

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

- (A) **TERMINATION OF THE LETTER OF INTENT IN RELATION TO THE PROPOSED ACQUISITION OF SHARES IN MAJUBINA PROJECTS SDN. BHD.**
 - (B) **PROPOSED ACQUISITION OF SHARES REPRESENTING 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KENYALANG PROPERTY (S) PTE. LTD.**
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1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Lereno Bio-Chem Limited (the “**Company**” or the “**Purchaser**”, and together with its subsidiaries, the “**Group**”), refers to the announcement dated 27 May 2016 (the “**Announcement**”) in relation to the non-binding letter of intent (the “**LOI**”) entered into with Law Phooi Wong to acquire ordinary shares in Majubina Projects Sdn Bhd collectively representing 100% of the issued and paid-up capital of Majubina Projects Sdn Bhd. The Board wishes to announce that the exclusivity period of the LOI had expired on 20 June 2016. The Company has terminated the LOI as of 23 June 2016.
- 1.2 The Board refers to the announcement dated 17 November 2015 in relation to the completion of the disposal of Lereno Sdn. Bhd. and the Company being a cash company. The Board wishes to announce that it has, on 23 June 2016, entered into a conditional sale and purchase agreement (the “**SPA**”) to acquire (the “**Proposed Acquisition**”) 100% of the issued and paid up share capital (the “**Sale Shares**”) of Kenyalang Property (S) Pte. Ltd. (the “**Target**”) from Kenyalang Property Development Sdn Bhd (the “**Vendor**”), for a purchase consideration of RM70,000,000.
- 1.3 The Proposed Acquisition constitutes a “Reverse Takeover” transaction pursuant to Chapter 10 of Section B: Rules of Catalist of the Listing Manual (the “**Catalist Rules**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), and is subject to, *inter alia*, the approval of the SGX-ST and the approval of the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting (“**EGM**”) to be convened.

2 PROPOSED ACQUISITION

2.1 Information on the Target

As at the date of this announcement, the Target is a company incorporated in Singapore with its principal business activity as an investment holding company and has an issued and paid-up capital of S\$1.00 comprising 1 ordinary share. The Vendor owns 100% of the issued and paid up share capital of the Target.

- 2.1.1 Pursuant to the restructuring of the Target to be undertaken prior to completion of the Proposed Acquisition (“**Completion**”), the Target will own 100% of the issued shares of a company incorporated in Malaysia (the “**Malaysian Subsidiary**” and collectively, with the Target, the “**Target Group**”). The Malaysian Subsidiary is the legal and beneficial owner of a freehold parcel of land identified as Lot 43, GRN 5885 Kawasan Bandar XXXI, Town of Melaka, State of Melaka, Malaysia, measuring 4.744 acres, with an existing 17 storey building (the “**Asset**”).
- 2.1.2 The Malaysian Subsidiary shall, after Completion, continue and complete the redevelopment of the Asset into a mixed commercial property integrating a hotel, retail and serviced apartments (the “**Development**”).

2.2 Information on the Vendor

The Vendor is a company incorporated in Malaysia, and is in the business of property development and investment holding.

2.3 Purchase Price

2.3.1 The aggregate consideration for the Proposed Acquisition is RM70,000,000 (approximately S\$23,333,333 at an exchange rate of S\$1.00:RM3.00) (the “**Consideration**”) which shall be satisfied by way of allotting and issuing 583,333,333 new shares in the capital of the Company (the “**Consideration Shares**”) at an issue price of S\$0.04 (approximately RM0.12 at an exchange rate of S\$1.00:RM3.00) for each Consideration Share.

2.3.2 The Consideration was arrived at on a willing-buyer and willing-seller basis after taking into consideration the projected future cash flows and preliminary valuation of the Development of RM70,000,000 (“**Target Valuation**”) based on a discounted cash flow method.

2.3.3 An independent valuation shall be performed by an independent valuer appointed by the Company as required under Rule 1015(3) of the Catalist Rules which shall be provided in a written report addressed to the Purchaser (the “**Independent Valuation Report**”).

