

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 NATURAL ESSENCE GROUP

1. INTRODUCTION

The board of directors (the “**Board**”) of Lifebrandz Ltd (the “**Company**”) wishes to announce that the Company has, on 15 November 2016, entered into a binding term sheet (the “**Term Sheet**”) with Thomas Family Trust, and Forestor Hill International Limited (“**Vendors**”), pursuant to which it was proposed that the Company and/or its nominee acquires the entire issued and paid-up share capital of Natural Essence Group SPV (“**Target Company**”), held by the Vendors (“**Proposed Acquisition**”).

Shareholders of the Company (“**Shareholders**”) are advised that the Proposed Acquisition is subject to the parties entering into a definitive sale and purchase agreement and/or such other agreements as may be required in respect of the Proposed Acquisition (the “**Definitive Agreements**”) on such final terms and conditions as the parties may mutually agree and are advised to read this announcement in its entirety, in particular the Cautionary Statement as set out in paragraph 9 of this announcement.

2. INFORMATION ON THE TARGET COMPANY, THE VENDORS AND THE ARRANGERS

2.1 Target Company

The Target Company is a company duly incorporated in the British Virgin Islands (BVI).

2.2 Vendors

The Vendors are individually and collectively private investors.

2.3 Arrangers

The Vendors were introduced to the Company by Stirling Coleman Capital Limited and Mr Gan Cheng Siong (collectively, the “**Joint Arrangers**”). The Company shall issue to the Joint Arrangers, unlisted warrants (“**Warrants**”) for an aggregate issue price of \$2.5 million (“**Aggregate Warrant Issue Price**”) immediately upon the Company obtaining the listing and quotation notice from the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) for the listing and quotation of the Consideration Shares (as defined below).

Each Warrant shall carry the right to subscribe for one (1) new ordinary share (“**Share**”) in the issued capital of the Company at an exercise price of 0.1 Singapore Cent or 0.001 Singapore Dollar. The total number of Warrants to be issued shall be such number of Warrant shares equivalent to the aggregate issue share value of \$2.5 million.

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 shall be an aggregate of S\$25 million (exclusive of fees payable to the Joint Arrangers) ("**Consideration**") which shall be satisfied in its entirety by the allotment and issue of new ordinary shares in the capital of the Company ("**Consideration Shares**") to the Vendors at an issue price to be calculated based on a valuation of the Company at S\$12 million. The number of Consideration Shares to be issued to each Vendor shall be calculated on a pro-rata basis based on their respective shareholding.

The Consideration was arrived at after arm's length negotiations between the Company and the Vendors.

3.2 Fund Raising

The Target Company and/or its nominees shall procure and fund an aggregate amount of S\$2.0 million by way of placement into the Company ("**Pre-Completion Funding**") to fund the Proposed Acquisition and the funds as such shall be used to fund working capital requirements and all corporate advisory fees, lawyers, independent accountant and all additional fees.

Upon completion of the Proposed Acquisition, the Target Company and/or its nominee shall procure or raise an amount of S\$5.0 million which shall be used by the Company for general working capital purposes.

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 results of the financial, legal and operational due diligence conducted by the Purchaser on the Target Company being satisfactory to the Purchaser in its sole and absolute discretion;
- (iii) approval of the Proposed Acquisition and Fund Raising by all relevant regulatory authorities (including the Company's sponsor and the SGX-ST, if applicable);
- (iv) the appointment of Messrs Mr Steven Lau and/or his nominee to the Board [immediately upon execution of the Definitive Agreements];
- (v) the Target Company procuring that an amount of S\$ 5 million is raised by way of new equity for the purposes of completion of the Proposed Acquisition; and

- (vi) each party obtaining the necessary shareholders' approvals required for the Proposed Acquisition and all related transactions contemplated thereunder.

4. EXCLUSIVITY

The parties agree that during the period of 60 days from the date of this Term Sheet ("**Exclusivity Period**"), the Company shall be granted access to the relevant material to conduct due diligence on the Target Company and its subsidiaries for the purposes of the Proposed Acquisition.

During the Exclusivity Period, the Vendors must not (and must procure that its related agents, employees and consultants do not) directly or indirectly solicit, initiate or participate in any discussions or negotiations in relation to, or agree to enter into, any agreement, arrangement or understanding to sell, transfer or dispose of their respective shareholdings in the Target Company to any person other than the Company (or its nominee) or do anything that would prejudice the rights of the Company (or its nominee) under the Term Sheet.

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 Vendors.

6. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the 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. CIRCULAR TO SHAREHOLDERS AND 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.

The Company shall also in due course prepare the circular containing further details of the Proposed Acquisition and enclosing the notice of extraordinary general meeting to be convened in connection therewith to be despatched to Shareholders.

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

18 November 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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