



**LUZHOU BIO-CHEM TECHNOLOGY LIMITED**

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

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**PROPOSED SETTING UP OF NEW PRODUCTION FACILITIES IN XINJIANG, PRC**

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The Board of Directors (the “**Board**”) of Luzhou Bio-Chem Technology Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Group intends to incorporate a new subsidiary in Xinjiang, namely, Xinjiang Luzhou Bio-chem Technology Co., Ltd. (新疆鲁洲生物科技有限公司), and to set up new production facilities in Xinjiang. Luzhou Xinjiang will be incorporated as a wholly-owned subsidiary of Luzhou Bio-chem Technology (Shaanxi) Co., Ltd. (鲁洲生物科技(陕西)有限公司) (“**Luzhou Shaanxi**”), which is in turn a wholly-owned subsidiary of the Company.

The Group has observed that there is no high quality corn sweetener producer located in the north-western region of the PRC which is able to meet the demands of major customers such as Coca-Cola and Pepsico in that region, especially for F55 fructose. As such, in line with the Group's growth strategy, the Group intends to set up new production facilities in Xinjiang to meet the market demand in the north-western region. The new production facilities will be located at the Hutubi County Light Industry Food Park (新疆呼图壁县轻纺食品园) in Xinjiang.

The Group is expected to invest RMB 120 million for part of the first phase of development and may invest up to an aggregate of RMB 300 million if the market conditions prove to be favourable in the future. The first phase involves mainly the construction of a fructose syrup production line, offices and production premises, estimated to be completed by 2018. Luzhou Shaanxi has entered into an agreement with Xinjiang Hutubi County Government pursuant to which the local government shall provide the necessary support in consideration of the Group investing in the new production facilities.

The aforesaid investment will be funded by internally generated funds and bank borrowings, and is not expected to have a material impact on the earnings per share or net tangible assets per share of the Company for the current financial year ending 31 December 2016.

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the aforesaid investment, save through their shareholdings in the Company (if any).

By order of the Board

Niu Ji Xing  
Executive Chairman and CEO  
28 October 2016