LifeBrandz

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LifeBrandz

Diversified for Growth

LIFEBRANDZ LTD.
ANNUAL REPORT 2018

Contents

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

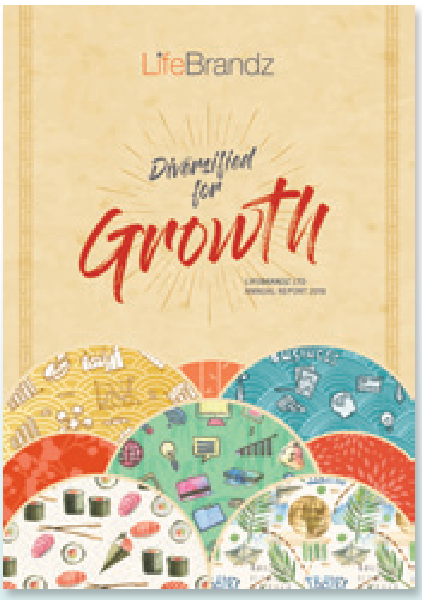
This Annual Report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

MISSION STATEMENT

We aim to be the **leading-edge company in providing comprehensive services and multi-faceted solutions**, including brand development & management, travel, Fintech, IT and fund management, so as to enhance the lifestyles and wealth of our customers while continuously striving to achieve growth, profitability and shareholder value.

LifeBrandz



DIVERSIFIED FOR GROWTH

Borrowing inspiration from the Japanese seigaiha wave pattern, we convey the message of good luck and resilience in this year's Annual Report while the Group reaches out with our diversification and transformation plans to bring in growth through the renewal of different business segments.

About LifeBrandz

Established in 2001 and listed on SGX in 2004, LifeBrandz started as a brand development and management group specialising in the lifestyle and entertainment sectors.

The Group is pursuing a new strategic direction of shifting its business focus to generate stability and improve its growth prospects.

LETTER TO SHAREHOLDERS

We will press on with our new strategy and deliver sustainable results.

Saito Hiroyuki
Executive Chairman & CEO

Dear Shareholders,

It's my pleasure to share an overview of the developments of LifeBrandz Ltd. ("LifeBrandz" or the "Company", and together with its subsidiaries, the "Group") on behalf of the Board of Directors (the "Board" or "Directors") for the financial year ended 31 July 2018 ("FY2018").

FY2018 was marked with waves of differing sentiments, with global economic prospects for the first half year being generally upbeat. However, the onset of rising geopolitical tensions loomed over the original optimism, bringing uncertainties and vulnerabilities that cloud the prospects for the expected rebound in global investment and productivity.

The Group had proposed and completed the acquisition of e-Holidays Co., Ltd. in FY2018 along with other businesses that constitute our new business segments – the Travel Businesses, the Fintech and IT Businesses and the Fund Management Businesses, collectively our New Businesses.

During the year, we persisted in our strategy of revenue and risk diversification, channeling our energies into the diversification of our businesses to include the New Businesses into our business operations. This proved to work in our favour as we are seeing the fruits of labour of our diversification efforts with our Travel Businesses having contributed largely to our revenue increase for FY2018.

In face of the uncertainties in the global economy, our strategic shift of focus would aid us in spreading our risks to avoid being overly dependent on any single market, thus overcoming the global economic challenges to bring in growth and recurring revenue, thereby increasing our value to our stakeholders.

LETTER TO SHAREHOLDERS

SIGNIFICANT EVENTS

On 18 December 2017, the Group announced the proposed renounceable non-underwritten rights issue on the basis of two rights shares for every one existing share. The Group further announced that the rights issue was completed on 28 March 2018 with a net proceed of S$3.9 million raised.

With the new proceeds raised, the Group continued to expand its existing and new businesses and had entered into a joint venture in July 2018 to expand its food and beverage ("F&B") retail business overseas.

THE YEAR IN REVIEW

Locally, the Singapore economy picked up to 3.9% and 3.6% and in first half of 2018 and 2017 respectively, an increase from 2.4% growth in 2016, on the back of strong growth in the manufacturing sector due to surging global demand for electronic gadgets. In 2018, albeit weak sales performance of restaurants and other eating places in the F&B segment, the information & communications sector as well as the finance and insurance sector have seen expansions respectively, bolstering good news to the undertaking of our business expansion.

On the global front, although global investment has seen signs of revival and the conditions for investment have generally improved with more favourable macroeconomic conditions, the growing uncertainty from mounting trade protectionism sentiment; greater policy uncertainty and elevating geopolitical tensions all have the possibility to disrupt market volatility on the global scale.

Looking ahead, the F&B retail business will remain competitive due to intense competition and rising operating costs. The Board remains highly confident that the steps and business decisions taken so far will take the organisation to be more resilient and meet its targets. We will continue to foster our partnerships in order to maintain competitive in the market we operate.

The Group has recently added to its portfolio our maiden high-end F&B sushi business led by celebrity Chef, Hatch Hashida. Hatch Hashida is the son of Master Chef Tokio Hashida from one of Japan's legendary sushi restaurant 'Hashida Sushi'. He has more than two decades of experience not only in Japan but globally. The new restaurant in Singapore is officially operational since early October 2018.

Based on the statistics from the Japan Tourism Statistics, the year-on-year growth rate as at August 2018 for visitors arriving Japan and for Japanese travelling overseas is approximately 4.1% and 7.7% respectively. This shows good potential for our travel business in Japan and how we are well-positioned to capitalise on the growth in this segment.

LETTER TO SHAREHOLDERS

The Fintech business unit is currently targeting key markets in South East Asia as well as Japan to exploring collaboration and partnership with financial institutions to launch its Robo Advisor platform. Our key segment remains as retail banks, asset managers, pension funds, brokers and insurance companies.

To sustain our growth, we are entrenching ourselves on our core business and also constantly extending our reach to new potential markets.

The Group achieved a revenue of S$3.0 million for the FY2018, more than three-fold increase or S$2.3 million compared to the financial year ended 31 July 2017 ("FY2017"), as a result of the acquisition of the new subsidiary, e-Holidays Co., Ltd. during the year. Net loss increased to S$2.9 million in FY2018 as compared to a loss of S$1.1 million in FY2017 as the Group continues to expand its operations.

As part of our growth strategy, we are constantly bringing in new talents to support our existing and new businesses. During the year, we added new headcount from various segments, and with that, we firmly believe they will help in contributing to the growth in the coming years.

Outlook for FY2019

The Group continues to remain cautious about the outlook and condition of the overall business environment in the Fintech, Travel and F&B industries. The Board is mindful of the intense competition of these industries as well as the tight labour supply and increasing costs.

The Group will continue to explore new business opportunities as well as control its costs to improve operational efficiency. The Company may explore fund raising exercises to strengthen its cash position for future business expansions.

Moving forward, the Group will continue to seek opportunities to expand its presence by way of acquisitions and formations of new joint ventures with potential partners. With the new joint venture formed recently with Hashida Sushi to operate a high-end F&B business in the US this year, we expect more new restaurants to be rolled out by first quarter of 2019.

Appreciation

On behalf of the Group, I thank my fellow Directors for their commitment and services. Their guidance and assistance have been invaluable while LifeBrandz was steering our course in pursuing a new strategic direction.

I also wish to express my deepest gratitude and appreciation to all our valued shareholders, various stakeholders, management and staff. We are only able to have progressed thus far with your unwavering support and contribution. We will persevere in our efforts to forge ahead with our new business model to achieve growth, profitability and sustainability.

Saito Hiroyuki
Executive Chairman & CEO

OPERATIONS AND FINANCIAL REVIEW

Review of income statement for FY2018

Revenue

In FY2018, the Group achieved a revenue of S$3.0 million, more than three-fold increase or S$2.3 million compared to FY2017. The increase was mainly derived from the revenue contribution from the new subsidiary, e-Holidays Co., Ltd., which accounted for approximately 75% of the Group revenue.

The Group is currently working on various travel services network and promotion to expand the operations of the travel segment in Japan. Revenue from the F&B segment was contributed by Mulligans Pattaya, our only restaurant operating in Thailand, which accounted for the remaining Group revenue. The F&B segment saw an increase of approximately 6% compared to last financial year as a result of increase in tourists spending and better business conditions in Thailand. The outlet is continuously rolling out new marketing and promotion activities to attract customers.

Costs and expenses

Inventories and service expenses increased by S$1.8 million from S$0.3 million in FY2017 to S$2.1 million in FY2018, consistent with the increase in the Group revenue, mainly contributed by the increased sales activities from travel services and F&B outlet in FY2018. Advertising, media and entertainment expenses increased to S$0.2 million mainly due to the increased advertising activities and promotion to attract more customers.

Employee benefits and staff costs increased by S$1.6 million from S$0.8 million in FY2017 to S$2.4 million in FY2018 due to additional staff hired as the Group geared up for F&B expansion. The increase in amortisation and depreciation charges of S$0.1 million is due to the depreciation of fixed assets from the business entities and the amortisation of intangible assets.

Operating lease expenses increased from S$0.2 million to S$0.3 million, or 41%, mainly due to the increased office rental expenses from the new subsidiary. Legal and professional fees increased from S$0.3 million to S$0.5 million, or 44%, mainly due to fees paid for the share issuance exercise and new business expansion. Other operating expenses in FY2018 increased from S$0.2 million to S$0.3 million, or 33%, mainly due to processing and lodgment fee for the right issues incurred during the year.

Total expenses in FY2018 increased from S$1.8 million to S$5.9 million as a result of increased operating costs and related employee expenses, which is directly attributed to

OPERATIONS AND FINANCIAL REVIEW

higher sales activities and business expansion. As a result of the business expansion, the Group registered a loss of S$2.9 million in FY2018 as compared to a loss of S$1.1 million in FY2017.

Review of financial position of the Group as at 31 July 2018

Current assets

The Group's current assets increased by S$0.9 million, from S$2.4 million as at 31 July 2017 to S$3.3 million as at 31 July 2018.

This was mainly a result of the increase in trade and other receivables of S$1.3 million, which comprise mainly deposit of S$0.5 million paid for the investment in joint venture, prepayment and deposits of S$0.3 million and suppliers prepayment of S$0.4 million, partially offset by a decrease in cash and cash equivalents of S$0.4 million.

Non-current assets

The Group's non-current assets increased by S$1.0 million, from approximately S$7,000 as at 31 July 2017 to S$1.0 million as at 31 July 2018.

This was due to the goodwill and intangible assets of S$0.4 million arising from the acquisition of a subsidiary, the increase in fixed assets of S$0.4 million and deposit of S$0.2 million related to the issuance of the travel agency licence.

Current liabilities

The Group's total current liabilities increased by S$1.0 million, from S$0.3 million as at 31 July 2017 to S$1.3 million as at 31 July 2018 mainly due to an increase in trade and other payables of S$1.0 million. The existing bank borrowings amounted to approximately S$33,000 is attributed to the travel business.

Non-current liabilities

The Group recorded non-current liabilities of approximately S$8,000 as at 31 July 2018. There were no such borrowings as at 31 July 2017.

Review of statement of cashflow for FY2018

The Group's net cash used in operating activities in FY2018 was S$3.1 million, mainly due to operating cash flows before working capital of S$2.8 million and working capital outflow of S$0.3 million. This is mainly due to the Group being in the business expansion phase.

The Group's net cash used in investing activities in FY2018 was S$1.1 million, mainly due to acquisition of a subsidiary of S$0.8 million and purchase of plant and equipment of S$0.3 million.

The cashflow from financing activities in FY2018 was S$3.7 million, mainly due to the proceeds from the issuance of new shares amounting to S$3.9 million.

Cash and cash equivalents stood at S$1.8 million at the end of FY2018 mainly due to cash proceeds from the right issue.

BUSINESS REVIEW

Established in 2001 and listed on the SGX-ST in 2004, LifeBrandz started as a brand development and management group specialising in the lifestyle and entertainment sectors. The Group transferred the listing on the SGX-ST from the Main Board to the Catalist Board on 4 December 2015. Swiftly growing from strength to strength, the Group quickly established itself as an industry leader, setting benchmarks for nightlife revelry and exceptional dining experiences, all accomplished in state-of-the-art venues designed for dynamic crowds who believe in enjoying life to the fullest. These included Ministry of Sound, Zirca, The Clinic and AQUANOVA. Subsequently, the Group further launched a series of restaurants and night-entertainment outlets throughout Singapore along with Mulligan's Irish Pub in Pattaya, Thailand.

Over the years, the Group had always been proactive in adapting to changing consumers' taste and lifestyle preferences by constantly revamping unsustainable outlets and launching new concepts. The lifestyle and entertainment industry, however, faced strong headwinds buckling from stiff competition due to the influx of new players entering the market. This culminated in diminishing revenues and profitability for the Group in a fast saturating industry amidst a subdued economic climate that lead to lower patronage, along with harsh government restrictions on liquor licensing hours.

We had continued to reinvent and introduce new concepts until the situation reached a turning point in March 2015. This was when LifeBrandz made a decision to cease its core business. The Group divested all its F&B and entertainment interests in Singapore, with the exception of Mulligan's Irish Pub in Thailand, which continues its presence and operations.

As reported in previous years' annual reports, the Group is transitioning to a new corporate strategy of diversification, formed as a response to persistent economic headwinds and a hedge against downside risks that were escalating in the lifestyle and entertainment market. LifeBrandz has distinct direction and clear objectives to position and structure the core business activity for better growth and profitability to the Group.

Amplifying the same approach in FY2017, the Group is and has been seeking and exploring opportunities in other businesses with good prospects for growth in the long run. In August 2017, the Group has announced the proposed diversification of the business to include the Travel Businesses, the Fintech Businesses, as well as the Fund Management Businesses. These businesses are well-positioned to capitalise on growth propsects of Singapore, Japan and the Asia-Pacific region, as well as tap onto their respective growing demands, especially in the case of the Fintech industry as technology in the finance industry enters into an era of accelerated growth. Additionally, the Group also completed the acquisition of e-Holidays Co., Ltd., initiating the much-anticipated shift in sectors and alluding the dawn of a new beginning.

The new businesses are envisioned to have the potential to provide additional and recurrent revenue streams while reducing reliance on the existing businesses. Furthermore, these are likely to enable the Group to enter into transactions relating to the new businesses in the ordinary course of business while facilitating a wider network of contacts and business opportunities.

While prospecting for new opportunities to achieve our goal of long-term sustainability and profitability, the Group shall proceed with utmost care and due diligence so as to safeguard the interests of all our stakeholders and ultimately enhance value to them.

A Wholesome New Outlook

LifeBrandz has been seeking strategic ways for transformation and diversification. Today, we foray into new businesses, widening our reach to inject waves of growth that will build up our standing and achieve recurring income streams and sustainable value for all of our stakeholders.

BOARD OF DIRECTORS

SAITO HIROYUKI
Executive Chairman / Chief Executive Officer

Mr. Saito was appointed the Executive Chairman and Chief Executive Officer of the Group on 5 May 2017. As the Chief Executive Officer, Mr. Saito is leading the business activities and responsible for setting the strategic direction of our Group together with the Board. He oversees the overall management of our Group, including steering the business and operations for future growth and expansion. Mr. Saito has a wide network of business dealings and activities in various sectors which will benefit the Group's strategic direction and position. He was previously the Operating Partner of New Nippon Investment Limited Partnership related to investment and business activities, and the Managing Director of C-Waves Marketing Inc with activities in marketing and product agency in Japan. Mr. Saito has a broad business background in various industries for the past 20 years and sits on the board of several companies.

KAYOKO FRANCIS
Executive Director

Ms. Kayoko Francis was appointed as the Executive Director of the Group on 13 July 2018. She is currently the Managing Director of Finesse Digital Pte Ltd. Ms. Kayoko oversees the Fintech Business of the Group. She has more than 14 years of experience in capital markets and private wealth management in China (Beijing & Shanghai), Hong Kong and Singapore. She has dealt with and advised both institutional and high net worth individuals. She has worked for SingAlliance as a portfolio manager and has experience in the workings of the capital markets. Prior to that, she had good working exposures in established entities and handled various portfolios as investment advisor and equity trader for high net worth clients and institutional clients from Asia and Europe. Ms. Kayoko graduated from University of London with a degree in Bachelor of Arts (Hons), majoring in Chinese and Economics, and attained relevant banking regulatory qualifications.

