



LUZHOU BIO-CHEM TECHNOLOGY LIMITED

3QFY14 Results Notes

November 14, 2014



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Financial Overview



Financial Highlights

- Group Revenue decreased by 32.6% y-o-y
 - Corn refining
 - Sales volume ↓ 28.2%; weighted average selling price ↓ 3.3%
 - Animal feeds
 - Sales volume ↓ 38.5%; weighted average selling price ↓ 3.3%
- Gross profit margin of 4.6%, 31.3% lower y-o-y;
 - Corn refining: 5.2%, 30.7% lower y-o-y;
 - Animal feeds: 0.8%, 68.0% lower y-o-y;
 - Others (loss) margin: (18.9%), 310.9% higher y-o-y;
- Net Loss Margin of (16.6%)
 - 388.2% higher y-o-y
- Cash and cash equivalents of RMB117.0 million as at 30 September, 2014 (RMB66.7 million as at 31 December, 2013)



Income Statement Highlights

RMB'mil	3QFY14	y-o-y Chg (%)	q-o-q Chg (%)	9MFY14	y-o-y Chg (%)
Revenue	441.6	(41.2)	(21.9)	1,612.1	(32.6)
Gross Profit	20.7	(59.2)	(33.2)	74.2	(53.9)
Loss Before Tax	(44.1)	45.9	(75.6)	(267.6)	249.4
Net Loss	(44.1)	41.0	(75.6)	(267.6)	227.2
Gross Profit Margin	4.7%	(29.9)	(14.5)	4.6%	(31.3)
Net Loss Margin	(10.0%)	138.1	(68.8)	(16.6%)	388.2

