

UPDATE ON RIGHTS ISSUE OF SHARES WITH WARRANTS

1. INTRODUCTION

The Board of Directors (the **%Directors+**) of Leren Bio-Chem Ltd. (the **%Company+**) refers to the announcements dated 9 November 2009 and 17 December 2009 (the **%Announcements+**) in relation to the proposed renounceable rights issue of shares with warrants (the **%Rights Issue+**). All capitalised terms used herein shall bear the meanings ascribed to them in the Announcements, unless otherwise defined herein.

2. THE REVISED RIGHTS ISSUE

The Directors of the Company have decided that the Company shall proceed with the Rights Issue with the following proposed changes:

- (i) The Rights Issue will be on a non-underwritten basis, following the termination of the earlier underwriting arrangements.
- (ii) The basis of allotment of the Proposed Rights Issue will still be three (3) Rights Shares for every five (5) existing Shares held by Entitled Shareholders as at the Books Closure Date **but** with one (1) free detachable Warrant for every eight (8) Rights Shares subscribed, fractional entitlements to be disregarded (instead of issuing one (1) Warrant for every four (4) Rights Shares subscribed).
- (iii) As at the date of this announcement, the Company has 1,416,441,620 Shares and 166,084,027 Existing Warrants. Subject to the approval of the relevant authorities, the number and exercise price of the Existing Warrants shall be adjusted as a result of the Rights Issue pursuant to the deed poll dated 4 July 2006.

As announced by the Company on 15 January 2010 and 12 February 2010, pursuant to a sale and purchase agreement for the purchase of all the issued share capital of Jarak Nursery Sdn Bhd (the **%S&P Agreement+**), the Company will issue 120,000,000 new Shares (**%JN Shares+**) and 210,000,000 new warrants (**%JN Warrants+**) in satisfaction of the consideration for the acquisition before the Books Closure Date subject to the fulfilment of conditions precedent in the S&P Agreement. Further, up to 70,000,000 of the JN Warrants may be converted to new Shares upon the fulfilment of certain conditions as set out in the S&P Agreement which may fall on or before the Books Closure Date.

Hence, (a) a maximum of 1,063,515,388 Rights Shares with 132,939,423 Warrants, assuming that all Existing Warrants are exercised and 70,000,000 JN Warrants have been converted to new Shares, on or before the Books Closure Date, and (b) a minimum of 921,864,972 Rights Shares with 115,233,121 Warrants, assuming that none of the Existing Warrants are exercised and none of the JN Warrants have been converted to new Shares, on or before the Books Closure Date, will be issued pursuant to the Rights Issue.

- (iv) As the Rights Issue will not be underwritten, Mr Ong Puay Koon and Bin Tai Holdings Private Limited (the ~~Undertaking Shareholders~~) have, instead of undertaking to subscribe and pay for (or procure subscription and payment for) their respective provisional allotments of Rights Shares with Warrants in full, granted to the Company irrevocable undertakings (the ~~Undertakings~~) pursuant to which they have irrevocably undertaken, *inter alia*:-
- a) not to sell, transfer or otherwise dispose of any of their respective interests in the Shares and Existing Warrants beneficially owned by them during the period between the date of the Undertakings and the Books Closure Date, and not to exercise any of the Existing Warrants at any time before the completion of the Rights Issue; and
 - b) to subscribe and pay for (or procure subscription and payment for) seventy-five per cent (75%) of such number of Rights Shares with Warrants which may be provisionally allotted to them on the basis of the Shares held as at the Books Closure Date.

As at the date of this announcement, the Undertaking Shareholders own in aggregate 267,416,814 Shares, representing approximately 18.88% of the total number of issued Shares, as well as an aggregate of 57,824,453 Existing Warrants.

For illustration purposes, pursuant to the Undertakings, assuming that none of the Existing Warrants are exercised on or before the Books Closure Date, the Undertaking Shareholders will subscribe and pay for and/or procure subscription and payment for an aggregate of 120,337,566 Rights Shares with Warrants, being seventy-five per cent (75%) of their provisional allotment of Rights Shares with Warrants under the Rights Issue.

3. PURPOSE AND USE OF PROCEEDS

Net Proceeds from the Rights Issue

Assuming that none of the 166,084,027 Existing Warrants are exercised and none of the JN Warrants have been converted to new Shares, on or before the Books Closure Date, the estimated net proceeds from the Rights Issue (after deducting estimated expenses of approximately S\$0.30 million) is expected to be approximately S\$4.31 million (assuming that the Rights Issue is fully subscribed) or approximately S\$0.30 million (assuming that only the Undertaking Shareholders subscribe for their Rights Shares entitlements according to their Undertakings).

The Company intends to use the net proceeds from the Rights Issue for general working capital purposes including repayment of bank borrowings.

Gross Proceeds from the Warrants

The estimated gross proceeds from the exercise of all the Warrants is expected to be approximately S\$3.46 million (assuming that none of the Existing Warrants or the JN Warrants are exercised and the Rights Issue is fully subscribed) or approximately S\$0.45 million (assuming that only the Undertaking Shareholders subscribe for their Rights Shares entitlements according to their Undertakings).

The Company intends to use the gross proceeds from the exercise of the Warrants for general working capital purposes. Pending the deployment of the net proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem fit.

Barring any unforeseen circumstances, after taking into consideration the present bank facilities and assuming that the Rights Issue is fully subscribed, the Directors expect that the Group should be able to meet its working capital requirements for the current and next financial year.

4. APPROVALS

The Rights Issue is subject to, *inter alia*, the following:

- (i) the submission by the Sponsor to the SGX-ST of the confirmations required in Appendix 8B of Section B: Rules of Catalist of the Listing Manual of the SGX-ST;
- (ii) receipt of a listing and quotation notice from the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the New Shares on the SGX Catalist; and
- (iii) the lodgement of the Offer Information Statement for the Rights Issue with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore on Catalodge which will be despatched to Entitled Shareholders in due course.

Further developments in relation to the Rights Issue will be announced in due course.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, none of the Directors and substantial Shareholders of the Company has any interest, direct or indirect, in the Rights Issue (other than through their respective shareholdings in the Company).

6. RESPONSIBILITY STATEMENT

The Directors of the Company (including those who may have been delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

By Order of the Board of Directors
Lereno Bio-Chem Ltd

Ong Puay Koon
Managing Director and Chief Executive Officer
12 February 2010

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.

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