



LUZHOU BIO-CHEM TECHNOLOGY LIMITED

(Company Registration Number: 200412523N)

Half Year Results

Announcement for the Period

Ended 30 June 2020



UNAUDITED FINANCIAL STATEMENT FOR THE FIRST HALF YEAR ENDED 30 June 2020

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) The comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding year.

	6 months ended		Change %
	30/06/2020 RMB'000	30/06/2019 RMB'000	
Revenue	803,188	994,574	(19.2)
Cost of sales	(719,197)	(923,802)	(22.1)
Gross profit	83,991	70,772	18.7
Other operating income	9,504	10,336	(8.0)
Selling and distribution expenses	(44,999)	(58,432)	(23.0)
Administrative expenses	(35,000)	(47,810)	(26.8)
Other operating expenses	(2,201)	(1,375)	60.1
Finance expenses	(19,736)	(22,133)	(10.8)
(Loss) before taxation	(8,441)	(48,642)	(82.6)
Taxation	(814)	(7,492)	(89.1)
(Loss) for the period and total comprehensive (loss)	(9,255)	(56,134)	(83.5)
Total comprehensive (loss) attributable to:			
Equity holders	(9,255)	(56,134)	(83.5)
Gross profit margin	10.5%	7.1%	47.9
Net (loss) margin	(1.2%)	(5.6%)	(78.6)
(Loss) per share (RMB cents)			
- basic	(1.6)	(9.5)	(83.2)
- diluted	(1.6)	(9.5)	(83.2)

Notes to the Comprehensive Income Statement

	6 months ended		Change %
	30/06/2020	30/06/2019	
	RMB'000	RMB'000	
(Loss) before tax is arrived at after charging/ (crediting):			
Interest income	(1,300)	(1,056)	23.1
Interest expense on borrowings	19,736	22,133	(10.8)
Depreciation of property, plant and equipment	24,513	31,557	(22.3)
Amortisation of land use rights	535	535	Nil
Amortisation of government grants	(2,523)	(2,523)	Nil
Foreign currencies exchange (gain)/loss, net	(368)	229	260.7
Loss/(gain) on disposal of property, plant and equipment, net	949	(28)	3,489.3
Reversal of allowance for doubtful trade and other receivables	(401)	(1,322)	(69.7)
Reversal of allowance for slow-moving inventory	(1,665)	(442)	276.7

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30-Jun-2020	31-Dec-2019	30-Jun-2020	31-Dec-2019
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Current assets				
Inventories	165,047	196,766	-	-
Trade receivables	143,576	187,298	-	-
Other receivables, deposits and prepayments	39,511	35,202	35	19,035
Cash and cash equivalents ⁽¹⁾	148,650	112,172	3,954	166
	496,784	531,438	3,989	19,201
Non-current assets				
Investment in subsidiaries	-	-	321,044	321,044
Financial asset at FVTPL	2,060	2,060	-	-
Property, plant and equipment	440,387	461,241	6	7
Land use rights	41,001	41,536	-	-
	483,448	504,837	321,050	321,051
Total assets	980,232	1,036,275	325,039	340,252
LIABILITIES				
Current liabilities				
Trade payables	185,356	266,829	-	-
Other payables and accruals	76,446	79,535	1,002	911
Amount owing to related parties	6,909	6,773	-	-
Amount owing to subsidiaries	-	-	7,094	6,346
Interest payable to a Director	-	380	-	380
Amount owing to a Director	-	13,461	-	13,461
Interest-free borrowing from a related party	102,900	139,180	-	-
Interest-bearing loans and borrowings	250,000	190,000	-	-
Deferred income	4,921	5,004	-	-
Income tax payable	2,150	4,868	-	-
	628,682	706,030	8,096	21,098
Non-current liabilities				
Interest-bearing loans and borrowings	435,000	402,000	-	-
Amount owing to a related party	3,660	3,660	-	-
Deferred income	25,074	27,514	-	-
Deferred taxation	589	589	-	-
	464,323	433,763	-	-
Total liabilities	1,093,005	1,139,793	8,096	21,098
NET ASSETS	(112,773)	(103,518)	316,943	319,154

EQUITY

Share capital	308,723	308,723	308,723	308,723
Statutory reserves	91,380	91,380	-	-
Accumulated (loss)/profits	(512,876)	(503,621)	8,220	10,431
TOTAL EQUITY	(112,773)	(103,518)	316,943	319,154

(1) The Group's cash and cash equivalents comprised cash and bank balances and pledged cash deposits as follow:

