

**PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF  
KNIT TEXTILE AND APPAREL PTE. LTD.**

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**1. INTRODUCTION**

- 1.1 The Board of Directors ("**Board**" or "**Directors**") of Leren Bio-Chem Ltd. ("**Company**") refers to the Company's announcements dated 16 August 2016, 16 February 2017, 27 March 2017 and 29 September 2017 relating to:
- 1.1.1 the extension of time granted by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") for the Company, as a cash company, to complete the acquisition of the entire issued and paid-up share capital of Kenyalang Property (S) Pte. Ltd. ("**Kenyalang Acquisition**") and meet the requirements for a new listing by 15 February 2018 ("**Extension**"); and
- 1.1.2 the termination of the sale and purchase agreement dated 23 June 2016 in relation to the Kenyalang Acquisition.
- 1.2 The Board wishes to announce that, following the termination of the Kenyalang Acquisition, the Company and Mr Lim Siau Hing @ Lim Kim Hoe ("**Vendor**") have entered into a conditional put and call option agreement dated 27 September 2017 ("**Agreement**") to acquire 100% of the issued ordinary shares in the capital of Knit Textile and Apparel Pte. Ltd. ("**Target**") ("**Option Shares**") for an aggregate consideration of S\$26,400,000, subject to adjustment in accordance with the Agreement ("**Consideration**") ("**Proposed Acquisition**"). The Consideration will be satisfied in full by the allotment and issue of ordinary shares in the capital of the Company ("**Shares**"), as described further below.
- 1.3 The Proposed Acquisition, if completed, would constitute a "Reverse Takeover" pursuant to Chapter 10 of Section B: Rules of Catalist of the Listing Manual of the SGX-ST ("**Catalist Rules**") and is subject to, among other things, the approval of the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened and the issue of a listing and quotation notice by the SGX-ST.
- 1.4 In view of the termination of the Kenyalang Acquisition and entry into the Agreement for the Proposed Acquisition, the Company will, through its sponsor ("**Sponsor**"), consult with the SGX-ST on the continued validity and applicability of the Extension. The Company will make a further announcement as appropriate in due course.

**2. INFORMATION ON THE TARGET, THE TARGET GROUP AND THE VENDOR**

*Information on the Vendor, the Target and the Target Group (as defined below) in this Section 2 and Section 6 has been extracted from information provided by the Vendor, the Target and the Target Group (as defined below) and reproduced herein. Neither the Company nor any of the Directors has independently verified the accuracy and correctness of such information, and the responsibility of the Company and the Directors is limited to ensuring that such information has been properly extracted and*

*reproduced herein in the context that the information is being disclosed in this Announcement.*

## 2.1 Information on the Target

The Target is a private company incorporated in Singapore and, as at the date hereof, has an issued and paid-up share capital of S\$2 comprising two (2) ordinary shares ("**Target Shares**"), all of which are legally and beneficially owned by the Vendor. The Target is an investment holding company that has been incorporated by the Vendor for the purpose of holding the Target Subsidiaries pursuant to the Restructuring (each term as defined in Section 2.2).

## 2.2 Target Subsidiaries

Under the Agreement, the Vendor has undertaken to procure a restructuring ("**Restructuring**") pursuant to which the Target will acquire, and directly or indirectly own, all of the issued and paid-up share capital of the following companies:

- 2.2.1 Knit Textiles Mfg. Sdn. Bhd. ("**KTM**"), a company incorporated in Malaysia;
- 2.2.2 Ocean Art & Embellishment Sdn. Bhd. ("**OAE**"), a company incorporated in Malaysia;
- 2.2.3 Moon Apparel (Cambodia) Co. Ltd ("**Moon Apparel**"), a company incorporated in Cambodia;
- 2.2.4 Callisto Apparel (Cambodia) Co. Ltd ("**Callisto Apparel**"), a company incorporated in Cambodia; and
- 2.2.5 Xentika Limited ("**Xentika**"), a company incorporated in Seychelles,

collectively, "**Target Subsidiaries**" and, together with the Target, the "**Target Group**".

The Target Subsidiaries are engaged primarily in the business of contract manufacturing of apparels, specialising in manufacturing of sleepwear, lounge wear, casual wear and plus sizes apparels in Malaysia and Cambodia, and are currently in the course of expanding upstream into the knitting, dyeing, printing and finishing of fabric.

