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

Announcement Title *	PRELIMINARY AGREEMENT FOR THE PROPOSED PURCHASE OF ALL THE ISSUED SHARES IN JARAK NURSERY SDN BHD
Description	
Attachments	 PreliminaryAgreement4AcquisitionOfJarakNurserySdnBhd.pdf Total size = 78K (2048K size limit recommended)

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

**PRELIMINARY AGREEMENT FOR THE PROPOSED PURCHASE OF ALL
THE ISSUED SHARES IN JARAK NURSERY SDN BHD**

1. Further to the announcement of Lereno Bio-Chem Ltd ("LBC" or the "Company") on 20 March 2007 announcing the successful completion of the acquisition of 38% of the issued share capital of Lereno Sdn Bhd ("LSB"), an announcement was made on 7 September 2007 informing of the successful commissioning of LSB's Lumut winterised biodiesel plant, which has since started commercial production.
2. The Company's Board of Directors is now pleased to announce that the Company's wholly owned Malaysian subsidiary, LBC Estate Holdings Sdn Bhd ("LBCEH") has entered into a preliminary agreement on 2 July 2008 ("Preliminary Agreement") with all shareholders of Jarak Nursery Sdn Bhd ("JN") being Chua Seong Seng, Choong Weng Cheng and Andrea Ruth Boulf (collectively the "Vendors") to purchase the entire issued share capital of JN (the "Proposed Acquisition").

Acquisition of Upstream Resources

3. JN is in "Plant Science and Seeds Supply" - the business of research, cultivation and trading of jatropha seedlings to planters and producers of jatropha crude oil. JN has an existing nursery with a production of 5,000,000 jatropha seedlings per month at Selangor Darul Ehsan. JN is also in the process of setting up more nurseries in Perak, Sabah and Sarawak and other parts of Malaysia. At this stage, it is projected that a minimum total of 50,000,000 jatropha seedlings per year can be sold by end 2009.
4. The Proposed Acquisition will be another of the Company's steps towards realising its published overall business plan including the "backward integration strategy" to secure stable feedstock supplies for the Company's biofuel production facilities and also at the same time, creating a proposed trading platform for the LBC Group to engage in the trading of jatropha and other seedlings and biofuel products etc. (The securing of JN is part of the Company's plan to include the acquisition of a secured alternative non-edible feedstock eg. crude jatropha oil for LBC Group's biofuel productions.)

Preliminary Agreement

5. The Vendors agree that after the completion of the Sale and Purchase Agreement, the "Target Profit" or the minimum aggregated profit (after all expenses except taxes) of JN over 5 financial years shall not be less than RM 150,000,000 subject to certain conditions to be met. Chua, the current majority shareholder of JN will provide a satisfactory profit guarantee to LBCEH on the "Target Profit" of JN.

Consideration Price

6. The consideration for the Proposed Acquisition shall be agreed between the parties on a "willing buyer, willing seller" based on a fair market valuation of JN, its business and its assets by a reputable and qualified valuer agreed between the parties and accepted by Singapore Exchange Securities Trading Ltd.

Consideration Shares & Method of Issuance

7. The consideration for the Proposed Acquisition will be satisfied in full by the allotment and issue of new ordinary shares ("Consideration Shares") in the capital of LBC at an agreed issue price for each Consideration Share. The proposed staged issuance of the Consideration Shares shall be subject to the meeting of an agreed schedule of guaranteed "Target Profit" each year by JN for 5 financial years, after the signing and effect of the Sale and Purchase Agreement.
8. A 6-month exclusive period has been allowed after the signing of the Preliminary Agreement for the purposes of carrying out the professional due diligence and valuation of JN before a Sale and Purchase Agreement is signed between the parties.

Approvals Required

9. All transactions contemplated by the Preliminary Agreement and the Sale and Purchase Agreement will be subject to the approvals of the Company's Board of Directors, shareholders and the regulatory authorities in Singapore and the relevant countries.
10. The Company will provide further updates on the Proposed Acquisition after the Company has completed a detailed study of the terms of the Preliminary Agreement and also as and when there is further material development and to keep shareholders informed timely.
11. None of the Directors of the Company has any interest, direct or indirect, in the Proposed Acquisition. As far as the Directors are aware, no substantial shareholders of the Company has any interest, direct or indirect, in the above transaction and the Directors have not received any notification of any interest in the Proposed Acquisition from any substantial shareholder.

BY ORDER OF THE BOARD OF DIRECTORS
LERENO BIO-CHEM LTD

Ong Puay Koon
Managing Director & Chief Executive Officer
2 July 2008