal amount of convertible senior notes. The Company subsequently announced on 27 October 2016 that the aforesaid term sheet had lapsed;
- (iv) a term sheet dated 27 October 2016 entered into with I M Quarries Limited, pursuant to which the Company proposes to acquire the entire issued and paid-up share capital of Three Crystals Hong Kong Limited. The Company subsequently announced on 18 November 2016 that the aforesaid term sheet had been terminated by mutual agreement;
- (v) a binding term sheet dated 15 November 2016 entered into with Thomas Family Trust and Forestor Hill International Limited, pursuant to which the Company and/or its nominee proposes to acquire the entire issued and paid-up share capital of Natural Essence Group SPV. The Company subsequently announced on 24 February 2017 that the aforesaid term sheet had been terminated by mutual agreement; and
- (vi) a conditional share subscription agreement dated 15 November 2016 entered into with Pramana Capital Pty Ltd (and/or its nominee), pursuant to which the Company agreed to allot and issue an aggregate of 167,000,000 new Shares at the subscription price of S\$0.003 per Share. The Company subsequently announced on 21 February 2017 that the aforesaid agreement had been terminated by mutual agreement.

LETTER TO SHAREHOLDERS

8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, the interests of the Directors and Substantial Shareholders in the issued share capital of the Company as at the Latest Practicable Date, were as follows:-

Directors	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Chng Weng Wah ⁽¹⁾	–	–	279,798,000	9.14	279,798,000	9.14
Lim Kee Way Irwin	–	–	–	–	–	–
Toh Hock Ghim	–	–	–	–	–	–
Wong Joo Wan	–	–	–	–	–	–
Substantial Shareholders						
Chan Hui Lan Catherine ⁽²⁾	–	–	250,000,000	8.17	250,000,000	8.17

Notes:

- ⁽¹⁾ Chng Weng Wah is deemed to be interested in the 29,798,000 Shares held through Citibank Nominees Singapore Pte Ltd. He is also deemed interested in the 250,000,000 Shares held by his wife, Chan Hui Lan Catherine through Citibank Nominees Pte Ltd by virtue of Section 164 of the Companies Act.
- ⁽²⁾ Chan Hui Lan Catherine is deemed to be interested in the 250,000,000 Shares held through Citibank Nominees Singapore Pte Ltd.

Save as disclosed in this Circular, none of the Directors and Substantial Shareholders has any interest, direct or indirect, in the Proposed Share Consolidation and Proposed Rights cum Warrants Issue other than through their respective shareholdings in the Company.

9. DIRECTORS' RECOMMENDATIONS

The Directors, having considered, amongst others, the rationale and benefit of the Proposed Share Consolidation and Proposed Rights cum Warrants Issue, are of the opinion that the Proposed Share Consolidation and Proposed Rights cum Warrants Issue are in the best interest of the Company and Shareholders. Accordingly, they recommend that Shareholders vote in favour of the ordinary resolutions relating to the Proposed Share Consolidation and Proposed Rights cum Warrants Issue.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-6 of this Circular, will be held at 2 Bukit Merah Central (formerly known as “**Spring Singapore**”), Podium Block, Level 3, Room P303, Singapore 159835 on 13 April 2017 at 3.00 p.m. for the purpose of considering and, if thought fit, passing, with or without any amendment, the ordinary resolutions set out in the notice of EGM.

11. ABSTENTION FROM VOTING

Mr Chng and Ms Chan will abstain from voting on Ordinary Resolutions 3 and 4 in relation to the potential transfer of controlling interests. Mr Chng and Ms Chan will also not accept nominations to act as proxy/proxies to vote at the EGM in respect of Ordinary Resolutions 3 and 4 for other Shareholders unless the Shareholders concerned have given specific instructions as to the manner in which his/her votes are to be cast at the EGM.

