

**LUZHOU BIO-CHEM TECHNOLOGY LIMITED**

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

MATERIAL ADJUSTMENTS MADE TO UNAUDITED FINANCIAL STATEMENTS FOR FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Board of Directors of Luzhou Bio-Chem Technology Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the Company’s unaudited financial statements for the financial year ended 31 December 2019 announced on 26 February 2020 (the “**Unaudited Financial Statements**”).

The audit of the financial statements of the Group has been completed after the announcement of the Unaudited Financial Statements. Pursuant to Rule 704(6) of the SGX-ST Listing Manual, the Company wishes to inform that there have been adjustments made to the Unaudited Financial Statements, as set out below, following the audit.

Consolidated statement of Comprehensive Income for the financial year ended 31 December 2019

	Audited Financial Statements	Unaudited Financial Statements	Variance	Change	Notes
	RMB'000	RMB'000	RMB'000	%	
Other expenses	51,833	31,833	20,000	62.8	1

Notes:

- (1) Additional impairment loss on property, plant and equipment amounting to RMB 20,000,000 was recognised in other expenses.

The additional impairment loss on property, plant and equipment arose following the finalisation of the periodic assessment of the recoverable amounts based on expected future cash flows derived from the property, plant and equipment of the Company’s subsidiary, Luzhou Bio-Chem Technology (Liaoning) Co., Ltd..

As a result of the additional impairment loss, the carrying value of the Group’s property, plant and equipment reduced by RMB 20,000,000 and the accumulated losses increased by RMB 20,000,000.

Consolidated statement of Financial Position as at 31 December 2019

	Audited Financial Statements	Unaudited Financial Statements	Variance	Change	Notes
	RMB'000	RMB'000	RMB'000	%	
NON-CURRENT ASSETS					
Property, plant and equipment	461,241	476,060	(14,819)	(3.1)	1,2
Asset from right of use	-	5,181	(5,181)	(100.0)	2
NON-CURRENT LIABILITIES					
Amount owing to a related party	-	3,660	(3,660)	(100.0)	3
Lease liabilities	3,660	-	3,660	NM	3
CURRENT LIABILITIES					
Amount owing to related parties	144,279	6,773	137,506	2,030.2	4,5
Interest-free borrowing from a related party	-	139,180	(139,180)	(100.0)	4
Interest payable to a Director	-	380	(380)	(100.0)	6
Amount owing to a Director	13,841	13,461	380	2.8	6
Lease liabilities	1,674	-	1,674	NM	5
CAPITAL AND RESERVES					
Accumulated losses	(503,621)	(483,621)	(20,000)	4.1	1

Notes:

- (2) Reclassification of asset from right of use to property, plant and equipment.
- (3) Reclassification of amount owing to a related party to lease liabilities.
- (4) Reclassification of interest-free borrowing from a related party to amount owing to related parties.
- (5) Reclassification of amount owing to related parties to lease liabilities.
- (6) Reclassification of interest payable to a Director to amount owing to a Director.

By order of the Board

Niu Ji Xing
Executive Chairman and CEO
17 July 2020