



LUZHOU BIO-CHEM TECHNOLOGY LIMITED

(Incorporated in the Republic of Singapore with Registration Number 200412523N)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS ISSUE OF SHARES

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Luzhou Bio-chem Technology Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company is proposing a renounceable non-underwritten rights issue of up to 198,000,000 new ordinary shares (the “**Rights Shares**”) in the capital of the Company, at an issue price of S\$0.030 (the “**Issue Price**”) for each Rights Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares (“**Shares**”) held by Entitled Shareholders (as defined below) as at a books closure date to be determined by the Directors (the “**Books Closure Date**”), fractional entitlements to be disregarded (the “**Rights Issue**”).

As at the date hereof, the existing issued and paid-up share capital of the Company comprises 396,000,000 Shares. Hence, a maximum of 198,000,000 Rights Shares will be issued pursuant to the Rights Issue.

The Company has appointed China Construction Bank Corporation, Singapore Branch as the Manager of the Rights Issue.

2. TERMS OF THE RIGHTS ISSUE

The Rights Issue is proposed to be made on a renounceable basis to the shareholders of the Company (the “**Shareholders**”) whose registered addresses with the Company or The Central Depository (Pte) Limited (“**CDP**”), as the case may be, are in Singapore as at the Books Closure Date, or who have, at least three (3) market days prior to the Books Closure Date, provided to the Company or CDP, as the case may be, addresses in Singapore for the service of notices and documents.

Fractional entitlements to the Rights Shares will be disregarded in arriving at the Entitled Shareholders’ provisional allotments of Rights Shares and will, together with the provisional allotments of Rights Shares which are not taken up or allotted for any reason, be aggregated and allotted to satisfy excess applications for Rights Shares (if any), or be disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

The Issue Price of S\$0.030 for each Rights Share represents:

- (a) a discount of approximately 9.1% to the last transacted price of S\$0.033 per Share on the SGX-ST on 18 June 2015, being the last trading day of the Shares on the SGX-ST prior to the release of this Announcement; and
- (b) a discount of approximately 6.3% to the theoretical ex-rights Share price of S\$0.032 based on an enlarged issued share capital of 594,000,000 Shares, assuming that the Rights Issue is fully subscribed.

The Rights Shares will be payable in full upon acceptance and/or application, and when allotted and issued, will rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the Rights Shares. For this purpose, “**record date**” means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the

Shareholders must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

Entitled Shareholders will be at liberty to accept (in full or in part), decline or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotments of Rights Shares and will be eligible to apply for additional Rights Shares in excess of their provisional allotments under the Rights Issue.

In the allotment of the excess Rights Shares, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of the Company, will rank last in priority for the rounding of odd lots and allotment of the excess Rights Shares. The Company will also not make any allotment and issuance of any excess Rights Shares that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

Maximum Scenario. Assuming that all the Rights Shares are fully subscribed for by the Entitled Shareholders (as defined below), 198,000,000 Rights Shares will be issued pursuant to the Rights Issue (the “**Maximum Scenario**”).

Minimum Scenario. Assuming that none of the Entitled Shareholders other than the Undertaking Shareholders (as defined below) subscribe for their entitlements of Rights Shares and the Undertaking Shareholders subscribe for their respective entitlements of Rights Shares to the fullest extent without incurring a mandatory general offer obligation under the Singapore Code on Take-overs and Mergers (the “**Code**”), a minimum of 6,518,700 Rights Shares will be issued pursuant to the Rights Issue (the “**Minimum Scenario**”).

The terms and conditions of the Rights Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights Issue will be contained in the offer information statement (including the accompanying application forms) to be despatched by the Company to the Entitled Shareholders in due course (the “**Offer Information Statement**”).

3. IRREVOCABLE UNDERTAKINGS

As at the date of this Announcement, Niu Ji Xing (the Executive Chairman and Chief Executive Officer of the Company) (“**Mr Niu**”) and Faith Corporate International Limited (“**Faith Corporate**”) (collectively, the “**Undertaking Shareholders**”) are the legal and beneficial owners of 3,900,000 Shares and 157,950,000 Shares, respectively (collectively the “**Existing Shares**”), representing approximately 0.98% and 39.89%, respectively, of the total number of issued Shares. Mr Niu holds the entire issued share capital of Faith Corporate and is therefore deemed to have an interest in all of the Shares held by Faith Corporate.

To show their support for the Rights Issue and to demonstrate their commitment to and confidence in the prospects of the Group, each of the Undertaking Shareholders have, pursuant to deeds of undertaking dated 8 June 2015 (the “**Deeds**”), unconditionally and irrevocably undertaken to the Company, amongst others, that:

- (a) It/he will remain as the beneficial owner of the Existing Shares up until and including the Books Closure Date and will not on or before such date sell, transfer or otherwise dispose of, any of the same or of any interest therein; and
- (b) It/he will and will procure that the registered holder(s) of the Existing Shares and (if the Existing Shares are registered in the name of The Central Depository (Pte) Limited or its nominee), the relevant account holders (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore) (the “**Registered Holders**”) will, not later than the latest time and date for acceptance and payment for the Rights Shares or such other time and date as may be announced from time to time by or on behalf of the Company (the “**Closing Date**”), subscribe and pay for (or procure subscription

and payment for) in accordance with the terms of the Rights Issue, at the Issue Price, all of such number of Rights Shares which may be provisionally allotted to it/him and/or the Registered Holders on the basis of the Existing Shares held as at the Books Closure Date.

Based on the foregoing, the Undertaking Shareholders have undertaken to subscribe and pay for and/or procure subscription and payment for up to 80,925,000 Rights Shares.