3Q: Three months ended September 30

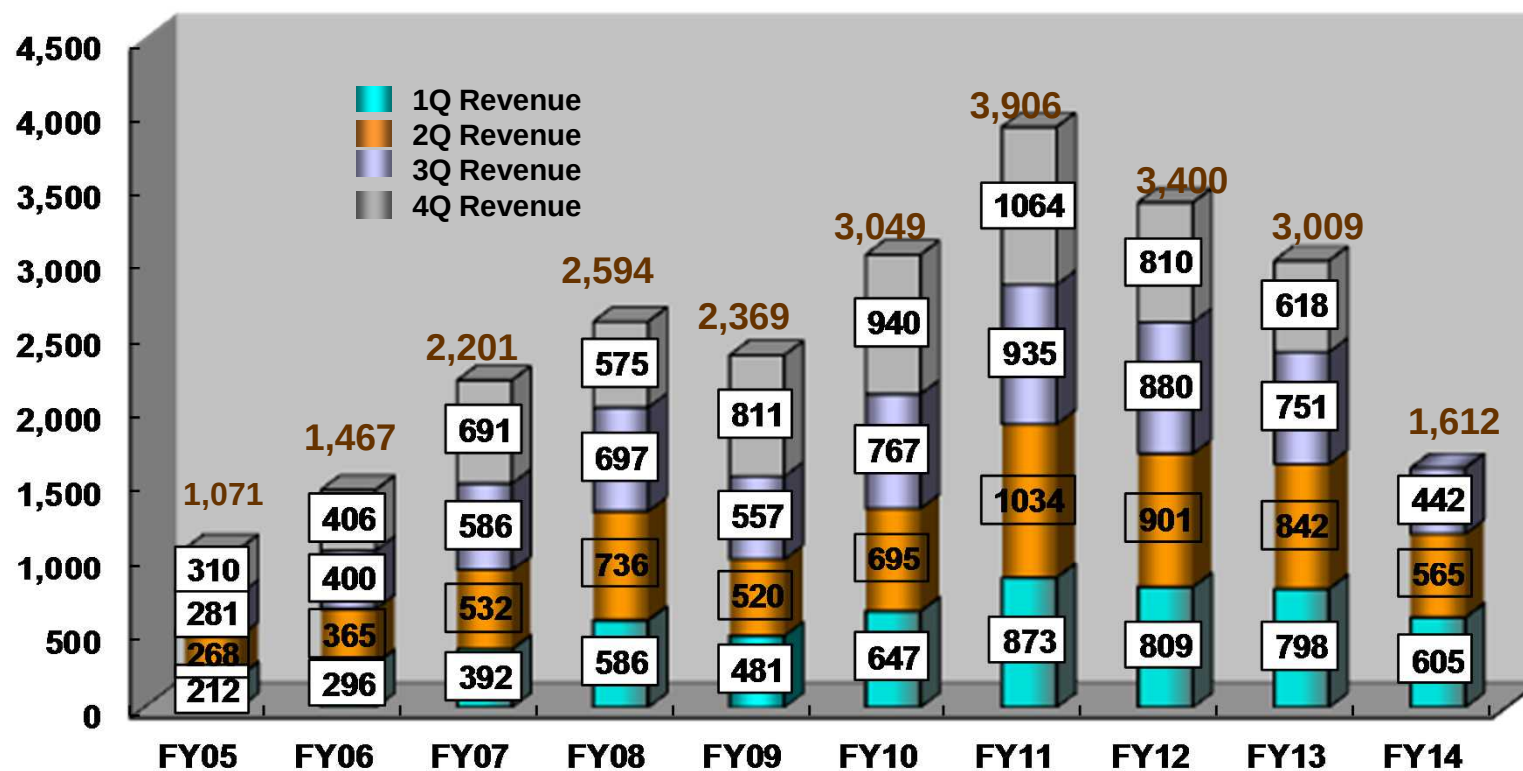
9M: Nine months ended September 30

FY: Year ended December 31



Revenue

RMB'mil



FY: Year ended December 31

2Q: Three months ended June 30

4Q: Three months ended December 31

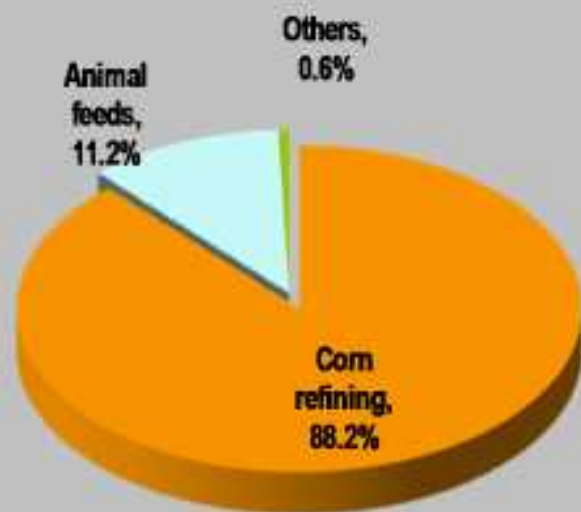
1Q: Three months ended March 31

3Q: Three months ended September 30



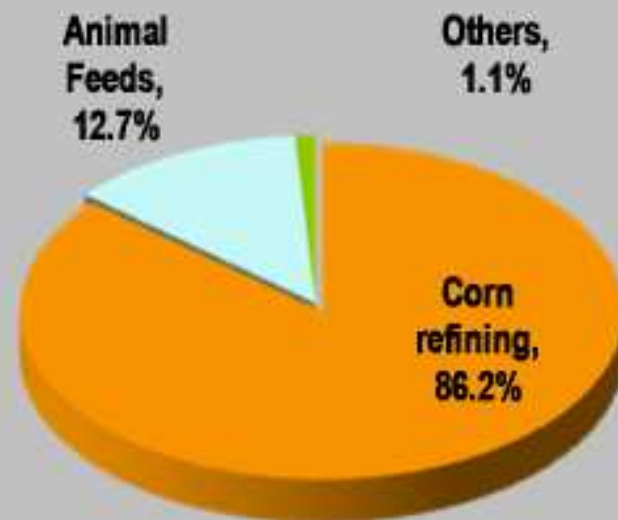
Revenue by Product Categories

9MFY14



Total Revenue: RMB1,612.1 mil

9MFY13



Total Revenue: RMB2,391.0 mil

9M: Nine months ended September 30

FY: Year ended December 31



Revenue by Industries

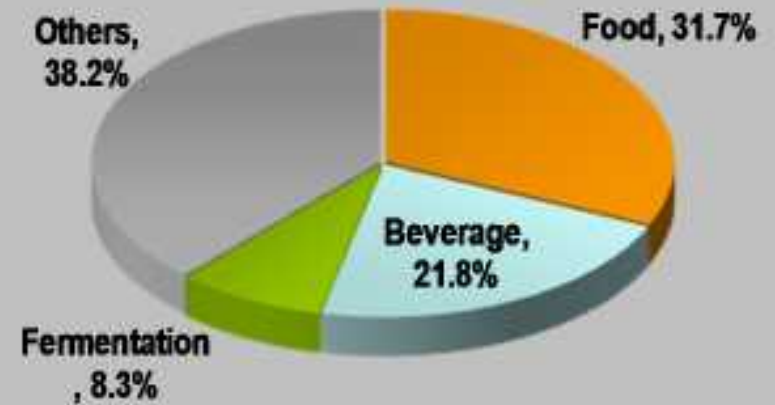
9MFY14



Total Revenue: RMB1,612.1 mil

9M: Nine months ended September 30

9MFY13



Total Revenue: RMB2,391.0 mil

FY: Year ended December 31