	30- Jun-2020	31-Dec-2019
	RMB'000	RMB'000
Cash and bank balances	52,250	35,772
Pledged cash deposits	96,400	76,400
	148,650	112,172

1(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 30-Jun-2020		As at 31-Dec-2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
220,000	132,900	160,000	182,641

Amount repayable after one year

As at 30-Jun-2020		As at 31-Dec-2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
285,000	150,000	252,000	150,000

Details of any collateral

As at 30 June 2020, the interest-bearing loans and borrowings of the Group were secured or guaranteed by the following:

- (i) pledge of certain property, plant and equipment of the Group;
- (ii) pledge of certain land use rights of the Group;
- (iii) pledge of properties owned by related parties;
- (iv) corporate and personal guarantees given by related parties;
- (v) corporate guarantee given by third parties;
- (vi) pledge of inventories of the Group; and
- (vii) pledge of cash deposit of the Group.

In connection with the corporate guarantees given by third parties totaling RMB140 million, our Group has given reciprocal corporate guarantees of an aggregate amount of RMB100.0 million for the benefit of those third parties, being three companies.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	6 months ended	
	30-Jun-2020	30-Jun-2019
	RMB'000	RMB'000
Operating activities		
(Loss) before taxation	(8,441)	(48,642)
Adjustments for: -		
Depreciation of plant and equipment	24,513	31,557
Amortisation of land use rights	535	535
Amortisation of government grants	(2,523)	(2,523)
Loss / (gain) on disposal of plant and equipment	949	(28)
Interest expense	19,736	22,133
Interest income	(1,300)	(1,056)
Reversal of allowance for slow-moving inventory	(1,665)	(442)
Reversal of allowance for doubtful trade and other receivables	(401)	(1,322)
Operating profit before working capital changes	31,403	212
Changes in working capital:		
Inventories	33,384	40,962
Trade receivables	44,123	22,472
Other receivables, deposits and prepayments	(4,309)	809
Trade payables	(81,473)	(18,671)
Other payables and accruals	(3,089)	(18,232)
Amount owing to related parties	136	500
Cash generated from operations	20,175	28,052
Income taxes paid	(3,532)	(7,837)
Net cash generated from operating activities	16,643	20,215
Investing activities		
Purchase of plant and equipment	(8,019)	(11,570)
Proceeds from disposal of plant and equipment	3,411	5,805
Interest income received	1,300	1,056
Net cash (used in) investing activities	(3,308)	(4,709)
Financing activities		
Interest expense paid	(20,116)	(22,056)
Net increase in pledged Cash deposits	(20,000)	-
Net (decrease)/increase in interest-free borrowing from a related party	(36,280)	9,180
Repayment of amount owing to a Director	(16,021)	-
Proceeds from amount owing to a Director	2,560	-
Repayment of interest - bearing loans and borrowings	(394,000)	(519,050)
Proceeds from interest - bearing loans and borrowings	487,000	498,000
Net cash generated from/(used in) financing activities	3,143	(33,926)
Net increase/(decrease) in cash and bank balances	16,478	(18,420)
Cash and bank balances at beginning of period	35,772	87,322
Cash and bank balances at end of period	52,250	68,902

- 1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
GROUP**

	← Attributable to owners of the company →			
	Share Capital	Statutory Reserves [#]	Accumulated Loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2020	308,723	91,380	(503,621)	(103,518)
Total comprehensive loss for the period	-	-	(9,255)	(9,255)
Balance as at 30 June 2020	308,723	91,380	(512,876)	(112,773)

	← Attributable to owners of the company →			
	Share Capital	Statutory Reserves [#]	Accumulated Loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2019	308,723	91,380	(395,269)	4,834
Total comprehensive loss for the period	-	-	(56,134)	(56,134)
Balance as at 30 June 2019	308,723	91,380	(451,403)	(51,300)

COMPANY

	Share Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2020	308,723	10,431	319,154
Total comprehensive loss for the period	-	(2,211)	(2,211)
Balance as at 30 June 2020	308,723	8,220	316,943

	Share Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2019	308,723	(4,652)	304,071
Total comprehensive income for the period	-	18,532	18,532
Balance as at 30 June 2019	308,723	13,880	322,603

[#] In accordance with relevant PRC regulations, a wholly foreign owned enterprise in PRC is required to appropriate not less than 10% of its profit after tax to the statutory reserve, until the balance of the fund reaches 50% of its registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserves of the enterprise may be used to offset against its accumulated losses.

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital since 31 December 2019. In addition, there were no outstanding convertibles, treasury shares or subsidiary holdings as at 30 June 2020 and 30 June 2019.