JACK CHIA
Lead Independent Director

Mr. Jack Chia was appointed as Lead Independent Director of the Group on 1 August 2018. He is currently the Chairman of the Group's Audit Committee and a member of the Group's Nominating and Remuneration Committees. After 20 years in both the private and public sectors, substantially in Japan and China, with Arthur Andersen, Singapore Technologies, the Government of Singapore Investment Corporation (GIC) and the Enterprise Singapore Board, Mr. Jack Chia currently sits on the boards of several companies.

BOARD OF DIRECTORS

YOSHIO ONO
Independent Director

Mr. Yoshio Ono was appointed as an Independent Director of the Group on 22 September 2017. He is currently the Chairman of the Group's Remuneration Committee and a member of the Group's Audit and Nominating Committees. Mr. Ono actively engaged in the financial planning and advisory for more than two decades. He had worked as Financial Consultant and Financial Advisor with established organisations in Singapore and Japan, providing advisory on investment and structured products. He has wide interaction and knowledge in handling financial information and products in serving various portfolio in the related industry. He holds a Bachelor of Art in Business Administration from Aoyama Gakuin University, Japan. Mr. Ono is currently the Consultant and Director of Tourlife Consultants Private Limited, which provides management and consultancy services mostly to the Japanese clients.

KUROKAWA SHINGO
Independent Director

Mr. Kurokawa was appointed as an Independent Director of the Group on 27 October 2017. He is appointed as the Chairman of the Group's Nominating Committee and a member of the Group's Audit and Remuneration Committees. Mr. Kurokawa has wide exposure in technology development and software designs for both manufacturing and marketing establishments. He was the Chief Technology Officer of Plate Inc., where he was in charge of system development and web designing for entities involving in production and business sales services. Prior to that, he had worked as Sales & Marketing and also as Project Leader where he was responsible in areas of CRM, analysis and diagnostics services, and the setting up of related CMS and SEM projects for various companies. He has good knowledge in handling and implementing technological and information systems for various portfolio in the related industry. Mr. Kurokawa is currently the Representative Director of FASTCODING Inc., which provides system development and web content designing services.

NG LIP CHI, LAWRENCE
Independent Director

Mr Ng Lip Chi, Lawrence was appointed as an Independent Director to our Board on 1 November 2018. Mr Ng is an executive director of NLC Advisory Pte. Ltd. which provides corporate advisory and business consultancy services. Mr Ng has extensive experience in international mergers and acquisitions and corporate finance, having worked in professional and financial services firms such as Arthur Andersen, Credit Agricole Indosuez Merchant Bank Asia Ltd and DBS Bank Ltd, as well as the corporate finance team of an Asian natural resources conglomerate. Mr Ng is a Chartered Financial Analyst and holds a Bachelor of Business Administration degree from the National University of Singapore. His present directorships in other listed companies include Sanli Environmental Limited and UG Healthcare Corporation Limited.

LifeBrandz

- 100% Orientstar Group Limited
- 100% Takumi Holidays Pte. Ltd.
  - 100% e-Holidays Co., Ltd.
- 100% Finesse Digital Pte. Ltd.
- 100% LB F&B Pte. Ltd.
  - 100% Cloud Eight Pte. Ltd.
  - 50% Cloud Eight, Inc.
- 100% LifeBrandz (Thailand) Co., Ltd.
  - 100% Mulligan's Co., Ltd.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Saito Hiroyuki
Executive Chairman & CEO

Kayoko Francis
Executive Director

Jack Chia Seng Hee
Lead Independent Director

Yoshio Ono
Independent Director

Kurokawa Shingo
Independent Director

Ng Lip Chi, Lawrence
Independent Director

AUDIT COMMITTEE

Jack Chia Seng Hee
Chairman

Yoshio Ono
Member

Kurokawa Shingo
Member

Ng Lip Chi, Lawrence
Member

REMUNERATION COMMITTEE

Yoshio Ono
Chairman

Jack Chia Seng Hee
Member

Kurokawa Shingo
Member

Ng Lip Chi, Lawrence
Member

NOMINATING COMMITTEE

Kurokawa Shingo
Chairman

Jack Chia Seng Hee
Member

Yoshio Ono
Member

Ng Lip Chi, Lawrence
Member

COMPANY SECRETARY

Toon Choi Fan

REGISTERED OFFICE

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200311348E

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Chan Hock Leong, Rick
(since financial year ended 31 July 2015)

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WARRANT AGENT

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PRINCIPAL BANKERS

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Singapore 049513

INTRODUCTION

The Board of Directors (the "**Board**" or the "**Directors**") of LifeBrandz Ltd. (the "**Company**") is committed to ensuring that the highest standards of corporate governance and transparency are practised by the Company and its subsidiaries (the "**Group**").

The Board views compliance with high standards of corporate governance and transparency as a fundamental part of discharging its responsibilities to act in the best interests of the Company and to protect and enhance long-term value for its shareholders (the "**Shareholders**"). To this end, the Board embraces the good corporate governance principles embodied in the Code of Corporate Governance 2012 (the "**Code**"), and adopts, where practical, best practices embodied by the Code throughout the Group.

The Group has complied substantially with the principles and guidelines as set out in the Code. Where there are deviations from the recommendations of the Code, reasons and explanations in relation to the Company's practices have been provided in this statement.

This statement outlines the corporate governance policies adopted and practised by the Group for the financial year ended 31 July 2018 ("**FY2018**") with reference to the relevant provisions of the Code, and is divided into four main sections: (1) Board Matters; (2) Remuneration Matters; (3) Accountability and Audit and (4) Shareholder Rights and Responsibilities.

1. BOARD MATTERS

<u>The Board's Conduct of its Affairs</u>

Principle 1:

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and the Management remains accountable to the Board.

The Board sees its role as follows, and acts accordingly to fulfil its role in the Company:

(a) sets the strategic direction and long-term goals of the Group and ensures that adequate resources are available to meet these objectives;

(b) reviews and approves corporate strategies, annual budgets and financial plans, investment and divestment proposals, and major funding proposals of the Group to achieve its long-term goals;

(c) reviews and monitors Management's performance towards achieving the goals that have been set;

(d) reviews the adequacy and effectiveness of the Company's internal controls, risks management systems, and the financial information reporting systems;

(e) ensures the Group's compliance to laws, regulations, policies, directives, guidelines and internal code of conduct;

(f) approves nominees put forward by the Nominating Committee ("**NC**") to the Board and key Management teams, and deliberates on the appointment of the external auditors recommended by the Audit Committee ("**AC**");

(g) delegates the task, but retains the responsibility, of reviewing and approving the remuneration packages for the Board and key executives to the Remuneration Committee ("**RC**");

(h) ensures accurate, adequate and timely reporting to, and communication with Shareholders;

(i) sets the Group's values and standards, to identify and ensure that obligations to Shareholders and other stakeholders are understood and met; and

(j) considers sustainability issues, such as environmental and social factors as part of its strategic formation.

The Board exercises due diligence and independent judgement in dealing with the business affairs of the Group and works with Management to make objective decisions in the best interests of the Company and its stakeholders.

The Board has delegated specific responsibilities to three (3) Board Committees (AC, NC, and RC), the details of which are set out below. These committees function within clearly defined terms of reference and operating procedures, which are reviewed on a regular basis. These committees have the authority to examine particular issues within their terms of reference and report back to the Board with a fair recommendation. The ultimate responsibility for the final decision on all matters lies with the Board. The effectiveness of each committee is also constantly reviewed by the Board.

The Board meets at least four (4) times a year, with additional meetings convened as necessary. Board meetings are held in Singapore and the Directors attend the meetings regularly. The Constitution of the Company also provides for telephonic and video-conference meetings. The matrix on the frequency of the meetings and the attendance of Directors at these meetings is set out on page 33.

Matters which are specifically reserved to the full Board for decision and approval include those involving: (i) corporate strategic plans and budgets; (ii) material acquisition and disposal of assets; (iii) major funding proposals and investments; (iv) corporate and financial restructuring; (v) Group's quarterly and full-year financial result announcements; (vi) share issuances; (vii) dividends; (viii) other returns to Shareholders; (ix) matters involving conflict of interests for a substantial Shareholder or a Director; and (x) interested person transactions.

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as a Director. The Company has a policy of providing a service agreement on the appointment of Executive Directors. To ensure incoming directors receive comprehensive and tailored induction program on joining the Board, new directors are briefed on the Group's structure, businesses, corporate governance policies (including the Company's internal code of dealing in the Company's shares) and regulatory issues. The Chief Executive Officer ("**CEO**") and respective Directors will update the new Directors in respect of their duties and obligations as a Director and how to discharge those duties and obligations efficiently and professionally. The Company will arrange training for any new first time Director who has no prior experience as a director of a listed company in areas such as accounting, legal, compliance and governance requirements and industry specific knowledge as appropriate.

To ensure that the Board keeps pace with regulatory changes, the Company works closely with professionals to provide its Directors, from time to time, with pertinent information in relation to changes to relevant listing rules, corporate governance guidelines, laws, regulations and accounting standards. Board members are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties as Directors. The Company further provides opportunities to the Directors for on-going education on Board processes and best practices, as well as updates on changes in legislation and financial reporting standards, regulations and guidelines from SGX-ST that will affect the Company and/or Directors in discharging their duties.

The Executive Directors will update the Board regularly on business and strategic developments relating to the Group.

Board Composition and Guidance

Principle 2:

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

As at the date of this report, the Board comprises the following directors:

Mr. Saito Hiroyuki	Executive Chairman and Chief Executive Officer
Ms. Kayoko Francis	Executive Director
Mr. Jack Chia Seng Hee	Lead Independent Director
Mr. Yoshio Ono	Independent Director
Mr. Kurokawa Shingo	Independent Director
Mr. Ng Lip Chi, Lawrence	Independent Director

The Board of Directors comprises six (6) Directors, four (4) of whom are Independent Directors. As the Chairman of the Board ("**Chairman**") and CEO of the Company is the same person, the Independent Directors comprise more than half of the Board in compliance with Guideline 2.2 of the Code. All Board members bring with them their independent judgment and diversified knowledge and experiences to bear on the issues of strategy, performance, resources and standards of conduct. A brief description on the background of each Director is presented on "Board of Directors" section of this annual report.

In line with the Code, the NC introduced the peer assessment of independence of each Director who has served the Board beyond nine (9) years. The peer assessments considered, inter alia, the contribution by the Director, the uniqueness of his/her skills and participation at meetings. The NC also considers a Director's competency, participation in meetings, and ability to exercise independent and objective judgement, and ensures that there are no relationships or circumstances which will affect his/her judgement and ability to discharge his/her duties and responsibilities as a Director.

The NC reviews and considers the various Board Committees' functions and the fulfilment of such responsibilities by the Directors. The independence of each Director is reviewed annually by the NC. Particularly rigorous review is applied when assessing the continued independence of a Director with attention paid to ensuring that his/her allegiance remains clearly aligned with interests of the Company and all Shareholders.

The criterion for independence is determined based on the definition as provided in the Code. The Board considers an "independent" Director as 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 Directors' independent business judgment with a view to the best interests of the Group. As Independent Directors make up more than half of the Board, no individual or group is able to dominate the Board's decision-making process.

The Board, taking into account the NC's view, has confirmed that Mr. Jack Chia Seng Hee, Mr. Yoshio Ono, Mr. Kurokawa Shingo and Mr. Ng Lip Chi, Lawrence are independent in character and judgment in accordance to the Code. None of the Independent Directors has served the Company for more than nine (9) years from his date of first appointment to the Board.

The Board examines its size, taking into account the nature and scope of the Company's operations, to ensure that it is appropriate for effective decision making. The NC is of the view that the current Board size is appropriate and able to function effectively and efficiently. The NC, together with the Board, will continuously and progressively refresh the Board to instill greater knowledge and expertise to the Group. Such direction takes into account the business needs and requirements of the Group and to avoid unnecessary disruption during the time of succession and refreshment to the composition of the Board and Board Committees.

At all times the Board shall comprise respected individuals from different backgrounds and who as a group provides core competence, such as business management experience, industry knowledge, financial and strategic planning experience, real estate, investment and customer-based knowledge that are extensive and critical to meet the Group's objectives. The Board, taking into account the NC's views, considers that the current Board provides an appropriate balance and diversity of skills, experiences and knowledge to the Company that will provide effective governance and stewardship for the Group.

The Company does not practise any gender preference on appointment of Board member. The Board does not have a fixed policy on appointment of Director basing on gender criteria. Appointment of director is strictly based on the competency and expertise of such candidate, and his/her expected contributions to the business of the Group.

The Independent Directors participate actively in the Board meetings. With their professional expertise and competency in their respective fields in the finance, accounting and commercial sectors, the Independent Directors collectively provide constructive advice and guidance for effective discharge by the Board of its principal function over the Group's strategies, businesses and other affairs. The Independent Directors constructively challenge and support the Board on strategy and review Management objectives and monitor the reporting performance.

Where warranted, Independent Directors meet without the presence of Management to review any matter that may be raised privately.

Chairman and Chief Executive Officer

Principle 3:

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The CEO is responsible to the Board for all corporate governance procedures to be implemented by the Group and to ensure conformance by the Management to such practices. There is no concentration of power as the Group is run objectively on a transparent basis and the Board feels that there is adequate representation of Independent Directors (more than half) on the Board. All major decisions made by the Board are subject to majority approval of the Board. The Board believes that there are adequate safeguards in place to ensure an appropriate balance of power and authority in the spirit of good corporate governance.

As the Executive Chairman of the Company, Mr. Saito Hiroyuki (i) leads the Board, (ii) manages the Board and various Committees businesses, (iii) sets the Board agenda and ensures timeliness and adequacy of information flow; (iv) ensures effective communication with Shareholders; (v) encourages constructive relationship and interaction within the Board and Management, (vi) facilitates effective support and contribution of all the Directors; and (vii) continuously pursues high standards of corporate governance. As the CEO of the Company, Mr. Saito Hiroyuki is responsible for the business strategy and direction, the implementation of corporate plans, policies and executive decision-makings of the Group.

Mr. Jack Chia Seng Hee was appointed as the Lead Independent Director of the Company. The Lead Independent Director is available to Shareholders in circumstances where Shareholders' concerns raised through normal channels to the Executive Chairman and CEO or Chief Financial Officer ("**CFO**") (or equivalent) have failed to resolve or where such communication is inappropriate. Led by the Lead Independent Director, the Independent Directors meet and communicate periodically, via meetings, telephone, electronic devices, to discuss issues without the presence of other Directors and provide feedback to the Executive Chairman as appropriate.

Board Membership

Principle 4:

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Nominating Committee

The NC comprises four (4) members, all of whom, including the NC Chairman, are independent. The members of the NC are:

Mr. Kurokawa Shingo	Chairman and Independent Director
Mr. Jack Chia Seng Hee	Lead Independent Director
Mr. Yoshio Ono	Independent Director
Mr. Ng Lip Chi, Lawrence	Independent Director

The NC has adopted a written terms of reference which describes the responsibilities of the NC and the proceedings at NC meetings.

The NC's principal responsibilities are as follows:

(a) to make recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board, as well as ensuring there are procedures in place for the selection and appointment of Non-Executive Directors;

(b) to regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;

(c) to be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominees have the requisite qualifications and whether or not they are independent;

(d) to recommend Directors who are retiring by rotation to be put forward for re-election;

(e) to oversee Management development and succession planning of the Group;

(f) to decide whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she has multiple board representations;

(g) to be responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board; and

(h) to carry out such other duties as may be agreed to by the NC and the Board.

In determining the independence of the Directors, the NC has developed a form “Return on Independence” which is required to be completed by all Directors on an annual basis and submitted to NC for its review.

Nomination and selection

In the event a new Director is required, the search would be conducted via recruitment companies, contacts and recommendations so that the Company could cast its net as wide as possible for the right candidates. The NC will identify potential candidates for appointments based on and after taking into consideration the candidates’ qualification, knowledge, skills and experience, as well as his/her ability to increase the effectiveness of the Board and the Group’s business. The NC will then recommend their nominations to the Board for consideration.

