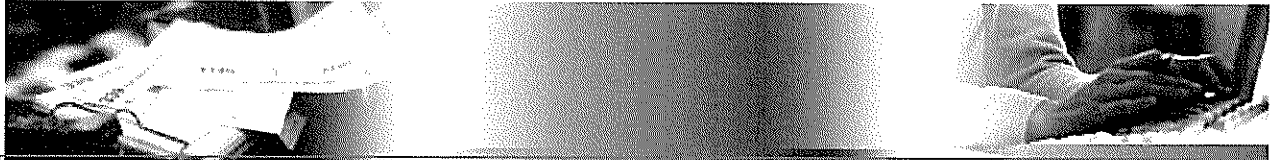




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Announcement Submission : Acknowledgement Page

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Announcement Details :

Announcement Reference Number	00194
Broadcast Status	PUBLISHED
Broadcast Date & Time	23-Jul-2007 20:30:16
Submission Date & Time	23-Jul-2007 20:29:08
Company Name	LERENO BIO-CHEM LTD.
Announcement Title	MISCELLANEOUS :: THE PROPOSED ISSUE (THE "PROPOSED NOTES BY THE COMPANY OF UP TO S\$20 MILLION OF UNSECURED NON-IN BEARING CONVERTIBLE NOTES DUE 2008 (THE "NOTES") AT AN IS OF 100 PER CENT OF THE PRINCIPAL AMOUNT OF SUCH NOTES TO CAPITAL INVESTMENT MANAGEMENT LIMITED
Announcement Category	MISCELLANEOUS

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SGX Securities Trading, Market Control Department (Securities Operations)

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Miscellaneous	
* Asterisks denote mandatory information	
Name of Announcer *	LERENO BIO-CHEM LTD.
Company Registration No.	197401961C
Announcement submitted on behalf of	LERENO BIO-CHEM LTD.
Announcement is submitted with respect to *	LERENO BIO-CHEM LTD.
Announcement is submitted by *	Barbara Seng Suet Shee
Designation *	Company Secretary
Date & Time of Broadcast	23-Jul-2007 20:30:16
Announcement No.	00194

>> Announcement Details
 The details of the announcement start here ...

Announcement Title *	THE PROPOSED ISSUE (THE "PROPOSED NOTES ISSUE") BY THE COMPANY OF UP TO S\$20 MILLION OF UNSECURED NON-INTEREST BEARING CONVERTIBLE NOTES DUE 2008 (THE "NOTES") AT AN ISSUE PRICE OF 100 PER CENT OF THE PRINCIPAL AMOUNT OF SUCH NOTES TO PACIFIC CAPITAL INVESTMENT MANAGEMENT LIMITED
Description	
Attachments:	 ConvertibleNotes2PacificCapital23Jul07.pdf Total size = 151K (2048K size limit recommended)

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LERENO BIO-CHEM LTD

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

THE PROPOSED ISSUE (THE "PROPOSED NOTES ISSUE") BY THE COMPANY OF UP TO S\$20 MILLION OF UNSECURED NON-INTEREST BEARING CONVERTIBLE NOTES DUE 2008 (THE "NOTES") AT AN ISSUE PRICE OF 100 PER CENT OF THE PRINCIPAL AMOUNT OF SUCH NOTES TO PACIFIC CAPITAL INVESTMENT MANAGEMENT LIMITED

Further to the announcement made on 20 June 2007 in respect of the Proposed Notes Issue, the Board of Directors of **Lereno Bio-Chem Ltd** (the "**Company**") is pleased to announce that the Company has on 23 July 2007 entered into a conditional subscription agreement (the "**Subscription Agreement**") under which it will issue up to S\$20 million in principal value of Notes to **Pacific Capital Investment Management Limited** (the "**Subscriber**").

The Notes will be issued in 5 equal tranches (referred to as "**Tranche 1 Notes**", "**Tranche 2 Notes**", "**Tranche 3 Notes**", "**Tranche 4 Notes**" and "**Tranche 5 Notes**" respectively), of a principal amount of S\$4 million for each tranche ("**each Tranche**") and each Tranche comprising 2 equal sub-tranches of S\$2 million per sub-tranche, at an issue price of 100 percent. of the principal amount of such Notes ("collectively the "**Notes**"). The Notes are convertible and the Subscriber has undertaken to convert the Notes into new ordinary shares in the capital of the Company (the "**Shares**") upon the terms and subject to the conditions of the Subscription Agreement, including but not limited to the satisfaction of, inter alia, the following conditions precedent: (a) the approval of the Directors of the Company and the shareholders for the issue of the Notes and the Shares to be issued upon the conversion of the Notes (the "**Conversion Shares**"), (b) the approval in principle of the SGX-ST for the listing of and quotation for the Conversion Shares on the SGX-Sesdaq, and (c) the delivery of certain documents to the Subscriber in such form and substance satisfactory to the Subscriber.