## 2.3 Information on the Vendor

The Vendor is the founder, and manages the business, of the Target Subsidiaries. As at the date hereof, the Vendor and his family members control the Target Subsidiaries. Upon completion of the Restructuring, the Target Subsidiaries will be directly or indirectly wholly-owned by the Target, which in turn will be wholly-owned by the Vendor.

The Vendor is not related to any of the Directors, chief executive officer, controlling shareholders or their respective associates. As at the date of this Announcement, the Vendor does not hold any Shares.

### 3. KEY TERMS OF THE PROPOSED ACQUISITION

#### 3.1 Put and Call Option

Pursuant to the Agreement:

- 3.1.1 the Vendor has granted to the Company a call option (“**Call Option**”), being the right of the Company to require the Vendor to sell to the Company all of the Option Shares for the Consideration; and
- 3.1.2 the Company has granted to the Vendor a put option (“**Put Option**”), being the right of the Vendor to require the Company to purchase from the Vendor all of the Option Shares for the Consideration.

The Call Option or Put Option may be exercised by the Vendor or the Company (as the case may be) at any time after Shareholders’ approval is obtained in relation to the Proposed Acquisition, up to the date falling fourteen (14) calendar days prior to the Long Stop Date (as defined below) (“**Option Period**”).

#### 3.2 Consideration

- 3.2.1 The Consideration for the sale and purchase of the Option Shares upon exercise of the Call Option or Put Option shall be S\$26,400,000, subject to adjustment in accordance with the Agreement, as described in Section 3.2.3.

The Consideration was arrived at on a willing-buyer and willing-seller basis, after taking into account, among other things, earnings of the Target Group.

Pursuant to Rule 1015(3)(a) of the Catalist Rules, the Company will appoint a competent and independent valuer to conduct and furnish an independent valuation report on the value of the Target Group (“**Independent Valuation Report**”). Further information relating to the independent professional valuer to be appointed, together with the Independent Valuation Report, will be included in the circular on the Proposed Acquisition (“**Circular**”) to be despatched to Shareholders in due course.

- 3.2.2 The Consideration shall be fully satisfied on completion of the sale and purchase of the Option Shares (“**Completion**”) by way of the allotment and issue of 2,640,000,000 new Shares, credited as fully paid-up (“**Consideration Shares**”), at the pre-consolidation issue price of S\$0.01 (“**Pre-Consolidation Issue Price**”) for each Consideration Share, in the following manner:

- (a) An aggregate of 2,530,000,000 Consideration Shares (being the total number of 2,640,000,000 Consideration Shares less the Advisor Shares referred to in Section 3.2.2(b)) (“**Vendor Consideration Shares**”) will be allotted and issued to the Vendor and/or his nominees upon Completion.
- (b) At the direction of the Vendor, an aggregate of 110,000,000 Consideration Shares (“**Advisor Shares**”) will be allotted and issued to Compass Consulting Pte. Ltd. (“**Advisor**”) and/or its nominees upon Completion in payment of fees to the Advisor for the provision of services to the Vendor. The number of Advisor Shares is computed based on a fee of S\$1,100,000 (which is subject to such adjustments as may be mutually agreed between the Advisor and the Vendor) divided by the Pre-Consolidation Issue Price.

The issue price of the Consideration Shares (including the Advisor Shares) and the number of Consideration Shares (including the Advisor Shares) will be adjusted in due course to take into account the Share Consolidation (as defined in Section 3.6).

3.2.3 In the event that:

- (a) the valuation of the Target Group based on the Independent Valuation Report materially deviates either way from the Consideration; and/or
- (b) any material issues and/or irregularities are uncovered in the course of due diligence which would or would reasonably be expected to cause the valuation of the Target Group to materially deviate on the downside from the Consideration,

the Parties shall negotiate in good faith on reasonable adjustments (if any) to be made to: (i) the Consideration; and (ii) the number of Consideration Shares to be issued ("**Adjustments**").

3.2.4 Upon Completion, and simultaneously with the allotment and issue of the Consideration Shares, the Company will allot and issue:

- (a) to the Vendor and/or his nominees such number of new Shares ("**Transaction Costs Shares**") that is equivalent to the Transaction Costs (as defined below) divided by an issue price that is equivalent to the Pre-consolidation Issue Price adjusted to take into account the Share Consolidation ("**Issue Price**").