- 1(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

	Company	
	30-Jun-2020	31-Dec-2019
Ordinary shares	594,000,000	594,000,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

None

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

None

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group consistently applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 2019.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	<u>6 months ended</u>	
	<u>30-Jun-2020</u>	<u>30-Jun-2019</u>
	RMB (cents)	RMB (cents)
(Loss) per share		
(a) Based on weighted average number of ordinary shares in issue; and	(1.6)	(9.5)
Weighted average number of shares in issue	594,000,000	594,000,000
(b) On a fully diluted basis	(1.6)	(9.5)

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.

	Group		Company	
	30-Jun-2020	31-Dec-2019	30-Jun-2020	31-Dec-2019
Net asset value per ordinary share	RMB (19.0) cents	RMB (17.4) cents	RMB 53.4 cents	RMB 53.7 cents

30-Jun-2020

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the period of negative RMB 112,773,000 and the Company's net asset value as at the end of the period of RMB 316,943,000, divided by the share capital of 594,000,000 ordinary shares.

31-Dec-2019

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the period of negative RMB 103,518,000 and the Company's net asset value as at the end of the period of RMB 319,154,000 divided by the share capital of 594,000,000 ordinary shares.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

a) Comprehensive Income Statement

1HFY20 versus 1HFY19

Revenue

	1HFY20		1HFY19		Change
	RMB'000	%	RMB'000	%	%
Corn refining	803,148	100.0	992,528	99.8	(19.1)
Others	40	-	2,046	0.2	(98.0)
Total	803,188	100.0	994,574	100.0	(19.2)

The Group's revenue for 1HFY20 decreased by about RMB 191.4 million or 19.2% year on year ("y-o-y"), due mainly to the decrease in revenue of our corn refining segment by 19.1% as a result of the restrictions and the stop-production order in the first quarter of 2020 imposed by the authorities in response to COVID-19.

For 1HFY20, sales volume for the corn refining segment decreased from 483K ("K"=1,000) tonnes to 375K tonnes or about 22.3% y-o-y, due mainly to the decreases in the sales volume of corn sweeteners and by-products of about 22.4% and 22.9% respectively.

The weighted average selling price of the corn refining products increased by 4.2% y-o-y. This increase was mainly attributable to the increase in average selling price of by-products of about 21.9%.

The Group's export revenue in 1HFY20 increased by 18.7% y-o-y, but the total export revenue remained insignificant. Export revenue as a percentage of total revenue increased from 4.4% in 1HFY19 to 6.5% in 1HFY20.

1HFY20 versus 1HFY19

Gross profit and gross profit margin

	1HFY20		1HFY19	
	RMB'000	%	RMB'000	%
Corn refining	82,545	10.3	69,664	7.0
Others	1,446	3,583.9	1,108	54.2
Total	83,991	10.5	70,772	7.1

During 1HFY20, gross profit increased by 18.7% y-o-y to RMB 84.0 million. Revenue decreased by 19.2% y-o-y, while the cost of sales decreased by 22.1%. Group gross profit margin increased significantly by 3.4 percentage points or 47.9% y-o-y to 10.5%. This was mainly due to the increase in the average selling price of corn refining segment by 4.2%.

The others segment made a gross profit of RMB 1.4 million in 1HFY20, compared with RMB 1.1 million in 1HFY19.

Other operating income

Other operating income decreased by 8.0% from RMB 10.3 million in 1HFY19 to RMB 9.5 million in 1HFY20, due mainly to the decrease in gain on sales of consumables and waste materials.

Operating expenses

- Selling and distribution expenses

Selling and distribution expenses decreased by 23.0% from RMB 58.4 million in 1HFY19 to RMB 45.0 million in 1HFY20. This was mainly attributable to the decrease in transportation costs which was in line with the decrease in sales, and the decrease in staff salaries.

- Administrative expenses

The Group's administrative expenses decreased by 26.8% from RMB 47.8 million in 1HFY19 to RMB 35.0 million in 1HFY20. This was mainly due to the decrease in staff costs (including salaries, social insurance payment and other welfare), maintenance costs and office supplies expenses.

- Other operating expenses

The Group's other operating expenses increased by about RMB 0.8 million from RMB 1.4 million in 1HFY19 to about RMB 2.2 million in 1HFY20. This was mainly due to the increase in loss on disposal of property, plant and equipment.

Finance expenses

The Group's finance expenses decreased by 10.8% from RMB 22.1 million in 1HFY19 to RMB 19.7 million in 1HFY20. This was attributable to the decrease in interest costs as a result of the decrease in average bank loans and the decrease in average interest rates. In addition, the lower finance expenses were also attributed to the interest-free loans granted by Mr Niu Ji Xing, the Executive Chairman and CEO of the Company (until April 2020), and his related company.