2.4 “Reverse Takeover”

2.4.1 Based on the latest unaudited consolidated financial statements of the Group for the financial year ended 31 March 2016, the relative figures of the Proposed Acquisition computed on the bases set out in Rules 1006(a) to (e) of the Catalist Rules are as follows:

1.	Rule 1006(a)	
	Net asset value of the asset to be disposed of	Not applicable to an acquisition of assets.
	Net asset value of the Group	
	Relative figure	
2.	Rule 1006(b)	
	Net profits attributable to the Target Group	Not meaningful ⁽¹⁾
	Net loss attributable to the Group	
	Relative figure	
3.	Rule 1006(c)	
	Aggregate value of the consideration given	\$23,333,333
	Market capitalisation of the Company as at 22 June 2016, being the market day preceding the date of the SPA	\$1,840,000
	Relative figure	1,268%
4.	Rule 1006(d)	
	Number of Shares to be issued by the Company as consideration for the Proposed Acquisition	583,333,333
	Number of Shares in issue as at this date of this announcement	73,631,760
	Relative figure	792%
5.	Rule 1006(e)	
	Aggregate volume or amount of proven and probable reserves to be disposed of	Not applicable as it is not a disposal of mineral, oil or gas assets by a mineral, oil
	Aggregate volume or amount of the Group's	

	proven and probable reserves	and gas company.
	Relative figure	

Note:

- (1) The net loss of the Target Group for the financial year ended 30 September 2015 (being the latest available audited financial statements prepared under Malaysian Financial Reporting Standards accounts of the Target Group) was \$40,000 (equivalent to RM119,000). The net loss of the Group for the financial year ended 31 March 2016 (being the latest announced consolidated financial statements of the Group) was \$1,237,000. Under Rule 1002(3) of the Catalist Rules, "net profits" means profit or loss before income tax, minority interests and extraordinary items.

2.4.2 The Vendor will hold an aggregate interest of approximately 75.1% of the enlarged share capital of the Company upon Completion as a result of the allotment and issue of the Consideration Shares by the Company to the Vendor. As a result of the issue of the Consideration Shares, the Vendor shall become a new controlling shareholder of the Company upon Completion. Upon Completion, each of Mr Ong Puay Koon and Bin Tai Holdings Private Limited will no longer, based on their individual shareholdings in the Company, be the controlling Shareholders of the Company and there will a change in control of the Company.

2.4.3 As the relative figure under Rule 1006(c) of the Catalist Rules above exceeds 100% and there is a change in control of the Company, the Proposed Acquisition constitutes a "Reverse Takeover" under Rule 1015(1) of the Catalist Rules. Accordingly, the Proposed Acquisition shall be conditional upon, *inter alia*, the approval of Shareholders at an EGM to be convened, and the approval of the SGX-ST.

2.5 Conditions Precedent

The SPA will be subject to, *inter alia*, the fulfilment and satisfaction of the following conditions precedent (the "**Conditions Precedent**") prior to Completion:

(a) Restructuring of the Target

The completion of the restructuring of the Target to the satisfaction of the Purchaser including the passing of the relevant resolutions of the Malaysian Subsidiary to approve the transfer of the Sale Shares to the Target and such transfers (including registration thereof) being in compliance with any applicable laws and the memorandum and articles of association of the Malaysian Subsidiary;

(b) Consents and Approvals

- (i) the Purchaser, Vendor and Target obtaining such approvals from their 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;
- (ii) 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 Purchaser, Vendor and the Target;
- (iii) the approval by SGX-ST for the listing and quotation of the Consideration Shares on SGX-ST;
- (iv) 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 (the "**Whitewash Waiver**") 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;