The salient terms of the Subscription Agreement will be described in a circular to be issued by the Company and to be dispatched to shareholders of the Company in due course for the purpose of obtaining shareholders' approval for the Proposed Notes Issue at an extraordinary general meeting ("**EGM**") of the Company to be convened.

Provided below are some information on the financial effects of the Proposed Notes Issue for illustrative purposes only and they do not represent the actual financial position and/or results of the Group after the Proposed Notes Issue and/or conversion of the Notes.

Financial Effects

The Notes shall be converted into Shares at a price (the "**Conversion Price**") computed in accordance with either of the following formulas:

- (a) 130% of the average of the traded closing day price per Share for the 30 Business Days immediately prior to:
 - (i) in respect of the first sub-tranche of Tranche 1 Notes, the Closing Date (as defined in the Subscription Agreement) of the first sub-tranche of Tranche 1 Notes; and
 - (ii) in respect of the subsequent sub-tranches, the respective Closing Dates, subject to adjustment in the manner provided in the Subscription Agreement (the "**Fixed Conversion Price**"); or

- (b) 90% of the average of the Closing Day price per Share on any five consecutive Business Days (as selected by the relevant Noteholder) during the 30 Business Days immediately preceding the relevant Conversion date (the "Floating Conversion Price").

Solely for the purposes of illustration only, the financial effects of the Proposed Notes Issue on the Company's share capital, earnings or loss per share ("EPS" or "LPS" as the case may be), net tangible assets ("NTA") and gearing based on the Company's audited consolidated financial statements for financial year ended 31 March 2007 ("FY2007") are set out below:

The share capital of the Company as at the date of this announcement is S\$75.970 million comprising 1,288,328,620 Shares.

Assumptions:

- (1) The Notes will be converted at the Fixed Conversion Price. We have used the average of the Closing Day Price per Share of S\$0.209 as at 18 July 2007 (the "Latest Practicable Date"), in our calculation.
- (2) The Conversion Price per Share is S\$0.271 i.e. approximately 130% of the average of the Closing Day Price per Share based on the Fixed Conversion Price computed as at the Latest Practicable Date.
- (3) The Notes were issued on 1 April 2006 and were fully converted on the same day of their issue.
- (4) The Notes are not entitled to any Rights Shares and Warrants.
- (5) Issue expenses are estimated to be S\$890,000.
- (6) In calculating the gearing, funds from the issue of the Notes are used for expansion, thus there is no reduction in debts.

Share Capital

The effects of the conversion of the Notes on the issued and paid up share capital of the Company as at the Latest Practicable Date are set out below:

	Assuming that none of the outstanding warrants are exercised		Assuming that all of the outstanding warrants are exercised	
	No. of Shares	S\$'000	No. of Shares	S\$'000
Issued and paid up share capital as at the Latest Practicable Date	1,288,328,620	75,970	1,456,312,647	84,369
Number of Conversion Shares arising from the conversion of the Notes	73,800,738	20,000	73,800,738	20,000
Enlarged share capital after the conversion of the Notes	1,362,129,358	95,970	1,530,113,385	104,369
Conversion Shares as a percentage of the existing issued and paid up share capital	5.73%	26.33%	5.07%	23.71%
Conversion Shares as a percentage of the enlarged issued and paid up share capital	5.42%	20.84%	4.82%	19.16%

NTA

The estimated effects of the Proposed Notes Issue and the conversion of the Notes on the NTA per Share of the Group as at 31 March 2007 are set out below:

	Assuming that none of the outstanding Warrants are exercised S\$'000	Assuming that all of the outstanding Warrants are exercised S\$'000
NTA as at 31 March 2007	5,353	14,714
Estimated issue expenses arising from issue of Notes	(890)	(890)
Adjusted NTA after issue but before conversion of Notes	4,463	13,824
Effect of conversion of Notes	20,000	20,000
Adjusted NTA after conversion of Notes	<u>24,463</u>	<u>33,824</u>
Before issue and conversion of Notes		
NTA before issue and conversion of Notes	5,353	14,714
Number of Shares in issue	1,200,398,620	1,387,612,647
NTA per share (cents)	0.45	1.06
After issue but before conversion of Notes		
Adjusted NTA after issue of Notes but before conversion of Notes	4,463	13,824
Number of Shares in issue	1,200,398,620	1,387,612,647
NTA per share (cents)	0.37	1.00
After conversion of Notes		
Adjusted NTA after conversion of Notes	24,463	33,824
Number of Shares in issue	1,274,199,358	1,461,413,385
NTA per share (cents)	1.92	2.31

