

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

**PRELIMINARY AGREEMENT FOR THE PROPOSED PURCHASE OF 100% OF
THE ISSUED & PAID UP SHARE CAPITAL IN JARAK NURSERY SDN BHD**

1. Further to the announcement of Leren Bio-Chem Ltd ("LBC" or the "Company") on 2 July 2008 on which the Company's wholly owned Malaysian subsidiary, LBC Estate Holdings Sdn Bhd ("LBCEH" or the "Purchaser") has on 2 July 2008 entered into a preliminary agreement to purchase 100% of the issued share capital of Jarak Nursery Sdn Bhd ("JN"), LBC's Board of Directors wishes to announce that LBCEH has entered into a new preliminary agreement on 23 September 2009 ("**JN Preliminary Agreement**") with all shareholders of JN, being Chua Seong Seng, Choong Weng Cheng and Andrea Ruth Boulton (collectively the "**Vendors**") to purchase the entire issued and paid up share capital of JN (the "**JN Sale Shares**") (the "**Proposed Acquisition**"). This JN Preliminary Agreement supercedes entirely the previous preliminary agreement as certain of the commercial terms between the parties have changed.

Acquisition of Upstream Resources

2. The Vendors have informed the Company that:
 - (a) 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 capacity of 5,000,000 jatropha seedlings per month at Selangor Darul Ehsan and has methodologies for planting and management of jatropha nurseries and plantations.
 - (b) JN has entered into a confirmed contract with a third party on 10 August 2009 whereby it will supply Jatropha seedlings to the third party on a three year roll out programme on 60,000 acres of land particularly in Sabah Malaysia for the total contract value of RM48,000,000 (the "**Seedling Supply Contract**"). LBCEH's proposed acquisition of JN will thus secure quite early revenues for the LBC group of companies.
3. The Proposed Acquisition will be an important step towards realising its stated business plan including the "vertical integration" to secure stable feedstock supplies for the LBC Group's biofuel production facilities and also at the same time, for the LBC Group to engage in the trading of jatropha and other seedlings and biofuel products etc. The Proposed Acquisition is part of the Company's strategy to secure alternative non-edible feedstock for LBC Group's biofuel productions, and hence, to expand its biofuel production capacity and ultimately to increase its revenue.

Preliminary Agreement

4. The Vendors have irrevocably represented, warranted and undertaken to LBCEH that after the completion of the Sale and Purchase Agreement, the "**Target Accumulated Pre-Tax Profit**" or the minimum aggregate profit (after all expenses except taxes) of JN over next three (3) financial years shall not be less than RM 24,000,000.

Consideration Price

5. The aggregate consideration for the Proposed Acquisition by the Purchaser of the JN Sale Shares shall be S\$9.9 million (subject to results of due diligence and valuation to the satisfaction of LBCEH in its sole discretion), to be paid by the issuance of 120 million LBC's ordinary shares at S\$0.03 each listed and/or to be listed on SGX Catalist to the Vendors (the "**Consideration Shares**") and 210 million warrants at S\$0.03 each to be issued by LBC (the "**Consideration JN Warrants**") subject to the approval of the Singapore Exchange Securities Trading Ltd ("**SGX**") and the terms and conditions in the JN Preliminary Agreement.
6. The Consideration Shares and the Consideration JN Warrants shall be issued to the Vendors not more than 2 weeks after the completion of the Sale & Purchase Agreement subject to the fulfilment of conditions in the JN Preliminary Agreement. The Consideration JN Warrants will be not admitted for trading on the Catalist.

Consideration JN Warrants

7. The conversion of the Consideration JN Warrants to LBC's ordinary shares is subject to JN meeting the "**Target Accumulated Pre-Tax Profit**" for the next three (3) financial years (the "**Three Year Period**"), the first financial year which shall commence on 1 April 2010 after the completion date of the Sale and Purchase Agreement.
8. If the Target Accumulated Pre-Tax Profit is fully attained in any financial year during the Three Year Period, the aggregate 210 million Consideration JN Warrants shall be converted to LBC's ordinary shares to be listed on SGX Catalist. If the Target Accumulated Pre-Tax Profit is partially attained in a financial year within the Three Year Period, the Consideration JN Warrants which represent the proportion of the Target Accumulated Pre –Tax Profit partially attained shall be converted to LBC's ordinary shares to be listed on SGX Catalist after the end of that financial year, when audited financial statements of JN becomes available.
9. Provided that if the aggregate Target Accumulated Pre-Tax Profit of RM24,000,000 for the 3 financial years in the Three Year Period is not fully attained by the last financial year in the Three Year Period, then the Consideration JN Warrants representing the difference between the actual profit (after less of all expenses except taxes) of JN for the 3 financial years, and the Target Accumulated Pre-Tax Profit of RM24,000,000 for the 3 financial years (the "**Profit Shortfall**") shall be cancelled.

Financial effects

10. As the financial statements of Jarak Nursery Sdn Bhd is currently not available LBC will make a follow-up announcement regarding the financial effects of the Proposed Acquisition (including the effect pursuant to Rule 1006 of the SGX Listing Manual) in due course.

Due diligence

11. A 3-month exclusive period has been allowed after the signing of the Preliminary Agreement for the purposes of carrying out the professional due diligence on JN and its assets before the sale and purchase agreement is entered into between the parties. For legal due diligence, a Malaysian law firm will be engaged to carry out the work.

Approvals Required

12. All transactions contemplated by the JN Preliminary Agreement and the subsequent sale and purchase agreement are subject to the approvals of LBCEH's and LBC's Board of Directors, shareholders (if necessary), LBC's Catalist Sponsor and the relevant authorities in Singapore and Malaysia.
13. 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 transactions 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
23 September 2009

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited. for compliance with the relevant rules of the SGX-ST. Collins Stewart Pte. Limited 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 Mr Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.