- (v) the Purchaser obtaining the Shareholders' approval at an EGM to be convened for the Proposed Acquisition and the transactions in connection thereto, including but not limited to shareholder approvals in connection with the resolution relating to the Whitewash Waiver the allotment and issuance of the Consideration Shares and the waiver of any Shareholder's pre-emption rights as may be required;
 - (vi) the approval of all transactions contemplated in connection with the sale of the Sale Shares and issuance of Consideration Shares by the regulatory authorities (including, without limitation, the Sponsor, SGX-ST and the SIC) including the receipt and non-withdrawal of the listing and quotation notice (the "**Listing Approval**") of the SGX-ST for, *inter alia*, the listing and quotation of the Consideration Shares on the Catalist of the SGX-ST subject to any conditions attached to the Listing Approval which is required to be fulfilled on or before the Completion having been fulfilled on or before Completion to the satisfaction of the SGX-ST or otherwise waived by the SGX-ST;
 - (vii) approval being obtained from the Shareholders for any changes of the Directors;
 - (viii) approval being obtained from the Shareholders for the share issuance mandate in accordance with Rule 806 of the Catalist Rules;
 - (ix) approval being obtained from the Shareholders for the change of name of the Purchaser to "Lyon Holdings Limited" or such other name as the Vendor may decide;
 - (x) if required, approval being obtained from the Shareholders for the compliance placement;
 - (xi) the allotment, issue and subscription of the Consideration Shares not being prohibited by any statute, order, rule, regulation, directive or request promulgated or issued by any legislative, executive or regulatory body or authority of Singapore or elsewhere, which is applicable to the Target and/or the Purchaser,
- (c) Satisfactory Due Diligence
- (i) the Purchaser being satisfied with the results of the financial, business and legal due diligence on the Target to be carried out by the Purchaser and/or its advisers (the "**Purchaser's Due Diligence**");
 - (ii) the Vendor being satisfied with the results of the financial, business and legal due diligence on the Purchaser to be carried out by the Vendor and/or its advisers (the "**Vendor's Due Diligence**"),
- (d) In respect of the acquisition of land titles of the Asset:
- (i) the delivery by the Vendor to the Purchaser of such documentary evidence (such documentary evidence being satisfactory to the reasonable discretion of the Purchaser) of the land title to the Asset by the Target;
 - (ii) the Target having the right to sell and transfer full legal and beneficial ownership of, and having a good and marketable title to the Asset;
 - (iii) no material adverse change in the Asset and to the business, operations, prospects or condition (financial or otherwise) of the Target Group;
 - (iv) there being no notice of acquisition or exercise of any right by any governmental body which will or may prejudice or adversely affect the continued ownership,

use and enjoyment of the Asset and/or the Development or which will or may subject the Purchaser to any onerous charge or liabilities in relation to the Asset and/or the Development or any part of it, or of any intended acquisition or exercise of any right in relation to the Asset and/or the Development or any part of it by any relevant governmental body;

(e) Independent Financial Adviser and Independent Valuation

- (i) an opinion from an independent financial adviser (“**IFA**”) of the Purchaser expressing an opinion containing a recommendation by the IFA to the relevant directors of the Purchaser to recommend to the Shareholders to vote in support of the resolution relating to the Whitewash Waiver;
- (ii) the Purchaser receiving the Independent Valuation Report from the independent valuer, such report to comply with any relevant requirements of the Catalist Rules;

(f) Accounts

- (i) each of the Target and its subsidiaries having sufficient working capital for the next 12 months and operate as a going concern;
- (ii) all liabilities are accurately disclosed in the last audited accounts of the Target and there is no further liability or contingent liability for taxes in respect of the Target otherwise than as a result of activities in the ordinary course of its business since the date of the last audited accounts,

(g) Remaining Listed on the Catalist

The Purchaser shall remain listed on the Catalist Board of the SGX-ST, and there being no suspension of the Shares of the Purchaser (other than any temporary suspension at the request of the Purchaser or any suspension which will be lifted prior to or upon completion), from the date of the SPA up to and on the date of Completion;

(h) In respect of the Proposed Acquisition:

- (i) all permits as may be required or appropriate for or in connection with the sale and purchase of the Sale Shares or the transactions contemplated in the SPA and to carry on the business of each of the companies in the Target Group and the Development from all relevant governmental bodies having been obtained and not withdrawn or revoked by such third parties and where any such permits are obtained subject to any conditions, such conditions being acceptable to the parties;
- (ii) all necessary or appropriate filings having been made and all appropriate waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated, in each case for or in connection with the sale and purchase of the Sale Shares and to carry on the business of each of the companies in the Target Group and the Development; and, if such consents and/or conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion; and
- (iii) such permits as are necessary for the Target Group’s and the Development’s operations having been obtained and remaining valid and subsisting, and each of the companies in the Target Group and the Development are not in breach of the material terms and conditions of such permits and where the terms of any material contract or permit to which the Target or the Development is subject contain any restriction or prohibition on the change in the shareholding and/or the board of directors of the Target or include any right to terminate exercisable prior

to or as a result of any matter contemplated by the SPA, written approval or consent or written confirmation of the waiver from third parties of such restrictions or prohibition in relation to any such change arising from the transactions under the SPA or of any such right to terminate having been obtained or fulfilled;

(i) Adequate Financing Facilities

The Vendor shall procure that the Target Group obtains sufficient financing facilities from banks of international repute for the purposes of financing the Development;

(j) Receipt of Service Agreements

The receipt by the Purchaser of service agreements duly executed by the key management team as identified by the Vendor in such form and substance satisfactory to the Purchaser including that they shall remain employed or engaged by the Target Group and/or the Purchaser for at least three (3) financial years following Completion, such service agreements containing non-compete provisions which are customary for transactions of this nature;