Balance Sheet Highlights

RMB'mil	As at end 9MFY14	As at end FY13	Chg (%)
Current Assets	482.1	615.9	(21.7)
- Cash & Cash Equivalents	117.0	66.7	75.4
- Inventories	155.3	273.2	(43.2)
- Trade and Other Receivables	209.0	276.0	(24.3)
Fixed Assets	712.2	907.2	(21.5)
Total Assets	1,241.3	1,571.4	(21.0)
Current Liabilities	479.5	552.7	(13.3)
- Trade and Other Payables	249.2	324.1	(23.1)
- Short Term Borrowings	223.8	218.3	2.5
Long Term Borrowings	577.4	562.4	2.7
Total Liabilities	1,096.9	1,159.4	(5.4)
Net Assets	144.4	412.0	(65.0)



Balance Sheet Highlights

RMB'mil	As at end 9MFY14	As at end FY13	Chg (%)
Inventory Turnover Days	38	37	2.7
Receivables Turnover Days	31	27	14.8
Payables Turnover Days	33	32	3.1
Debt to Equity Ratio [#]	5.48	1.87	140.6
Price to Book Value*	0.48	0.23	100.0

[#] Total interest bearing loans / Total equity

* Based on share price of RMB 0.17 as at October 16, 2014

9M: Nine months ended September 30

FY: Year ended December 31



Cash Flow Statement Highlights

RMB'mil	9MFY14	9MFY13	Chg (%)
Net Cash Generated from / (Used in) Operating Activities	87.1	(33.2)	362.3
Net Cash Used in Investing Activities	(27.0)	(12.9)	109.3
Net Cash (used in) / Generated from Financing Activities	(23.4)	61.2	(138.2)
Net Increase in Cash & Bank Balances	36.7	15.2	141.4
Cash & Bank Balances at Beginning of Period	66.2	119.5	(44.6)
Cash & Bank Balances at End of Period	103.0	134.7	(23.5)

9M: Nine months ended September 30

FY: Year ended December 31

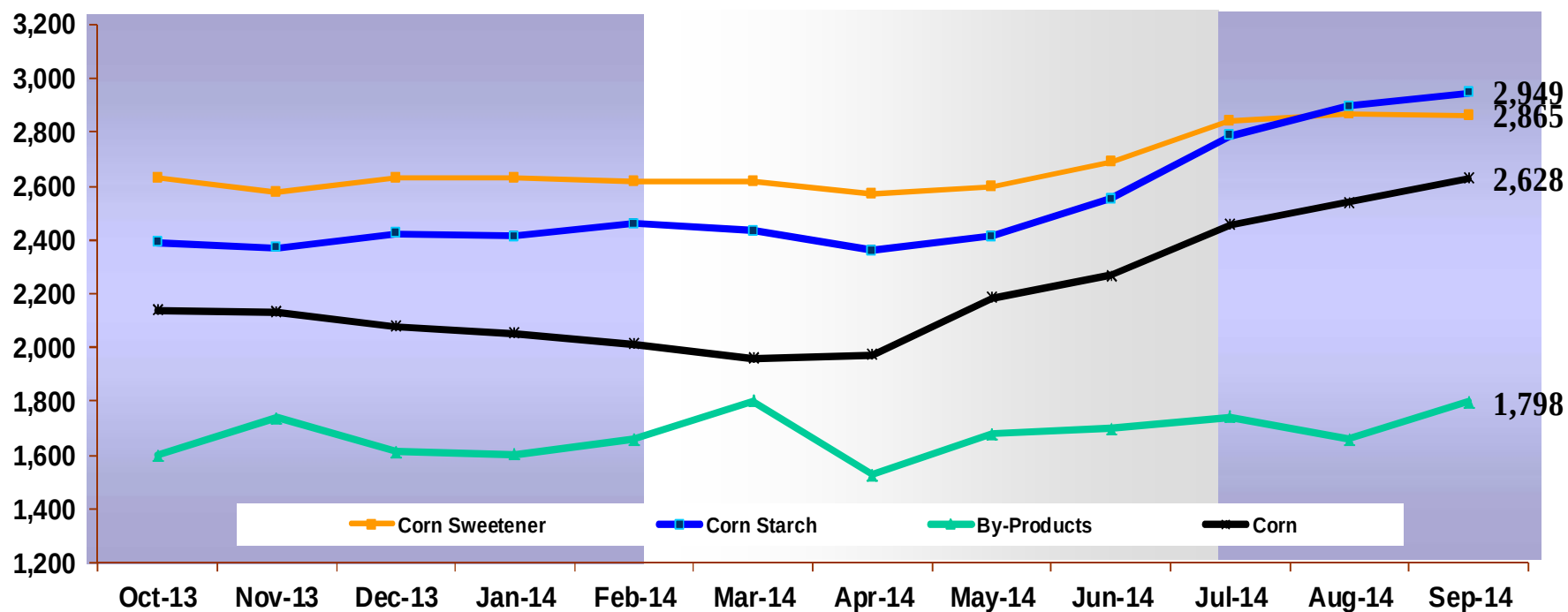


Business Outlook



Price Trends

RMB/tonnes
(excluding taxes)

