

## **LIFEBRANDZ LTD**

(Company Registration No.: 200311348E)

### **DISPOSAL BY LIFEBRANDZ LTD (THE "COMPANY") OF ITS SHAREHOLDING INTERESTS IN (I) DASHING DIVA PTE. LTD., AND (II) N-INC PTE. LTD. (COLLECTIVELY, THE "DIVESTED SUBSIDIARIES")**

#### **1. INTRODUCTION**

The Board of Directors of the Company wishes to announce that the Company has on 23 July 2007 entered into a sale and purchase agreement (the "**S&P Agreement**") with Redstar Holdings Pte Ltd (the "**Purchaser**"), for the disposal by the Company of its entire direct and indirect shareholding interests in the Divested Subsidiaries (the "**Disposal**"). The Purchaser is a Singapore incorporated investment holding company. The Purchaser is an independent third party not connected to the Company.

The sale and purchase of the shares in the Divested Subsidiaries was completed today.

#### **2. INFORMATION ON THE DIVESTED SUBSIDIARIES**

Dashing Diva Pte. Ltd. ("**Dashing Diva Singapore**") and N-Inc Pte. Ltd. ("**N-Inc**") are primarily engaged in the operation of a retail outlet offering nail care products and services, and in the marketing, sale and distribution of ladies' shoes and bags in Singapore, respectively. The Divested Subsidiaries are incorporated in Singapore and owned 100% directly by the Company.

#### **3. SALIENT TERMS OF THE S&P AGREEMENT**

##### **(i) Sale and Purchase of the Sale Shares**

Under the S&P Agreement, the Company has agreed to sell and the Purchaser has agreed to purchase, all the shares in the capital of Dashing Diva Singapore and N-Inc held by the Company (collectively, the "**Sale Shares**") free from all encumbrances and together with all rights, obligations and liabilities (contingent or otherwise) attaching thereto as at the date of the S&P Agreement.

##### **(ii) Purchase Consideration**

In accordance with FRS 36, an assessment of impairment of the assets of Dashing Diva Singapore and N-Inc as at 30 June 2007 was carried out. A provision of S\$437,135 and S\$428,744, respectively, for Dashing Diva Singapore and N-Inc was made (principally represented by the inventory and fixed assets).

Taking into account the aforesaid provision, the net asset value of Dashing Diva Singapore and N-Inc as at 30 June 2007 were negative S\$37,513 and positive S\$170,594 respectively.

The aggregate purchase consideration (the "**Purchase Consideration**") for the Disposal, arrived at after arm's length negotiations on a willing-seller willing-buyer basis, and having taken into account the combined net asset value of the Divested

Subsidiaries of \$133,081 as at 30 June 2007 is S\$150,000. The excess of the net proceeds over the net value of the Sale Shares amounted to S\$16,919, which will be used for working capital of the Company.

#### 4. RESIGNATION OF THE DIRECTORS OF THE DIVESTED SUBSIDIARIES

In connection with the sale of the Sale Shares, the directors of the Divested Subsidiaries, being Mr Lee Shieh-Peen Clement and Mr Kenneth Goh Tzu Seoh have resigned with effect from the date of completion.

There will not be any appointment of directors to the Company in connection with the Disposal.

#### 5. RATIONALE FOR THE DISPOSAL

The Board of Directors of the Company are of the view that it is in the best interest of the Company to undertake the Disposal. Dashing Diva Singapore and N-Inc are primarily engaged in the operation of a retail outlet offering nail care products and services, and in the marketing, sale and distribution of ladies' shoes and bags in Singapore, respectively. These businesses do not fall under the core business of the LifeBrandz Group which is the lifestyle entertainment and leisure business. The Disposal will enable the Company to focus its resources on the better performing lifestyle business and its regional expansions in the Greater China (such as to launch Buddha-bar at the Venetian Resort in Macao and the proposed acquisition of the F&B and entertainment brands in Shanghai, China).

#### 6. FINANCIAL EFFECTS

**FOR ILLUSTRATIVE PURPOSES ONLY**, the financial effects of the Disposal on the Company as set out below were prepared based on the audited consolidated financial statements of the Company for FY 2006 and subject to the following key assumptions:

- (i) For the purpose of computing the net tangible assets ("**NTA**") per share of the Company after the Disposal, it is assumed that the Disposal had been effected on 31 July 2006.
- (ii) For the purpose of computing the earnings per share ("**EPS**") of the Company after the Disposal, it is assumed that the Disposal had been effected 1 August 2005.
- (iii) Consistent accounting policies have been applied based on the accounting standards as of 31 July 2006.

The financial effects as set out below are theoretical in nature and are therefore not necessarily indicative of the future actual financial position and earnings of the Group after the completion of the Disposal

##### (a) NTA per share

Based on the foregoing, the NTA per share of the Group would have increased from 1.71 Singapore Cents to 1.88 Singapore Cents; and

(b) EPS

Based on the foregoing, the negative EPS of the Group would have reduced from negative 3.58 cents to negative 3.35 cents.

The impairment of assets of the Divested Subsidiaries as at 30 June 2007 as highlighted in the preceding paragraph 3(ii) will have a negative financial impact to the Company's financial result for the fourth quarter of the financial year 2007.

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

(a) The net asset <sup>1</sup> value of the assets to be disposed of, compared with the group's asset value as of 31 July 2006.	The total net asset value of the shares of Dashing Diva and N-Inc, being negative S\$949,204 and negative S\$62,942 respectively, is negative S\$1,012,146 as at 31 July 2006 and represents approximately negative 8.83% of the net asset value of the Company and its subsidiaries (the "Group") based on the audited consolidated net asset value of S\$11,466,000 as at 31 July 2006
(b) The net profits <sup>2</sup> attributable to the assets acquired or disposed of, compared with the group's net profits.	The total net loss attributable to Dashing Diva and N-Inc, being S\$1,119,692 and S\$327,494 respectively, is S\$1,447,186 for the period ended 31 July 2006 and represents approximately 6.7% of the net loss of the Group based on the audited consolidated net loss of S\$21,496,000 for the financial year ended 31 December 2006
(c) The aggregate value of the consideration given or received compared with the issuer's market capitalisation (as at the close of trading on 20 July 2007).	The Purchase Consideration constitutes approximately 0.16% of the Group's market capitalisation of approximately S\$95,420,000, based on the weighted average market price of S\$0.13 per share as at 20 July 2007 (being the date immediately preceding the date on which the SPA was signed)
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable to a disposal of shares

<sup>1</sup> Under Rule 1002(3)(a), "net assets" means total assets less total liabilities.

<sup>2</sup> Under Rule 1002(3)(b), "net profits" means profit or loss before income tax, minority interests and extraordinary items.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

None of the directors or controlling shareholder of the Company has any interest, direct or indirect, in the Disposal.

**8. DOCUMENTS FOR INSPECTION**

A copy of the Sale and Purchase Agreement is available for inspection during normal business hours from 9am to 5pm at the registered office of the Company at 123 Penang Road, #03-12, Singapore 238465 for a period of 3 months from the date of this announcement.

By Order of the Board

Submitted by  
Clement Lee Shieh-Peen  
Executive Director and CEO

23 July 2007