Mr Niu had previously granted an interest-free loan of S\$2.0 million to the Company for such purposes as the Company deems fit and the sum remains owing as at the date hereof (the “**Shareholder’s Loan**”). Mr Niu has agreed that the Shareholder’s Loan owing to him by the Company shall be set-off against all or part of the subscription monies payable by the Undertaking Shareholders for their entitlements of Rights Shares.

The Undertaking Shareholders will provide to the Company a confirmation given by a financial institution that they have the necessary financial resources for the payment of the subscription monies for their entitlements of Rights Shares, other than the subscription monies which will be set-off against the Shareholder’s Loan.

Depending on the level of subscription for the Rights Shares, the Company may, if necessary, scale down the subscription for the Rights Shares by any of the Undertaking Shareholders to avoid placing it/him and parties acting in concert (as defined in the Code) with it/him in the position of incurring a mandatory general offer obligation under the Code as a result of other Shareholders not taking up their subscription entitlements fully.

In view of the Deeds provided by the Undertaking Shareholders, the savings in cost by the Company as a result of not having to pay any underwriting fees and there being no minimum amount to be raised from the Rights Issue, the Company has decided to proceed with the Rights Issue on a non-underwritten basis.

The obligations of the Undertaking Shareholders under the Deeds are subject to and conditional upon, *inter alia*, the in-principle approval being granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the Closing Date) for the dealing in, listing of and quotation for the Rights Shares on the Official List of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company (acting reasonably).

If, after the date of this Announcement and before the Books Closure Date, the Company receives undertakings from other Entitled Shareholders to subscribe and pay for or procure subscription and payment for the Rights Shares which may be provisionally allotted to them, the Company will make the appropriate announcements.

4. **PURPOSE OF THE RIGHTS ISSUE AND THE USE OF PROCEEDS**

The purpose of the Rights Issue is to allow the Company to raise net proceeds of up to S\$5.74 million (the “**Net Proceeds**”), after deducting estimated expenses of approximately S\$0.20 million, depending on the number of Rights Shares subscribed for by the Entitled Shareholders (other than the Undertaking Shareholders).

The Company intends to utilise the Net Proceeds as follows:-

	Maximum Scenario (S\$ million)	Minimum Scenario (S\$ million)
Repayment of the Shareholder’s Loan	2.00	-
Repayment of bank borrowings	3.00	-
General working capital	0.74	-

The Company will make periodic announcements on the utilisation of the proceeds from the Rights Issue when such proceeds are significantly disbursed and will provide a status report on the use of such proceeds in the Company's annual report.

Pending the deployment of the 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 in the interest of the Company.

5. CONDITIONS

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

- (a) the in-principle approval being granted by the SGX-ST (and such approval not having been withdrawn or revoked on or prior to the Closing Date) for the dealing in, listing of and quotation for the Rights Shares on the Official List of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company (acting reasonably); and
- (b) the lodgement of the Offer Information Statement with the Monetary Authority of Singapore.

The Rights Issue is to be made pursuant to the general share issue mandate obtained from Shareholders at the annual general meeting of the Company held on 29 April 2015.

An application will be made to the SGX-ST for permission to deal in and for the listing of and quotation for the Rights Shares on the Official List of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

6. ELIGIBILITY OF SHAREHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

Entitled Depositors. Shareholders whose securities accounts with CDP are credited with Shares as at 5.00 p.m. (Singapore time) on the Books Closure Date (the “**Depositors**”) will be provisionally allotted Rights Shares entitlements on the basis of the number of Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. (Singapore time) on the Books Closure Date.

To be “**Entitled Depositors**”, Depositors must have registered addresses in Singapore with CDP as at the Books Closure Date or if they have registered addresses outside Singapore must provide CDP, at 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588, with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Entitled Scripholders. Shareholders whose share certificates are not deposited with CDP and whose Shares are not registered in the name of CDP (the “**Scripholders**”) will have to submit duly completed and stamped transfers (in respect of Shares not registered in the name of CDP), together with all relevant documents of title, so as to be received up to 5.00 p.m. (Singapore time) on the Books Closure Date by the Company's share registrar, RHT Corporate Advisory Pte. Ltd. (the “**Share Registrar**”) in order to be registered to determine the transferee's provisional allotments of Rights Shares entitlements under the Rights Issue.

To be “**Entitled Scripholders**”, Scripholders must have registered addresses in Singapore with the Company as at the Books Closure Date or if they have registered addresses outside Singapore must provide the Share Registrar at Six Battery Road #10-01, Singapore 049909 with addresses in Singapore no later than 5.00 p.m. (Singapore time) on the date being three (3) market days prior to the Books Closure Date, in order to receive their provisional allotments of Rights Shares entitlements.

Entitled Depositors and Entitled Scripholders shall be collectively referred to as “**Entitled Shareholders**” in this Announcement.

7. FOREIGN SHAREHOLDERS

For practical reasons and in order to avoid any violation of securities legislation applicable in countries other than Singapore, the Rights Shares will **NOT** be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) market days prior thereto, provided to the Share Registrar or CDP, as the case may be, addresses in Singapore for the service of notices and documents (“**Foreign Shareholders**”).

If it is practicable to do so, arrangements may, at the discretion of the Company, be made for the provisional allotments of Rights Shares entitlements which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil paid” on the SGX-ST after dealings in the provisional allotments of Rights Shares commence, or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Announcement, none of the Directors or substantial Shareholders of the Company (other than in his capacity as Director or Shareholder of the Company) has any interest, direct or indirect, in the Rights Issue.

9. RESPONSIBILITY STATEMENT

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 Rights Issue and the Group, 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.

By order of the Board

Niu Ji Xing
Executive Chairman and Chief Executive Officer
18 June 2015