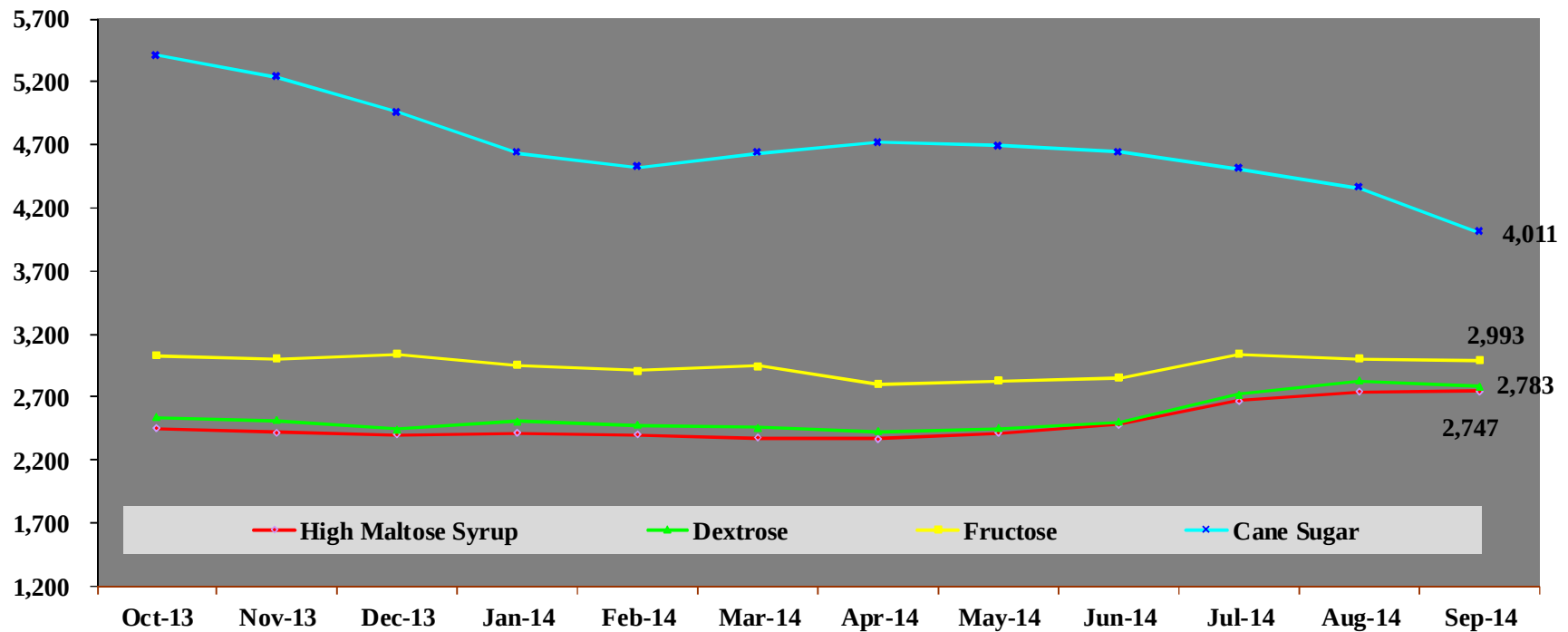


Source: Company



Price Comparisons to Cane Sugar

RMB/tonnes



Source: Company



Growth Strategies



Growth Strategies

- 💡 **Increase capacity utilisation rates**
- 💡 **Expand market reach**
- 💡 **Enhance profit levels from modified existing production lines**