Taxation

The decrease in income tax expense was due to the decrease in net profit generated from our Shaanxi subsidiary and the adjustment of income tax withholding. In addition, certain loss-making subsidiaries did not recognise deferred tax assets due to the uncertainty of their future taxable profits. Therefore, there is a difference between the effective tax rate in 1HFY20 and the statutory tax rate.

Total comprehensive loss

The Group's total comprehensive loss decreased by 83.5% from RMB 56.1 million in 1HFY19 to RMB 9.3 million in 1HFY20, due mainly to the increase of gross profit and the decreases in operating expenses, finance expenses and income tax expense.

b) Statement of Financial Position

<u>GROUP</u>	<u>1HFY20</u>	<u>FY19</u>
Inventory turnover days	46	42
Trade receivable turnover days	38	33
Trade payable turnover days	57	56
Debt equity ratio	(7.0)	(7.2)

(i) Current assets

Current assets decreased by RMB 34.7 million from RMB 531.4 million as at 31 December 2019 to RMB 496.8 million as at 30 June 2020, due mainly to the decrease in inventories of RMB 31.7 million and the decrease in trade receivables of RMB 43.7 million, which were partially offset by the increase in cash and cash equivalents of RMB 36.5 million and the increase in other receivables, deposits and prepayments of RMB 4.3 million. Trade receivable turnover days was 38 days in 1HFY20, which was higher than that of FY19. Inventory turnover days was higher at 46 days in 1HFY20 as compared with 42 days for FY19.

(ii) Non-current assets

The decrease in non-current assets of RMB 21.4 million was mainly due to the depreciation of RMB 25.0 million and the disposal of plant and equipment of RMB 4.4 million, which were partially offset by the capital expenditure of RMB 8.0 million.

The management has considered if an impairment is required for the assets of the Group and has formed the view that an impairment is not required at this juncture, taking into account the following factors:

- (a) The statutory auditors have for the FY2019 financial statements, as indicated in their audit report dated 17 July 2020, provided for an impairment of RMB 44.183 million of the Group's fixed assets;
- (b) The improvement in the gross profit margin and improvement in the loss for 1HFY20 as compared to 1HFY19;
- (c) That for 1HFY20, the EBITDA is positive;
- (d) That during 1HFY20, all the principal factories except Sichuan of the Group are operating and the average production capacity of the Group was 74.14%.

(iii) Current liabilities

Current liabilities decreased by RMB 77.3 million from RMB 706.0 million as at 31 December 2019 to RMB 628.7 million as at 30 June 2020, due mainly to the decrease in trade payables of RMB 81.5 million, the

decrease in other payables and accruals of RMB 3.1 million, the decrease in interest-free borrowing from a related party of RMB 36.3 million, the decrease in amount owing to a Director (including interest payable) of RMB 13.8 million and the decrease in income tax payable of RMB 2.7 million, which were partially offset by the increase in short-term interest-bearing loans and borrowings of RMB 60.0 million. Trade payable turnover days was marginally higher at 57 days, compared with 56 days for FY19.

The Group's debt equity ratio was negative 7.0 times as at 30 June 2020 compared with negative 7.2 times as at 31 December 2019, and the net debt equity ratio was negative 5.7 times as at 30 June 2020 (31 December 2019: negative 6.1 times). This was due to the increase of RMB 43.3 million in total bank loans and other borrowings, and the decrease of RMB 9.3 million in total equity resulting from the net loss in 1HFY20.

WORKING CAPITAL AND BANK BORROWINGS AS AT 30 JUNE 2020

The management will take active steps to manage the Group's working capital position. As at 30 June 2020, the Group has approximately RMB 70.0 million (secured by pledge of cash deposits of RMB 30.0 million) in short-term bank loans to be repaid by end of 2HFY20. The repayment of loans that are due by end of 2HFY20 shall be funded through the generation of operating cash flow, in addition to the renewal of bank borrowings for which the management is in discussion with bankers as well as interest-free borrowings from related parties.

(iv) Non-current liabilities

Non-current liabilities increased by RMB 30.6 million due to the increase in long-term interest-bearing loans of RMB 33.0 million, which was partially offset by the amortization in deferred income of RMB 2.4 million.

(v) Shareholders' equity

As at 30 June 2020, shareholders' equity was lower than that as at 31 December 2019 due to the net loss of RMB 9.3 million in 1HFY20.

c) Cash Flows

For 1HFY20, the Group had net operating cash inflow of RMB 16.6 million. This comprised operating profit before changes in working capital of RMB 31.4 million, adjusted for increase in working capital of RMB 11.2 million and income tax paid of RMB 3.5 million.