The Vendor has agreed to pay on behalf of the Company all the costs and expenses incurred and to be incurred by the Company in connection with the Proposed Acquisition (including stamp duty and professional fees) ("**Transaction Costs**"). The Transaction Costs shall, subject to Completion occurring, be deemed to be an interest-free loan from the Vendor to the Company, and the Company will issue the Transaction Costs Shares to the Vendor and/or his nominees in full and final settlement of the Transaction Costs. In the event that Completion does not occur for any reason whatsoever, the Vendor will waive repayment of the Transaction Costs by the Company; and

- (b) to Bin Tai Holdings Private Limited ("**Bin Tai**") such number of new Shares ("**Controlling Shareholder Shares**") that is equivalent to the Amount Owing (as defined below), subject to a maximum of S\$4,800,000, divided by the Issue Price.

The Controlling Shareholder Shares will be allotted and issued to Bin Tai in full and final settlement of all amounts owing from the Company to any third parties, including Bin Tai and Mr. Ong Puay Koon (collectively, "**Controlling Shareholders**"), and certain of the Directors due to (i) loans from the Controlling Shareholders to the Company; and (ii) accrual for staff and other expenses of the Company as at the date of Completion ("**Amount Owing**").

Upon allotment and issue of the Controlling Shareholder Shares to Bin Tai, the Controlling Shareholders will be responsible to pay the Amount Owing to the other parties to whom the Amount Owing is

owed. In respect of the excess of any Amount Owing over S\$4,800,000, the Controlling Shareholders shall waive (and procure other relevant persons to waive) repayment thereof and shall undertake to pay to the Company any sums comprised in the Amount Owing that the Company may be required to pay to any relevant third parties.

### 3.3 Conditions Precedent

The exercise of the Call Option or Put Option (as the case may be) shall be subject to the satisfaction of the following conditions precedent (“**Conditions**”) on or prior to the expiry of the Option Period, and the obligations of the Vendor and the Company to proceed to Completion shall be subject to the continuing satisfaction of the Conditions during the period up to and including the Completion Date:

3.3.1 *Restructuring of the Target.* The completion of the Restructuring to the satisfaction of the Company, and the Restructuring being in compliance with applicable laws and the memorandum and articles of association, and/or any other constitutional documents, of the Target Subsidiaries;

3.3.2 *Consents and Approvals.*

- (a) the Proposed Acquisition being approved by the SGX-ST and/or the sponsor of the Company (“**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 and Vendor;
- (b) the approval by the SGX-ST for the listing and quotation of the Consideration Shares (including the Advisor Shares), Transaction Costs Shares and Controlling Shareholder Shares on the Catalist of the SGX-ST;
- (c) a waiver being obtained from Securities Industry Council (“**SIC**”) of the obligation by the Vendor and its concert parties to make a mandatory general offer under the Singapore Code on Takeovers and Mergers (“**Code**”) for all the Shares 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 issue 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 (“**Whitewash Waiver**”);
- (d) the Company obtaining the Shareholders’ approval at an EGM to be convened for the Proposed Acquisition and the transactions in connection therewith, including but not limited to approval of the resolutions relating to the Whitewash Waiver, the allotment and issue of the Consideration Shares (including the Advisor Shares), Transaction Costs Shares and Controlling Shareholder Shares, and the Share Consolidation, on the basis that the resolutions relating to the allotment and issue of the Consideration Shares (including the Advisor Shares), Transaction Costs Shares and Controlling Shareholder Shares shall be inter-conditional;

- (e) the approval of all transactions contemplated in connection with the sale of the Option Shares and issue of the Consideration Shares by the regulatory authorities (including, without limitation, the Sponsor, the SGX-ST and the SIC) including the receipt and non-withdrawal of the listing and quotation notice ("**Listing Approval**") of the SGX-ST for, among other things, the listing and quotation of the Consideration Shares (including the Advisor Shares), Transaction Costs Shares and Controlling Shareholder 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;
- (f) where the Listing Approval is obtained subject to any conditions, such conditions being reasonably acceptable to the Vendor and the Company as confirmed by them;
- (g) approval being obtained from the Shareholders for any changes to the Board;
- (h) approval being obtained from the Shareholders for the share issue mandate in accordance with Rule 806 of the Catalist Rules;
- (i) approval being obtained from the Shareholders for the change of name of the Company to "KT International Holdings Limited" or such other name as the Vendor may decide;
- (j) if required, approval being obtained from the Shareholders for the compliance placement; and
- (k) 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 Company;