Our Capacity & Utilization Rates

Facility / Location	Region Served	Corn Sweeteners			
		3QFY14		3QFY13	
		Production Capacity / (Output) (tonnes)	Utilisation Rate	Production Capacity / (Output) (tonnes)	Utilisation Rate
Yishui, Shandong	Shandong, Hebei, Anhui, Guangdong, Zhejiang	110,000 (53,696)	48.8%	110,000 (91,874)	83.5%
Pengshan, Sichuan	South-western region of PRC	35,000 (16,967)	48.5%	35,000 (30,796)	88.0%
Fushun, Liaoning	Northeast of PRC	40,000 (11,022)	27.6%	40,000 (6,821)	17.1%
Xingping, Shaanxi	Shaanxi, Shanxi, Gansu, Chongqing, Sichuan, Inner Mongolia	40,000 (29,533)	73.8%	40,000 (31,491)	78.7%
Xiping, Henan	Henan, Hubei, Hunan, Anhui, Jiangxi	35,000 (15,488)	44.3%	35,000 (28,693)	82.0%
Total Capacity		260,000 tonnes	48.7%	260,000 tonnes	73.0%



Our Capacity & Utilisation Rates

Facility / Location	Region Served	Corn Sweeteners			
		9MFY14		9MFY13	
		Production Capacity / (Output) (tonnes)	Utilisation Rate	Production Capacity / (Output) (tonnes)	Utilisation Rate
Yishui, Shandong	Shandong, Hebei, Anhui, Guangdong, Zhejiang	330,000 (163,234)	49.5%	330,000 (245,211)	74.3%
Pengshan, Sichuan	South-western region of PRC	105,000 (59,285)	56.5%	105,000 (82,081)	78.2%
Fushun, Liaoning	Northeast of PRC	120,000 (42,702)	35.6%	120,000 (47,582)	39.7%
Xingping, Shaanxi	Shaanxi, Shanxi, Gansu, Chongqing, Sichuan, Inner Mongolia	120,000 (95,946)	80.0%	120,000 (110,852)	92.4%
Xiping, Henan	Henan, Hubei, Hunan, Anhui, Jiangxi	105,000 (68,637)	65.4%	105,000 (96,176)	91.6%
Total Capacity		780,000 tonnes	55.1%	780,000 tonnes	74.6%



Expand Market Reach

- Improve domestic and overseas marketing efforts and enhance sales
 - Re-strategise local and overseas marketing efforts
 - Reaching out to new customers
 - Focusing on high margin products



Company Profile



Who We Are

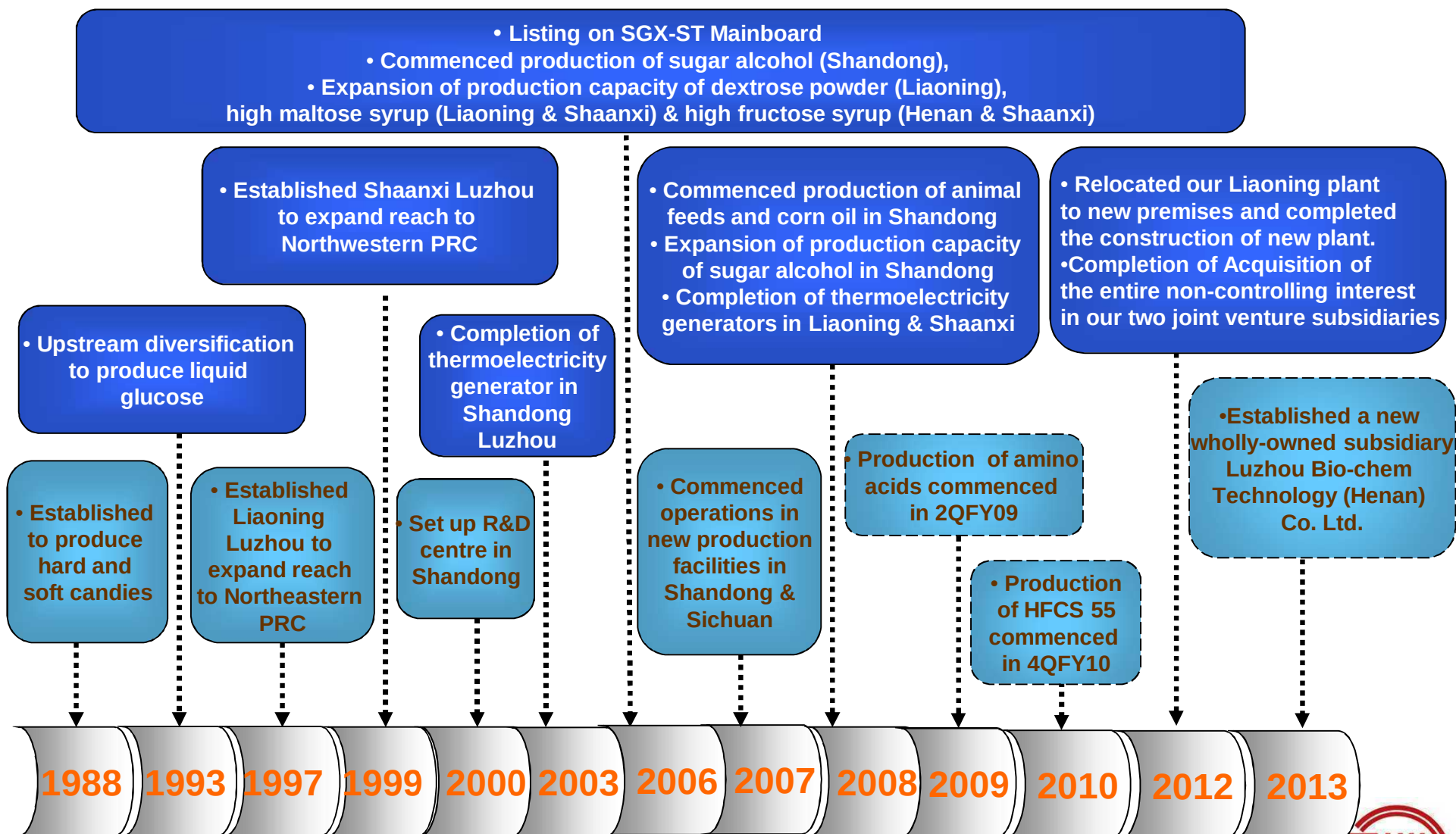
- 💡 **Market leader in maltose-related products**
- 💡 **More than 20 years of growth**
- 💡 **Capacity to produce 1,040,000 tonnes of corn sweeteners per year**

