

Company Update – Commissioning on Track to Meet Targets

Bojun Agriculture Holdings Limited (ASX:BAH) (“Bojun” or the “Company”) is pleased to announce that since listing on the Australian Securities Exchange in early December 2017, it has rolled out its product development and is on target to meet its new production line commissioning, as disclosed in its prospectus dated 5 September 2017.

Product Development

As part of the Company’s stated growth plan, Bojun has acquired a new bottled fruit vinegar beverage production line (approximately \$1 million), and it is at the stage of installation and commissioning. Following commissioning, and when it is reached full production, it is expected that the new production line will expand the Company’s fruit vinegar production capacity from 25,000 tonnes to 30,000 tonnes per annum.



Figure 1: Installation and commissioning of new vinegar beverage production line



Bojun has also built a new peel processing workroom with peel drying equipment to turn citrus peel previously discarded as waste, into sellable dried peel products for further third-party processing. The new peel handling facility has also improved the overall utilisation rate of raw material (citrus fruits) and will generate additional revenue for the Company. The cost of building this facility was a modest \$0.25 million, with a potential payback period of approximately 3 years.

Research and Development

A special temperature and mix cycle air-conditioning control system for fruit wine fermentation was developed in conjunction with Jiangxi Agricultural University costing \$0.3 million.

The Company has also been focusing on R&D to support new product development. A total of \$0.93 million was invested in R&D projects with universities and other research institutions in China on planting and cultivation of fruit trees. This includes investment in research on deep processing of fruit peel which resulted in the building the new peel workroom referred to above. Another investment was the research of industrial applications of key techniques of Nanfeng Mandarin fruit juice fermentation, as well as comprehensive utilisation of whole fruit biomass. The Company has also invested in researching the integration of high-yield cultivation technology of Magu Mountain Date and a demonstration orchard.

Although specific R&D funds have yet to be invested in the R&D projects with an Australian institution at present, in November 2017, Australian agricultural expert Dr. Shane Hetherington, Director of Horticultural at NSW Department of Primary Industries, undertook a visit to the Company's office and plant in Jiangxi to learn more about Bojun's corporate culture, production, R&D, fruit vinegar and fruit snacks. The parties discussed the potential cultivation and planting of Australian citrus and other citrus fruits in details. The parties expressed strong desire to negotiate at an appropriate time to determine the implementation of a final R&D cooperation project.

Marketing and Promotion

As outlined in the Company's prospectus, the marketing and sales strategy consisted of targeted marketing and advertising to increase product awareness and brand recognition. These efforts have seen a positive result in product sales and order enquiries. The Company is looking forward to highlighting these results in its upcoming half year report, due by the end of May 2018.

ENDS

Andrew Stoner

Non-Executive Chairman

For and on behalf of the Board of Bojun Agriculture Holdings Limited