### 3.3.3 *Satisfactory Due Diligence.*

- (a) the Company being satisfied with the results of the financial, business and legal due diligence on the Target Group to be carried out by the Company and/or its advisers; and
- (b) the rectification, or the procurement of such rectification, to the reasonable satisfaction of the Company by the Vendor, of all issues and irregularities uncovered by the Company which are material in the context of the Proposed Acquisition during the Company's due diligence; and
- (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;

### 3.3.4 *No Material Adverse Change.* The Company being satisfied in its reasonable discretion that there has been no material adverse change, or events, acts or omissions likely to lead to such a material adverse change, in the business,

assets, prospects, performance, financial position or results of operations of the Target Group from the date of this Agreement;

3.3.5 *Independent Valuation.*

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

3.3.6 *Accounts.*

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

3.3.7 *Remaining Listed on the Catalist.* The Company shall remain listed on the Catalist of the SGX-ST, and there shall be no suspension of trading of the Shares (other than any temporary suspension at the request of the Company or any suspension which will be lifted prior to or upon Completion), from the date of the Agreement up to and on the date of Completion;

3.3.8 *In respect of the Proposed Acquisition.*

- (a) all permits as may be required or appropriate for or in connection with the sale and purchase of the Option Shares or the transactions contemplated in the Agreement and to carry on the business of the Target Group Companies 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 Vendor and the Company;
- (b) 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 Option Shares and to carry on the business of the Target Group Companies; and, if such consents and/or conditions are required to be fulfilled before Completion, such conditions being fulfilled before Completion; and
- (c) such permits as are necessary for the Target Group’s operations having been obtained and remaining valid and subsisting, and each of the Target Group Companies is 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 Group Companies is subject contain any restriction or prohibition on the change in the shareholding and/or the boards of directors of the Target Group Companies or include any right to terminate exercisable prior to or as a result of any matter contemplated by the Agreement, 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 Agreement or of any such right to terminate having been obtained or fulfilled;

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

3.3.10 *Deed(s) of Waiver by Controlling Shareholders and other Relevant Persons.* The receipt by the Company of deed(s) of waiver duly executed by the Controlling Shareholders and such other persons to whom the Company owed and/or is owing monies comprised in the Amount Owing, reflecting the matters referred to in the second paragraph of Section 3.2.4(b);

3.3.11 *No Litigation / Disciplinary Proceedings.*

- (a) no civil, criminal, arbitration, administrative or other proceeding is pending or threatened by or against any Target Group Company or a person for whose acts or defaults any Target Group Company may be vicariously liable;
- (b) no Target Group Company (or any person for whose acts or defaults any Target Group Company may be vicariously liable) 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 Group Company (or any person for whose acts or defaults the Target may be vicariously liable);
- (c) as at the date of the Agreement, 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; and
- (d) the Vendor and Company 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 Agreement, 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; and



3.3.12 *No Breach of Warranties.* Each of the representations, warranties, indemnities, covenants and undertakings of the Vendor and the Company 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 Agreement and Completion.

#### 3.4 Completion Date

Subject to the Conditions being satisfied or waived (as the case may be), the date of Completion for the Proposed Acquisition shall be the date falling within fourteen (14) calendar days from the date of exercise of the Call Option or Put Option, or such other date as may be mutually agreed between the Parties.

#### 3.5 Long Stop Date

If any of the Conditions is not fulfilled and not waived by mutual consent of the Vendor and the Company by 15 February 2018 (or such further date as the Parties may agree in writing) ("**Long Stop Date**"), the Agreement shall cease and determine and (save for any antecedent breach of the Agreement), no Party shall have any claim against the other Party for damages, compensation or anything whatsoever.

