LERENO BIO-CHEM LTD.

Company Registration No.: 197401961C
(Incorporated in the Republic of Singapore)

REPLY TO SGX IN RELATION TO EMPHASIS OF MATTER SET OUT IN THE INDEPENDENT AUDITORS' REPORT

*In response to the queries of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in relation to the Emphasis of Matter in the Independent Auditors' Report ("**Announcement**") for FY2016, the Board of Directors (the "**Board**") of Lereno Bio-Chem Ltd. wishes to provide additional information in response to SGX-ST's queries as follows:-*

SGX-ST's Queries:

For the Exchange's consideration under Rule 1303(3)(c) and noting the Independent Auditor's findings on "going concern", please prepare an announcement incorporating the following information:-

(a) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view.

(b) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Company's Responses:

(a) The Board is of the opinion that the Company will be able to operate as a going concern, based on the following:

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 Kenyalang 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 a company incorporated in Malaysia (the "**Malaysian Subsidiary**"). 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. The Malaysian Subsidiary 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 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.

(b) The Board confirms that all material disclosures have been provided for trading of the Company's shares to continue.

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

Ong Puay Koon
Managing Director and Chief Executive Officer
5 July 2016

This announcement has been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Company's 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 contact person for the Sponsor is:-
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