(k) No Litigation / Disciplinary Proceedings

- (i) no civil, criminal, arbitration, administrative or other proceeding is pending or threatened by or against the Target or a person for whose acts or defaults the Target may be vicariously liable;
- (ii) the Target (or any person for whose acts or defaults the Target may be vicariously liable) not to be involved whether as claimant or defendant or other party in any claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration (other than as claimant in the collection of debts arising in the ordinary and usual course of its business) and no such claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration is pending or threatened by or against the Target (or any person for whose acts or defaults the Target may be vicariously liable);
- (iii) as at the date of the SPA, there are no investigations, disciplinary proceedings against and/or involving the Target Group or other circumstances known to the Vendor which are likely to lead to any claim, legal action, proceeding, suit, litigation, prosecution, investigation, enquiry or arbitration against the Target Group;
- (iv) the Vendor and Purchaser not having received notice of any injunction or other order, directive or notice having the eventual effect of permanently restraining or prohibiting the consummation of the transactions contemplated by the SPA, and there being no action seeking to permanently restrain or prohibit the consummation thereof, which is pending or any such injunction, other order or action which is threatened,

(l) No Breach of Warranties

Each of the representations, warranties, indemnities, covenants and undertakings remaining true and not misleading in any material respect at Completion, as if repeated at Completion and at all times between the date of the SPA and Completion and the Vendor's warranties and Purchaser's warranties will be fulfilled down to Completion,

(m) Capitalisation of the Amount Owing

The capitalisation of the Amount Owing prior to the date of Completion by way of the Debt Capitalisation (as defined below), and such Debt Capitalisation being completed before the date of Completion. The “Amount Owing” refers to the amount owed from the Company to certain of its Directors and substantial Shareholders due to (i) loans from such substantial Shareholders to the Company, and (ii) accruals for staff and Directors’ bonus, which shall be determined at a later date for the purpose of the Debt Capitalisation.

As settlement of the Amount Owing, a convertible loan (the “**Convertible Loan**”) due three years from the date of grant of the Convertible Loan, accruing an interest rate of 2.5% per annum for such amount due and owing to Ong Puay Koon (the “**Controlling Shareholder**”) shall be deemed to have been granted by the Controlling Shareholder to the Company as of the date of Completion. In connection with the Convertible Loan, the Vendor shall grant to the Controlling Shareholder and/or his nominee the right to subscribe for such number of Shares by way of conversion of such amount of the Convertible Loan (at the Controlling Shareholder’s sole discretion) at the conversion price of S\$0.044 for each Share (the “**Conversion**”). The conversion period for the Convertible Loan shall commence a year from the date of grant of the Convertible Loan and up to three years from the date of grant of the Convertible Loan (the “**Debt Capitalisation**”).

(n) Directors’ Compensation

The issuance and allotment of such Shares pursuant to the Directors’ Compensation being completed before the date of Completion, where Directors’ Compensation refers to the issuance and allotment of 15,000,000 Shares at S\$0.04 each to be equally apportioned to (i) Tan Sri Dato’ Kamaruzzaman Bin Shariff (ii) Wong Heang Fine (iii) Yap Boh Pin and (iv) Goh Yeow Tin.

2.6 **Completion Date**

Subject to all the Conditions Precedent being satisfied, fulfilled or waived (as the case may be), the date of Completion for the Proposed Acquisition shall be the date falling within seven calendar days after the fulfilment of all the Conditions Precedent, unless they are waived by the Vendor and the Company.

2.7 **Long Stop Date**

The long stop date of the SPA is at 31 March 2017 (the “**Long Stop Date**”) or such further date as the Vendor and Purchaser may agree in writing.

If any of the Conditions Precedent is not fulfilled and such conditions with reference to circumstances as at the date of Completion not waived by mutual consent of the parties by the Long Stop Date, the SPA shall, *ipso facto*, cease and determine and (save for any antecedent breach of the SPA) no party shall have any claim against the other party for damages, compensation or anything whatsoever.

2.8 **Share Consolidation**

As the Consideration is to be satisfied by the issue of the Consideration Shares, the Company shall, in compliance with Rule 1015(3)(c) of the Catalist Rules, ensure that the price per Share of the Company after adjusting for any share consolidation must not be lower than S\$0.20. Accordingly, the Company will seek advice from the financial adviser to be appointed on a share consolidation exercise to be carried out prior to Completion (the “**Share Consolidation**”).