#### 3.6 Share Consolidation

Under Rule 1015(3)(c) of the Catalist Rules, the issue price of each Share after adjusting for any share consolidation is required to be at least S\$0.20. Accordingly, in conjunction with the Proposed Acquisition and subject to the approval of the Shareholders, the Company will undertake a share consolidation exercise, based on such consolidation ratio as may be determined by the Board in due course ("**Share Consolidation**"), on or prior to Completion.

#### 3.7 Proposed Whitewash Resolution

The Vendor will hold approximately 80.2% of the enlarged issued share capital of the Company at Completion upon the issuance and allotment of the Vendor Consideration Shares to the Vendor and/or his nominees (after taking into account the issue of the Advisor Shares, Transaction Costs Shares and the Controlling Shareholder Shares).

Accordingly, the Vendor and its concert parties will, under Rule 14 of the Code, be required to make a mandatory offer for all the remaining issued Shares not already owned, controlled or agreed to be acquired by the Vendor and its concert parties arising from the allotment and issue of the Vendor Consideration Shares.

It is a condition precedent to the exercise of the Call Option or Put Option, and Completion, that the SIC grants the Vendor and its concert parties a waiver of their obligation to make a mandatory offer under Rule 14 of the Code and that a majority of the independent Shareholders approve at the EGM the Whitewash Resolution for the waiver of the rights of the Shareholders to receive a mandatory offer from any or all of the Vendor and its concert parties under Rule 14 of the Code.

The Company will appoint an IFA to the independent Directors of the Company for the purposes of the Whitewash Resolution. The advice of the IFA will be set out in the Circular to be despatched to Shareholders in due course.

### 3.8 Moratorium

The Vendor has undertaken, and agreed, if necessary, to procure his respective nominees and associates to undertake, not to sell, realise, transfer or otherwise dispose of:

3.8.1 any part of his shareholdings in the Company immediately after Completion, less the Advisor Shares that will be allotted and issued to the Advisor and/or its nominees referred to in Section 3.2.2(b) (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 (6) months commencing from the listing of the Consideration Shares on the Catalist of the SGX-ST, and

3.8.2 more than 50% of his shareholdings in the Company, less the Advisor Shares that will be allotted and issued to the Advisor and/or its nominees referred to in Section 3.2.2(b), for the subsequent six (6) months, or such period as may be required by the SGX-ST (such shareholdings being adjusted for any bonus issue or subdivision).

## **4. RATIONALE FOR THE PROPOSED ACQUISITION**

4.1 The Company has been a cash company since the completion of the disposal of Lereno Sdn. Bhd. on 17 November 2015. Under Rule 1017(2) of the Catalist Rules, the SGX-ST will proceed to remove an issuer from the Official List if it is unable to meet the requirements for a new listing within twelve (12) months from the time it becomes a cash company. The Company may apply to the SGX-ST for a maximum six (6) month 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 six (6) month extension period.

4.2 The Company has, following its entry into the Kenyalang SPA, obtained extension of time to 15 February 2018 to complete the Kenyalang Acquisition and meet the requirements for a new listing. As mentioned in the Company's announcement dated the date hereof, the Kenyalang SPA has been terminated by mutual agreement of the Company and Kenyalang Malaysia. As further mentioned in Section 1.4, the Company will, through its Sponsor, be consulting with the SGX-ST on the continued validity and applicability of the Extension.

4.3 The Board has considered the terms of the Proposed Acquisition and, based on the brief information provided by the Vendor at this stage, believes that the Target Group's business would provide the Company with the necessary recurrent business activities going forward and to meet the requirements for a new listing.

4.4 The Board further believes that the Proposed Acquisition would enhance Shareholder value for the Company as well as strengthen the balance sheet of the Company.