LETTER TO SHAREHOLDERS

12. ACTION TO BE TAKEN BY SHAREHOLDERS

12.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and who wish to appoint a proxy or proxies to attend and vote at the EGM on their behalf should complete, sign and return the proxy form attached to the notice of EGM (“**Shareholder Proxy Form**”) in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Company at 1001 Jalan Bukit Merah #06-11, Singapore 159455, not later than 48 hours before the time appointed for the holding of the EGM. The completion and return of a Shareholder Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM should he subsequently wish to do so. In such event, the Shareholder Proxy Form will be deemed to be revoked.

12.2 When Depositor regarded as Shareholder

A Depositor shall not be regarded as a Shareholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register at least 72 hours before the EGM.

13. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Share Consolidation and Proposed Rights cum Warrants 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 Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected by the Shareholders at the registered office of the Company at 1001 Jalan Bukit Merah #06-11, Singapore 159455 during normal business hours on any weekday (public holidays excepted) from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the annual report of the Company for FY2016.

Yours faithfully
for and on behalf of the Board of Directors of
Lifebrandz Ltd.

Chng Weng Wah
Chief Executive Officer / Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

Lifebrandz Ltd.

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

Unless otherwise defined, all capitalised terms not defined herein shall bear the same meaning as ascribed to them in the circular dated 29 March 2017 of the Company to its Shareholders (including supplements and modifications thereto).

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of Lifebrandz Ltd. (the “**Company**”) will be held at 2 Bukit Merah Central (formerly known as “**Spring Singapore**”), Podium Block, Level 3, Room P303, Singapore 159835 on 13 April 2017 at 3.00 p.m., for the purpose of considering and, if thought fit, passing with or without any modifications the following ordinary resolutions:

SHAREHOLDERS SHOULD NOTE THAT ORDINARY RESOLUTIONS 1 AND 2 ARE INTER-CONDITIONAL. IN OTHER WORDS, IF ORDINARY RESOLUTION 1 IS NOT PASSED BY SHAREHOLDERS, ORDINARY RESOLUTION 2 WILL ALSO NOT BE PASSED AND VICE VERSA. ORDINARY RESOLUTIONS 3 AND 4 ARE INTER-CONDITIONAL AND CONDITIONAL UPON THE PASSING OF ORDINARY RESOLUTION 2.

ORDINARY RESOLUTION 1: THE PROPOSED SHARE CONSOLIDATION

That subject to and conditional upon the passing of Ordinary Resolution 2, approval be and is hereby given:

- (a) for the proposed consolidation of every fifty (50) existing issued ordinary shares in the capital of the Company (“**Shares**”) 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) Consolidated Share in the manner set out in the Circular (“**Proposed Share Consolidation**”);
- (b) for the Directors to disregard any fraction of a Consolidated Share which may arise from the Proposed Share Consolidation pursuant to paragraph (a) above, and for all fractions of Consolidated Shares to which holders of the existing Shares would otherwise be entitled to, be aggregated and dealt with in such manner (including the cancellation thereof) as the Directors may, in their absolute discretion, deem fit in the interest of the Company;
- (c) for the Directors to fix the Share Consolidation Books Closure Date and the date on which the Shares will trade on Catalist of the SGX-ST in board lots of 100 Consolidated Shares in their absolute discretion as they deem fit; and
- (d) for the Directors and each of them to be authorised and empowered to complete and do and execute all such things and acts (including, without limitation, executing all such documents as may be required) as they or he may think necessary or expedient to give effect to this Resolution, with such modifications thereto (if any) as they or he shall think fit in the interests of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 2: THE PROPOSED RIGHTS CUM WARRANTS ISSUE

That subject to and conditional upon the passing of Ordinary Resolution 1:

- (a) the renounceable non-underwritten rights cum warrants issue ("**Proposed Rights cum Warrants Issue**") of up to 122,400,000 new Shares ("**Rights Shares**") at an issue price of S\$0.025 for each Rights Share, and up to 122,400,000 detachable warrants of the Company ("**Warrants**"), each Warrant carrying the right to subscribe for one (1) new Share ("**Warrant Share**") at an exercise price of S\$0.05 for each Warrant Share, on the basis of two (2) Rights Shares with two (2) Warrants for every one (1) existing Share held by Shareholders as at a books closure date to be determined ("**Rights Issue Books Closure Date**"), fractional entitlements to be disregarded be and is hereby approved;
- (b) the Board be and is hereby authorised to undertake the Proposed Rights cum Warrants Issue and to offer, issue and allot (whether by way of provisional allotment or otherwise), up to 122,400,000 Rights Shares at an issue price of S\$0.025 for each Rights Share and up to 122,400,000 Warrants with each Warrant carrying the right to subscribe for one (1) Warrant Share at an exercise price of S\$0.05, during the period commencing on and including the date falling 12 months from the date of issue of the Warrants and expiring at 5:00 pm on the date immediately preceding 24 months from the date of the issue of the Warrants, subject to the terms and conditions of the Deed Poll constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may deem fit; and
- (c) the Board be and is hereby authorised to issue and allot such further Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (and such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);
- (d) the Board be and is hereby authorised to effect the Proposed Rights cum Warrants Issue on the terms and conditions set out below and/or otherwise on such terms and conditions as the Board may, in their absolute discretion, deem fit:
 - (i) the provisional allotments of the Rights Shares with Warrants under the Proposed Rights cum Warrants Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members or the records of CDP as at the Rights Issue Books Closure Date with registered addresses in Singapore or who have, at least five (5) market days prior to the Rights Issue Books Closure Date, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents, on the basis of two (2) Rights Shares with two (2) Warrants for every one (1) Share held by Entitled Shareholders as at the Rights Issue Books Closure Date;
 - (ii) no provisional allotment of the Rights Shares with Warrants shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Rights Issue Books Closure Date or who have not, at least five (5) market days prior thereto, provided to CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**");

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (iii) the entitlements to the Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds thereof, if any (after deducting all expenses), proportionately to and among such Foreign Shareholders in accordance with their respective shareholdings as at the Rights Issue Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be retained or dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
 - (iv) the entitlements to the Rights Shares with Warrants not taken up or allotted for any reason, or which represent fractional entitlements disregarded in accordance with the terms of the Proposed Rights cum Warrants Issue, may be used to satisfy excess applications for the Rights Shares with Warrants (if any) 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; and
 - (v) the Rights Shares when issued and paid-up will 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 falls before the date of issue of the Rights Shares;
- (e) the Board be and is hereby authorised to issue and allot, notwithstanding that the issue thereof will take place after the next or any ensuing annual or other general meeting of the Company:
- (i) up to 122,400,000 Warrant Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such Warrant Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions that may be declared or paid, the record date for which falls before the relevant exercise date of the Warrants; and
 - (ii) on the same basis as paragraph (e)(i) above, such further Warrants Shares as may be required to be allotted and issued on the exercise of any of the additional Warrants referred to paragraph (c) above; and
- (f) the Board be and is hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Rights cum Warrants Issue (including fixing the Rights Issue Books Closure Date), with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors of the Company or any of them may deem fit or expedient or to give effect to this Resolution or the transactions contemplated pursuant to or in connection with the Proposed Rights cum Warrants Issue.

NOTICE OF EXTRAORDINARY GENERAL MEETING

ORDINARY RESOLUTION 3: THE POTENTIAL TRANSFER OF CONTROLLING INTEREST TO MR CHNG WENG WAH

That subject to and conditional upon the passing of Ordinary Resolutions 2 and 4:

- (a) approval be and is hereby given to allot and issue such number of Rights Shares with Warrants (including excess Rights Shares with Warrants) to Mr Chng Weng Wah, subject to and otherwise in accordance with the terms and conditions of the Proposed Rights cum Warrants Issue, to the extent that the allotment and issue of such Rights Shares with Warrants (including excess Rights Shares with Warrants) constitutes a transfer of controlling interest in the Company to Mr Chng Weng Wah pursuant to Rule 803 of the Catalist Rules; and
- (b) any of the Directors of the Company be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matters referred to in paragraph (a) of this Resolution as he shall think fit and in the interests of the Company.