Election and re-election

New Directors are appointed by way of a Board resolution, upon their nomination by the NC. In accordance with the Company’s Constitution, new Directors who are appointed by the Board are subject to re-election by Shareholders at the first opportunity after their appointment. The Constitution of the Company also requires one-third of the Board to retire from office at each Annual General Meeting (“**AGM**”). Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every 3 years.

The NC is responsible for reviewing and recommending all nominations and re-nominations of Directors. Apart from the requirements by the Constitution, the NC also reviews the re-election of Directors taking into consideration the Directors’ attendance, participation and contribution in the proceedings of the meetings and from time to time. Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he or she has an interest.

Ms. Kayoko Francis, Mr. Jack Chia Seng Hee and Mr. Ng Lip Chi, Lawrence, were appointed on 13 July 2018, 1 August 2018 and 1 November 2018, respectively. Pursuant to Article 117 of the Constitution, the aforementioned Directors shall retire at forthcoming AGM.

Pursuant to Article 107 of the Constitution, Mr. Yoshio Ono is due for retirement by rotation at the forthcoming AGM.

Ms. Kayoko Francis, Mr. Ng Lip Chi, Lawrence and Mr. Yoshio Ono have re-submitted themselves for re-election at the forthcoming AGM. Mr. Jack Chia Seng Hee will not be seeking re-election and will retire as a Director of the Company at the forthcoming AGM.

Ms. Kayoko Francis will, upon re-election as a Director, remain as the Executive Director.

Mr. Ng Lip Chi, Lawrence will, upon re-election as a Director, remain as the Independent Director and member of the AC, NC and RC.

Mr. Yoshio Ono will, upon re-election as a Director, remain as the Independent Director, the Chairman of the RC and a member of the AC and NC.

There are no relationships including immediate family relationships between Mr. Ng Lip Chi, Lawrence and Mr. Yoshio Ono, respectively, and the other Directors, the Company, its related corporations, its 10% Shareholders or its officers. Mr. Ng Lip Chi, Lawrence and Mr. Yoshio Ono are considered independent for the purpose of Rule 704(7) of the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").

The key information for each Director is disclosed in their profiles as set out in the "Board of Directors" section of this annual report.

Policy on external appointments

The Group recognises that its Executive Directors may be invited to become non-executive directors of other companies and that the exposure to such non-executive duties can broaden the experience and knowledge of its Executive Directors which will be beneficial to the Group. Executive Directors are therefore allowed to accept non-executive appointments as long as these are with non-competing companies, are not likely to lead to conflicts of interests and their commitment to the Group is not compromised.

Despite some of the Directors having multiple board representations, the NC is satisfied that these Directors are able to devote sufficient time and attention to adequately carry out their duties as Directors of the Company, after taking into consideration the number of listed company board representations and other principal commitments.

The NC will continuously review the performance of the Directors with multiple board representations to ensure that sufficient time and attention is devoted by these Directors to the affairs of the Group. Currently, the Board has not determined the maximum number of listed board representations which any Director may hold. The NC is of the view that there are currently no compelling reasons to impose a cap on the number of board representations each Director may hold as each Director is able to and have adequately carried out his/her duties as a Director of the Company.

Currently, the Company does not have any alternate directors.

Board Performance

Principle 5:

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

In line with the principles of good corporate governance, the NC implements and performs the annual performance evaluation for assessing the effectiveness of the Board and its Committees.

A formal Board performance evaluation, led by the NC, is conducted annually by means of a confidential questionnaire designed to assess the state of affairs of corporate governance matters in the Company, including the performance of each individual Board Committee. The NC is of the view that it is more appropriate and effective to assess the performance of the Board as a whole, bearing in mind that each member of the Board contributes in different ways to the success of the Company and Board decisions are made collectively. The Board meets frequently and informally to discuss on group business matters and evaluate on various assessments of the Group. With such effective interaction and regular communication by the Board, individual Directors' assessment is not necessary at this juncture.

The NC will initiate constant interaction to nurture better understanding and cohesion for Board members to establish good working relationship and commitment towards the Board's objectives. The purpose of such interaction and evaluation process is to increase the overall effectiveness and efficiency of the Board functions.

The Board and Board Committees assessment form is separately completed by each Director to elicit his individual input, collated, analysed and discussed with the NC and the Board with comparatives from the previous year. The appraisal process focuses on the evaluation of factors such as the size and composition of the Board, the Board's access to information, Board processes and accountability, quality of agenda, communication with key Management personnel, Director's standard of conduct, quality of decision making and adequacy and effectiveness of each Board Committee in carrying out its roles and responsibilities. The performance criteria do not change from year to year. Recommendations to further enhance the effectiveness of the Board and the various Board Committees are implemented, as appropriate.

The NC had conducted a performance evaluation of the Board and the Board Committees for FY2018. The NC is satisfied with the effectiveness of the Board and the Board Committees. No external facilitator has been used for the purpose of Board assessment in FY2018. The annual evaluation and continued improvement of the assessment has been effective and fulfilled the objectives of assessing Board performance. The Board and the NC have endeavoured to ensure that Directors appointed to the Group's business possess the necessary experience, knowledge and expertise critical to the Group's business.

Access to Information

Principle 6:

In order to fulfill their responsibilities, Directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board has separate and independent access to the Management and the Company Secretary at all times. Requests for information from the Board are dealt with promptly by the Management. The Board is informed of all material events and transactions as and when they occur. The Management provides the Board with monthly and quarterly reports of the Group's performance. The Management also consults with Board members regularly whenever necessary and appropriate. The Board is issued with Board papers timely and prior to Board meetings. As a general rule, Board papers are sent to the Directors in advance in order for the Directors to be adequately prepared for the meeting. Management staff who have prepared the papers are invited to present the papers at the meeting. Analysts' reports on the Company are also forwarded to the Directors on an on-going basis as and when received.

The Company Secretary or representative(s) from the Company Secretary's office administers, attends and prepares minutes of Board meetings, and assists the Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Constitution, governance matters and the relevant rules and regulations applicable to the Company are complied with.

The appointment and removal of the Company Secretary is subject to the Board's approval.

The Board in fulfilling its responsibilities, can as a group or individually, when deemed fit, direct the Company to appoint professional advisers to render professional advice. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively. The cost of such service shall be borne by the Group.

2. REMUNERATION MATTERS

The Company has sought to ensure that the level and structure of remuneration for Directors are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and to run the Group successfully. The component parts of remuneration are structured to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by the particular Non-Executive Director concerned.

Procedures for Developing Remuneration Policies

Principle 7:

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Remuneration Procedure

The Code endorses, as good practice, a formal framework for fixing the remuneration packages of individuals, with the RC making recommendations to the Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards and benefits-in-kind shall be covered by the RC. Each of the member of the RC shall abstain from voting on any resolution in respect of his own remuneration package.

Remuneration Committee

The RC comprises four (4) members, all of whom, including the RC Chairman, are independent. The current members of the RC are:

Mr. Yoshio Ono	Chairman and Independent Director
Mr. Jack Chia Seng Hee	Lead Independent Director
Mr. Kurokawa Shingo	Independent Director
Mr. Ng Lip Chi, Lawrence	Independent Director

The RC has adopted a written terms of reference which describes the responsibilities of the RC and the proceedings at RC meetings as follows:

(a) to approve the structure of the compensation programme for Directors and Senior Management, and to ensure that the programme is competitive and sufficient to attract, retain and motivate Senior Management of the required quality to run the Company successfully;

(b) to review and recommend the remuneration packages of the Executive Directors, the CEO and key executives of the Company annually;

(c) to implement, oversee and review the administration of the LifeBrandz Employees Share Option Scheme ("**ESOS**") as defined in the option scheme. Any matter pertaining to the ESOS and any dispute and uncertainty as to the interpretation of the ESOS, any rule, regulation or procedure thereunder or any rights under the ESOS shall be determined by the RC;

(d) to review the appropriateness of compensation for Non-Executive Directors, including but not limited to Directors' fees, allowances and share options;

(e) to review and recommend to the Board any long-term incentive schemes which may be set up from time to time and to do all acts necessary in connection therewith; and

(f) to carry out its duties in the manner that it deems expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

If necessary, the RC has the right to seek professional advice internally and/or externally pertaining to remuneration of all Directors. The expenses of such advice shall be borne by the Company. No such consultants were engaged by the Company in FY2018.

The Company's obligations arising in the event of termination of Executive Directors and key Management personnel are contained in the respective service contracts. The RC is satisfied that the termination clauses therein are fair and reasonable.

Level and Mix of Remuneration

Principle 8:

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The RC takes into account the industry norms, the Group's performance as well as the contribution and performance of each Director and key Management personnel when determining their remuneration packages. In structuring and reviewing the remuneration packages, the RC seeks to align interests of Directors with those of Shareholders and link rewards to corporate and individual performance as well as roles and responsibilities of each Director. Such performance-related remuneration is designed to be aligned with the interest of Shareholders and promote long-term success of the Company. As and when appropriate, the Group will administer and manage long-term incentive schemes to nurture greater motivation and retention level within the Group. The Non-Executive Directors and Independent Directors receive Directors' fees in accordance with their contributions, taking into account factors such as efforts and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors.

The Independent Directors shall not be over-compensated to the extent that their independence may be compromised. All Independent Directors are paid Directors' fees that are subject to Shareholders' approval at the AGM. The remuneration for Executive Directors and key Management personnel comprise a basic salary and bonus component. The Company entered into service agreements with the Executive Chairman and CEO, Mr. Saito Hiroyuki and Executive Director, Ms. Kayoko Francis for an initial appointment period of three (3) years and they do not contain onerous removal clauses. The service agreements allow termination by either party giving not less than six (6) months' notice in writing to the other. The RC is responsible for the review of compensation commitments in the service agreements, if any, in the event of early termination. The Board is of the view that the remuneration offered to the Directors and key Management personnel is fair and competitive. The RC will continue to carry out annual reviews of the remuneration packages of the Directors and key Management personnel, having due regard to their contributions as well as the financial and commercial needs of the Group.

Currently, the Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key Management personnel. The RC will review the need to insert such contractual provisions into the service agreements with the Executive Directors and key Management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company or as and when necessary. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

Disclosure on Remuneration

Principle 9:

Each Company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the Company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC recommends to the Board the framework of executive remuneration and the remuneration package for each Executive Director. In its deliberations, the RC will take into consideration industry practices and norms in compensation in addition to the Company's relative performance in the industry and the performance of the individual Directors. The remuneration packages recommended by the RC are ultimately approved by the Board. No Director is involved in deciding his/her own remuneration.

Remuneration Package

The Company adopts a remuneration policy that comprises a fixed component and a variable component for Executive Directors and employees. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus which is linked to the Group's performance, as well as the individual's performance assessed based meeting key performance indicators allocated to them and their level of efficiency and productivity. Staff appraisals are conducted once every year.

Directors' Remuneration

A breakdown showing the level and mix of each individual Directors' remuneration in bands payable for FY2018 is as follows:

	No. of Directors	
	2018	**2017**
S$250,000 to below S$500,000	1	1
Below S$250,000	7	4
Total	8	5

Name	**Remuneration Band**	**Salary**	**Bonus**	**Directors' Fees**	**Total**
		%	**%**	**%**	**%**
Saito Hiroyuki	S$250,000 to below S$500,000	100	–	–	100
Chng Weng Wah[1]	Below S$250,000	–	–	100	100
Lim Kee Way Irwin[2]	Below S$250,000	–	–	100	100
Yamaguchi Hiroyuki[3]	–	–	–	–	–
Nishijima Osamu[4]	–	–	–	–	–
Yoshio Ono[5]	Below S$250,000	–	–	100	100
Kurokawa Shingo[6]	Below S$250,000	–	–	100	100
Kayoko Francis[7]	Refer to Remuneration of Key Management personnel section in page 25 of this annual report				

Notes:-

(1) Mr. Chng Weng Wah resigned as Non-Executive Director and member of AC, NC and RC on 13 July 2018.

(2) Mr. Lim Kee Way Irwin resigned as Lead Independent Director, Chairman of AC and member of NC and RC on 31 July 2018.

(3) Mr. Yamaguchi Hiroyuki resigned as Independent Director, Chairman of RC and member of AC and NC on 22 September 2017. There is no Director's fee payable to him for FY2018.

(4) Mr. Nishijima Osamu resigned as Independent Director, Chairman of NC and member of AC and RC on 27 October 2017. There is no Director's fee payable to him for FY2018.

(5) Mr. Yoshio Ono was appointed as Independent Director, Chairman of RC and member of AC and NC on 22 September 2017.

(6) Mr. Kurokawa Shingo was appointed as Independent Director, Chairman of NC and member of AC and RC on 27 October 2017.

(7) Ms. Kayoko Francis was appointed as Executive Director on 13 July 2018. Prior to the appointment of Ms. Kayoko Francis as Executive Director, she was an Executive Officer of the Company, holding the position of director and chief executive officer of the Company's subsidiary, Finesse Digital Pte. Ltd.. Ms. Kayoko Francis continues to hold the offices of director and chief executive officer of Finesse Digital Pte. Ltd. after her appointment as the Executive Director.

The remuneration in the form of Directors' fee is subject to the approval of the Shareholders at the forthcoming AGM. Mr. Jack Chia Seng Hee and Mr. Ng Lip Chi, Lawrence were only appointed as Directors after FY2018, and hence, there are no Directors' fee payable to them for FY2018.

For competitive reasons, the Company discloses each individual Director's remuneration by way of respective bands of remuneration of each Director. The Company is of the view that due to confidentiality and sensitivity attached to remuneration matters, it would not be in the best interests of the Company to disclose the exact details of the remuneration of each individual Director.

Remuneration of Key Management Personnel

The table below shows the range of gross remuneration received by the Group's key executives (excluding Executive Directors) in the Company.

	No. of Key Management Personnel	
	2018	**2017**
S$250,000 to below S$500,000	1	–
Below S$250,000	2	1
Total	3	1

Name	**Remuneration Band**	**Salary**	**Bonus**	**Total**
		%	**%**	**%**
Kayoko Francis[(1)]	S$250,000 to below S$500,000	100	–	100
Joe Chiang Kok Kin[(2)]	Below S$250,000	100	–	100
Tan Sze Leng[(3)]	Below S$250,000	100	–	100

Notes:-

(1) Ms. Kayoko Francis was appointed as Executive Director on 13 July 2018. Prior to the appointment of Ms. Kayoko Francis as Executive Director, she was an Executive Officer of the Company, holding the position of director and chief executive officer of the Company's subsidiary, Finesse Digital Pte. Ltd.. Ms. Kayoko Francis continues to hold the offices of director and chief executive officer of Finesse Digital Pte. Ltd. after her appointment as the Executive Director.

(2) Mr. Joe Chiang Kok Kin resigned as CFO of the Company on 4 June 2018.

(3) Mr. Tan Sze Leng was appointed as CFO of the Company on 14 June 2018 and resigned on 24 October 2018.

The Company has two (2) key Management personnel in FY2018 who are not Directors or CEO. In view of the confidentiality of remuneration matters, the Board is of the opinion that it is in the best interests of the Group not to disclose the exact remuneration of key executives as well as the aggregate remuneration paid to all the key executives in the annual report.

The Company does not have any employee who is an immediate family member of a Director or the CEO whose remuneration in FY2018 exceeded S$50,000.

The Company does not have any employee share scheme or other long-terms incentive schemes.

The fixed component of remuneration for the Executive Directors is based on the service agreements entered between the Company and the Executive Directors. Similarly, the remuneration for the key Management personnel is based on the employment contracts with them. The variable component of remuneration for both Executive Directors and key Management personnel is linked to the performance of the Group and individual.

3. ACCOUNTABILITY AND AUDIT

Accountability

Principle 10:

The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

For all announcements (including financial performance reporting) made to the public via SGXNET and the annual reports issued to Shareholders, the Board is cognizant of its responsibility to present a fair assessment of the Group's current position and its future prospects.

To enable effective monitoring and decision-making by the Board, the Management provides the Board with a continual flow of relevant information on a timely basis as well as quarterly management accounts of the Group. Particularly, prior to the release of the quarterly and full year results to the public, the Management will present the Group's financial performance together with explanatory details of its operations to the AC, which will review and recommend the same to the Board for approval and authorisation for the release of the results.