## **5. REVERSE TAKEOVER**

Based on the latest audited consolidated financial statements of the Company and its subsidiaries ("**Group**") for the financial year ended 31 March 2017 ("**FY2017**"), 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:

<b>Rule 1006(a)</b>	Net asset value of the asset to be disposed of	Not applicable
	Net asset value of the Group	
	Relative figure	
<b>Rule 1006(b)</b>	Net profits <sup>(1)</sup> attributable to the Target Group	Not meaningful <sup>(2)</sup>
	Net profits <sup>(1)</sup> attributable to the Group	
	Relative figure	
<b>Rule 1006(c)</b>	Aggregate value of the Consideration given	S\$26,400,000 <sup>(3)</sup>
	Market capitalisation of the Company as at 26 September 2017, being the market day preceding the date of the Agreement	S\$3,313,434 <sup>(4)</sup>
	Relative figure	796%
<b>Rule 1006(d)</b>	Number of Shares to be issued by the Company as Consideration for the Proposed Acquisition	2,640,000,000 <sup>(5)</sup>
	Number of Shares in issue as at this date of this announcement	73,631,858
	Relative figure	3,585%
<b>Rule 1006(e)</b>	Aggregate volume or amount of proven and probable reserves to be disposed of	Not applicable
	Aggregate volume or amount of the Group's proven and probable reserves	
	Relative figure	

**Note:**

- (1) Under Rule 1002(3) of the Catalist Rules, "net profits" is defined as profit (or loss) before income tax, minority interests and extraordinary items.
- (2) Not meaningful as the Group was in a net loss position for FY2017.
- (3) The value of the Consideration is based on the assumption that there is no Adjustment to the Consideration.
- (4) The market capitalisation of the Company is derived by multiplying the number of Shares in issue by the volume-weighted average price of S\$0.045 per Share based on trades done on the SGX-ST on 26 September 2017, being the market day preceding the date of the Agreement.
- (5) This reflects the number of Vendor Consideration Shares issued at the Pre-Consolidation Issue Price of S\$0.01 and is based on the assumption that there is no Adjustment to the Consideration and number of Consideration Shares to be issued. The Transaction Costs Shares to be issued to the Vendor and/or his nominees and the Controlling Shareholder Shares to be issued to Bin Tai have been excluded from the computation as they do not form part of the Consideration for the Proposed Acquisition.

The Vendor will hold an aggregate interest of approximately 80.2% of the enlarged total number of issued Shares upon Completion following the allotment and issue of the Vendor Consideration Shares (after taking into account the Advisor Shares, Transaction Costs Shares and Controlling Shareholder Shares).

As a result of the issue of the Vendor Consideration Shares, the Vendor shall become a new controlling shareholder of the Company upon Completion. Upon Completion, it is expected that each of the Controlling Shareholders will no longer, based on their individual shareholdings in the Company, be controlling Shareholders and there will be a change in control of the Company.

As the relative figures under Rule 1006(c) and Rule 1006(d) of the Catalist Rules above exceed 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, among others, the approval of Shareholders at an EGM to be convened and the issue of a listing and quotation notice by the SGX-ST.

## 6. FINANCIAL INFORMATION ON THE TARGET GROUP

A summary of the unaudited proforma combined financial statements of the Target Group Companies for the latest two (2) financial years ended 31 December (“**Target FY**”) 2015 and 2016, prepared based on unaudited management financial statements of the Target Group Companies for FY2015 and 2016, is set out below:

### Unaudited Proforma Combined Income Statements<sup>(1)</sup>

<b>RM'000</b>	<b>Target FY2015</b>	<b>Target FY2016</b>
Revenue	140,461	160,252
Gross profit	28,063	30,887
Profit/ (loss) before tax	8,159	13,338
Income tax expense	2,112	2,983
Profit/ (loss) after tax	6,047	10,355

### Unaudited Proforma Combined Balance Sheet<sup>(1)</sup>

<b>RM'000</b>	<b>As at 31 December 2015</b>	<b>As at 31 December 2016</b>
Current assets	58,312	65,300
Non-current assets	28,170	28,807
Total assets	86,482	94,107
Current liabilities	49,043	48,470
Non-current liabilities	5,460	6,222
Total liabilities	54,503	54,692
Shareholder's equity	31,979	39,415

**Note:**

(1) The proforma combined financial statements of the Target Group Companies are subject to audit and any financial effects of the restructuring of the Target Group.

## 7. PROFORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

The Company prepares its financial statements based on a financial year end of 31 March and the latest audited consolidated financial statements of the Group are for the financial year ended 31 March 2017. The Board notes that the Target Group's proforma combined financial statements for the financial period ended 31 March 2017 are unavailable as its financial statements are prepared based on the different financial year end of 31 December.

