



ENVICTUS INTERNATIONAL HOLDINGS LIMITED
(Company Registration No: 200313131Z)

NON-BINDING HEADS OF AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL OF THE DAIRY AND JUICE MANUFACTURING BUSINESS OF ENVICTUS DAIRIES NZ LIMITED

1. INTRODUCTION

The Board of Directors of Envictus International Holdings Limited (the "**Company**") wishes to announce that its 72.3% owned subsidiary, Envictus Dairies NZ Limited ("**EDL**"), has today entered into a non-binding heads of agreement (the "**HOA**") with Energy Resources Development Investments Pte Limited (the "**Purchaser**"), in relation to the proposed sale of EDL's dairy and juice manufacturing business (the "**Sale Business**") (the "**Proposed Disposal**").

The Proposed Disposal is subject to, amongst others, the entry into definitive agreements between the parties in relation to the Proposed Disposal (the "**Definitive Agreements**").

2. SALIENT TERMS OF THE HOA

Under the terms of the HOA, it is contemplated that, amongst others:

- (a) EDL will sell the Sale Business to the Purchaser and that the Sale Business shall comprise of the fixed business assets, intellectual property, lease of the 1.6-hectare land located at Whakatu Industrial Park, New Zealand (the "**Lease**") and the licenses, rights and certifications (all of which to the extent transferrable) required for the operation of the Sale Business;
- (b) after entering into the Definitive Agreements, completion of the Proposed Disposal shall be subject to, amongst others, EDL obtaining consent from the relevant counterparties for the assignment of the Lease and relevant third party contracts which are required for the operation of the Sale Business to the Purchaser;
- (c) the present director and chief executive officer of EDL will be required to enter into a management contract with the Purchaser for a 3-year term on terms and conditions to be agreed;
- (d) the minority shareholders of EDL will be offered the opportunity to participate as shareholders in the Purchaser on the same basis of valuation of the Sale Business; and
- (e) EDL shall be required to enter into a long-term manufacturing agreement with Naturalac Nutrition Ltd ("**NNL**") to manufacture sports nutrition and weight management products under the "Horleys" brand name for NNL on terms which are

substantially the same as those which being offered to NNL by EDL prior to the settlement date.

Pursuant to the HOA, it is contemplated that the consideration for the Proposed Disposal shall be NZD 20,000,000 to be paid as follows:

- (a) NZD 2,000,000 (the “**Deposit**”) payable on the date of the conditional sale and purchase agreement to be entered into in respect of the Proposed Disposal, to be held by the solicitors of EDL in escrow and released to EDL on the completion of the Proposed Disposal; and
- (b) the remaining NZD 18,000,000 to be paid on the completion of the Proposed Disposal.

The sum of NZD 500,000, being part of the Deposit, is not refundable unless there is a breach by EDL of the exclusivity arrangement described in paragraph 4 of this announcement.

3. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal represents a good opportunity for the Company to unlock value in the Sale Business. The Board is of the view that the consideration offered represents an attractive price for the Sale Business. The proceeds from the Proposed Disposal will go towards the repayment of term loans and intercompany advances and may be used to capitalise on other business opportunities to enhance long term value for shareholders of the Company.

4. VALIDITY OF THE HOA

The HOA shall be valid from the date of the HOA until the execution of the Definitive Agreements or 30 March 2016, whichever is earlier. During such period, the Purchaser will be granted the right to conduct due diligence on EDL on an exclusive basis and the parties will use their best endeavors to enter into the Definitive Agreements.

5. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or substantial shareholders of the Company (other than in their capacity as directors or shareholders of the Company) has any interest, direct or indirect, in the Proposed Disposal.

6. FURTHER ANNOUNCEMENTS

The Company will make further announcements as and when there are material developments in relation to the Proposed Disposal in compliance with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited.

In the meantime, shareholders of the Company are advised to exercise caution when dealing with shares in the Company as there is no certainty or assurance that the Definitive Agreements will be entered into or that the Proposed Disposal will materialize. Shareholders of the Company and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board
ENVICTUS INTERNATIONAL HOLDINGS LIMITED

DATO' KAMAL Y P TAN
Group Chief Executive Officer

23 February 2016