The Board takes adequate steps to ensure compliance with legislative and statutory requirements, and observes obligations of continuing disclosure under the Catalist Rules. The Management reviews and provides the relevant compliance reports for the Board's approval. For issues relating to the Group's business development, the Board also provides the Shareholders with periodic updates and reports through announcements where necessary.

Risk Management and Internal Controls

Principle 11:

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risk which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the governance of risk by ensuring that the Management maintains a sound system of risk management and internal control to safeguard Shareholders' interest. The Group has established a risk identification and management framework. Using the aforesaid framework, the Group identifies key risks and undertakes appropriate measures to control and mitigate these risks. Action plans to manage the risks are continually being monitored and refined by the Management together with the Board. All significant control policies and procedures are reviewed regularly, and significant matters are highlighted to the AC and the Board.

The internal controls structure of the Group has been designed and put in place by the Management of the Group's business units to provide reasonable assurance against material financial misstatements or loss, for the safeguarding of assets, for the maintenance of proper accounting records, for the provision of financial and other information with integrity, reliability and relevance, and in compliance with applicable laws and regulations. The Internal Auditors carry out internal audit on the system of internal controls at least annually and reports the findings to the AC. The Group's material internal controls are also reviewed by the Group's External Auditors, Messrs Mazars LLP, in the course of their statutory audit. The Management will then take corrective measures to strengthen the internal controls.

Any material non-compliance and internal control weaknesses and recommendations for improvements are noted during the audit and will be reported to the AC. The Board, with the assistance of the AC, Internal and External Auditors, will review the adequacy, and effectiveness of the Group's key internal controls.

However, no cost-effective internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities. Thus, the Board and the Management will continue to review and strengthen the Group's control environment, and further refine its internal policies and procedures.

For FY2018, the Board has received assurances from the CEO and CFO that financial records of the Group have been properly maintained, the financial statements provide a true and fair view of the Group's state of affairs, and sound system of operations and finances, and that the Group has put in place and will continue to maintain on effectiveness, adequate, comprehensive risk management and internal controls addressing financial, operational, compliance and information technology control risks.

The Board, with the concurrence of the AC, concludes based on (i) the internal control systems established and maintained by the Group, (ii) work performed by the Internal Auditors during the financial year, (iii) the statutory audit by the External Auditors and (iv) review performed by Management, various Board committees and the Board, that the Group's system of risk management and internal controls, addressing financial, operational, compliance and information technology controls risks, were adequate and effective for FY2018.

Audit Committee

Principle 12:

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The role of the AC is to assist the Board in the execution of its corporate governance responsibilities within the established Board's references and requirements. The financial statements, accounting policies and system of risk management and internal controls are responsibilities that fall under the ambit of the AC.

The written terms of reference defining the AC scope of authority and further details of its major functions are set out below and in the Directors' Report.

The AC is comprised of four (4) members, all of whom, including the AC Chairman, are independent. At the date of this report, the AC comprises the following members:

Mr. Jack Chia Seng Hee	Chairman and Lead Independent Director
Mr. Kurogawa Shingo	Independent Director
Mr. Yoshio Ono	Independent Director
Mr. Ng Lip Chi, Lawrence	Independent Director

The main terms of reference for the AC are as follows:

(a) review with the External Auditors of the Company, their audit plan, evaluation of the internal accounting controls, audit reports and any matters which the External Auditors wish to discuss (in the absence of the Management);

(b) ensure co-operation is given by the Company's Management to the Internal and External Auditors;

(c) review the announcement of the quarterly and year-end results to SGX-ST;

(d) review the annual financial statements and the auditor's report on the Company's annual financial statements before they are presented to the Board, focusing on:

- going concern assumption;
- compliance with accounting standards and regulatory requirements;
- any changes in accounting policies and practices;
- significant issues arising from the audit; and
- major judgmental areas;

(e) review with the Management and the External Auditors the adequacy and effectiveness of the Company's risk management, internal controls, business and service systems and practices;

(f) monitor and review related and interested party transactions and conflict of interest situations that may arise within the Group. The AC is also required to ensure that the Directors report such transactions annually to Shareholders in the annual report;

(g) review the scope, adequacy and result of the internal audit procedures;

(h) make recommendations on the appointment and re-appointment of the External and Internal Auditors to the Board;

(i) review significant risks or exposures that exist and assess the steps taken by the Management to minimise such risks to the Company; and

(j) any other functions which may be agreed by the AC and the Board.

The Board constantly reviews and ensures that the members of the AC are qualified to discharge their responsibilities. The AC is currently chaired by Mr. Jack Chia Seng Hee. The members of the AC bring with them many years of accounting, corporate finance, business management, economics, marketing expertise and investment experience.

In performing its functions, the AC confirms that it has explicit authority to investigate any matter within its terms of reference, full access to and co-operation from the Management, and has been given full discretion to invite any Director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its functions properly. The AC is authorised to obtain independent professional advice if necessary in the discharge of its responsibilities. Such expenses will be borne by the Company.

The AC keeps abreast of changes in accounting standards and issues which have a direct impact on the financial statements, through advices from the External Auditors and other professionals. During FY2018, the External Auditors were invited to attend the AC meetings at least twice to present their audit plan and report to the AC respectively while the Internal Auditors was invited to attend the AC meeting once to present their internal audit report.

The AC have met, and will continue to meet, with the External and Internal Auditors without the presence of the Management as and when necessary to review the adequacy of audit arrangement with emphasis on the scope and quality of their audit, the independence and the observations of the auditors.

The Board confirms that none of the AC members were previous partners or directors of the Company's external audit firm within the last twelve (12) months and none of the AC members hold any financial interest in the Company's external audit firm. The aggregate amount of fees paid to the External Auditors of the Group, broken down into audit and non-audit services during FY2018 are disclosed in Note 7 to the financial statements. The aggregate amount of non-audit fees paid to the External Auditors of the Group amounted to approximately S$23,000 in FY2018, relating to corporate tax services provided by the External Auditors of the Group.

The AC, having reviewed the range and value of non-audit services performed by the External Auditors, Messrs Mazars LLP, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the External Auditors. The AC has also reviewed and confirmed that Messrs Mazars LLP is a suitable audit firm to meet the Company's audit obligations, having regards to the adequacy of resources and experience of the firm, the assigned audit engagement partner, other audit engagements, size and nature of the Group, and the number and experience of supervisory and professional staff assigned to the audit. The AC has recommended to the Board that, Messrs Mazars LLP be nominated for reappointment as External Auditors at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules of the SGX-ST in relation to the appointment of its External Auditors.

The Company has put in place a whistle-blowing policy to provide a channel to employees and any other persons to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters. The Group is committed to the highest possible standards of ethical, moral and legal business conduct. In line with this commitment and the Group's commitment to open communication, cases that are significant are reviewed by the AC for adequacy and independence of investigation actions and resolutions. The objective for such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. Reporting can be done through the Lead Independent Director's email to the attention of the AC.

In line with the recommendations by ACRA, Monetary Authority of Singapore and SGX that the AC can help to improve transparency and enhance the quality of corporate reporting by providing a commentary on key audit matters ("**KAM**"), the AC considered the KAM presented by the External Auditors together with Management. The AC reviewed the KAM and concurred and agreed with the External Auditors and Management on the assessment, judgements, and estimates on the significant matter reported by the External Auditors.

Internal Audit

Principle 13:

The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

For FY2018, the Company outsourced its internal audit function to Baker Tilly TFW, an external professional firm, who reports directly to the Chairman of AC and administratively to the Management. Baker Tilly TFW is an international, integrated and independent organisation specialising in audit, accountancy, tax, legal and advisory services. Baker Tilly TFW has a network of global resources that can be reached through the membership of Baker Tilly International.

The Internal Auditor is guided by the Standards for Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner. The Internal Auditors have identified the Group's main business processes and developed an audit plan that covers the main business process.

To achieve its objectives, the Internal Auditor has unrestricted access to all record, properties and personnel of the Group. The Internal Auditors report directly to the AC which assists the Board in monitoring and managing risks and internal controls of the Group. The internal audit function primarily focusing on whether the current system of internal control provides reasonable assurance on (i) compliance with applicable laws, regulations, policy and procedures; (ii) reliability and integrity of information; and (iii) safeguarding of assets. The AC will review the adequacy and effectiveness of the function of the internal audit annually. Based on the review of the internal audit function, the AC believes that the Internal Auditors are independent and have the appropriate standing and adequate resources with relevant qualifications and experiences to perform its function effectively and objectively.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14:

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Board is mindful of the obligation to provide regular, effective and fair communication with Shareholders. Information is communicated to Shareholders on a timely basis via SGXNET. The Company does not practise selective disclosure. The Group's financial results and annual reports are announced or issued within the period specified under the Catalist Rules.

Notice of general meeting is despatched to Shareholders together with explanatory notes or circular on items of special business (if necessary), at least fourteen (14) days (without special resolution) or twenty-one (21) days (with special resolution) prior to the meeting date. The Board is accountable to the Shareholders and recognises its obligation to provide timely and fair disclosure of material information to Shareholders, investors and the public. The Company ensures that Shareholders have the opportunity to participate effectively in and vote at the general meeting, and that information on the rules, including voting procedures that govern the general meeting, have been provided to the Shareholders. All Shareholders are entitled to attend the general meeting. If any Shareholders are unable to attend, he/she is allowed to appoint up to two (2) proxies to vote on his/her behalf at the general meeting through proxy forms sent in advance. The Company's current Constitution does not allow corporations which provide nominee or custodial services to appoint more than two (2) proxies. However, in line with the amendments to the Companies Act (Cap 50.) 'relevant intermediaries' which provide nominee or custodial services to third parties are entitled to appoint more than two (2) proxies to attend and vote on their behalf at general meetings provided that each proxy is appointed to exercise the rights attached to different shares held by members.

Communication with Shareholder

Principle 15:

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes that prompt disclosure of pertinent information and high standard of disclosure are the keys to raise the level of corporate governance. In line with continuous obligations of the Company pursuant to the SGX-ST's Listing Rules, the Board's policy is that all Shareholders should be equally informed of all major developments impacting the Group.

Information is disseminated to Shareholders on a timely basis through:

(a) SGXNET systems and news release;

(b) Annual reports prepared and issued to all Shareholders; and

(c) The Company's website at www.lifebrandz.com and investor relations site, Shareinvestor, at which Shareholders can access information on the Group.

Results and annual reports are announced or issued within the mandatory period. The Group has engaged an external investor relations firm to assist in communication with its investors on a regular basis and attends to their queries. All Shareholders will receive a copy of the annual report and the notice of the AGM. The notice is also advertised in newspaper and made available at the SGX-ST's and the Company's websites.

Shareholders are strongly encouraged to participate at general meetings, which provide the major platform for Shareholders to engage and dialogue with the Company directly. Shareholders are encouraged to have open communication with the Directors and key Management during the general meetings on their views on matters relating to the Company.

Currently, the Company does not have a fixed dividend policy. The Board would consider establishing a dividend policy when appropriate.

In considering the payment of dividend, the Board shall consider factors such as the Company's profits, cash flows, working capital and capital expenditure requirements, investment plans and other factors that the Board may deem relevant. Taking into account the above stated factors, the Company has not declared any dividends for FY2018.

Conduct of Shareholder Meetings

Principle 16:

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Shareholders are encouraged to attend general meetings to ensure a high level of accountability and to stay informed of the Company's strategy and goal. The Company encourages active Shareholders' participation. During the general meetings, Shareholders may raise questions or share their views regarding the proposed resolutions, and the Company's businesses and affairs. The respective Chairman of the AC, NC, RC and senior Management will attend to address questions relating to the progress and performance of the Group. The External Auditor would also be present to assist the Directors in addressing any relevant queries by Shareholders about the conduct of audit and the preparation and content of the auditor's report.

The Company's Constitution currently allows a Shareholder to appoint up to two (2) proxies to attend and vote at general meetings. With effect from 3 January 2016, however, section 181(1C) of the Companies Act (Cap. 50) allows a "relevant intermediary" to appoint more than two (2) proxies in relation to a meeting to exercise all or any of its rights to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by it. "Relevant intermediary" has the meaning ascribed to it in section 181(6) of the Companies Act (Cap. 50).

Voting in absentia and electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of members through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

The Company practises having separate resolutions at general meetings on each substantially separate issue. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved.

The Company will put all resolutions to vote by poll either through manual or electronic polling. Announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentage to the audience at the general meeting. The polling results are also announced to the SGX-ST on the same day.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meeting, and responses from the Board and the Management, are available to Shareholders upon written request.

COMPLIANCE WITH OTHER PROVISIONS IN THE LISTING RULES

Risk Management

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

Dealing in Securities

The Company has complied with Rule 1204(19) of the Catalist Rules. The Company has in place a policy prohibiting share dealings by the Company, Directors and employees of the Group for the period of two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of its financial year, or one (1) month prior to the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant results.

In addition, the Company, Directors and employees of the Group are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's shares on short-term consideration.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the CEO, any Director, or controlling Shareholder, either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

Non-Sponsor Fees

For FY2018, the Company did not pay any non-sponsor fee to its former sponsor, RHT Capital Pte. Ltd., and its current sponsor, SAC Capital Private Limited.

Interested Person Transactions ("IPTs")

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions are conducted on an arm's length basis and are not prejudicial to the interests of the Shareholders.

There have been no IPTs equal to or exceeding S$100,000 in value in FY2018.

The Company does not have a Shareholders' mandate for IPTs.

Use of Rights Issue Proceeds

The Company completed a renounceable non-underwritten rights issue, with listing and quotation of the 262,635,534 rights shares on 29 March 2018. The Board wishes to provide an update on the usage of the net proceeds of S$3,940,000 as at 26 September 2018 as follows:

Intended use of net proceeds	Net proceeds from right issue of shares	Amount utilised	Balance of net proceeds
	S$'000	S$'000	S$'000
Developing the New Business	1,670	(1,174)*	496
Developing the Existing Businesses	694	(647)	47
Working Capital	1,576	(1,379)**	197
Total	**3,940**	**(3,200)**	**740**

Note:

* The breakdown of the amount utilised for the developing the New Business is as follows:

	S$'000
Fixed assets	392
Business expansions	782
Total	1,174

** The breakdown of the amount utilised for working capital is as follow:

	S$'000
Salaries and related expenses	670
Professional fees	254
Operating expenses	455
Total	1,379

The percentage allocation of use of proceeds from the rights issue as at the date of this report is in accordance with the intended use as disclosed in the Offer Information Statement dated 5 March 2018. The Company will continue to provide periodic announcement on the utilisation of the balance of the net proceed as and when the proceeds are materially disbursed.

Summary of Board and Board Committee Meetings

The number of Board and Board Committee meetings held for FY2018 and the attendance of each Director where relevant is as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
No. of meetings held	4	4	1	1
No. of meetings attended by respective Directors:				
Saito Hiroyuki	4	3*	0	0
Chng Weng Wah(1)	3	3	0	0
Lim Kee Way Irwin(2)	2	2	0	0
Yamaguchi Hiroyuki(3)	0	0	0	0
Nishijima Osamu(4)	0	0	0	0
Yoshio Ono(5)	4	4	1	1
Kurokawa Shingo(6)	3	3	1	1
Kayoko Francis(7)	1	0	0	0
Jack Chia Seng Hee(8)	1	1	1	1
Ng Lip Chi, Lawrence(9)	0	0	0	0

* By invitation.

Notes:-

(1) Mr. Chng Weng Wah resigned as Non-Executive Director and member of AC, NC and RC on 13 July 2018.

(2) Mr. Lim Kee Way Irwin resigned as Lead Independent Director, Chairman of AC and member of NC and RC on 31 July 2018.

(3) Mr. Yamaguchi Hiroyuki resigned as Independent Director, Chairman of RC and member of AC and NC on 22 September 2017.

(4) Mr. Nishijima Osamu resigned as Independent Director, Chairman of NC and member of AC and RC on 27 October 2017.

(5) Mr. Yoshio Ono was appointed as Independent Director, Chairman of RC and member of AC and NC on 22 September 2017.