Accordingly, the proforma financial information of the Group and the Target Group (collectively “**Enlarged Group**”) set out below has been prepared, *for illustrative*

*purposes only*, based on the audited financial statements of the Group for the financial year ended 31 March 2017, and the unaudited management financial statements of the Target Group for the financial period ended 31 March 2017:

Proforma Income Statement

S\$'000	Financial Period ended 31 March 2017 <sup>(1)</sup>
Revenue	52,596
Gross profit	9,655
Profit/(loss) before tax	3,085
Income tax expense	(942)
Profit/(loss) after tax	2,143

Proforma Balance Sheet

S\$'000	As at 31 March 2017 <sup>(1)</sup>
Current assets	19,243
Non-current assets	25,326
<b>Total assets</b>	<b>44,569</b>
Current liabilities	13,358
Non-current liabilities	1,963
<b>Total liabilities</b>	<b>15,321</b>
<b>Shareholder's equity</b>	<b>29,248</b>

Note:

(1) The proforma financial information above has been prepared based on the assumption that the acquisition of the Target Group took place on 1 April 2016. The proforma income statement of the Enlarged Group took into account the results of the Target Group, compiled based on the management accounts of the Target Group for the financial period from 1 April 2016 to 31 March 2017. The proforma financial information did not take into account the estimated Transaction Costs amounting to S\$1.5 million, which will be borne by the Vendor and capitalised into Shares at the Pre-Consolidation Issue Price of S\$0.01 per Share upon Completion. If the one-off Transaction Costs were to be taken into consideration, the adjusted proforma profit after tax of the Enlarged Group will be approximately S\$0.64 million.

**8. PROFORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION**

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, among others, the following assumptions:

- 8.1.1 the proforma financial effects of the Proposed Acquisition on the earnings and earnings per Share of the Group for the financial year ended 31 March 2017 are computed assuming the Proposed Acquisition was completed on 1 April 2016;

- 8.1.2 the pro forma financial effects of the Proposed Acquisition on the NTA and NTA per Share of the Group as at 31 March 2017 are computed assuming the Proposed Acquisition was completed on 31 March 2017;
- 8.1.3 there are no Adjustments made to the Consideration and/or the number of Consideration Shares to be issued;
- 8.1.4 the financial information of the Target Group as at 31 March 2017 has been translated using the closing exchange rate of RM1 = S\$0.3155 while the financial information of the Target Group for the financial period from 1 April 2016 to 31 March 2017 has been translated using the average rate of RM1 = S\$0.3292;
- 8.1.5 the financial effects do not take into account the Share Consolidation, as the consolidation ratio to be used for the Share Consolidation has not been determined as at the date of this Announcement; and
- 8.1.6 the Amount Owing will be fixed at the maximum amount of \$4,800,000, and accordingly, on a pre-consolidation basis, 480,000,000 Controlling Shareholder Shares will be issued to Bin Tai at the Pre-Consolidation Issue Price.

Financial Effects assuming Transaction Costs of S\$1.5 million are excluded<sup>(1)</sup>

Effect on Share Capital<sup>(1)</sup>

<b>Pre-Consolidation Price</b>	<b>Number of Shares</b>	<b>Share Capital (S\$'000)</b>
Share capital as at 31 March 2017	73,631,858	736,319
Add: Issue of Consideration Shares <sup>(1)</sup>	2,640,000,000	26,400,000
Add: Issue of Controlling Shareholder Shares <sup>(2)</sup>	480,000,000	4,800,000
Immediately after Completion of Proposed Acquisition	3,193,631,858	31,936,319

Effect on Earnings<sup>(1)</sup>

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Profit/(Loss) attributable to Shareholders (S\$'000)	(739)	2,143
Weighted average number of Shares ('000)	73,632	3,193,631
Earnings/(Loss) per Share (S\$ cents)	(1.00)	0.06

Effect on NTA<sup>(1)</sup>

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
NTA of the Group as at 31 March 2017 (S\$'000)	(6,239)	29,248
Weighted average number of Shares ('000)	73,632	3,193,631
NTA per Share (S\$ cents)	(8.47)	0.92

Financial Effects assuming Transaction Costs of S\$1.5 million are included<sup>(1)</sup>Effect on Share Capital<sup>(1)</sup>

