

LIFEBRANDZ LTD.

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

PROPOSED ACQUISITION OF SHARES IN 100% OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF E-HOLIDAYS CO., LTD. AND PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS

1. INTRODUCTION

- 1.1. The board of directors (the "**Board**") of LifeBrandz Ltd. (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's wholly-owned subsidiary, Takumi Holidays Pte. Ltd. (the "**Purchaser**"), whose principle businesses are in the leisure and travel consultancy industries and the provision of ticketing and agency services, has today entered into a conditional sale and purchase agreement (the "**Agreement**") with Leaffield Ltd. ("**LL**") and Masahiko Okabe ("**MO**") (collectively, the "**Vendors**"), pursuant to which the Purchaser has agreed to acquire the entire paid-up and issued share capital of e-Holidays Co., Ltd. (the "**Share Capital**") (the "**Target Company**") from the Vendors (the "**Proposed Acquisition**").
- 1.2. In connection with the Proposed Acquisition, the Board wishes to announce that subject to the approval of the shareholders of the Company ("**Shareholders**"), the Company intends to diversify into new businesses of providing leisure and travel consultancy services and the provision of ticketing and agency services (the "**Travel Business**") (the "**Proposed Diversification**").

2. PROPOSED DIVERSIFICATION AND SHAREHOLDERS' APPROVAL

- 2.1. The Group's existing business focuses on brand development and management specialising in the lifestyle and entertainment sectors. The Proposed Diversification, being a diversification into the travel sector, may also result in an expansion of the Group's business to new geographical market(s). This is envisaged to represent a diversification of the existing business scope and alteration of the current risk profile of the Group. As such, the Company intends to seek Shareholders' approval for the Proposed Diversification at an extraordinary general meeting to be convened (the "**EGM**").
- 2.2. Notwithstanding that the Proposed Acquisition constitutes a disclosable transaction under Rule 1010 of the Singapore Exchange Securities Trading (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Listing Manual**") (further details of which are set out in section 6 of this announcement) and as such would not require Shareholders' approval, the Company will also be seeking Shareholders' approval for the Proposed Acquisition at the EGM.
- 2.3. A circular containing, *inter alia*, further information on the Proposed Acquisition and the Proposed Diversification will be despatched to Shareholders in due course.

3. INFORMATION ON THE VENDORS AND TARGET COMPANY

3.1. **The Vendors**

The Vendors are collectively the existing legal and beneficial owners of 100% of the Share Capital of the Target Company.

LL is a company incorporated in Japan located in Tokyo, Japan. LL holds 550 shares out of 765 shares, being the total number of issued shares of the Target Company. The shares owned by LL represents, approximately, 71.9% of the total voting rights of the Target Company.

MO, a Japanese citizen, is currently a director of the Target Company and holds the remaining 215 shares of the Target Company. This represents, approximately, 28.1% of the total voting rights of the Target Company.

3.2. **The Target Company**

The Target Company is a company incorporated in Japan carrying on the business of providing travel agency services, non-life insurance services and such related services. As at the date of the Agreement, the Target Company has a Share Capital of ¥69,500,000.00 which is divided into 765 shares (which is approximately S\$848,596.00 based on an approximate exchange rate of S\$1.00 : ¥81.90 as at 27 July 2017).

The Target Company provides enquiry services for leisure travel, which includes advising and making arrangements for air tickets and accommodation and advising on leisure travel packages. The Target Company also offers other travel-related services and products such as arranging for travel insurance, visa applications, and land transfers between airport and accommodation.

4. **PRINCIPAL TERMS OF THE PROPOSED ACQUISITION**

4.1. **Sale of Share Capital**

For the purpose of this section, “**Encumbrances**” means any mortgage, assignment of receivables, debenture, lien, charge, pledge, security interest, title retention, right to acquire, options, restriction on transfer and any other encumbrance or condition whatsoever and any other arrangement having substantially the same or similar economic effect over or in respect of the relevant asset, security or right or the use thereof.

On the terms and subject to the conditions in the Agreement, each of the Vendors agrees to sell and transfer to the Purchaser, and the Purchaser thereby agrees to acquire from the Vendors, all of the Vendors’ rights, title, and interest in the Share Capital free and clear of all Encumbrances, together with all rights, entitlements and benefits then and thereafter attaching thereto.

4.2. **Consideration**

The total consideration for the Proposed Acquisition payable to the Vendors by the Purchaser is S\$850,000.00 (the “**Consideration**”), payable by way of cash upon completion of the Proposed Acquisition and of all other relevant matters referred to in the Agreement (“**Completion**”).

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendors and on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the net tangible assets (“**NTA**”) of the Target Company, which is ¥41,399,168 based on the audited accounts of the Target Company as at 31 October 2016 (which is approximately S\$505,484 based on an approximate exchange rate of S\$1.00 : ¥81.90 as at 27 July 2017).