OUR COMPETITIVE EDGE

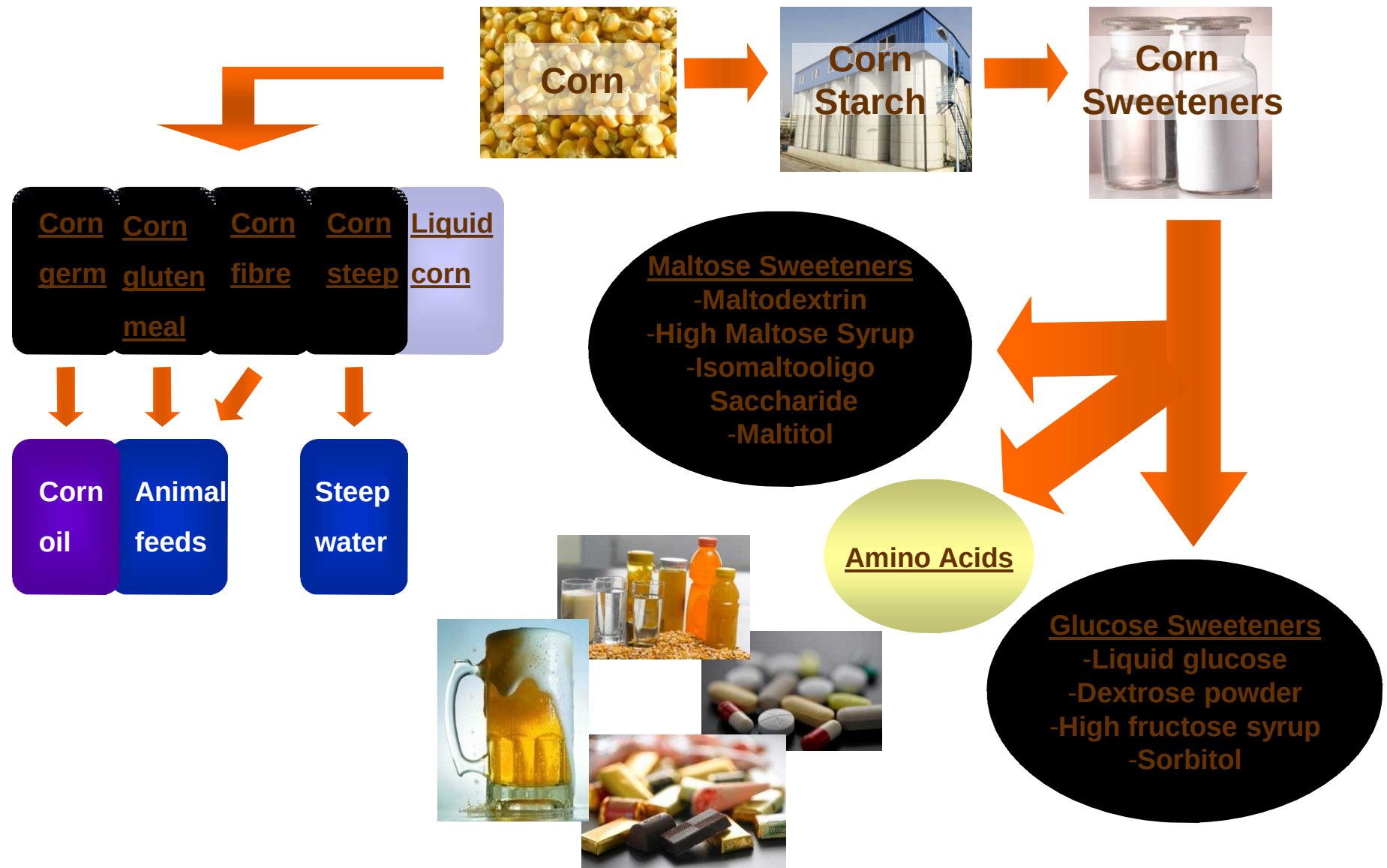
- 💡 **Long-serving core management team**
- 💡 **Production facilities located at the corn producing belt of China**
 - 💡 **Ensuring ample and competitively priced raw materials**
- 💡 **Quality products and strong branding**
- 💡 **Enhanced production efficiency:**
 - 💡 **Own power generating capabilities and water resources**
 - 💡 **Economies of scale through higher capacities and utilisation of plant facilities**



