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FOR IMMEDIATE RELEASE

**Luzhou Bio-chem Technology Limited incurs 1QFY2016
net loss of RMB 14.3 million on revenue of RMB 444.5
million as consumer demand in China slows down**

Singapore, 12 May 2016 -- Luzhou Bio-chem Technology Limited, (“Luzhou” or “The Group”), one of China’s leading corn refiner and largest producers of maltose-related products and other corn sweeteners, reported a slide in its bottom line - from net earnings of RMB 8.9 million to net loss of RMB 14.3 million as revenue eased by 22.1% from RMB 570.6 million in 1QFY2015 to RMB 444.5 million in 1QFY2016. This was partly due to an extended production halt during the Chinese New Year period as well as factory upgrading works that disrupted production leading to a fall in output. The upgrading expenses incurred also impacted the Group’s bottom line.

Mr Niu Ji Xing, Luzhou Bio-chem Technology Limited’s Board Chairman said, “Our Henan subsidiary’s facilities had undergone upgrading and modification for its starch liquid production line to meet the strict environmental requirements currently being rolled out by the central government. While this temporary stoppage was necessary, it did to a certain degree affected production output.”

1Q comparison – 1QFY2016 vs 1QFY2015

(RMB)	1QFY2016	1QFY2015	% Change
Revenue	444.5 mil	570.6 mil	(22.1)
Profit Before Tax	(12.7 mil)	10.4 mil	N.M.
Net Profit/ (Loss)	(14.3 mil)	8.9 mil	N.M.
Earnings per share	(2.4 cents)	2.2 cents	N.M.
Weighted average number of shares in issue	594,000,000	396,000,000	50.0

Favourable Raw Material Prices

On the supply end, raw corn material prices have been favourable due to ample supply from the Chinese Government's stockpiles. Luzhou's Liaoning subsidiary is also likely to benefit from the liberalization of corn supply in the medium term which is expected to translate to cheaper raw corn prices.

The relatively stable corn prices have helped to provide a degree of stability to Luzhou's mainstay corn refining segment which accounts for 98% of Group revenue. It reported gross margin of 10.8% as compared to 10.7% in the same quarter last year despite the fall in revenue. This was largely due to the significant decrease in corn raw material prices of approximately 21.9%.

Luzhou's core corn refining segment's sales decreased by 18.2% in 1QFY2016, from RMB 532.2 to RMB 435.4, as it fell prey to stiffer competition amidst softer demand as well as lower output production.

Mr Niu added, "Besides corn refining, some of our other products including the animal feeds segment has also been facing intense competition and as a result has resulted in negative gross profit. Thus, the Group has decided to suspend its production as well as that of the corn oil and amino acid products for similar reasons.

"This we hope would further improve Luzhou's overall profitability and would allow us to focus and allocate more resources to the better performing business segments," Mr Niu remarked.

Higher Productivity and Operational Efficiency

For 1QFY2016, earnings per share reduced from RMB 2.2 cents to loss per share of RMB 2.4 cents while net asset value per share slid marginally from RMB 21.3 cents to RMB 18.9 cents.

Cash and bank balances remained in positive territory as it rose from RMB 67.6 million to RMB 104.7 million after taking into account net cash used in investing activities that amounted to RMB 32.8 million comprising works done in Luzhou's Henan subsidiary.

Going forward, the Group also intends to upgrade its Shaanxi subsidiary's production lines in order to improve production efficiency. The total upgrading cost is estimated to be RMB 30.0 million and will be funded by internally generated funds and bank borrowings.

Additionally, Luzhou's Shandong subsidiary is relocating to a new facility in response to the Chinese Government's local city zoning plans.

Mr Niu commented, "The new plant will allow for greater flexibility in production processes which potentially allows for greater efficiency and higher productivity in the long-run."

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About Luzhou Bio-chem Technology Limited

Established in 1988 and listed on the Main Board of the Singapore Exchange Securities Trading Limited in February 2006, Luzhou Bio-chem Technology Limited ("Luzhou") is a leading corn refiner and one of the largest producers of maltose-related products and other corn sweeteners in the People's Republic of China. Luzhou serves a diverse customer base across multiple industries including food & beverage, fermentation, medical and pharmaceutical sectors. Some of its customers include Tsingtao Brewery Co.,Ltd (青岛啤酒股份有限公司), Henan Lian Hua Weijing Co., Ltd (河南莲花味精股份有限公司), Coca-Cola China (可口可乐中国公司), Pepsi-Cola China (百事可乐中国公司) and China Resources Snow Breweries Co.,Ltd. (华润雪花啤酒 (中国) 有限公司).

Luzhou has six production facilities in China including two plants in Yishui, Shandong Province, and one each in Fushun, Liaoning Province; Xingping, Shaanxi Province; Xiping, Henan Province and Pengshan, Sichuan Province with all but one located in China's corn-belt region to ensure easy access to ample and competitively priced raw materials. Luzhou's expanded product range includes higher value-added products such as sugar alcohol, corn oil, amino acids and high-fructose corn syrup 55.

*For more information, please visit **luzhou.listedcompany.com** / **www.luzhoufood.com** or contact:*

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