3 PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

3.1 Bases

The pro forma financial effects of the Proposed Acquisition on the share capital, earnings and net tangible assets ("NTA") / net tangible liabilities ("NTL") have been prepared based on:

- 3.1.1 the unaudited financial statements of the Group for the financial year ended 31 March 2016; and
- 3.1.2 the audited financial statements prepared under Malaysian Financial Reporting Standards of the Target and its subsidiaries (the "Target Group") for the financial year ended 30 September 2015.

3.2 Assumptions

For the purposes of illustrating the financial effects of the Proposed Acquisition, the financial effects of the Proposed Acquisition have been prepared based on, *inter alia*, the following assumptions:

- 3.2.1 the *pro forma* financial effects of the Proposed Acquisition on the earnings and earnings per Share of the Group for the 12-month period ended 31 March 2016, on a *pro forma* basis are computed assuming the Proposed Acquisition was completed on 1 April 2015, being the beginning of that financial year;
- 3.2.2 the *pro forma* financial effects of the Proposed Acquisition on the NTA and the NTA per Share of the Group as at 31 March 2016 are computed assuming the Proposed Acquisition was completed on 31 March 2016, being the end of the most recently completed financial year;
- 3.2.3 the Debt Capitalisation and Directors' Compensation have been deemed completed; and
- 3.2.4 the transactional costs and expenses in connection with the Proposed Acquisition are disregarded for the purpose of calculating the financial effects.

3.3 Effect on share capital

	Number of Shares ('000)	S\$'000
Share capital as at 31 March 2016	73,631	36,827
Add: Issue of Shares from the Debt Capitalisation	104,977	4,619
Add: Issue of Shares from the Directors' Compensation	15,000	600
Add: Issue of the Consideration Shares	583,333	23,333
Share capital of Company after the issue of Shares from the Debt Capitalisation, the Directors' Compensation and issue of the Consideration Shares	776,941	65,379

3.4 Effect on earnings

	Before the Proposed Acquisition (unaudited)	After the Proposed Acquisition
Loss attributable to Shareholders for financial year as at 1 April 2015 (S\$'000)	(1,237)	(1,277)
Weighted average number of Shares ('000)	73,631	776,941

Loss per Share (S\$ cents)	(1.68)	(0.16)
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3.5 Effect on (NTL)/NTA

	Before the Proposed Acquisition (unaudited)	After the Proposed Acquisition
(NTL) / NTA of the Group as at 31 March 2016 (S\$'000)	(5,595)	5,346
Number of Shares ('000)	73,631	776,941
(NTL) / NTA per Share (S\$ cents)	(7.60)	0.69

4 FINANCIAL INFORMATION ON THE TARGET GROUP

A summary of the audited financial statements of the Target Group for the financial period ended 30 September 2014 and the financial year ended 30 September 2015 and the *pro forma* financial information of the *pro forma* Group after the Proposed Acquisition is set out below.

Combined Statement (S\$'000)	Income Financial Period from 1 July 2013 to 30 September 2014	Target Group FY2015	Enlarged Group (Pro forma) FY2015 (Unaudited)
Revenue	385	41	65
Profit/(loss) before tax	198	(36)	(1,976)
Profit/(loss) after tax	153	(40)	(1,980)
Balance Sheet (S\$'000)	Target Group As at 30 September 2014	As at 30 September 2015	Enlarged Group (Pro forma) As at 30 September 2015 (Unaudited)
Non-current assets	233	229	257
Current assets	5,584	5,503	5,677
Current liabilities	(55)	(10)	(52)
Equity	5,762	5,722	5,882
Cash Flow (S\$'000)	Target Group Financial Period from 1 July 2013 to 30 September 2014	FY 2015	Enlarged Group (Pro forma) As at 30 September 2015 (Unaudited)
Net cash used in operating activities	(300)	(81)	(878)
Net cash (used in) / generated from investing activities	(1)	-	10
Net cash (used in) / generated from financing activities	(108)	-	758

5 SHAREHOLDING EFFECTS

For illustrative purposes only, the anticipated changes in the substantial and controlling shareholders' direct and deemed interests in the Company are set out below:

Shareholder	Before the Share Consolidation, Debt Capitalisation, the Directors' Compensation and Proposed Acquisition	After the Share Consolidation, Debt Capitalisation, the Directors' Compensation and Proposed Acquisition ⁽¹⁾
Ong Puay Koon	28.2% ⁽²⁾	16.2% ⁽²⁾
Bin Tai Holdings Private Limited	24.7%	2.3%
Spektra Anggun Sdn Bhd	7.56%	0.7%
Vendor ⁽³⁾	-	75.1%