4.3. **Conditions Precedent in relation to the Proposed Acquisition**

For the purpose of this section:

“**Completion Date**” means subject to the Conditions Precedent being satisfied or waived, the date falling not more than ten (10) business days after the satisfaction of the Conditions Precedent set out in the Agreement, or such other date as the parties may agree in writing, but in any event, before the Long-Stop Date; and

“**Long-Stop Date**” means six (6) months from the date of the Agreement or such other date as otherwise agreed in writing between the parties.

Completion of the Proposed Acquisition shall be conditional upon the following being satisfied (or waived) (“**Conditions Precedent**”):

- (i) the resolution of the board of directors of the Purchaser having been obtained for the entry into and completion of the Proposed Acquisition;

- (ii) the resolution of the board of directors and (if applicable), the approval of shareholders (or equivalent persons) of the Vendors having been obtained for the entry into and the completion of the Proposed Acquisition;
- (iii) the resolution of the board of directors and (if applicable) the approval of the shareholders of the Target Company having been obtained for the completion of the Proposed Acquisition;
- (iv) the resolution of the Board and (if applicable) the approval of Shareholders having been obtained for the entry into and completion of the Proposed Acquisition;
- (v) service agreements to be entered into between the Target Company and each of the key management personnel of the Target Company, being MO, Daiki Fujiyoshi, Hiromi Ko, Yusaku Goto, and Yat Nien Wang, each an existing director of the Target Company as at the date of the Agreement, on terms to be mutually agreed between the Vendors, the Purchaser, the Target Company, and the respective key management personnel;
- (vi) all necessary consents, approvals, and waivers of any government bodies, stock exchange, and other regulatory authority having jurisdiction over the Proposed Acquisition (whether in Singapore, Japan, and/or any other applicable jurisdiction) and all other transactions in connection therewith and incidental thereto, having been obtained or procured by the Purchaser or the Vendors, as the case may be, including without limitation:
 - (a) (if required) the approval in-principle of the SGX-ST being obtained by the Company for the Proposed Acquisition; and
 - (b) (if applicable) the approval of the relevant authorities being obtained by the Vendors for the Proposed Acquisition,

such consents, approvals and waivers not having been amended or revoked before the Completion Date, and to the extent that such consents, approvals and waivers are subject to any conditions required to be fulfilled before the Completion Date, all such conditions having been duly so fulfilled;
- (vii) no relevant authority taking, instituting, implementing, or threatening to take, institute or implement any action, proceeding, suit, investigation, inquiry or reference, or having made, proposed or enacted any statute, regulation, decision, ruling, statement or order or taken any steps, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, statement or order which would or might:
 - (a) make the transactions contemplated in the Agreement and all other transactions in connection therewith and incidental thereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same;
 - (b) render the Purchaser unable to purchase or acquire the Share Capital in the manner set out in the Agreement; and/or
 - (c) render the Vendors unable to sell or dispose the Share Capital in the manner set out in the Agreement;
- (viii) each of the representations, undertakings, and warranties of the Vendors under the Agreement being complied with, true, complete, accurate, and correct in all material respects and not misleading in any material respect as at the Completion Date, as if repeated as at the Completion Date and at all times between the date of the Agreement and as at the Completion Date;
- (ix) the satisfactory outcome of due diligence carried out by the Purchaser into the financial, legal and business of the Target Company and title to its assets; and

- (x) there being no material adverse changes to the financial condition or operations of the Target Company.

5. **RATIONALE FOR THE PROPOSED ACQUISITION & PROPOSED DIVERSIFICATION**

- 5.1. The Company proposes to expand its existing core business to the Travel Business as the directors believe that the Proposed Diversification will reduce the Group's reliance on its existing core business, offer new business opportunities, provide the Group with additional and recurrent revenue streams and improve its prospects, so as to enhance Shareholders' value for the Company. In addition, the Proposed Acquisition will offer the Group new business opportunities and revenue streams and reduce reliance on the Group's existing business for its revenue streams.
- 5.2. Having considered the terms of the Proposed Acquisition and Proposed Diversification and based on the benefits of the Proposed Acquisition and Proposed Diversification to the Group, the directors are of the view that the Proposed Acquisition and Proposed Diversification are in the best interests of the Company.
- 5.3. The Company will continue to look for new business opportunities that will introduce additional income streams for the Group, enhance the Group's business sustainability, and increase Shareholders' value.

6. **RELATIVE FIGURES**

6.1. **Relative Figures under Rule 1006 of the Listing Manual**

Based on the audited consolidated financial results of the Group for the financial year ended 31 July 2016 ("FY2016"), the relative figures in respect of the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

BASE OF CALCULATION		RELATIVE FIGURES (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	This basis is not applicable to the Proposed Acquisition
(b)	The net profits attributable to the Target Company, compared with the Group's net profits	Not meaningful as the relative figure is a negative figure due to the net loss position of the Group for FY2016 ⁽¹⁾
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	11.2% ⁽²⁾
(d)	The number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities of the Company previously in issue	This basis is not applicable as the Proposed Acquisition does not entail the issuance of equity securities by the Company as consideration for the Proposed Acquisition
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	This basis is not applicable as it is only applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company

Notes:

- (1) *The relative figure computed is a negative figure of 12.8% based on the audited net profit of the Target Company of approximately ¥11,181,414 (which is approximately S\$136,525 based on an approximate exchange rate of S\$1.00 : ¥81.90 as at 27 July 2017) for the financial year 31 October 2016.*
- (2) *The market capitalisation of the Company was approximately S\$7,586,182 determined by multiplying the 194,019,988 shares in the paid up and issued capital of the Company (“**Shares**”) in issue as at the date of this announcement being 28 July 2017, by the weighted average price of the Company’s Shares of S\$0.0391 per Share based on trades done on the Catalist board on 27 July 2017 (being the last market day preceding the date of the Agreement).*

6.2. Based on the relevant figure computed under Rule 1006 of the Listing Manual, as the relative figures computed under Rule 1006(c) exceeds 5.0% but does not exceed 75.0%, the Proposed Acquisition constitutes a disclosable transaction under Rule 1010 of the Listing Manual. As such, Shareholders’ approval will not be required for the Proposed Acquisition.

6.3. Notwithstanding the same, the Company will nevertheless seek Shareholders’ approval for the Proposed Acquisition and Proposed Diversification at the EGM as mentioned in section 2 above.

7. PRO FORMA FINANCIAL EFFECTS

7.1. The *pro forma* financial effects of the Proposed Acquisition are based on the audited accounts of the Company for FY2016. The *pro forma* financial effects are only presented for illustration, and are not intended to reflect the actual future financial situation of the Company after completion of the Proposed Acquisition.

7.2. For clarity, the *pro forma* financial effects of the Proposed Acquisition set out below do **not** take into account:

- (i) 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 (as defined below)) held by Shareholders as at the rights issue books closure date, fractional entitlements to be disregarded (the “**Rights cum Warrants Issue**”).

The Rights cum Warrants Issue had been approved by Shareholders during the extraordinary general meeting convened on 13 April 2017, pursuant to which 122,399,992 rights Shares and 122,399,992 warrants had been issued;

- (ii) 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 (the “**Share Consolidation**”).

The Share Consolidation had also been approved by Shareholders during the extraordinary general meeting convened on 13 April 2017, following which the Company has 183,599,988 issued Shares; and

- (iii) proposed placement of 10,420,000 Shares in the capital of the company at S\$0.048 for each subscription Share to Yoshio Ono and Kayoko Francis issued under the general Share issue mandate approved by Shareholders at the annual general meeting of the Company held on 21 November 2016 (the “**Placement**”).

Following completion of the Placement, the issued and paid-up Share capital of the Company has increased from S\$58,016,003.00 comprising 183,599,988 Shares to approximately S\$58,500,163.00 comprising 194,019,988 Shares.

7.3. NTA

Assuming that the Proposed Acquisition had been completed on 31 July 2016, the effect on the NTA per Share of the Company as at 31 July 2016 will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA attributable to Shareholders (SGD \$'000)	(158)	(502)
Number of shares in the capital of the Company ('000)	3,060,000	3,060,000
NTA per Share attributable to Shareholders (SGD Cents)	(0.01)	(0.02)

7.4. Earnings per share ("EPS")

Assuming that the Proposed Acquisition had been completed on 31 July 2016, the effect on the EPS of the Company for FY2016 will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit after tax attributable to Shareholders (SGD '000)	(1,064)	(928)
Weighted average number of shares ('000)	3,060,000	3,060,000
Profit per share (SGD Cents)	(0.035)	(0.030)

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition and the Proposed Diversification, other than through their respective shareholdings in the Company.

9. SERVICE CONTRACTS OF DIRECTORS

As mentioned in section 4.3 above, it is a Condition Precedent that service agreements are entered into between the Target Company and each of the key management personnel of the Target Company, being MO, Daiki Fujiyoshi, Hiromi Ko, Yusaku Goto, and Yat Nien Wang, each an existing director of the Target Company as at the date of the Agreement, on terms to be mutually agreed between the Vendors, the Purchaser, the Target Company, and the respective key management personnel.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered address of the Parent at 80 Raffles Place #41-02 UOB Plaza 1, Singapore 048624 during normal business hours for a period of three (3) months from the date of this announcement:

- (i) the Agreement; and
- (ii) the constitution of the Company; and
- (iii) the annual report of the Company for FY2016.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Acquisition, the Proposed Diversification, the Company, and its subsidiaries, and the directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in the announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the announcement in its proper form and context.

12. FURTHER ANNOUNCEMENTS

The Company will make further announcements on the Proposed Acquisition and the Proposed Diversification as appropriate or when there are further developments on the same.

13. CAUTION IN TRADING

Shareholders and potential investors of the Company are hereby reminded to exercise caution when dealing in the securities of the Company. In particular, Shareholders and potential investors of the Company are reminded that there is no assurance that any transactions mentioned in this announcement will materialise. Persons who are in doubt to the action they should take should consult their stockbrokers, bank managers, solicitors, or other professional advisors.

BY ORDER OF THE BOARD

Saito Hiroyuki
Executive Chairman / Chief Executive Officer

28 July 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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