(6) Mr. Kurokawa Shingo was appointed as Independent Director, Chairman of NC and member of AC and RC on 27 October 2017.

(7) Ms. Kayoko Francis was appointed as Executive Director on 13 July 2018. Prior to the appointment of Ms. Kayoko Francis as Executive Director, she was an Executive Officer of the Company, holding the position of director and chief executive officer of the Company's subsidiary, Finesse Digital Pte. Ltd.. Ms. Kayoko Francis continues to hold the offices of director and chief executive officer of Finesse Digital Pte. Ltd. after her appointment as the Executive Director.

(8) Mr. Jack Chia Seng Hee was appointed as Lead Independent Director, Chairman of AC and member of NC and RC on 1 August 2018.

(9) Mr. Ng Lip Chi, Lawrence was appointed as Independent Director, member of AC, NC and RC on 1 November 2018, and hence, has not attended any of the Board and Board Committee meetings for FY2018.

Statutory Reports and Financial Statements

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of LifeBrandz Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 July 2018.

1. Opinion of the directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are drawn up so as to give a true and fair view of the statement of financial position of the Group and of the Company as at 31 July 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

<u>Executive Chairman and Chief Executive Officer</u>
Saito Hiroyuki

<u>Executive director</u>
Kayoko Francis (Appointed on 13 July 2018)

<u>Independent non–executive directors</u>
Yoshio Ono
Kurokawa Shingo (Appointed on 27 October 2017)
Chia Seng Hee (Appointed on 1 August 2018)

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4, 5 and 6 below.

4. Directors' interests in shares, warrants and debentures

The directors of the Company holding office at the end of the financial year had no interest in the shares, warrants and debentures of the Company and related corporations as recorded in the Register of Directors' shareholdings kept by the Company under Section 164 of the Act, except as disclosed below:

	Direct interest			Deemed interest		
Name of director	At beginning of financial year	At end of financial year	As at 21 August 2018	At beginning of financial year	At end of financial year	As at 21 August 2018
Ordinary shares of the Company						
Saito Hiroyuki	–	–	–	18,387,340	103,432,020	103,432,020
Kayoko Francis	–	4,170,000	4,170,000	–	–	–
Warrants of the Company						
Saito Hiroyuki	–	–	–	11,191,560	28,290,661	28,290,661

5. Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

6. Warrants

On 5 June 2017, the Company issued 122,399,992 warrants, pursuant to Rights Cum Warrants Issue, each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at the exercise price of $0.05 during the period commencing on and including the date falling 12 months from the date of issue of the Warrants and expiring on the date immediately preceding 24 months from such date of issue, on the basis of two (2) Rights Shares with two (2) Warrants for every one (1) existing ordinary share in the capital of the Company, held by the shareholders of the Company as determined by the directors for the purpose of determining the entitlements of the Entitled Shareholders under the Rights cum Warrants Issue, fractional entitlements to be disregarded.

On 27 March 2018, the Company issued additional 72,668,628 warrants, pursuant to Warrants adjustment, which has the same terms and conditions of the 122,399,992 warrants issued on 5 June 2017 and the exercise price is adjusted from $0.05 to $0.04.

As at 31 July 2018, the details of the warrants issued by the Company are set out as below:

Date of issue	At 1 August 2017	Warrants issued on 27 March 2018	Warrants expired	Warrants exercised	At 31 July 2018	Exercise price per share	Expiry date
						$	
5 June 2017	122,399,992	72,668,628	–	–	195,068,620	0.04	4 June 2019

7. Audit Committee

The Audit Committee of the Company comprises three non–executive directors and at the date of this statement, they are:

Chia Seng Hee (Chairman)
Kurokawa Shingo
Yoshio Ono

The Audit Committee has convened four meetings during the year with key management and the internal and external auditors of the Company.

The Audit Committee carried out its functions in accordance with Section 201B (5) of the Act. In performing those functions, the Audit Committee reviewed:

(i) the audit plans and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non–audit services provided by the external auditors to the Group;

(ii) the audit plans of the internal auditors of the Group and their evaluation of the adequacy of the Group's system of internal accounting controls;

(iii) the Group's annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;

(iv) the quarterly, half–yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;

(v) the adequacy and effectiveness of the Group's risk management processes;

(vi) the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;

(vii) the interested person transactions in accordance with SGX listing rules;

(viii) the nomination of external auditors and gave approval of their compensation; and

(ix) the submission of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

The Audit Committee has full access to and has the co–operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Mazars LLP for re–appointment as external auditors of the Group at the forthcoming AGM of the Company.

8. Auditors

The auditors, Mazars LLP, have expressed their willingness to accept re–appointment.

On behalf of the Board of Directors

Saito Hiroyuki	**Kayoko Francis**
Director	Director

Singapore

25 October 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIFEBRANDZ LTD.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of LifeBrandz Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 July 2018, and the consolidated statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on page 44 to 84.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 July 2018 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statement.

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

For the audit of the current financial year's financial statements, we identified 2 significant components which required a full scope audit of their financial information, either because of their size or/and their risk characteristics, providing 100% coverage of the Group's revenue, 70% coverage of the Group's loss before tax and 66% of the Group's total assets.

These significant components were audited by other Mazars offices as component auditors under our instructions. We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group financial statements as a whole which include but are not limited to the following:

- Issuance of a set of comprehensive Group audit instructions to the component auditors to inform them about key audit matters such as the component materiality thresholds, risks of material misstatements identified at the Group level, specific audit procedures, reporting deliverables and the necessity of timely communication to us of matters that could have a material impact on the Group's operations and financials;

- Review of the audit plans of significant components prepared by the component auditors and where deemed necessary, dictated additional audit procedures to be performed by them;

- On–site review of audit working files prepared by component auditors relating to the Group's significant components;

- Holding of teleconferences with the component auditors, as and when deemed necessary during the course of audit, to discuss about matters, including the audit approach and any other significant matters;

Overview (Continued)

– Holding of closing meetings with the Group finance team of significant components, including the Chief Financial Controller, and the corresponding component auditors to resolve issues and matters;

– Provision of regular updates to the Group's management about the progress of the Group audit and, as and when deemed necessary, any significant accounting and audit issues we encountered during the course of the Group audit such that these issues can be resolved on a timely basis to facilitate the progress of the audit; and

– Site–visit of the Group's significant components.

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors. We will elaborate on the salient areas in the key audit matters below.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters include the aforementioned salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Matter	**Audit response**
Goodwill and intangible asset (refer to Note 12 and Note 13 to the financial statements)	
On 11 September 2017, the Group acquired e-Holidays Co., Ltd ("EH"), a company incorporated in Japan, for a purchase consideration of $850,000. The 100% shareholding in net identifiable assets of EH was $656,000, which include an intangible asset relating to customer relationships of $226,000. The Group's intangible asset of $226,000 was determined by an independent professional valuer engaged by the management. The valuation of intangible asset for the purpose of purchase price allocation was made using Multi-Period Excess Earning Method which estimates the future cash flows. The key assumptions used in the valuation report were as follows: Customer Attrition Rate: 30% Revenue Growth: 10% to 15% Discount Rate: 6.7% based on weighted average cost of capital. As a result of the above acquisition, a goodwill of $194,000 was recognised. FRS 36 *Impairment of Assets* requires the cash generating unit to which the goodwill has been allocated to be tested for impairment annually, and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the cash generating unit, including the goodwill, with the recoverable amount of the cash generating unit.	Our audit procedures included the following: ● Assessing the competency, capability and independence of the appointed independent professional valuer firm; ● Assessing the identification of intangible assets based on our understanding of the business of the acquired company; ● Reviewing the key assumptions and estimates used in measuring the fair value of the acquired intangible asset from EH; and ● We assessed the reasonableness of the bases and key assumptions used by management for impairment assessment of goodwill, with reference to information including the historical trend and performance, the latest budgets approved by management and industry and business outlook.

Key Audit Matters (Continued)

Matter	Audit response
Goodwill and intangible asset (refer to Note 12 and Note 13 to the financial statements) (Continued)	
The purchase price related to business combination and asset acquisition was allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required management to make assumptions, estimates and judgements regarding future events. The allocation process was inherently subjective and impacted the amounts assigned to individually identifiable assets and liabilities. In addition, for the purpose of impairment assessment of goodwill, the recoverable amount of the cash generating unit is determined using its value in use, which involves cash flow projections, and applying growth rates and discount rate in the cash flow projections. As the purchase price allocation and determination of the value in use requires significant estimates and judgement of management, we determine this as a key audit matter.	
Trade and other receivables (refer to Note 17 to the financial statements)	
The Group follows the guidance of FRS 39 *Financial Instruments: Recognition and Measurement* to determine when trade and other receivables are impaired. This determination requires a certain level of judgement. The Group first assesses whether objective evidence of impairment exists for individually significant debtors and collectively for debtors which are not individually significant. The Group evaluates, among other factors, financial status of the debtors, any changes in the collection status and changes in industry conditions that affect the debtors. Trade and other receivables that are collectively evaluated for impairment are based on historical loss experience for receivables with similar credit risk characteristics. The methodology and assumptions used for estimating potential impairment loss are reviewed regularly to reduce any differences between loss estimates and actual loss experience.	Our audit procedures included the following: • Reviewing outstanding debts as at year–end; • Evaluating assumptions used by the management in assessing the adequacy of impairment allowances for individually assessed receivables; • Reviewing ageing profile of the receivables and verifying to subsequent clearance; and • Reviewing the background, profile, historical payments trends and subsequent payments of the customers.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chan Hock Leong, Rick.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
25 October 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 July 2018

		Group	
	Note	**2018**	**2017**
		$'000	**$'000**
Revenue	4	2,957	696
Other operating income	5	33	23
		2,990	719
Expenses			
Inventories and consumables used	16	(258)	(260)
Travel booking services costs		(1,880)	–
Amortisation and depreciation		(88)	(2)
Employee benefits	6	(2,376)	(799)
Finance cost		(2)	–
Advertising, media and entertainment		(154)	(11)
Rental on operating leases		(324)	(229)
Transportation		(21)	(2)
Legal and professional fees	7	(480)	(334)
Other operating expenses	8	(286)	(215)
Changes in inventories of finished goods		(9)	3
Loss before income tax		(2,888)	(1,130)
Income tax expense	9	(3)	(7)
Loss for the financial year		(2,891)	(1,137)
Other comprehensive loss:			
Item that may be reclassified subsequently to profit or loss, net of taxation			
Exchange differences on translating foreign operations		(7)	(17)
Total comprehensive loss for the financial year		(2,898)	(1,154)
Loss for the financial year attributable to:			
Owners of the Company		(2,891)	(1,133)
Non–controlling interest		–	(4)
Loss for the financial year		(2,891)	(1,137)
Total comprehensive loss for the financial year attributable to:			
Owners of the Company		(2,898)	(1,150)
Non–controlling interest		–	(4)
Total comprehensive loss for the financial year		(2,898)	(1,154)
Loss per share attributable to owners of the Company (Cents)			
Basic and diluted loss per share	10	(1.02)	(1.11)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 July 2018

	Note	Group 2018 $'000	Group 2017 $'000	Company 2018 $'000	Company 2017 $'000
ASSETS					
Non–current assets					
Plant and equipment	11	431	7	26	4
Goodwill	12	194	–	–	–
Intangible asset	13	163	–	–	–
Guarantee deposit	14	172	–	–	–
Investment in subsidiaries	15	–	–	100	100
Total non–current assets		960	7	126	104
Current assets					
Inventories	16	3	12	–	–
Trade and other receivables	17	1,544	207	2,757	178
Cash and cash equivalents	18	1,760	2,213	1,576	2,098
Total current assets		3,307	2,432	4,333	2,276
Total assets		4,267	2,439	4,459	2,380
EQUITY AND LIABILITIES					
Equity					
Share capital	19	62,265	58,500	62,265	58,500
Foreign currency translation reserve		(49)	(42)	–	–
Accumulated losses		(59,247)	(56,356)	(58,223)	(56,370)
Equity attributable to owners of the Company		2,969	2,102	4,042	2,130
Non–controlling interest		–	–	–	–
Total equity		2,969	2,102	4,042	2,130
Non–current liability					
Bank borrowings	20	8	–	–	–
Total non–current liability		8	–	–	–
Current liabilities					
Trade and other payables	21	1,257	337	417	250
Bank borrowings	20	33	–	–	–
Total current liabilities		1,290	337	417	250
Total liabilities		1,298	337	417	250
Total equity and liabilities		4,267	2,439	4,459	2,380

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 July 2018

Group	Share capital (Note 19)	Foreign currency translation reserve[a]	Accumulated losses	Non-controlling interest	Total
	Attributable to owners of the Company				
	$'000	$'000	$'000	$'000	$'000
At 1 August 2016	55,086	(25)	(55,223)	4	(158)
Contributions by owners:					
Issuance of shares	3,560	–	–	–	3,560
Share issuance expense	(146)	–	–	–	(146)
Total contributions by owners	3,414	–	–	–	3,414
Loss for the financial year	–	–	(1,133)	(4)	(1,137)
Other comprehensive income:					
Exchange differences on translating foreign operations	–	(17)	–	–	(17)
Total comprehensive loss for the financial year	–	(17)	(1,133)	(4)	(1,154)
At 31 July 2017	58,500	(42)	(56,356)	–	2,102
Contributions by owners:					
Issuance of shares	3,940	–	–	–	3,940
Share issuance expense	(175)	–	–	–	(175)
Total contributions by owners	3,765	–	–	–	3,765
Loss for the financial year	–	–	(2,891)	–	(2,891)
Other comprehensive income:					
Exchange differences on translating foreign operations	–	(7)	–	–	(7)
Total comprehensive loss for the financial year	–	(7)	(2,891)	–	(2,898)
At 31 July 2018	62,265	(49)	(59,247)	–	2,969

[a] The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 July 2018

Company	Share capital (Note 19)	Accumulated losses	Total
	$'000	**$'000**	**$'000**
At 1 August 2016	55,086	(54,496)	590
Contributions by owners:			
Issuance of shares	3,560	–	3,560
Share issuance expense	(146)	–	(146)
Total contributions by owners	3,414	–	3,414
Loss for the year, representing total comprehensive loss for the financial year	–	(1,874)	(1,874)
At 31 July 2017	58,500	(56,370)	2,130
Contributions by owners:			
Issuance of shares	3,940	–	3,940
Share issuance expense	(175)	–	(175)
Total contributions by owners	3,765	–	3,765
Loss for the year, representing total comprehensive loss for the financial year	–	(1,853)	(1,853)
At 31 July 2018	62,265	(58,223)	4,042

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 July 2018

	Note	2018	2017
		$'000	$'000
Operating activities			
Loss before income tax		(2,888)	(1,130)
Adjustments for:			
Depreciation of plant and equipment	11	25	2
Amortisation of intangible asset	13	63	–
Interest expense		2	–
Operating cash flows before changes in working capital		(2,798)	(1,128)
Changes in working capital			
Decrease/(Increase) in inventories		9	(3)
(Increase)/Decrease in trade and other receivables		(798)	20
Increase/(Decrease) in trade and other payables		536	(156)
Cash flows used in operations		(3,051)	(1,267)
Income tax paid		(5)	(7)
Net cash flows used in operating activities		(3,056)	(1,274)
Investing activities			
Net cash flow on acquisition of subsidiary	15	(777)	–
Purchase of plant and equipment	11	(337)	(3)
Exchange realignment		(7)	(17)
Net cash flows used in investing activities		(1,121)	(20)
Financing activities			
Interest paid		(2)	–
Proceeds from issuance of shares	19	3,940	3,560
Repayment of borrowings		(39)	–
Share issuance expense	19	(175)	(146)
Net cash flows generated from financing activities		3,724	3,414
Net (decrease)/increase in cash and cash equivalents		(453)	2,120
Cash and cash equivalents at beginning of financial year		2,213	93
Cash and cash equivalents at end of financial year (Note 18)		1,760	2,213

Reconciliation of liability arising from financing activities:

	Cash movement		Non–cash movement	
	1 August 2017	Repayment	Bank borrowings assumed	31 July 2018
	$'000	$'000	$'000	$'000
Liability				
Bank borrowings (Note 20)	–	(39)	80	41

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Corporate information

LifeBrandz Ltd. (the "Company") (Registration No: 200311348E) is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (the "SGX–ST").