Notes:

- (1) The anticipated direct and deemed interests of the substantial and controlling Shareholders after the Debt Capitalisation, Directors' Compensation and Proposed Acquisition may be adjusted due to the finalisation of the Amount Owning pursuant to the Debt Capitalisation and the issuance of Shares for payment of professional fees. For further details, please refer to Paragraph 2.5(m) entitled "Debt Capitalisation".
- (2) Mr. Ong Puay Koon is deemed interested in the Shares held by Bin Tai Holdings Private Limited and Bintai Kinden Corporation Berhad.
- (3) As at the date of this announcement, the Vendor holds 8.16% of the issued shares in Bintai Kinden Corporation Berhad which in turns holds 1.70% in the Company.

6 RATIONALE FOR THE PROPOSED ACQUISITION

- 6.1 The Proposed Acquisition is in line with the Group's corporate strategy to seek a better business opportunity that satisfies the requirements of the SGX-ST and lift the "cash company" status of the Company.
- 6.2 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.
- 6.3 At the appropriate time and after having the benefit of reviewing further information of the Proposed Acquisition, the Board may consider applying to SGX-ST for an extension pursuant to Rule 1017(2) of the Catalist Rules.

7 MORATORIUM

- 7.1 The Vendor covenants and undertakes and, if necessary, shall procure their respective nominees and associates to undertake, not to sell, realise, transfer or otherwise dispose of:
 - (i) any part of its shareholdings in the Company immediately after Completion (as required under Part IX of Chapter 4 of the Catalist Rules unless the same is not required by the SGX-ST or as may be otherwise imposed by the SGX-ST) for a period of six months commencing from the listing of the Consideration Shares on the Catalist of the SGX-ST, and
 - (ii) more than 50% of its shareholdings in the Company for the subsequent six months, or such period as may be required by the SGX-ST (such shareholdings being adjusted for any bonus issue or subdivision).

7.2 The Vendor further undertakes and, if necessary, shall procure its respective nominees and associates to undertake that it shall abide by such other conditions as may be imposed by the SGX-ST for the transactions under the SPA.

7.3 The Controlling Shareholder undertakes that he shall, and if necessary, shall procure his associates (if any) to undertake that they shall comply with the moratorium requirements under Rule 1015(3)(b) of the Catalist Rules.

8 CIRCULAR

The Company will in due course despatch a circular to its Shareholders, containing further information on, *inter alia*, the Proposed Acquisition and notice of EGM to approve, *inter alia*, the Proposed Acquisition and the allotment and issue of the Consideration Shares (the “Circular”).

9 FINANCIAL ADVISER

The Company will appoint a financial adviser (“FA”) with respect to the Proposed Acquisition in due course. The Company will make further announcements in relation to the appointment of the FA as and when appropriate.

10 LEGAL ADVISER

The Company will appoint a legal adviser with respect to the Proposed Acquisition in due course. The Company will make further announcements in relation to the appointment of the legal adviser as and when appropriate.

11 SERVICE CONTRACTS

It is envisaged that the Company will, upon Completion, enter into service agreements with the key management team as identified by the Vendor, pursuant to which they shall remain employed or engaged by the Target and/or the Company for at least three financial years following Completion, on terms to be mutually agreed by such persons and the Company in writing. As at the date of this announcement, the Company has not entered into any service contract with any Director or any person proposed to be appointed as a Director of the Company in connection with the Proposed Acquisition.

12 INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this announcement and their respective shareholding in the Company, none of the Directors, controlling shareholders or their associates has any interest, direct or indirect, in the Proposed Acquisition or the SPA.

13 RESPONSIBILITY STATEMENT

13.1 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 Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make 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.

- 13.2 The Vendor accepts 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 Target and the Asset, and the Vendor is not aware of any facts the omission of which would make 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.

14 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the SPA are available for inspection during normal business hours from 9 a.m. to 5 p.m. at the registered office of the Company at 31 Jurong Port Road, #02-12M Jurong Logistics Hub, Singapore 619115, for a period of three months from the date of this announcement.

15 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 this announcement. 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
27 June 2016

This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), 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:-

Name: Ms Amanda Chen, Registered Professional, RHT Capital Pte. Ltd.
Address: Six Battery Road #10-01, Singapore 049909
Tel: 6381 6757