

LIFEBRANDZ LTD

(Company Registration Number. 200311348E)

(Incorporated in the Republic of Singapore)

TERM SHEET IN RELATION TO THE PROPOSED ACQUISITION BY THE COMPANY OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF THREE CRYSTALS HONG KONG LIMITED

1. INTRODUCTION

The Board of Directors (the “**Board**”) of Lifebrandz Ltd (the “**Company**”) wishes to announce that the Company has, on 27 October 2016, entered into a term sheet (the “**Term Sheet**”) with I M Quarries Limited (“**Vendor**”), pursuant to which the Company proposes to acquire the entire issued and paid-up share capital of Three Crystals Hong Kong Limited (“**Target Company**”) from the Vendor (“**Proposed Acquisition**”).

2. INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in Hong Kong and is the sole and legal beneficial shareholder of Inner Mongolia Three Crystals Trading Co., Ltd (内蒙古晶三源贸易有限公司), who is in turn the registered and beneficial owner of 55% of the issued and paid-up capital of Inner Mongolia Three Crystals Mining Co., Ltd (内蒙古晶三源矿业有限公司) (“**Mineco**”). Mineco holds Exploration License Number 15120080702011049, a licence to explore industrial grade garnet on a 0.95km² area in Inner Mongolia.

3. SALIENT TERMS OF THE PROPOSED ACQUISITION

The salient terms of the Proposed Acquisition as set out in the Term Sheet are as follows:

3.1 Consideration

The purchase consideration for all of the shares in the issued share capital of the Target Company is S\$70.0 million (“**Consideration**”) which shall be satisfied in its entirety by the allotment and issue of new ordinary shares, free from encumbrances, in the share capital of the Company (“**Consideration Shares**”) to the Vendor at an issue price to be calculated based on a valuation of the Company at S\$20.0 million.

The Consideration was arrived at following arm’s length negotiations between the Company and the Vendor, provided that the valuation of the assets of the Target Company, as shown in the valuation report to be prepared by a qualified valuer in accordance with the Catalist Rules (“**Valuation Report**”) shall not be less than S\$70.0 million.

3.2 Fund Raising

The Company and the Target Company shall raise up to S\$5 million by way of convertible bonds and/or issue of new shares placement on terms to be agreed between parties (“**Fund Raising**”). Of the S\$5 million, S\$1.5 million will be raised prior to the completion of the Proposed Acquisition (“**Pre-Completion Funding**”), and the balance will be raised following the completion of the Proposed Acquisition.

In addition, the Pre-Completion Funding shall be raised in two (2) tranches of S\$500,000 and S\$1.0 million respectively, or such other amounts as may be agreed between the parties.

3.3 Conditions Precedent

The completion of the Proposed Acquisition is subject to, but not limited to, the following conditions precedent:

- (i) the execution of the definitive agreement(s) in relation to the Proposed Acquisition, including but not limited to the sale and purchase agreement, on terms and conditions that are mutually agreeable to the parties (“**Definitive Agreements**”);
- (ii) the findings of a report prepared in accordance with Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia and the Valuation Report being satisfactory and in compliance with the Catalist Rules;
- (iii) approval of the Fund Raising by the shareholders of the Company (“**Shareholders**”) and the regulatory authorities (including the Company’s sponsor and the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), if applicable);
- (iv) approval of the Proposed Acquisition, issue of Consideration Shares and the Whitewash Resolution (as defined below) by the Shareholders and the regulatory authorities (including its sponsor (if applicable), the SGX-ST and the Securities Industry Council (“**SIC**”), where applicable);
- (v) the receipt and non-withdrawal of the approval-in-principle of the SGX-ST for, among other things, the listing and quotation of the Consideration Shares;
- (vi) the receipt and non-withdrawal of the approval of the SIC granted to the Vendor (“**SIC Approval**”) to dispense with the requirements of Rule 14 of the Singapore Code on Takeovers and Mergers to make an offer to the Shareholders arising from the issue to the Vendor of the Consideration Shares, subject to the conditions set out in the SIC Approval;
- (vii) completion of satisfactory due diligence on the Target Company and its subsidiaries;
- (viii) completion of satisfactory due diligence on the Company and its subsidiaries;
- (ix) completion of the Fund Raising;
- (x) execution of the Irrevocable Undertakings (as defined below) by each of Chng Weng Wah, Chan Hui Lan Catherine, Ang Nam Wah Albert and Lim Fook Hing;

- (xi) there being no breach of any warranty, representation, undertaking or obligation by the parties as set out in the Definitive Agreements; and
- (xii) all applicable governmental or regulatory clearance in relation to the Proposed Acquisition.

3.4 Irrevocable Undertakings

Each of Chng Weng Wah, Chan Hui Lan Catherine, Ang Nam Wah Albert and Lim Fook Hing shall undertake to vote in favour of the Fund Raising, the Proposed Acquisition, the issue of Consideration Shares and the Whitewash Resolution (the “**Irrevocable Undertakings**”).

3.5 Distribution In-Specie

Upon completion of the Proposed Acquisition, the Vendor shall distribute in-specie the Consideration Shares to all its shareholders.

3.6 Whitewash Resolution

A whitewash resolution (“**Whitewash Resolution**”) will be sought from Shareholders to waive their rights to receive a general offer as a result of the Proposed Acquisition. An independent financial adviser will be appointed by the Company to advise Shareholders on the Whitewash Resolution.

4. **EXCLUSIVITY**

The parties agree that during the period of two (2) months from the date of this Term Sheet or such other date as the parties may mutually agree to in writing (“**Term Sheet Period**”), each of them shall not enter into any negotiation, understanding, contracts, or agreements with any third party with the intention of entering into any transaction similar to the Proposed Acquisition.

5. **INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors or controlling shareholders of the Company has any interest, whether direct or indirect, in the Proposed Acquisition, save through his shareholding in the Company (if any). The Company has no common directors or controlling shareholders with the Target and/or the Vendor.

6. **REPONSIBILITY STATEMENT**

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

7. FURTHER ANNOUNCEMENTS

Further announcements on the Proposed Acquisition, including the terms, financial effects and other information as may be required by the Catalist Rules, will be made in due course when the Definitive Agreements are signed, or as and when appropriate.

8. DOCUMENTS FOR INSPECTION

A copy of the Term Sheet is available for inspection during normal business hours at the business office of the Company at 1001 Jalan Bukit Merah #06-11, Singapore 159455 for a period of three (3) months from the date of this announcement.

9. CAUTIONARY STATEMENT

Shareholders are advised that the Proposed Acquisition is subject to the parties entering into the Definitive Agreements on such final terms and conditions as the parties may mutually agree there is no assurance that the parties will enter into the Definitive Agreements in relation to the Proposed Acquisition. Shareholders should exercise caution when dealing in the shares of the Company, and should consult their legal, financial, tax and other professional advisers if they have any doubt as to the action to take.

By Order of the Board

Chng Weng Wah

Chief Executive Officer / Executive Director

27 October 2016

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

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

The details of the contact person for the Sponsor is: -

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