ORDINARY RESOLUTION 4: THE POTENTIAL TRANSFER OF CONTROLLING INTEREST TO MS CHAN HUI LAN CATHERINE

That subject to and conditional upon the passing of Ordinary Resolutions 2 and 3:

- (a) approval be and is hereby given to allot and issue such number of Rights Shares with Warrants (including excess Rights Shares with Warrants) to Ms Chan Hui Lan Catherine, subject to and otherwise in accordance with the terms and conditions of the Proposed Rights cum Warrants Issue, to the extent that the allotment and issue of such Rights Shares with Warrants (including excess Rights Shares with Warrants) constitutes a transfer of controlling interest in the Company to Ms Chan Hui Lan Catherine pursuant to Rule 803 of the Catalist Rules; and
- (b) any of the Directors of the Company be and is hereby authorised to complete and to do all acts and things as he may consider necessary or expedient for the purposes of or in connection with, and to give effect to the matters referred to in paragraph (a) of this Resolution as he shall think fit and in the interests of the Company.

BY ORDER OF THE BOARD

Chng Weng Wah
Chief Executive Officer / Executive Director
Singapore
29 March 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

IMPORTANT: Please read notes below.

Notes:

1. A member of the Company (other than a Relevant Intermediary as defined below) entitled to attend and vote at the Extraordinary General Meeting of the Company (the “**EGM**”) is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. Where a member of the Company (other than a Relevant Intermediary as defined below) appoints two (2) proxies, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the instrument appointing the proxies.
3. A member who is a Relevant Intermediary entitled to attend and vote at the EGM is entitled to appoint more than two (2) proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by each member. Where such member appoints more than two (2) proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

“Relevant Intermediary” means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf.
 5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its duly authorised officer or attorney.
 6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1001 Jalan Bukit Merah #06-11 Singapore 159455 not less than forty-eight (48) hours before the time appointed for holding the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy:

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. The member's personal data and the proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

Lifebrandz Ltd.

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

IMPORTANT

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50, Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.

PROXY FORM

I/We _____ (Name) NRIC/Passport No.* _____

of _____ (Address)

being a member/members of Lifebrandz Ltd. (the "**Company**") hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)*

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the extraordinary general meeting ("**EGM**") to be held at 2 Bukit Merah Central (formerly known as "**Spring Singapore**"), Podium Block, Level 3, Room P303, Singapore 159835 on 13 April 2017 at 3.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

- Please tick here if more than two (2) proxies will be appointed (Please refer to note 4). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Ordinary Resolution	Number of votes	
		For**	Against**
1	To approve the Proposed Share Consolidation		
2	To approve the Proposed Rights cum Warrants Issue		
3	To approve the potential transfer of controlling interest in the Company to Mr Chng Weng Wah		
4	To approve the potential transfer of controlling interest in the Company to Ms Chan Hui Lan Catherine		

** If you wish to exercise all your votes "For" or "Against". Please indicate with an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

Total Number of Shares in:	No of Shares
(i) Depository Register	
(ii) Register of Members	

Signature(s) of Shareholder(s) or,
Common Seal of Corporate Shareholder*

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and shares registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore ("**Companies Act**"), a member of the Company entitled to attend and vote at the EGM of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints two (2) proxies, the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy shall be specified. If the proportion of shareholding is not specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his/her name in the Depository Register and the entire number of shares registered in his/her name in the Register of Members, and any second named proxy as an alternate to the first named proxy.
4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote instead of the member at the EGM provided that each proxy is appointed to exercise the rights attached to different shares held by the members. In such event, the Relevant Intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
5. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the EGM.
6. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 1001 Jalan Bukit Merah #06-11 Singapore 159455 not less than forty-eight (48) hours before the time appointed for holding the EGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument appointing a proxy or proxies.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act.
9. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend and cast his vote(s) at the EGM in person. CPF and SRS Investors who are unable to attend the EGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the EGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the EGM.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 29 March 2017.

Fold here

AFFIX
STAMP
HERE

The Company Secretary

LIFEBRANDZ LTD.
1001 Jalan Bukit Merah #06-11
Singapore 159455

Fold this flap to seal