Independent auditor's report to the members of Lereno Bio-Chem Ltd.

Report on the financial statements

We have audited the accompanying financial statements of Lereno Bio-Chem 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 March 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

<u>Management's responsibility for the financial statements</u>
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a 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.

<u>Auditor's responsibility</u>
Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent auditor's report to the members of Lereno Bio-Chem Ltd. (Cont'd)

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016, and the financial performance, changes in equity and the cash flows of the Group for the financial year ended on that date.

Emphasis of matter

The Group incurred losses and total comprehensive loss of $1,237,000 and $1,238,000 (2015: $1,962,000 and $1,962,000) and reported net operating cash outflows of $800,000 (2015 - $930,000) for the financial year ended 31 March 2016; and as at the balance sheet date, the Group's and the Company's current liabilities exceeded the Group's and the Company's assets by $5,618,000 and $5,539,000 (2015 - $4,392,000 and $4,341,000), respectively and the Group and the Company have a net deficit in equity of $5,595,000 and $5,516,000 (2015 -$4,359,000 and $4,308,000) respectively.

Following the disposal of Lereno Sdn Bhd on 17 August 2015, the Company ceased to have any operating subsidiaries or business and has become a cash company as defined under Rule 1017 of Section B: Rules of Catalist (the "Catalist Rules") of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Furthermore, on 16 May 2016, the Board announced the termination of the sale and purchase agreement entered with the vendors of HTwo Holdings Pte. Ltd ("HTwo") in June 2015 to acquire 60% interest in HTwo for a consideration of $24 million.

On 23 June 2016, the Company entered into a conditional sale and purchase agreement with Kenyalang Property Development Sdn. Bhd ("Kenyalang") to acquire the entire issued share capital of Kenylang Property (S) Pte Ltd, a company incorporated in Singapore on 23 June 2016, which will, upon completion of the restructuring exercise conducted by Kenyalang, hold the entire issued share capital of Sinomae Engineering Sdn. Bhd. ("Sinomae"), a company incorporated in Malaysia. The purchase consideration is agreed at RM 70 million, which shall be fully satisfied on completion by way of allotment and issuance of 583,333,333 ordinary shares of the Company at an issue price of $0.04 per share to Kenyalang. Sinomae is the legal and beneficial owner of a freehold parcel of land, measuring 4.744 acres with an existing 17 storey building (the "Asset"), located at Lot 43 Kawasan Bandar XXXI, the Town of Melaka, State of Melaka, Malaysia. Kenyalang wishes to develop the Asset into a mixed commercial development project integrating a hotel, retail and serviced apartments.

The proposed acquisition, if it proceeds to completion, will result in a reverse takeover ("RTO") of the Company as defined in Chapter 10 of the Catalist Rules of the SGX-ST and accordingly, the proposed acquisition will be subject to, amongst other things, the approval of SGX-ST and the shareholders of the Company at an extraordinary general meeting to be convened at a later date.

Rule 1017(2) of the Catalist Rules further states that SGX-ST may proceed to remove the Company from the official list of SGX-ST ("Official List") if the Company is unable to meet the requirements for a new listing within 12 months from the time it becomes a cash company. The Company, through its sponsor, may apply to SGX-ST for a maximum of 6 months to 12 months period extension if it has already signed a definitive agreement for the acquisition of a new business, of which the acquisition must be completed in the extension period. The extension is also subject to the Company providing information to investors on its progress in meeting key milestones in the transaction.

Independent auditor's report to the members of Lereno Bio-Chem Ltd. (Cont'd)

Emphasis of matter (Cont'd)

In the event the Company is unable to meet its milestones, or complete the relevant acquisition despite the extension granted, no further extension will be granted and the Company will be removed from the Official List and a cash exit offer in accordance with Rule 1308 will be made to the Company's shareholders within 6 months.

The conditions and events mentioned above indicate that there are material uncertainties existing at the balance sheet date, which relate to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

As of the date of this report, the directors believe that the Company will be able to (i) obtain approval from SGX-ST for the extension pursuant to Rule 1017(2) of the Catalist Rules and (ii) complete the RTO within the stipulated timeline. Furthermore, the directors believe that the Group and the Company will be able to meet their obligations as and when they fall due in the next 12 months based on the continuing financial support from one of the Company's substantial shareholders to meet its liabilities and its normal operating expenses to be incurred.

If the Company fails to satisfy the requirements of SGX-ST and lifts the "cash company" status of the Company and/or obtains continuing financial support from one of the Company's substantial shareholders, it may not be able to continue in operational existence for the foreseeable future, and the Group and the Company may be unable to discharge its liabilities in the normal course of business. Adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively, and to provide for further liabilities that may arise. No such adjustments have been made to these financial statements. In forming our opinion, we have considered the adequacy of the disclosure of this matter in the financial statements. Our opinion is not qualified in respect of this matter.

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.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 29 June 2016