

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF
KNIT TEXTILE AND APPAREL PTE. LTD.
– CONTROLLING SHAREHOLDER MORATORIUM WAIVER**

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of Lereno Bio-Chem Ltd. (the “**Company**”) refers to the following announcements dated 29 September 2017, 13 November 2017, 6 February 2018, 13 February 2018, 16 August 2018 and 31 August 2018 (collectively, the “**Announcements**”) in relation to the proposed acquisition of the entire issued and paid up share capital of Knit Textile and Apparel Pte. Ltd. (“**Proposed Acquisition**”).
- 1.2 Unless otherwise defined herein or the context requires otherwise, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the Announcements.
- 1.3 The Board of Directors wishes to inform the shareholders of the Company (the “**Shareholders**”) that the Company has, in connection with the Proposed Acquisition, on 12 December 2018, been granted the Controlling Shareholder Moratorium Waiver (as defined below) by SGX-ST, waiving the requirement for Bin Tai and Mr Ong Puay Koon (“**Mr Ong**”) to give contractual undertakings to the Sponsor to observe the Moratorium Requirements (as defined below).

2. BACKGROUND

- 2.1 The Proposed Acquisition is a reverse takeover and subject to, inter alia, Rule 1015 of the SGX-ST Listing Manual Section B: Rule of Catalist (“**Catalist Rules**”).
- 2.2 Rule 1015(3)(b)(i) of the Catalist Rules provides, among others, that the incoming business and enlarged group in the context of a reverse takeover must comply with the moratorium requirements of Rules 420, 421 and 422 or 443 (“**Moratorium Requirements**”), which are applicable to persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition.
- 2.3 As at the date of this announcement, Bin Tai has an interest in 18,214,144 Shares, which constitute approximately 24.74% of the total issued Shares. Mr Ong has an interest in an aggregate of 20,764,561 Shares (which include the 18,214,144 Shares held by Bin Tai), which constitute approximately 28.20% of the total issued Shares. The Shares in which Bin Tai and Mr Ong have an interest as at the date of this announcement shall collectively be referred to as “**Existing Shares**”. As Bin Tai and Mr Ong are controlling shareholders of the Company, the Existing Shares would have been subject to the Moratorium Requirements although they will cease to be the controlling shareholders of the Company as a result of, and following Completion.

3. CONTROLLING SHAREHOLDER MORATORIUM WAIVER

- 3.1 The Company had, through its Sponsor, applied to the SGX-ST on 3 December 2018 for a waiver from compliance with Rule 1015(3)(b)(i) of the Catalist Rules in respect of the Existing Shares (“**Controlling Shareholder Moratorium Waiver**”) based on the grounds set out below:
- 3.1.1 Rule 1015(3)(b)(i) of the Catalist Rules is intended to apply to persons who are existing controlling shareholders or who will become controlling shareholders upon Completion. Upon Completion, the interest of Bin Tai and Mr Ong in the Shares will be diluted to less than 15% respectively. As such, both Bin Tai and Mr Ong will cease to be controlling shareholders of the Company upon Completion and therefore fall outside of Rule 1015(3)(b)(i) of the Catalist Rules. Further, Mr Ong and his son, Mr Ong Choon Lui, will also step down as directors of the Company upon Completion. In view of the foregoing, upon Completion, Bin Tai and Mr Ong will not fall within the definition of “promoters” as defined in the Catalist Rules, i.e. controlling shareholders and their associates, and executive directors with an interest of 5% or more (excluding subsidiary holdings) and will therefore not fall within Rule 420 of the Catalist Rules.
- 3.1.2 Further, Bin Tai will be undertaking the placement (“**Bin Tai Placement**”) of part of its Shares, including the Controlling Shareholder Shares, immediately after Completion to reduce its shareholding to less than 5% in order to assist the Company to restore its public float, and so as to enable the Shares to resume trading and existing public Shareholders to be able to continue to trade in the Shares. Following the completion of the Bin Tai Placement, the interest of Bin Tai and Mr Ong will be further reduced to less than 5% respectively. This brings them further outside of the definition of “promoters”.
- 3.1.3 Bin Tai and Mr Ong are outgoing Shareholders of the Company and have no interest in, and are not involved in the management of, the Target Group to be acquired by the Company pursuant to the Proposed Acquisition. Bin Tai and Mr Ong are therefore not considered as investors in the Target Group for the purpose of Rule 421 of the Catalist Rules. In addition, unlike in the case of the Vendor whose Vendor Consideration Shares and Transaction Costs Shares will be subject to moratorium in order to demonstrate his commitment to the Enlarged Group, the same rationale does not apply to Bin Tai and Mr Ong in respect of the Existing Shares.
- 3.1.4 As noted above, Bin Tai is undertaking the Bin Tai Placement in order to assist the Company to restore its public float, and so as to enable the Shares to resume trading and existing public Shareholders to be able to continue to trade in the Shares. If the Existing Shares are subject to the Moratorium Requirements, the Existing Shares would not be included in the computation of the public float, and this would result in the Company not meeting the minimum public float requirement even after completion of the Bin Tai Placement. This defeats the purpose of the Bin Tai Placement and result in existing public shareholders not being able to continue to trade in the Shares.
- 3.1.5 The Vendor Consideration Shares will be issued to the Vendor, and at the direction of the Vendor, a family trust company (“**Family Trust Company**”) as the Vendor’s nominee. All of the issued shares in the capital of the Family Trust Company will be held by a trustee company (“**Family Trustee Company**”) for the benefit of a discretionary trust for the Vendor’s family. The Vendor, the Family Trust Company and the Family Trustee Company will be

providing moratorium undertakings in respect of the Vendor Consideration Shares and the Transaction Costs Shares in order for the Vendor to demonstrate commitment to the Company. As such, the rights of public shareholders will already be safeguarded.

- 3.2 The SGX-ST had on 12 December 2018 granted the Controlling Shareholder Moratorium Waiver, subject to the following conditions:
- 3.2.1 an announcement of the waiver granted, stating the reasons for seeking the waiver and the conditions as per Rule 106 of the Catalist Rules;
 - 3.2.2 disclosure of the waiver granted and bases for seeking the waiver in the Circular; and
 - 3.2.3 submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and its constituent documents.

4. RESPONSIBILITY STATEMENT

- 4.1 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 Proposed Acquisition, the Controlling Shareholder Moratorium Waiver, the Bin Tai Placement, the Company and its subsidiaries, 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 this announcement in its proper form and context.
- 4.2 The Vendor accepts full responsibility for the accuracy of the information given in this announcement in respect of information relating to the Vendor, the Family Trust Company and the Family Trustee Company and confirm, after making all reasonable enquiries, that to the best of his knowledge and belief, this announcement constitutes full and true disclosure of all material facts in respect of the Vendor, the Family Trust Company and the Family Trustee Company, and the Vendor is 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 Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

5. CAUTION IN TRADING

Shareholders and potential investors are advised to exercise caution in trading their Shares. The Proposed Acquisition is subject to numerous conditions and further due diligence by the Company. There is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed, or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and other matters contemplated by the Announcements. Shareholders and potential

investors are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board of Directors
LERENO BIO-CHEM LTD.

Ong Puay Koon
Managing Director and Chief Executive Officer
12 December 2018

This announcement 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 (the "Exchange").

The Company's Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the Exchange and the Exchange 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 contact person for the Sponsor is Mr. David Yeong (Telephone: 65-6232 3210) at 1 Robinson Road, #21- 00 AIA Tower, Singapore 048542.