The registered office and principal place of business of the Company is located at 80 Raffles Place #41–02 UOB Plaza 1, Singapore 048624.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries are those of the lifestyle and entertainment businesses as disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 July 2018 were authorised for issue by the Board of Directors on 25 October 2018.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards ("FRSs") including related Interpretations of FRS ("INT FRSs") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollar ("$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 August 2017. Other than the following standard, the adoption of these new/revised FRSs and INT FRSs did not result in changes to the Group's and Company's accounting policies, and has no material effect on the current or prior year and is not expected to have a material effect on future periods.

FRS 7 *Amendments to FRS 7: Disclosure Initiative*

Consequent to the adoption of these amendments, the Group has disclosed additional information to enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non–cash changes. Comparative information has not been presented. This disclosure has been included in the Consolidated Statement of Cash Flows.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs and INT FRSs that are relevant to the Group were issued but not yet effective:

FRS	Title	Effective date (annual periods beginning on or after)
FRS 28	Amendments to FRS 28: Long–term Interests in Associates and Joint Ventures	1 January 2019
FRS 40	Amendments to FRS 40: Transfers of Investment Property	1 January 2018
FRS 102	Amendments to FRS 102: Classification and Measurement of Share–based Payment Transactions	1 January 2018
FRS 104	Amendments to FRS 104: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 109	Amendments to FRS 109: Prepayment Features with Negative Compensation	1 January 2019
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: Effective Date of FRS 115	1 January 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019
Various	Improvements to FRSs (March 2018)	1 January 2019
INT FRS 122	Foreign Currency Transactions and Advance Considerations	1 January 2018
INT FRS 123	Uncertainty over Income Tax Treatments	1 January 2019
FRS 117	Insurance contracts	1 January 2021
FRS 19	Amendments to FRS 19: Plan Amendments, Curtailment or Settlement	1 January 2019

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group has not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 31 July 2018. Other than the following standards, management anticipates that the adoption of the aforementioned new/revised standards will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 109 *Financial Instruments (Continued)*

There have been no changes in the de–recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward–looking impairment model based on expected credit losses, which replaces the incurred loss model in FRS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognise lifetime expected credit losses on the affected assets.

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade and other receivables arising from the application of FRS 109. The Group has not completed its full assessment of the potential impact of FRS 109 on its financial statements in the initial year of adoption. Preliminary, based on currently known and reasonably estimable information relevant to it assessment, the Group does not expect to have material impact in its initial adoption.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five–step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of transaction price; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group does not intend to early adopt FRS 115. The management anticipates that the adoption of this FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

FRS 116 *Leases*

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* to set out the principles for the recognition, measurement, presentation and disclosure of leases. The changes introduced by FRS 116 will primarily affect the financial statements of the lessees.

FRS 116 requires, with limited exceptions, the lessee to recognise, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right–of–use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low–value" assets and qualifying short term leases entered into by lessees can be exempted from the new recognition criteria.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 116 *Leases (Continued)*

The Group is still assessing the potential impact of FRS 116 on its financial statements in the initial year of adoption.

Singapore Financial Reporting Standards (International)

In December 2017, the Accounting Standards Council (the "ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)") as the new accounting framework to be mandatorily applied by qualifying entities, which include Singapore–incorporated entities whose debt or equity instruments are traded in a public market in Singapore, in the preparation and presentation of their general purpose financial statements for annual reporting periods beginning on or after 1 January 2018.

This first volume of SFRS(I) contains the equivalent of consolidated text of IFRS as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual reporting periods beginning on 1 January 2018. Simultaneous to its compliance with SFRS(I), the Group can hence elect to include an explicit and unreserved statement of compliance with IFRS in its first and subsequent SFRS(I) financial statements.

In the initial adoption of its first SFRS(I) financial statements and each interim financial report presented in accordance with SFRS (I) 1–34 Interim Financial Reporting, the Group is required to apply SFRS(I) 1 First–Time Adoption of Singapore Financial Reporting Standards (International) ("SFRS(I) 1") which is equivalent to IFRS 1 First–Time Adoption of International Financial Reporting Standards and which mandates, amongst other disclosure requirements, the Group's presentation of at least 3 statements of financial position, including comparative information for all statements presented.

The Group has not early adopted SFRS(I) and has commenced its assessment of the impact of the initial adoption of SFRS(I) on its financial statements. Such assessment includes its consideration and application of the transition requirements and options made available in SFRS(I) 1 in the financial statements. Concurrently, the Group considered the impact of the initial adoption of the aforementioned relevant revised/new FRS, amendments to and interpretations of FRS, for which there are equivalent standards in the SFRS(I) framework, which are also effective from the same date of the Group's initial adoption of SFRS(I) on its financial statements.

Preliminarily, based on currently known and reasonably estimable information relevant to its assessment, other than the possible impact arising from its initial adoption of FRS 109, FRS 115 and FRS 116, the Group does not expect material impact on its financial statements in its initial adoption of SFRS(I) 1.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Intra–group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non–controlling interests are identified separately from the Group's equity therein. On an acquisition–by–acquisition basis, non–controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non–controlling interests is the amount of those interests at initial recognition plus the non–controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non–controlling interests even if this results in the non–controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non–controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non–controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business combinations

<u>Business combinations from 1 January 2010</u>

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition–related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* ("FRS 103") are recognised at their fair values at the acquisition date, except for non–current assets (or disposal groups) that are classified as held–for–sale in accordance with FRS 105 *Non–Current Assets Held for Sale and Discontinued Operations* ("FRS 105") which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re–measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share–based payment awards are measured in accordance with FRS 102 *Share–based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non–controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition–date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non–controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non–controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

Food and beverages revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of food and beverages in the ordinary course of the Group's activities upon delivery and acceptance by customers. Revenue is shown net of sale discounts.

Travel booking service revenue

Revenue from travel booking service are recognised in the period in which the services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state–managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. Summary of significant accounting policies (Continued)

2.7 Income tax (Continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchases is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

2.8 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities’ respective functional currencies at the exchange rates prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non–monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non–monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non–monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non–monetary items in respect of which gains and losses are recognised directly in equity. For such non–monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

2. Summary of significant accounting policies (Continued)

2.8 Foreign currency transactions and translation (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.9 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight–line method, on the following bases:

Computer equipment	3 years
Motor vehicle, office and operating equipment	3 years
Furniture and fixtures	Over the lease period of 3 years
Leasehold improvement and renovation	Over the lease period of 3 years
Plant and equipment	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.10 Intangible assets

Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of the subsidiary carried at the date of acquisition. Goodwill is at cost less any accumulated impairment losses.

2. Summary of significant accounting policies (Continued)

2.10 Intangible assets (Continued)

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash–generating units expected to benefit from the synergies of the combination. Cash–generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash–generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro–rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Customer relationships

Customer relationships which are acquired in business combinations are carried at fair values at the date of acquisition, and amortised on a straight–line basis over the period of the expected benefits. Customer relationships have estimated useful lives of 3 years.

2.11 Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash–generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash–generating unit is the higher of its fair value less costs to sell and its value–in–use. In assessing value–in–use, the estimated future cash flows are discounted to their present value using a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash–generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash–generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.12 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date – the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs. The Group's financial assets consists only loans and receivables. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables, and cash and cash equivalents.

Such loans and receivables are non–derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short–term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

2. Summary of significant accounting policies (Continued)

2.12 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest–bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Groups accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statements of financial position when and only when, an entity:

(a) currently has a legally enforceable right to set–off the recognized amounts; and

(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is measured based on weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2. Summary of significant accounting policies (Continued)

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions, and other short–term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Operating leases

Lessee

Rentals payable under operating leases are charged to profit or loss on a straight–line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight–line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre–tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.17 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.18 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision–maker. The chief operating decision–maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2. Summary of significant accounting policies (Continued)

2.19 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personal services to the reporting entity or to the parent of the reporting entity.

The effect of the Group's and of the Company's transactions and arrangements with related parties is reflected in these financial statements. The balances are unsecured, interest–free and repayable on demand unless otherwise stated.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any director (whether executive or otherwise) of that company.

3. Critical accounting judgements and key sources of estimation uncertainty

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Impairment of financial assets

The Group follows the guidance of FRS 39 in assessing its financial assets for impairment. This assessment requires significant judgement. The Group first assesses whether objective evidence of impairment exists for individually significant debtors and collectively for debtors which are not individually significant. The Group evaluates, among other factors, financial status of the debtors, any changes in the collection status and changes in industry conditions that affect the debtors.

Impairment of non–financial assets

The Group assesses whether there are any indication of indefinite impairment for its non–financial assets other than goodwill and intangible assets with an indefinite useful life, before computing the recoverable value of asset value. Goodwill and intangible assets with an indefinite useful life are assessed for their recoverable amounts at each reporting date.

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value–in–use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the Group's asset. The value–in–use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The Group evaluates among other factors, the reasonableness of the expected future cash flows in light of industry and business outlook and the appropriateness and relevant of the key assumption, including the discount rate, used in the value–in–use calculation.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the respective entities operate and the respective entities' process of determining sales prices.

Determination of purchase price allocation for business combination

Purchase price related to business combination and asset acquisition is allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value requires management to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of plant and equipment

The Group depreciates the plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's plant and equipment. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's plant and equipment at 31 July 2018 were $431,000 (2017: $7,000) and $26,000 (2017: $4,000) (Note 11) respectively.

Impairment of investment in subsidiaries and amounts due from subsidiaries

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments and amounts due from subsidiaries are impaired. Where applicable, the Company's assessments are based on existence of objective evidence of impairment with reference to FRS 39 Financial Instruments and the estimation of the value-in-use of the assets defined in FRS 36 Impairment of Assets by forecasting the expected future cash flows for a period of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investment in subsidiaries and amounts due from subsidiaries as at 31 July 2018 were $100,000 (2017: $100,000) (Note 15) and $2,696,000 (2017: $120,000) (Note 17) respectively.

Impairment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired requires an estimation of the value–in–use of the cash–generating units ("CGU") to which goodwill has been allocated. The value–in–use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of goodwill as at 31 July 2018 was $194,000 (2017: $Nil).

Determining whether goodwill is impaired requires an estimation of their recoverable amounts. Where such recoverable amounts are based on the assets' values–in–use, the determination of such value–in–use involves significant use of estimates and assumptions by management. These estimates and assumptions including a sensitivity analysis, where applicable, are disclosed and further explained in Note 12.

Useful life of intangible asset

Customer relationships which are acquired in business combinations are carried at fair values at the date of acquisition, and amortised on a straight–line basis over the period of the expected benefits. Customer relationships have estimated useful lives of 3 years.

Impairment of trade and other receivables

The Group assesses its loans and receivables on a continuous basis for any objective evidence of impairment by considering factors, including the ageing profile, the creditworthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 July 2018 were $1,301,000 (2017: $151,000) and $2,718,000 (2017: $155,000) (Note 17) respectively.

4. Revenue

	Group 2018	Group 2017
	$'000	$'000
Food and beverage revenue	733	694
Project implementation revenue	13	–
Tobacco product revenue	2	2
Travel booking service revenue	2,209	–
	2,957	696

5. Other operating income

	Group 2018	Group 2017
	$'000	$'000
Net foreign exchange gain	–	22
Interest income from fixed deposit	*	*
Government grant	18	–
Others	15	1
	33	23

* denotes less than $1,000.

6. Employee benefits

	Group 2018	Group 2017
	$'000	$'000
Wages and salaries and related benefits	1,900	691
Directors' fees	120	75
Employer's contribution to Central Provident Fund	70	31
Other benefits and related expenses	286	2
	2,376	799

7. Legal and professional fees

Legal and professional fees included the following for the years ended 31 July:

	Group	
	2018	2017
	$'000	$'000
Legal fees	44	–
Audit fees paid to auditors:		
- Auditors of the Company	56	60
- Auditors of the subsidiaries	44	14
Non-audit fees paid to auditors:		
- Auditor of the Group	11	5
- Other auditor	12	8

8. Other operating expenses

The following items have been included in arriving at other operating expenses:

	Group	
	2018	2017
	$'000	$'000
IT services expense	27	3
Printing	23	44
Utilities	34	26
Repairs and maintenance	11	4

9. Income tax expense

	Group	
	2018	2017
	$'000	$'000
Current tax expense		
Current financial year	–	–
Under-provision in prior financial years	3	7
	3	7

9. Income tax expense (Continued)

The Company is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2017: 17%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

Reconciliation of effective tax rate is as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Total loss before income tax	(2,888)	(1,130)
Tax at the applicable tax rate of 17% (2017: 17%)	(491)	(192)
Adjustments:		
Different tax rates of overseas operations	(4)	(5)
Deferred tax assets not recognised	495	195
Under-provision in prior financial years	3	7
Others	–	2
Total income tax expense for the financial year	3	7

As at 31 July 2018, the Group has unabsorbed tax losses and capital allowances of approximately $12,012,000 and $60,000 (2017: $9,125,000 and $35,000) respectively that are available for offset against future taxable profits of the companies in which they arose and for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses and capital allowances are subject to agreement of the tax authorities.

10. Loss per share

Basic loss per share are calculated by dividing the loss, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share are the same as basic loss per share as 195,068,620 (2017: 122,399,992) warrants granted under the Rights cum Warrants issue have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

	Group	
	2018	**2017**
	$'000	**$'000**
Net loss attributable to owners of the Company	(2,891)	(1,133)
Basic and diluted loss per share (cents per share)	(1.02)	(1.11)

	No. of Shares	**No. of shares**
	$'000	**$'000**
Weighted average number of ordinary shares	283,964	102,365

11. Plant and equipment

Group	Computer equipment	Motor vehicle, office and operating equipment	Furniture and fixtures	Leasehold improvement and renovation	Plant and equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 August 2016	61	31	97	475	134	798
Additions	3	–	–	–	–	3
Write-off	–	(29)	–	–	–	(29)
Exchange translation differences	2	–	5	25	7	39
At 31 July 2017	66	2	102	500	141	811
Acquisition of subsidiary (Note 15)	1	–	33	78	–	112
Additions	119	–	31	187	–	337
Exchange translation differences	–	–	–	(1)	–	(1)
At 31 July 2018	186	2	166	764	141	1,259
Accumulated depreciation:						
At 1 August 2016	59	31	94	475	133	792
Depreciation	1	–	1	–	–	2
Write-off	–	(29)	–	–	–	(29)
Exchange translation differences	2	–	5	25	7	39
At 31 July 2017	62	2	100	500	140	804
Depreciation	12	–	8	5	–	25
Exchange translation differences	–	–	–	(1)	–	(1)
At 31 July 2018	74	2	108	504	140	828
Net carrying value:						
At 31 July 2018	112	–	58	260	1	431
At 31 July 2017	4	–	2	–	1	7

11. Plant and equipment (Continued)

Company	Computer equipment	Office and operating equipment	Furniture and fixtures	Leasehold improvement and renovation	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 August 2016	27	29	–	–	56
Additions	3	–	–	–	3
Write-off	–	(29)	–	–	(29)
At 31 July 2017	30	–	–	–	30
Additions	9	–	9	9	27
At 31 July 2018	39	–	9	9	57
Accumulated depreciation:					
At 1 August 2016	25	29	–	–	54
Depreciation	1	–	–	–	1
Write-off	–	(29)	–	–	(29)
At 31 July 2017	26	–	–	–	26
Depreciation	3	–	1	1	5
At 31 July 2018	29	–	1	1	31
Net carrying value:					
At 31 July 2018	10	–	8	8	26
At 31 July 2017	4	–	–	–	4

12. Goodwill

	Group	
	2018	2017
	$'000	$'000
Cost:		
At 1 August	–	–
Arising on acquisition of subsidiary (Note 15)	194	–
At 31 July	194	–
Carrying amount:		
At 31 July	194	–

Goodwill acquired in a business combination is allocated to the cash-generating units that are expected to benefit from the business combination.

