

Issuer: LifeBrandz Ltd
Security: LifeBrandz Ltd

Meeting details:

Date: 21 November 2016

Time: 15:00H

Venue: 2 Bukit Merah Central (formerly known as “Spring Singapore”), Podium Block, Level 3, Room P303, Singapore 159835

Company Description

LifeBrandz Ltd, an investment holding company, engages in lifestyle and entertainment businesses in Singapore and Thailand. It operates Mulligan’s Irish pub in Pattaya, Thailand. The company is also involved in the provision of intellectual property licensing and management activities. LifeBrandz Ltd was founded in 2001 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=L20)

Q1. On 16 July 2015, the company entered into a conditional sale and purchase agreement with Healthtrends Medical Investments Limited to acquire essentially four Target Companies that are engaged in the business of medical aesthetics clinics in Singapore, Malaysia, Hong Kong, Vietnam and other Asian markets for a consideration of \$100 million.

On 12 July 2016, the company announced that the Proposed Acquisition has been terminated with effect from 12 July 2016.

On the same day, 12 July 2016, the company announced that it had entered into a non-binding term sheet with Asidokona Mining Resources Pte. Ltd. pursuant to which it was proposed that the Company intends to acquire the entire issued and paid-up share capital of Tolukuma Gold Mines Limited who owned a non-operational gold mine and five exploration licenses in Papua New Guinea for a consideration of US\$212 million.

On 27 October 2016, the company announced that “the Acquisition Term Sheet and the Subscription Term Sheet have lapsed” and “has decided not to proceed with each of the Proposed Acquisition and Proposed Subscription.”

On the same day, 27 October 2016, the company announced that it had entered into a term sheet (the “Term Sheet”) with I M Quarries Limited (“Vendor”), pursuant to which the Company proposes to acquire the entire issued and paid-up share capital of Three Crystals Hong Kong Limited which ultimately has a 55% stake to a mining company that holds a licence to explore industrial grade garnet on a 0.95km² area in Inner Mongolia.

- (a) Can the board help shareholders understand how these deals were sourced and whether the board has done sufficient due diligence before going into conditional sale and purchase agreements/term sheets with the proposed targets?**
- (b) What is the guideline given by the board to management with respect to the new business acquisition given that the proposed options varied from healthcare to mining, and in regions from South East Asia to Papua New Guinea to Inner Mongolia?**
- (c) What are the prospects of industrial grade garnet? Specifically, what are the attributes of the mine held by Inner Mongolia Three Crystals Mining Co., Ltd that makes it attractive as an investment for the company?**

Q2. In the Independent Auditors’ Report (page 34), the auditors have included an Emphasis of Matter in the Company’s financial statements for the financial year ended 31 July 2016. It states that there are “material uncertainty that may cast significant doubt about the Group’s and the Company’s abilities to continue as going concerns.”

The Group was in net current liability and net liability positions of \$164,000 and \$158,000 as of 31 July 2016, and incurred net loss of \$1,067,000 and net operating cash outflows of \$987,000 for the financial year then ended. The Company was in net current assets position of \$267,000 as of 31 July 2016, and incurred net loss and net operating cash outflows of \$40,000 and \$890,000, respectively, during the financial year then ended.

Can the board/management update shareholders on how it intends to fund raise \$1.5 million during the next financial year ending 31 July 2017 as required in the term sheet? Also, how confident is the board/management in the company’s ability to raise additional funds consequent to complete the proposed acquisition?

Q3. Guideline 2.3 in the 2012 Code of Corporate Governance issued by the Monetary Authority of Singapore states that, inter alia:

An "independent" director is one who has no relationship with the company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the company.

On page 9, the profile of Mr. Toh Hock Ghim, an independent director of the company, shows that he is the Chairman of Singapore listed Equation Summit Limited and also an Independent Director of AGV Group Limited. He was also former Chairman and Independent Director of WE Holdings Ltd, and Independent Director of Kinergy Limited.

On page 8, the profile of Mr. Chng Weng Wah, the CEO/Executive Director of the company, shows that he was a former Director and Deputy Chairman of WE Holdings Ltd. He is also the Group CEO and Executive Director of Equation Summit Limited and a Non-Executive Director of AGV Group Limited. Based on the disclosure of shareholdings (pages 79, 80), Mr. Chng is deemed to be interested in a total of 279,798,000 shares in the company.

A table summarising Mr. Toh and Mr. Chng's appointments is shown below.

	Mr. Toh Hock Ghim	Mr. Chng Weng Wah
Lifebrandz Ltd	Independent Director - Also Chairman of the Group's Nominating Committee and member of the Group's Audit and Remuneration Committees	Chief Executive Officer and Executive Director
Equation Summit Limited	Chairman, Non-Executive and Independent Director Chairman, Board of Directors Chairman, Nominating Committee Member, Audit Committee and Remuneration Committee First appointed on 11 January 2008	Executive Director and Chief Executive Officer, Non-Independent First appointed on 3 February 2005
WE Holdings Ltd	Independent Director and Non-Executive Chairman, Chairman of Remuneration Committee; and Member of Audit and Nominating Committees (on cessation date as at <u>11 March 2013</u>) Date of appointment: <u>2 June 2010</u> Reason given: Changes in the composition of the Board following the sale of shares by controlling	Non-Executive Director and Deputy Chairman (on cessation date as at <u>11 March 2013</u>) Date of appointment: <u>2 June 2010</u> Reason given: Changes in the composition of the Board following the sale of shares by controlling

	shareholders and completion of the placement exercise by the Company.	shareholders and completion of the placement exercise by the Company.
AGV Group Limited	Independent Director	Non-Executive Director Spouse, Chan Hui Lan Catherine, is a substantial shareholder of AGV Group Limited.

Could the board/nominating committee (NC) explain how it has interpreted the guideline on the independence of directors and what deliberation has the NC gone through to determine the independence/non-independence of the directors?