<b>Pre-Consolidation Price</b>	<b>Number of Shares</b>	<b>Share Capital (S\$'000)</b>
Share capital as at 31 March 2017	73,631,858	736,319
Add: Issue of Consideration Shares <sup>(1)</sup>	2,640,000,000	26,400,000
Add: Issue of Controlling Shareholder Shares <sup>(2)</sup>	480,000,000	4,800,000
Add: Issue of Transaction Costs Shares	150,000,000	1,500,000
Immediately after Completion of Proposed Acquisition	3,343,631,858	33,436,319

Effect on Earnings<sup>(1)</sup>

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
Profit/(Loss) attributable to Shareholders (S\$'000)	(739)	643
Weighted average number of Shares ('000)	73,632	3,343,631
Earnings/(Loss) per Share (S\$ cents)	(1.00)	0.02

Effect on NTA<sup>(1)</sup>

	<b>Before the Proposed Acquisition</b>	<b>After the Proposed Acquisition</b>
NTA of the Group as at 31 March 2017 (S\$'000)	(6,239)	29,248
Weighted average number of Shares ('000)	73,632	3,343,631

NTA per Share (S\$ cents) (8.47) 0.87

**Note:**

- (1) Based on the exchange rate of S\$1: RM3.15.  
 (2) Based on the Amount Owing cap of S\$4,800,000.

**9. SHAREHOLDING EFFECTS**

*For illustrative purposes only*, it is envisaged that upon Completion, the shareholding structure of the Company will be as follows:

Shareholder	Before the Proposed Acquisition		After the Proposed Acquisition	
	Shares	%	Shares	%
Ong Puay Koon <sup>(1)</sup>	1,297,240	1.76%	1,297,240	0.04%
Bin Tai Holdings Private Limited	18,214,144	24.74%	498,214,144 <sup>(2)</sup>	14.90%
Spektra Anggun Sdn Bhd	5,565,300	7.56%	5,565,300	0.17%
Existing Shareholders	48,555,174	65.94%	48,555,174	1.45%
Vendor	—	—	2,680,000,000 <sup>(3)</sup>	80.15%
Advisor	—	—	110,000,000	3.29%
Total	73,631,858	100.0%	3,343,631,858	100.0%

**Note:**

- (1) In addition to the 1,297,240 Shares that are directly held by Mr Ong Puay Koon, he is also deemed to be interested in an aggregate of 19,467,321 Shares, being the aggregate of 18,214,144 Shares held by Bin Tai Holdings Private Limited and 1,253,177 Shares held by Bintai Kinden Corporation Berhad.  
 (2) This takes into account 18,214,144 Shares held by Bin Tai Holdings Private Limited as at the date of this Announcement and 480,000,000 Controlling Shareholder Shares.  
 (3) This takes into account 2,530,000,000 Vendor Consideration Shares and 150,000,000 Transaction Costs Shares.

**10. CIRCULAR**

The Company will in due course despatch the Circular to Shareholders, containing further information on, among other things, the Proposed Acquisition and notice of EGM to approve, among other things, the Proposed Acquisition and the allotment and issue of the Consideration Shares.

**11. FINANCIAL ADVISER AND INDEPENDENT FINANCIAL ADVISER**

The Company will appoint (a) a financial adviser (“FA”) with respect to the Proposed Acquisition; and (b) an IFA to advise the independent Directors in relation to the Whitewash Resolution in due course. The Company will make further announcements in relation to the appointment of the FA and IFA as and when appropriate. The advice of the IFA will be set out in the Circular to be despatched to the Shareholders in due course.



**12. 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.

**13. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Save as disclosed in this Announcement and their respective shareholdings in the Company, none of the Directors or, as far as the Directors are aware, the controlling Shareholders, or their respective associates has any interest, direct or indirect, in the Proposed Acquisition or the Agreement.

**14. RESPONSIBILITY STATEMENT**

14.1 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 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.

14.2 The Vendor accepts full responsibility for the accuracy of the information given in this Announcement in respect of information relating to the Vendor, the Target Group and the Target Group Companies 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 Target Group and the Target Group Companies, 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.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Agreement are available for inspection during normal business hours from 9 a.m. to 5 p.m. at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898, for a period of three (3) months from the date of this Announcement.

## 16. 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  
29 September 2017

This Announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the 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.

The contact person for the Sponsor is:

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