During the financial year ended 31 July 2018, goodwill with carrying amount of $194,000 as of the end of the financial year was acquired through the purchase of e-Holidays Co., Ltd. (Note 15) (the "CGU") in the travel agency services segment in Japan.

12. Goodwill (Continued)

The Group tests cash-generating units for impairment annually, or more frequently when there is an indication for impairment.

The Group has measured the recoverable amount of the CGU based on 5-years cash flows projections approved by the Board of Directors. Key assumptions on which management has based its cash flow projections for the respective periods are as follows:

Growth rates: The projected revenue growth rates used are based on the published industry research, adjusted for the specific circumstances of the CGU and based on management's experience, and do not exceed the long-term average growth rate for the corresponding industry of the CGU. The growth rates used during the projection periods range from 10% to 15%.

Discount rate: The discount rate used of 6.7% is based on the weighted average cost of the Group's capital (the "WACC"), adjusted for the specific circumstances of the CGU and based on management's experience, and re-grossed back to arrive at the pre-tax rate.

Management is of the view that no reasonably possible changes in any of the key assumptions would cause the CGU's carrying amount to exceed its recoverable amount.

No impairment loss was recognised during the financial year ended 31 July 2018.

13. Intangible asset

	Group	
	2018	**2017**
	$'000	**$'000**
Non-contractual customer relationships		
Cost:		
At 1 August	–	–
Addition	226	–
At 31 July	226	–
Accumulated amortisation:		
At 1 August	–	–
Amortisation charge	63	–
At 31 July	63	–
Net carrying amount:		
At 31 July	163	–

The Group's intangible asset represents customer relationships which were acquired through a business combination.

The intangible asset is amortised over 3 years based on the historical customer attrition rate.

14. Guarantee deposit

	Group	
	2018	2017
	$'000	$'000
Guarantee deposit	172	–

Guarantee deposit pertains to deposit for issuance of the travel agent license of new subsidiary, e-Holidays Co., Ltd..

15. Investment in subsidiaries

	Company	
	2018	2017
	$'000	$'000
Shares, at cost	421	421
Less: Impairment losses	(321)	(321)
	100	100

The Company has recognised full impairment of $321,000 for the investment in LifeBrandz (Thailand) Co., Ltd. during the previous financial year.

Movements in impairment losses of investment in subsidiaries are as follows:

	Company	
	2018	2017
	$'000	$'000
At beginning of financial year	(321)	(1,700)
Deemed disposal of subsidiaries	–	1,700
Provision of impairment	–	(321)
At end of financial year	(321)	(321)

15. Investment in subsidiaries (Continued)

Details of subsidiaries are as follows:

Name	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest		Cost of investment by the Company	
			2018	2017	2018	2017
			%	%	$'000	$'000
Held by the Company						
Orientstar Group Limited [b]	Dormant	British Virgin Islands	100	100	*	*
LifeBrandz (Thailand) Co., Ltd. [c]	Investment holding	Thailand	100	100	321	321
Takumi Holidays Pte. Ltd. [a]	Leisure and travel consultancy and ticketing agency services	Singapore	100	100	100	100
Finesse Digital Pte. Ltd. [a] [e]	Providing of Fintech services	Singapore	100	–	*	–
LB F&B Pte. Ltd. [a] [e]	Operating of restaurants	Singapore	100	–	*	–
Held through LifeBrandz (Thailand) Co., Ltd.						
Mulligan's Co., Ltd. [c]	Lifestyle and entertainment businesses	Thailand	100	100	–	–
Held through Takumi Holidays Pte. Ltd.						
e-Holidays Co., Ltd. [d]	Travel agency services	Japan	100	–	–	–
Held through LB F&B Pte. Ltd.						
Cloud Eight Pte. Ltd. [a]	Opening of restaurant	Singapore	100	–	–	–
					421	421

(a) Audited by Mazars LLP, Singapore.
(b) Not required to be audited under the laws of the country of incorporation.
(c) Audited by Mazars Limited, Thailand.
(d) Audited by Mazars, Japan.
(e) Incorporated by the Company during the financial year.
* denotes less than $1,000.

Acquisition of e-Holidays Co., Ltd.

On 28 July 2017, Takumi Holidays Pte. Ltd. entered into a conditional sale and purchase agreement with Leafield Ltd. and Masahiko Okabe to acquire the entire paid-up and issued share capital of e-Holidays Co., Ltd., a company incorporated in Japan carrying on the business of providing travel agency services, non-life insurance services and such related services. The acquisition will provide the opportunity to diversify the Group's business into the travel sector and into a new geographical market.

On 30 August 2017, the Company announced that approval by the shareholders had been obtained for the aforementioned conditional sales. On 11 September 2017, the proposed acquisition was completed. The Group has, through the purchase, acquired the entire share capital of e-Holidays Co., Ltd. at a purchase price of $850,000, entirely paid by way of cash. e-Holidays Co., Ltd., through the purchase, is now an indirect wholly-owned subsidiary of the Group.

15. Investment in subsidiaries (Continued)

Acquisition of e-Holidays Co., Ltd. (Continued)

Fair values of the identifiable assets and liabilities of e-Holidays Co., Ltd. as at the date of acquisition:

	Fair value recognised on date of acquisition
	$'000
Plant and equipment	112
Trade and other receivables	711
Customer relationships	226
Cash and cash equivalents	73
	1,122
Bank borrowings	80
Trade and other payables	384
Income tax payable	2
	466
Net identifiable assets at fair value	656
Goodwill arising from acquisition (Note 12)	194
Total consideration	850

Effect of the acquisition of e-Holidays Co., Ltd. on cash flows:

	$'000
Total consideration for 100% equity interest acquired *	850
Less: Cash and cash equivalents of subsidiary acquired	(73)
Net cash outflow on acquisition during the financial year ended 31 July 2018	777

* As at 31 July 2018, the consideration of $850,000 has been paid in cash.

Goodwill of $194,000 was recognised on the acquisition based on the difference between the fair value of the consideration and the fair value of the identifiable assets and liabilities at the date of acquisition. The goodwill arising from the acquisition comprises the value of expanding the Group's portfolio approach. Therefore, existing operations of the Group will not be disposed of or reduced in terms of production capacity as a result of the combination. None of the goodwill recognised is expected to be tax deductible for income tax purposes.

No contingent consideration arrangements and contingent liabilities were identified at acquisition.

From the acquisition date, e-Holidays Co., Ltd. has contributed $2,209,000 of revenue and $133,000 of net loss to the Group's loss for the year. If the combination has taken place at the beginning of the financial year, the Group's revenue and loss, net of tax would have been increased by approximately $442,000 and $26,000 respectively.

15. Investment in subsidiaries (Continued)

The fair value as a result of business combination:

- *Plant and equipment acquired*
  The carrying amount of the plant and equipment acquired were an approximation of fair values as the plant and equipment were newly acquired and the accumulated depreciation was only 7% of the total cost.

- *Customer relationships acquired*
  The fair value of customer relationships acquired in a business combination is determined by the independent professional valuer engaged by the management. The valuation of intangible asset for the purpose of purchase price allocation was made using Multi-Period Excess Earning Method which estimates the future cash flows.

- *Trade and other receivables acquired*
  The carrying amount of trade and other receivables acquired were an approximation of fair values and gross contractual amounts receivables as there are no recoverable issues.

- *Trade and other payables assumed*
  The fair value of trade and other payables assumed were an approximation of fair values largely due to the short-term maturities of these instruments.

- *Bank borrowings assumed*
  The carrying amount of the bank borrowings assumed were an approximation of fair values as these were subjected to frequent repricing (floating rates) on an annual basis.

Incorporation of wholly-owned subsidiaries
On 8 September 2017, the Company has incorporated a wholly-owned subsidiary, namely Finesse Digital Pte. Ltd., with a paid-up share capital of $1 comprising 1 ordinary share in Singapore to provide fintech application and innovation, information technology and development services.

On 4 October 2017, the Company has incorporated a wholly-owned subsidiary, namely LB F&B Pte. Ltd. with a paid-up share capital of $1 comprising 1 ordinary share in Singapore to provide food and beverage services.

On 7 May 2018, LB F&B Pte. Ltd. has incorporated a wholly-owned subsidiary, namely Cloud Eight Pte. Ltd., with a paid-up share capital of $100,000 comprising 100,000 ordinary shares in Singapore to provide food and beverage services.

16. Inventories

	Group	
	2018	**2017**
	$'000	**$'000**
Statement of financial position:		
Food and beverage inventories	3	12
Statement of profit or loss and other comprehensive income:		
Inventories recognised as an expense	258	260

17. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade receivables:				
Third parties	14	29	*	–
Amounts due from subsidiaries	–	–	107	120
	14	29	107	120
Other receivables:				
Third parties	642	35	22	35
Prepayments	243	56	39	23
Deposits	645	87	–	–
Amounts due from subsidiaries	–	–	2,589	–
	1,530	178	2,650	58
	1,544	207	2,757	178

* denotes less than $1,000.

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms.

Other receivables are non-interest bearing and repayable on demand.

Trade and other receivables denominated in foreign currency at 31 July are as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Thai Baht	89	149	–	–
Japanese Yen	670	–	–	–

Trade receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to $Nil (2017: $Nil) and $107,000 (2017: $110,000) respectively that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade receivables past due but not impaired:				
1 to 30 days	–	–	11	10
31 to 60 days	–	–	11	10
61 to 90 days	–	–	11	10
More than 90 days	–	–	74	80
	–	–	107	110

17. Trade and other receivables (Continued)

Receivables that are impaired

The trade receivables that are individually impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade receivables – nominal amounts	–	–	362	140
Less: Allowance for impairment	–	–	(362)	(140)
	–	–	–	–
Movement in allowance accounts:				
At 1 August	–	–	140	18
Charge for the year	–	–	222	140
Write-off for the year	–	–	–	(18)
At 31 July	–	–	362	140

The other receivables that are individually impaired at the end of the reporting period pertains to amount due from subsidiaries and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Other receivables – nominal amounts	–	–	761	761
Less: Allowance for impairment	–	–	(761)	(761)
	–	–	–	–
Movement in allowance accounts:				
At 1 August	–	–	761	1,923
Charge for the year	–	–	–	397
Reversal for the year	–	–	–	–
Write-off for the year	–	–	–	(1,559)
At 31 July	–	–	761	761

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

At the end of the reporting period, the Company has provided an allowance of $1,123,000 (2017: $901,000) for impairment of the amounts due from subsidiaries with a nominal amount of $3,819,000 (2017: $1,021,000) as certain of these subsidiaries have been making losses for the prior and current financial years.

18. Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash at banks and on hand	1,760	2,213	1,576	2,098

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and cash equivalents denominated in foreign currency at 31 July are as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Japanese Yen	67	–	–	–
Thai Baht	47	15	–	–
United States Dollar	2	2	2	2

19. Share capital

	Group and Company			
	2018		2017	
	No. of shares '000	Amount $'000	No. of shares '000	Amount $'000
Issued and fully paid ordinary shares				
At 1 August	194,020	58,500	3,060,000	55,086
Share consolidation	–	–	(2,998,800)	–
Issuance of shares	262,636	3,940	132,820	3,560
Share issuance expense	–	(175)	–	(146)
At 31 July	456,656	62,265	194,020	58,500

On 18 December 2017, the board of directors proposed a rights issue of up to 388,039,976 new ordinary shares (the "Rights Shares"), each Right Share carrying the right to subscribe for one new ordinary in the capital of the Company at the exercise price of $0.015, on the basis of two (2) Rights Shares for every one (1) existing ordinary share in the capital of the Company, held by the shareholders of the Company as determined by the directors for the purpose of determining the entitlements of the Entitled Shareholders under the Rights Issue, fractional entitlements to be disregarded.

Upon the completion of the Right Issue on 29 March 2018, the Company has issued 262,635,534 new ordinary shares for value of approximately $3,940,000 to eligible shareholders which elected to participate in the Right Issue.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

20. Bank borrowings

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Current	33	–	–	–
Non-current	8	–	–	–
	41	–	–	–

Bank borrowing is repayable over a period of 3 years by monthly instalments commencing from October 2016 to October 2019. The bank borrowings are unsecured and the interest rate of the bank borrowing at the reporting date is 1.4% (2017: Nil) per annum.

21. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Trade payables:				
Third parties	259	119	146	52
Other payables:				
Third parties	641	3	40	–
Subsidiaries	–	–	–	14
Accrued operating expenses	357	215	231	184
	998	218	271	198
	1,257	337	417	250

Trade and other payables are unsecured, non-interest bearing and are normally settled on 30 to 60 days' terms, except for amount due to subsidiaries and related companies which are repayable on demand.

Trade and other payables denominated in foreign currency as at 31 July are as follows:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Thai Baht	64	99	–	–
Japanese Yen	655	–	–	–

22. Commitments

Operating lease commitments – as lessee

The Group has entered into non-cancellable commercial leases on office, shop and other premises. These leases have an average tenure of three years with varying terms and escalation clauses but no renewal option.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 July 2018 amounted to $324,000 (2017: $229,000).

Future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, computed based on the agreed rental rates are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	714	131
Later than one year but not later than five years	766	137
	1,480	268

The leases have its tenure from 2018 to 2021. There are no restrictions placed upon the Company by entering into these leases.

Under the lease terms for the leased premises, the Group shall pay a monthly variable rent, computed based on a certain percentage of monthly gross revenue generated by the Group's operations at the leased premises. The base rent for the lease arrangement increases over the lease term.

No variable rental expenses had been incurred in the current and previous financial year.

23. Related party transactions

(a) Compensation of key management personnel

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Salaries and other short-term employee benefits	449	490	380	490
Post-employment benefits				
- contribution to Central Provident Fund	–	21	–	21
Directors' fees	120	30	120	30
	569	541	500	541

Included in the above is total compensation for executive directors of the Company amounting to $380,000 (2017: $339,000).

23. Related party transactions (Continued)

(b) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group or the Company and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Related companies [(a)]				
Usage of office facilities	–	34	16	34
Subsidiaries				
Management fees income	–	–	(220)	(120)

(a) These are entities with common directors or key management personnel of the Company.

24. Segment information

The Group is substantially in two business segments, namely lifestyle and entertainment and travel agency services. All of its operations are in Singapore, except for two subsidiaries – Mulligan's Co., Ltd. and e-Holidays Co., Ltd., which are located in Pattaya, Thailand and Tokyo, Japan respectively.

For management purposes, the Group is organised into business units based on their geographical location.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

(a) Geographical segment

	Singapore		Thailand		Japan		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue:								
Sales to external customers	13	–	735	696	2,209	–	2,957	696
Results:								
Amortisation and depreciation	75	1	1	1	12	–	88	2
Segment loss for the year	(2,810)	(1,092)	(18)	(45)	(63)	–	(2,891)	(1,137)
Assets/(Liabilities):								
Plant and equipment	316	4	5	3	110	–	431	7
Additions to non-current assets	333	3	4	–	112	–	449	3
Segment assets[(1)]	3,104	2,480	145	193	1,018	–	4,267	2,439
Segment liabilities[(2)]	(538)	(252)	(64)	(99)	(696)	–	(1,298)	(337)

(1) Segment assets relate to total assets of the respective segment. Inter-segment assets of $4,167,000 (2017: $234,000) are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position.

(2) Segment liabilities relate to total liabilities of the respective segment. Inter-segment liabilities of $4,263,000 (2017: $14,000) are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

24. Segment information (Continued)

(b) Information on major customers

The Group generates its revenue from transactions with numerous customers and no customer contributes more than 10% of the Group's revenue.

25. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The audit committee provides independent oversight to the effectiveness of the risk management process.

The Group's principal financial instruments comprise cash and fixed deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is, and has been throughout the current and previous financial years, the Group's policy that no trade in derivative financial instruments shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require a collateral.

The Group and Company do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

The Group's and Company's major classes of financial assets are bank deposits and trade and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

The age analysis of trade receivables and the movements in the allowance for impairment in respect of trade and other receivables during the financial year are disclosed in Note 17 to the financial statements.

Based on past experience, the Group believes that no impairment allowance is necessary in respect of the trade receivables due to the good payment track record of its customers.