LPS

The estimated effects of the Proposed Notes Issue and the conversion of the Notes on the LPS of the Group for FY2007 are set out below:

	Assuming that none of the outstanding Warrants are exercised S\$'000	Assuming that all of the outstanding Warrants are exercised S\$'000
Loss after income tax for FY2007	(4,980)	(4,980)
Estimated issue expenses arising from issue of Notes	(890)	(890)
Adjusted loss after income tax	<u>(5,870)</u>	<u>(5,870)</u>
Before issue and conversion of Notes		
Loss after income tax	(4,980)	(4,980)
Weighted average number of shares in issue ⁽¹⁾	721,135,686	788,346,491
Loss per share (cents)	(0.69)	(0.63)
After issue but before conversion of Notes		
Adjusted loss after income tax	(5,870)	(5,870)
Weighted average number of shares in issue ⁽¹⁾	721,135,686	788,346,491
Loss per share (cents)	(0.81)	(0.74)
After conversion of Notes		
Adjusted loss after income tax	(5,870)	(5,870)
Weighted average number of shares in issue ⁽²⁾	794,936,424	862,147,229
Loss per share (cents)	(0.74)	(0.68)

Notes:

- (1) The basic and diluted (assumed all the outstanding Warrants are exercised) consolidated LPS was calculated based on the weighted average number of ordinary shares in issue during FY2007 of 721,135,686 Shares and 788,346,491 Shares respectively.
- (2) The basic and diluted (assumed all the outstanding Warrants are exercised) consolidated LPS after adjusting for the 73,800,738 Conversion Shares was calculated on the assumption that the 73,800,738 Conversion Shares was placed at the beginning of FY2007.

Gearing

The estimated effects of the Proposed Notes Issue on the gearing of the Group as at 31 March 2007 are set out below:

	Assuming that none of the outstanding Warrants are exercised ⁽¹⁾ S\$'000	Assuming that all of the outstanding Warrants are exercised ⁽¹⁾ S\$'000
Total net borrowings as at 31 March 2007	16,909	16,909
Debt Conversion on 18 May 2007	(11,700)	(11,700)
Increase in net borrowings resulting from issue of Notes	20,000	20,000
Adjusted net borrowings after Debt Conversion and issue of Notes	25,209	25,209
Decrease in net borrowings after conversion of Notes	(20,000)	(20,000)
Adjusted net borrowings after Debt Conversion and conversion of Notes	5,209	5,209
Shareholders' funds as at 31 March 2007	5,353	14,714
Debt Conversion on 18 May 2007	11,700	11,700
Estimated issue expenses arising from issue of Notes	(890)	(890)
Adjusted shareholders' funds after Debt Conversion and issue of Notes	16,163	25,524
Effect of conversion of Notes	20,000	20,000
Adjusted shareholders' funds after Debt Conversion and conversion of Notes	36,163	45,524
<u>Gearing (times)</u>		
As at 31 March 2007	3.16	1.15
After Debt Conversion and issue of Notes but before conversion of Notes	1.56	0.99
After Debt Conversion and conversion of Notes	0.14	0.11

Note:

(1) After balance sheet date as of 31 March 2007, there is a Debt Conversion carried out on 18 May 2007 amounting to S\$11.7million (including premium) whereby the Company has fully and finally settled the outstanding amount by way of the issuance and allotment of 66.7million new shares in the share capital of the Company at the issue price of S\$0.1703 for each new share. This amount was being net off in the total net borrowings and included in Shareholders' funds as at 31 March 2007 for the calculation of gearing.

For the avoidance of doubt, nothing in this announcement shall be construed as a representation by the Company as to the trading price of the Shares on the SGX-Sesdaq during the term of the Notes or for any other period of time.

Use of Proceeds

The Company shall use the proceeds from the Proposed Notes Issue to fund its future investments, future business expansion and for working capital purposes.

Approval

An application will be made by the Company to the SGX-ST for the listing of and quotation for the Conversion Shares. The Proposed Notes Issue and the issue and allotment of the Conversion Shares are subject to the approval of the Company's shareholders at an EGM to be convened. In this respect, a circular relating to the Proposed Notes Issue will be dispatched to shareholders in due course. The Company will make the necessary follow-up announcements concerning the convening of the EGM at the appropriate time.

Interests of Directors, Controlling Shareholders and Substantial Shareholders

None of the Directors, controlling shareholders or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Notes Issue or the Subscriber.

BY ORDER OF THE BOARD

Ong Puay Koon
Managing Director & Chief Executive Director

23 July 2007