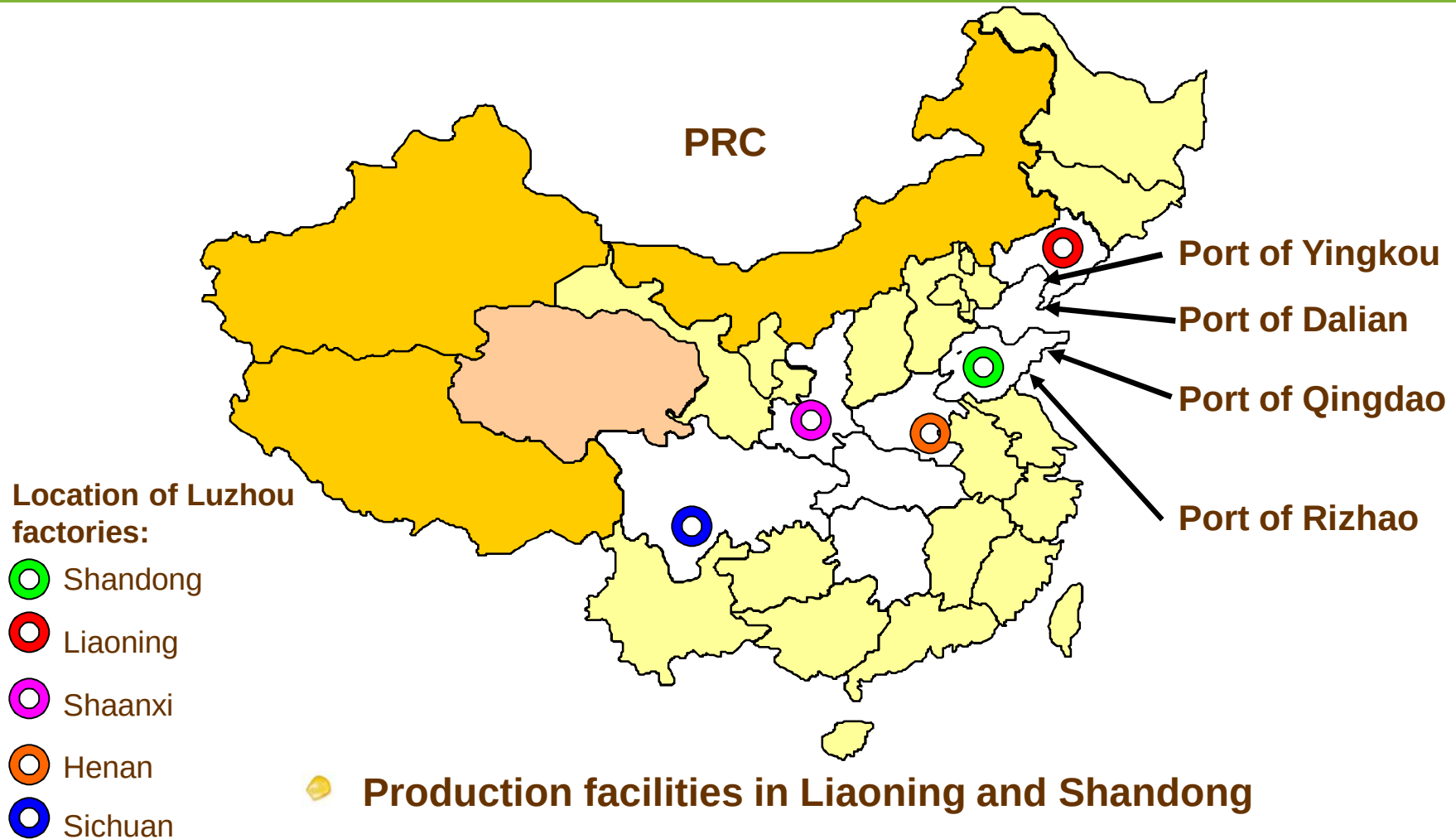
Company Milestones



Production Process

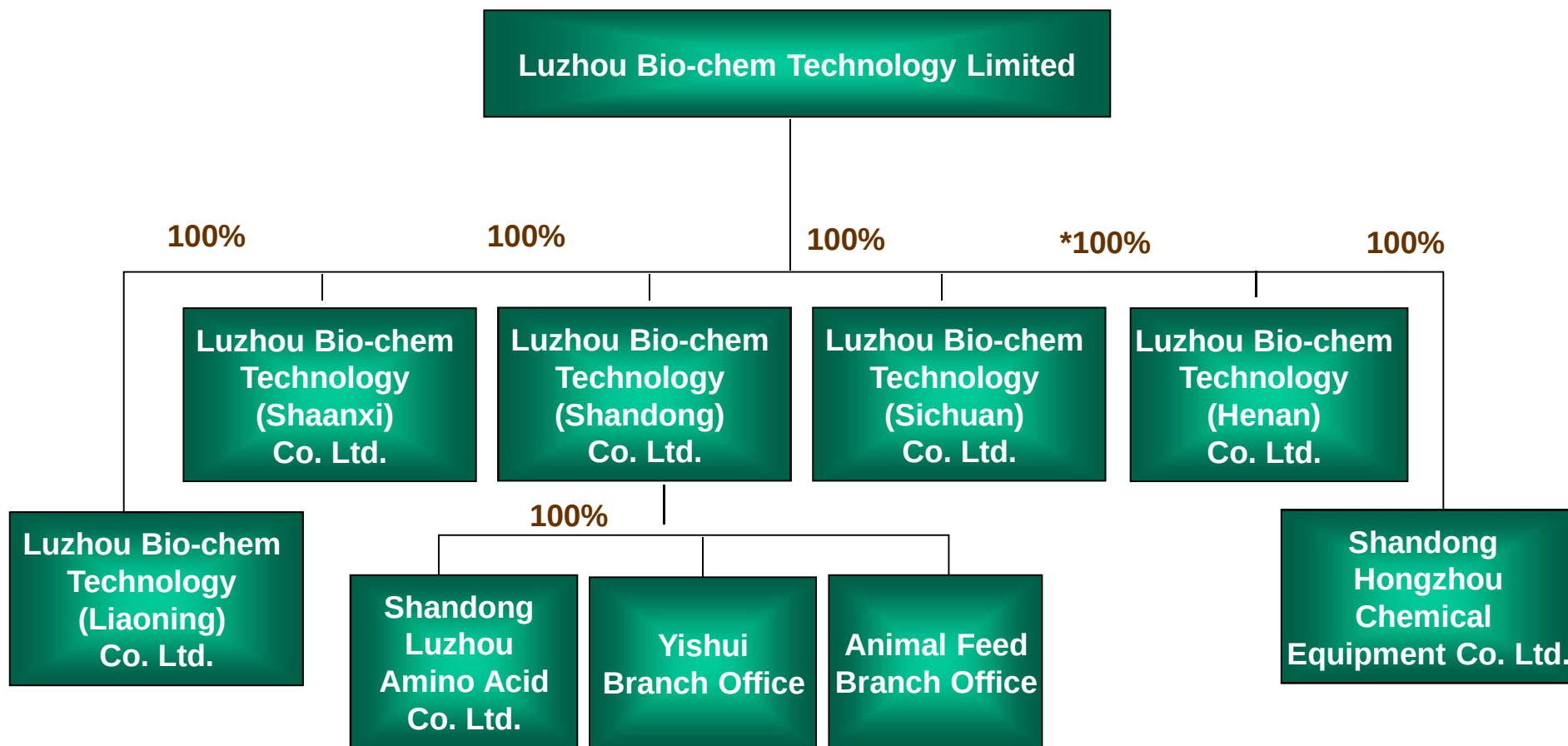


Location Advantage



Production facilities in Liaoning and Shandon
gain easy access to nearby ports for exports

Corporate Structure



* The paid up share capital of Luzhou Bio-chem Technology (Sichuan) Co. Ltd, is RMB96.0m, of which the Company holds 37.2% (RMB35.7m) and Luzhou Bio-chem Technology (Shandong) Co., Ltd holds 62.8% (RMB60.3m).





**LUZHOU BIO-CHEM TECHNOLOGY
LIMITED**

Thank You

