



LUZHOU BIO-CHEM TECHNOLOGY LIMITED

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

RELOCATION OF LUZHOU BIO-CHEM TECHNOLOGY (SHANDONG) CO., LTD. AND THE GROUP HEADQUARTERS

The Board of Directors of Luzhou Bio-chem Technology Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement on 17 June 2015 in relation to the relocation of the Company’s wholly-owned subsidiary, Luzhou Bio-chem Technology (Shandong) Co., Ltd. (“**Luzhou Shandong**”), together with the Group’s headquarters.

The relocation to the Economic Development Zone, Yishui County, Linyi City, Shandong Province (中国山东省临沂市沂水县经济开发区) is expected to be substantially completed by the end of 2016. The Group has carried out the relocation progressively in order to minimise the disruption to its production facility.

The Yishui County Government (the “**Government**”) has agreed to pay compensation of an aggregate amount of RMB 132.42 million to Luzhou Shandong and Shandong Luzhou Food Group Co., Ltd. (“**Luzhou Food Group**”), an associate of Niu Ji Xing, the Company’s Executive Chairman and Chief Executive Officer, which owns the land on which Luzhou Shandong’s production facilities and the Group’s headquarters were sited. Pursuant to a valuation report issued by an accounting firm appointed by the Government and an agreement entered into among the Government, Luzhou Food Group and Luzhou Shandong, Luzhou Food Group shall receive compensation of RMB 71.87 million while Luzhou Shandong shall receive compensation of RMB 60.55 million. The compensation amount to be received by Luzhou Shandong will be used to defray the costs for the construction of the new headquarters and production facility.

Separately, Luzhou Shandong has entered into an agreement with Luzhou Food Group whereby they have agreed to re-allocate the compensation amount received from the Government by each of them among themselves, where necessary, to comply with the requirements of, *inter alia*, the listing rules of the Singapore Exchange Securities Trading Limited or the Audit Committee of the Company, on the basis of an opinion of a Singapore-based valuer, accountant or other independent adviser, provided that Luzhou Shandong shall not receive a compensation amount of less than RMB 60.55 million.

The compensation to be received by Luzhou Shandong, if received by the Group within the current financial year ending 31 December 2016, is expected to have a positive impact on the net tangible assets per share and earnings per share of the Company for the current financial year.

By order of the Board

Niu Ji Xing
Executive Chairman and Chief Executive Officer
29 September 2016