(b) Market risks

The Group does not have significant foreign currency transaction and interest bearing financial assets and liabilities. Thus, is not expose to market risks.

25. Financial risk management objectives and policies (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain sufficient level of cash and short-term deposits to meet its working capital requirements. The Group maintains a balance between continuity of funding and flexibility through the use of stand-by financial and credit facilities.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the operations of the Group and to mitigate the effects of fluctuations in cash flows.

Short-term funding may be obtained from short-term loans where necessary without incurring unacceptable losses or risking damage to the Group's reputation.

<u>Analysis of financial instruments by remaining contractual maturities</u>

The table below summarises the maturity profile of the Group's and the Company's financial instruments, at the end of the reporting period based on contractual undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to receive or pay. The contractual undiscounted cash flows of the financial instruments are the same as the carrying amount of the different categories of financial instruments.

		2018			**2017**	
Group	**1 year or less**	**1 to 5 years**	**Total**	**1 year or less**	**1 to 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets						
Trade and other receivables (excluding prepayments)	1,301	172	1,473	151	–	151
Cash and cash equivalents	1,760	–	1,760	2,213	–	2,213
Total undiscounted financial assets	3,061	172	3,233	2,364	–	2,364
Financial liabilities						
Trade and other payables	1,257	–	1,257	337	–	337
Bank borrowings	33	8	41	–	–	–
Total undiscounted financial liabilities	1,290	8	1,298	337	–	337
Total net undiscounted financial assets	1,771	164	1,935	2,027	–	2,027

25. Financial risk management objectives and policies (Continued)

(c) Liquidity risk (Continued)

Company	2018 1 year or less	2018 1 to 5 years	2018 Total	2017 1 year or less	2017 1 to 5 years	2017 Total
	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets						
Trade and other receivables (excluding prepayments)	2,718	–	2,718	155	–	155
Cash and cash equivalents	1,576	–	1,576	2,098	–	2,098
Total undiscounted financial assets	4,294	–	4,294	2,253	–	2,253
Financial liabilities						
Trade and other payables	417	–	417	250	–	250
Total undiscounted financial liabilities	417	–	417	250	–	250
Total net undiscounted financial assets	3,877	–	3,877	2,003	–	2,003

26. Fair value of assets and liabilities

The carrying amount of trade and other receivables and payables, cash and cash equivalents, approximate their respective fair values due to the relative short term maturity of these financial instruments. While, the non-current amounts due from subsidiaries have no repayment terms and is repayable only when the cash flows of the borrower permits. Accordingly, the fair value of the loan is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

27. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial year ended 31 July 2018.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as total equity as shown in the statement of financial position, plus net debt.

	Group 2018	Group 2017
	$'000	$'000
Trade and other payables (Note 21)	1,257	337
Bank borrowings (Note 20)	41	–
Less: Cash and cash equivalents (Note 18)	(1,760)	(2,213)
Net debt	(462)	(1,876)
Equity attributable to equity holders of the Company	2,969	2,102
Capital and net debt	2,507	226
Gearing ratio	N.M.	N.M

N.M.- Not meaningful

The Company is not subjected to any externally imposed capital requirements during the financial years ended 31 July 2018 and 2017.

28. Subsequent event after reporting date

On 30 July 2018, the Group entered into an investment joint venture agreement with a third party (Office Hashida Co., Ltd) for a proposed investment in Cloud Eight, Inc., a company incorporated in the United States of America (“USA”). The joint venture is to be engaged in the food and beverage business, with a particular focus in the establishment and operating of high-end sushi restaurants in San Francisco, California, USA.

The shareholding structure for the proposed investment is to be 50% each and the full investment amount is to be US$500,000 each.

On 31 July 2018, the Group has made a deposit of $475,000 (US$350,000) to the third party in relation to the proposed investment. The deposit is refundable.

On 25 September 2018, the Group announced that the completion of the investment has taken place, following the capital injection of US$500,000 by LB F&B Pte. Ltd. for 500,000 shares in Cloud Eight, Inc..

STATISTICS OF SHAREHOLDINGS

As at 18 October 2018

SHAREHOLDERS' INFORMATION

Issued and fully paid-up capital	:	S$62,265,392
Number of issued shares	:	456,655,522
Class of shares	:	Ordinary shares of equal voting right
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	409	12.30	16,254	0.00
100 – 1,000	1,006	30.26	464,226	0.10
1,001 – 10,000	1,054	31.71	4,211,412	0.92
10,001 – 1,000,000	798	24.01	109,804,740	24.05
1,000,001 AND ABOVE	57	1.72	342,158,890	74.93
TOTAL	**3,324**	**100.00**	**456,655,522**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PRIVATE LIMITED	110,154,237	24.12
2	DBS NOMINEES (PRIVATE) LIMITED	42,167,330	9.23
3	LOW POH KUAN	23,746,500	5.20
4	TAN ENG CHUA EDWIN	16,773,700	3.67
5	MAYBANK KIM ENG SECURITIES PTE LTD	15,604,808	3.42
6	LONG SA KOW	13,384,600	2.93
7	TANG CHONG SIM	7,013,100	1.54
8	TAN LYE SENG	4,706,700	1.03
9	PHILLIP SECURITIES PTE LTD	4,486,148	0.98
10	YONG CHEE KEONG (YANG ZHIQIANG)	4,424,000	0.97
11	OCBC SECURITIES PRIVATE LIMITED	4,364,659	0.96
12	TAN BOON HWEE	4,300,000	0.94
13	FRANCIS KAYOKO	4,170,000	0.91
14	TAN KIAN LYE	4,001,000	0.88
15	YEO CHOR HIANG	4,000,000	0.88
16	ZHU XILIN	3,844,000	0.84
17	LAW YEAN MUAY	3,800,000	0.83
18	NGIN CHOON KAY	3,230,000	0.71
19	CITIBANK NOMINEES SINGAPORE PTE LTD	3,119,836	0.68
20	TAY KOK KIAN	3,061,200	0.67
	TOTAL	280,351,818	61.39

STATISTICS OF SHAREHOLDINGS

As at 18 October 2018

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 18 OCTOBER 2018

Name of Substantial Shareholder	No. of shares in which shareholder has a direct interest		No. of shares in which shareholder is deemed to have an interest	
	No. of shares	%	No. of shares	%
Bounty Blue Capital Ltd [a]	–	–	103,432,020	22.65
Rockwills Trustee Ltd [b]	–	–	103,432,020	22.65
Blue Bay Trust [b]	–	–	103,432,020	22.65
Saito Hiroyuki [b]	–	–	103,432,020	22.65
Low Poh Kuan [c]	23,746,500	5.20	14,160,000	3.10

Notes:

(a) Bounty Blue Capital Ltd is deemed to be interested in the 103,432,020 shares held through UOB Kay Hian Private Limited.

(b) Bounty Blue Capital Ltd is wholly owned by Rockwills Trustee Ltd, being the trustee of Blue Bay Trust (the "Trust"). The beneficiary and settlor of the Trust is Mr. Saito Hiroyuki.

(c) Mr. Low Poh Kuan is deemed to be interested in the 14,160,000 Shares held through DBS Nominees (Private) Limited.

PERCENTAGE OF SHAREHOLDING IN PUBLIC HANDS

68.14% of the Company's issued paid up capital is held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Catalist Rules of the SGX-ST.

STATISTICS OF WARRANT HOLDINGS

As at 18 October 2018

DISTRIBUTION OF WARRANT HOLDINGS

SIZE OF WARRANT HOLDINGS	NO. OF WARRANT HOLDERS	%	NO. OF WARRANTS	%
1 – 99	32	5.58	2,077	0.00
100 – 1,000	45	7.85	10,732	0.01
1,001 – 10,000	82	14.31	371,357	0.19
10,001 – 1,000,000	386	67.37	48,793,952	25.01
1,000,001 AND ABOVE	28	4.89	145,890,502	74.79
TOTAL	**573**	**100.00**	**195,068,620**	**100.00**

TWENTY LARGEST WARRANT HOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	UOB KAY HIAN PRIVATE LIMITED	28,711,397	14.72
2	TAN ENG CHUA EDWIN	20,545,027	10.53
3	TANG CHONG SIM	18,692,411	9.58
4	OH CHEE BENG	7,841,004	4.02
5	CITIBANK NOMINEES SINGAPORE PTE LTD	7,799,089	4.00
6	PHILLIP SECURITIES PTE LTD	5,399,801	2.77
7	PATRICIA TAN POH GEK (PATRICIA CHEN BAOYU)	4,781,100	2.45
8	TNG KIM BOCK	4,621,730	2.37
9	LOW POH KUAN	4,446,869	2.28
10	DBS NOMINEES (PRIVATE) LIMITED	4,434,660	2.27
11	TAN KAH HENG (CHEN JIAXING)	4,037,798	2.07
12	TAN HUI SONG	3,984,250	2.04
13	TAN YONG SENG	3,375,456	1.73
14	TAN LYE SENG	3,047,313	1.56
15	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,483,940	1.27
16	ANG SIN LIU	2,231,180	1.14
17	TAY POH TIN (DAI BAOZHEN)	2,231,180	1.14
18	TOH AIK KOK VINCENT (DU YIGUO VINCENT)	2,231,180	1.14
19	CHUA LAY HONG	2,165,838	1.11
20	KONG HWAI MING	1,944,314	1.00
	TOTAL	**135,005,537**	**69.19**

NOTICE OF ANNUAL GENERAL MEETING

LIFEBRANDZ LTD.

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of LIFEBRANDZ LTD. will be held at 2 Bukit Merah Central (formerly known as "Spring Singapore"), Podium Block, Level 3, Room P303, Singapore 159835 on Thursday, 22 November 2018 at 3.00 p.m. for the following purposes:–

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 July 2018 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve Directors' fees of S$120,000 for the financial year ended 31 July 2018 (2017: S$75,000). **(Resolution 2)**

3. To note the retirement of Mr. Jack Chia Seng Hee pursuant to Article 117 of the Company's Constitution. Mr. Jack Chia Seng Hee has indicated that he does not wish to seek re–election at this Annual General Meeting.

   [See Explanatory Note 1]

4. To re–elect Ms. Kayoko Francis who is retiring pursuant to Article 117 of the Company's Constitution. **(Resolution 3)**

   [See Explanatory Note 2]

5. To re–elect Mr. Ng Lip Chi, Lawrence who is retiring pursuant to Article 117 of the Company's Constitution. **(Resolution 4)**

   [See Explanatory Note 3]

6. To re–elect Mr. Yoshio Ono who is retiring pursuant to Article 107 of the Company's Constitution. **(Resolution 5)**

   [See Explanatory Note 4]

7. To re–appoint Messrs Mazars LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution (with or without amendments) as an Ordinary Resolution:–

9. **Authority to allot and issue shares** **(Resolution 7)**

   (a) "That pursuant to Section 161 of the Companies Act, Cap. 50, and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist (the "Catalist Rules"), authority be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

      (i) allot and issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

(b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that:–

(i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company.

(Subject to such calculation as may be prescribed by SGX-ST) for the purpose of this resolution, the total number of issued shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for:

(a) new shares arising from the conversion or exercise of convertible securities, or

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and

(c) any subsequent bonus issue, consolidation or subdivision of the Company's shares,

(ii) in exercising the authority conferred in this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and

(iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note 5]

BY ORDER OF THE BOARD

Saito Hiroyuki
Executive Chairman and Chief Executive Officer
Singapore

7 November 2018

Explanatory Notes on business to be transacted:

1. Mr. Jack Chia Seng Hee will cease as the Chairman of the Audit Committee, member of the Nominating and Remuneration Committees of the Company upon his retirement as Lead Independent Director of the Company.

2. Detailed information on Ms. Kayoko Francis can be found on the “Board of Directors” section of the Annual Report 2018.

3. Mr. Ng Lip Chi, Lawrence who is considered independent for the purposes of Rule 704(7) of the Catalist Rules will upon re–election as Director of the Company, remain as a member of the Audit, Remuneration and Nominating Committees. There are no relationships (including immediate family relationships) between Mr. Ng Lip Chi, Lawrence and the other Directors of the Company, the Company, its related corporations, its 10% shareholders or its officers. Detailed information on Mr. Ng Lip Chi, Lawrence can be found on the “Board of Directors” section of the Annual Report 2018.

4. Mr. Yoshio Ono who is considered independent for the purposes of Rule 704(7) of the Catalist Rules will upon re–election as Director of the Company, remain as the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees. There are no relationships (including immediate family relationships) between Mr. Yoshio Ono and the other Directors of the Company, the Company, its related corporations, its 10% Shareholders or its officers. Detailed information on Mr. Yoshio Ono can be found on the “Board of Directors” section of the Annual Report 2018.

5. Resolution 7, if passed, will authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 100% of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro–rata basis to existing shareholders shall not exceed 50% of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes:

(i) Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Cap. 50, a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead.

(ii) A proxy need not be a member of the Company.

(iii) If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(iv) The instrument appointing a proxy must be deposited at the Company’s registered office at 80 Raffles Place #41–02 UOB Plaza 1, Singapore 048624 at least forty eight (48) hours before the time of the Meeting.

(v) A Depositor’s name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the Meeting in order for the Depositor to be entitled to attend and vote at the 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 Annual General Meeting 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) 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, and (iii) 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.

This Notice has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, SAC Capital Private Limited (“the Sponsor”), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (“SGX-ST”). The Sponsor has not independently verified the contents of this Notice.

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

The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

LIFEBRANDZ LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number 200311348E)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. For investors who have used their CPF monies ("CPF Investors") and/or SRS monies ("SRS Investors") to buy shares in the capital of LifeBrandz Ltd., this Annual Report is forwarded to them at the request of their CPF and/or SRS Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors and SRS Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the company, LifeBrandz Ltd.

I/We, ____ (Name),

NRIC/Passport Number* ______________________ of ______________________

____ (Address)

being a member / members of **LIFEBRANDZ LTD.** (the "**Company**"), hereby appoint:

Name	NRIC / Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC / Passport Number	Proportion of Shareholdings (%)	
		No. of shares	%
Address			

or failing *him/her, the Chairman of the Annual General Meeting (the "**AGM**") of the Company as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the AGM to be held at 2 Bukit Merah Central (formerly known as Spring Singapore), Podium Block, Level 3, Room P303, Singapore 159835 on Thursday, 22 November 2018, at 3.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion.

No.	Ordinary Resolutions	For*	Against*
1.	To receive and adopt the Audited Financial Statements, Directors' Statement and Auditors' Report of the Company and the Group for the financial year ended 31 July 2018.		
2.	To approve Directors' fees of S$120,000 for the financial year ended 31 July 2018 (2017: S$75,000).		
3.	To re–elect Ms. Kayoko Francis who is retiring pursuant to Article 117 of the Company's Constitution.		
4.	To re–elect Mr. Ng Lip Chi, Lawrence who is retiring pursuant to Article 107 of the Company's Constitution.		
5.	To re–elect Mr. Yoshio Ono who is retiring pursuant to Article 107 of the Company's Constitution.		
6.	To re–appoint Messrs Mazars LLP, as auditors of the Company and to authorise the Directors to fix their remuneration.		
	Special Business		
7.	To authorise Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Cap.50 and the Catalist Rules.		

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

Dated this ________ day of ______________ 2018.

Total Number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) / Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

LIFEBRANDZ LTD.

Notes to the Proxy Form

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Cap. 50 of Singapore (the "Companies Act"), a member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Such proxy need not be a member of the Company.

2. Where a member of the Company appoints two (2) proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.

3. 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 at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

4. 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 attorney or duly authorised officer.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Constitution and Section 179 of the Companies Act.

6. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 80 Raffles Place #41–02 UOB Plaza 1, Singapore 048624 not less than forty–eight (48) hours before the time set for the Annual General Meeting.

7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy–two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register seventy–two (72) hours before the time set for the Annual General Meeting.

10. 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 Meeting in person. CPF and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Annual General Meeting.

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 Annual General Meeting dated 7 November 2018.

Fold here

AFFIX
POSTAGE
STAMP

The Company Secretary
LIFEBRANDZ LTD.
80 Raffles Place #41–02
UOB Plaza 1, Singapore 048624

Fold this flap to seal