

LERENO BIO-CHEM LTD.
(Incorporated in Singapore)
(Company Registration No. 197401961C)

**EXECUTION OF NON-BINDING LETTER OF INTENT IN RELATION TO THE PROPOSED
ACQUISITION OF SHARES IN MAJUBINA PROJECTS SDN. BHD.**

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Lereno Bio-Chem Ltd. (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had entered into a non-binding letter of intent (the “**LOI**”) with Mr. Law Phooi Wong (the “**Vendor**”) in respect of the proposed acquisition (the “**Proposed Acquisition**”) of the entire issued share capital of Majubina Projects Sdn Bhd and its group of companies (“the “**Target**” together with its group of companies, collectively the “**Target Group**” and each, a “**Target Company**”). The LOI is intended to be a basis for further negotiations and save for certain exclusivity and confidentiality obligations, does not constitute any legally binding obligation on the Company and the Vendor (collectively, the “**Parties**”).

2. INFORMATION ON THE TARGET GROUP

The Target is a member of the SMD Group, which is involved in the area of civil and structural works, interior fit-out, commodities trading, quarry operations, gold mining and property development. The Target Group has participated in the following property development projects: (a) Kota Sieramas, Seremban, Malaysia, (b) Koi Kinrara, Puchong, Selangor and (c) PB Hotel, Kuala Terengganu, Terengganu.

3. OUTLINE OF PROPOSED ACQUISITION

The LOI sets out the key understanding between the Company and the Vendor in relation to the Proposed Acquisition, which is subject to (a) the execution of a definitive sale and purchase Agreement (the “**SPA**”) by the Parties pursuant to which the Company will acquire the entire issued share capital of the Target from the Vendor, and (b) the conditions precedent in the SPA including those set out at Section 6 below being fulfilled.

4. RATIONALE OF THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group’s corporate strategy to seek a better business opportunity that satisfies the requirements of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and lift the “cash company” status of the Company.

Having considered the terms of the Proposed Acquisition and based on the brief information provided by the Vendor at this stage, the Board is of the preliminary view that the Target Group’s business to be acquired through the proposed acquisition would provide the Company with the necessary recurrent business activities going forward.

At the appropriate time and after having the benefit of reviewing further information of the Proposed Acquisition, the Board may consider applying to SGX for an extension pursuant to Rule 1017(2) of the Catalist Rules.

5. PURCHASE CONSIDERATION

- 5.1 The purchase consideration for the Proposed Acquisition shall be approximately S\$50,000,000 (the “**Consideration**”), The Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the projected future cash flows, and preliminary valuation based on the discounted cash flow method.

- 5.2 The Consideration shall be fulfilled by way of the issuance and allotment of such number of new ordinary shares to be issued by the Company (the “**Consideration Shares**”), at an issue price to be mutually agreed between the Parties. The Consideration Shares, when issued and allotted, shall rank *pari passu* in all respects with the then existing shares in the capital of the Company.

6. **CONDITIONS PRECEDENT**

The obligation of the Vendor and the Company to enter into and complete the Proposed Acquisition is subject to the fulfilment by the Parties on or prior to the date of completion of the Proposed Acquisition of, *inter alia*, the following conditions:

- (a) the Company, Vendor and Target obtaining such approvals from the respective boards of directors and in respect of the Vendor, the necessary approvals from its shareholders in connection with the Proposed Acquisition and the transactions contemplated in relation thereto as may be necessary;
- (b) the Company being satisfied with the results of the financial, business and legal due diligence on the Target to be carried out by the Company and/or its advisers;
- (c) the Vendor being satisfied with the results of the financial, business and legal due diligence on the Company to be carried out by the Vendor and/or its advisers;
- (d) the Proposed Acquisition being approved by SGX-ST and/or the Sponsor and/or any other relevant authorities and where such approval is obtained subject to any conditions, such conditions being reasonably acceptable to the Company, Vendor and the Target;
- (e) a waiver being obtained from Securities Industry Council (the “**SIC**”) of the obligation by the Vendor and its concert parties to make a mandatory general offer under the Singapore Code on Take-overs and Mergers for the Purchaser for all the shares in the capital of the Purchaser in issue not already owned, controlled or agreed to be acquired by the Vendor and its concert parties as a result of the allotment and issuance of the Consideration Shares to the Vendor (and/or its concert parties, if any) pursuant to the Proposed Acquisition, subject to any conditions that SIC may impose and provided that such conditions are reasonably acceptable to the Vendor and its concert parties;
- (f) the approval by SGX-ST for the listing and quotation of the Consideration Shares on SGX-ST; and
- (g) the Vendor to conduct and complete a private placement whereby the gross proceeds to be raised shall not be less than S\$5 million.

7. **PRE-COMPLETION UNDERTAKINGS**

- 7.1 The Vendor had undertaken to the Company to procure that between the date of the LOI and completion, the Target Group and its subsidiaries shall carry on business in the ordinary and usual course consistent with past practices.
- 7.2 Subject to the completion of the Proposed Acquisition, the Vendor shall undertake to procure all future contracts in respect of and concerning the development of land and properties by the Vendor and/or the Target Group shall first be offered to the Company.

7.3 The Company shall procure an irrevocable undertaking from the controlling shareholder (the “**Controlling Shareholder**”) of the Company that the Controlling Shareholder shall vote in favour of the resolutions to approve the Proposed Acquisition and the transactions contemplated in relation thereto provided that such undertaking shall be null and void in the event the Directors of the Company do not recommend for its shareholders to vote in favour of the Proposed Acquisition and the transactions in connection thereto.

8. COMPLIANCE PLACEMENT

If required, the Company shall carry out a compliance placement to meet the relevant shareholding spread, distribution and public float requirements, upon terms to be mutually agreed between the Parties.

9. EXCLUSIVITY

The Parties shall have an exclusivity period (the “**Exclusivity Period**”) of one (1) month commencing from the date of the LOI with the objective of entering into the SPA and all other agreements ancillary thereto (collectively, the “**Definitive Agreements**”).

10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for their respective shareholdings, if any, in the Company, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

11. PROPOSED ACQUISITION AS A REVERSE TAKEOVER

The Proposed Acquisition, if it proceeds to completion, will result in a Reverse Takeover of the Company as defined in Chapter 10 of the Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”) of the SGX-ST. Accordingly, the Proposed Acquisition will be subject to, amongst other things, the approval of the SGX-ST and the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting to be convened.

12. 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 Proposed Acquisition, 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.

13. FURTHER ANNOUNCEMENTS

As the terms of the Proposed Acquisition have not been finalised, the Company will release further announcements to inform Shareholders when there are material developments in respect of the Proposed Acquisition.

14. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the shares of the Company. The Proposed Acquisition is subject to the execution of the Definitive Agreements and conditions precedent to be fulfilled and there is no certainty or assurance that completion of the Proposed Acquisition will take place. The Company will make the necessary announcements as and when there are further material developments on the Proposed Acquisition and other matters contemplated by this announcement

BY ORDER OF THE BOARD

Ong Puay Koon
Managing Director and Chief Executive Officer
27 May 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor, RHT Capital Pte. Ltd., 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.

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