The changes in working capital were mainly the result of:

- i) a decrease in trade payables of RMB 81.5 million,
 - ii) a decrease in other payables and accruals of RMB 3.1 million, and
 - iii) an increase in other receivables, deposits and prepayments of RMB 4.3 million,
- which were partially offset by
- iv) a decrease in trade receivables of RMB 44.1 million, and
 - v) a decrease in inventory of RMB 33.4 million.

Net cash used in investing activities amounted to RMB 3.3 million in 1HFY20. This was mainly due to equipment upgrading expenditure incurred by our Shaanxi subsidiary. These cash outflows were partially mitigated by the cash inflow arising from proceeds from the disposal of plant and equipment of RMB 3.4 million and the interest income of RMB 1.3 million.

Net cash generated from financing activities was RMB 3.1 million in 1HFY20, mainly due to the net increase in total bank loans of RMB 93.0 million, which was partially offset by the repayment of interest-free borrowing from a related party of RMB 36.3 million, the repayment of amount owing to a Director of RMB 13.5 million, the net increase in pledged cash deposits of RMB 20.0 million, and the payment of interest expense of RMB 20.1 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual financial results for 1HFY20 are consistent with the commentary under section 10 of the announcement dated 26 February 2020 on the unaudited financial statements for the fourth quarter and full year ended 31 December 2019.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Group Performance Outlook amid impact of COVID-19

The COVID-19 pandemic has dealt a severe blow to the global economy, with many countries facing a rapidly deteriorating economic outlook and economic contraction.

Although China's economy registered a strong Q2 growth of 3.2% from a year ago, the growth was mainly driven by government investment in infrastructure. Consumer spending seems to remain weak and the sustainability of growth is uncertain in the face of growing trade and geopolitical tensions between China and her other major trading partners, especially the US.

While the Chinese government has allowed businesses to resume operations progressively in Q2, demand for our products has been slow and weak with depressed product prices due to poor demand from our downstream manufacturing customers who were severely impacted by low export demand. The domestic retail market also remains weak. However, with the gradual recovery, the Group expects the cost of production and raw corn material prices to be relatively stable in the medium term. This is due to sufficient supply of corn material, as managed by the Chinese authority to stabilize the supply chains.

In view of the global pandemic and rising geopolitical tensions, the management is of the view that the Group's financial performance will be uncertain in the coming months.

Update on the Company's Working Capital Position

The Executive Chairman, Mr Niu Ji Xing has continued to provide his commitments to the Group as follows:

- (i) The letter of undertaking to provide continuing financial support to the Group by him has been renewed and shall continue to be in force. This is in addition to the corporate and personal guarantees granted and arranged by him, to secure RMB 490 million of the Group's total banking facilities as at 30 June 2020;
- (ii) He has since May 2019 stopped drawing his salary until the financial performance of the Group improves; and
- (iii) As at 30 June 2020, his related company has granted interest-free loans amounting to RMB102.9 million to the Group

It is also noted that as at 30 June 2020, the Group generated positive cash flow from its operating activities, with EBITDA of about RMB 35.0 million.

At the request of the Audit Committee, the management has on 31 July 2020 confirmed that the Group has not received any notifications from any financial institutions requiring early repayment of any loans.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the first half year ended 30 June 2020 in view of the loss incurred for the period.

13 Summary of Interested Person Transactions for the financial period ended 30 June 2020

	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000)	
	Six months ended	Six months ended
	30/06/2020	30/06/2019
	RMB'000	RMB'000
Rental expenses to Shaanxi Luzhou	1,050	1,050
Interest payable for loan granted by Niu Ji Xing	-	77

Shaanxi Luzhou – Shaanxi Xingping Luzhou Sugar Products Co., Ltd

The Group has fully repaid the loan granted by Mr Niu Ji Xing (Executive Chairman and CEO of the Company) in April 2020.

The Company does not have a general mandate from shareholders for interested person transactions.

14 Confirmation Pursuant to Rule 705(5) of the Listing Manual

We, Niu Ji Xing and Wang De You, being the Directors of Luzhou Bio-Chem Technology Limited (“the Company”), do hereby confirm for and on behalf of the Board of Directors of the Company that to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the first half year ended 30 June 2020 to be false or misleading in any material aspect.

On behalf of the Board

Mr Niu Ji Xing
Executive Chairman

Mr Wang De You
Executive Director

15 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

Vincent Lim Bock Hui
Company Secretary
Singapore
14 August 2020