



LUZHOU BIO-CHEM TECHNOLOGY LIMITED

1QFY14 Results Notes

May 14, 2014



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Financial Overview



Financial Highlights

- ◆ Group Revenue decreased by 24.1% y-o-y
 - ◆ Corn refining
 - ◆ Sales volume ↑ 3.0%; weighted average selling price ↓ 8.2%
 - ◆ Animal feeds
 - ◆ Sales volume ↓ 17.8%; weighted average selling price ↓ 3.9%
- ◆ Gross profit margin of 3.7%, 48.6% lower y-o-y;
 - ◆ Corn refining: 4.2%, 46.2% lower y-o-y;
 - ◆ Animal feeds: 1.2%, 61.3% lower y-o-y;
 - ◆ Others: (21.7%), 642.5% lower y-o-y;
- ◆ Net Profit Margin of (7.1%)
 - ◆ 273.7% lower y-o-y
- ◆ Cash and cash equivalents of RMB163.3 million as at March 31, 2014 (RMB66.7 million as at December 31, 2013)



Income Statement Highlights

RMB'mil	1QFY14	1QFY13	y-o-y Chg (%)	4QFY13	q-o-q Chg (%)
Revenue	605.1	797.4	(24.1)	618.4	(2.2)
Gross Profit	22.6	57.1	(60.4)	34.7	(34.9)
Loss Before Tax	(42.8)	(12.2)	(250.7)	(34.0)	25.9
Net Loss	(42.8)	(15.2)	(181.4)	(32.0)	33.8
Gross Profit Margin	3.7%	7.2%	(48.6)	5.6%	(33.9)
Net Loss Margin	(7.1%)	(1.9%)	(273.7)	(5.2%)	36.5

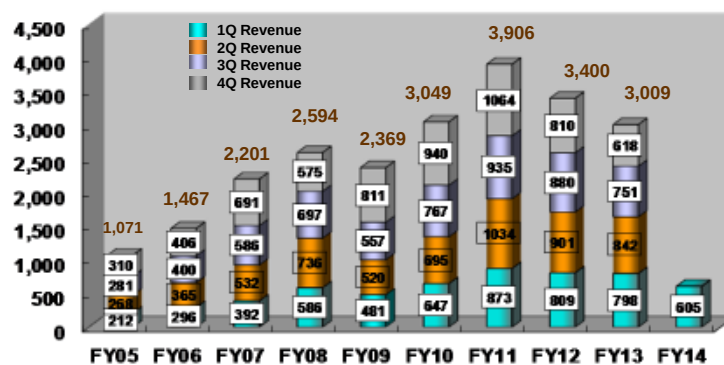
1Q: Three months ended March 31

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Revenue

RMB'mil



FY: Year ended December 31

2Q: Three months ended June 30

4Q: Three months ended December 31

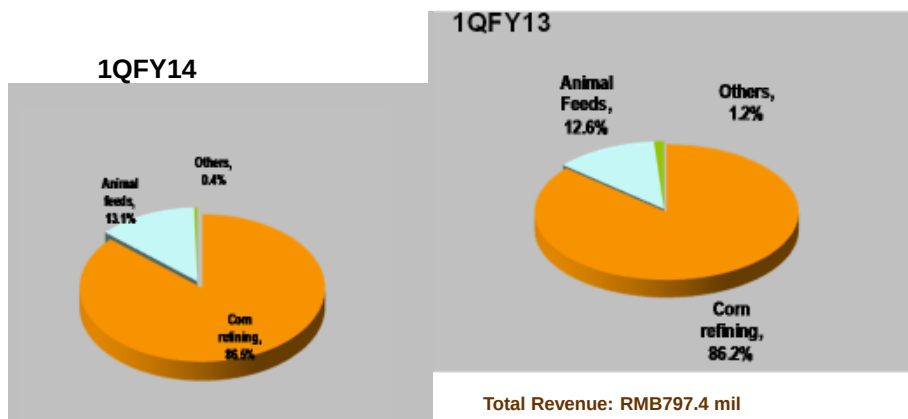
1Q: Three months ended March 31

3Q: Three months ended September 30

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Revenue by Product Categories



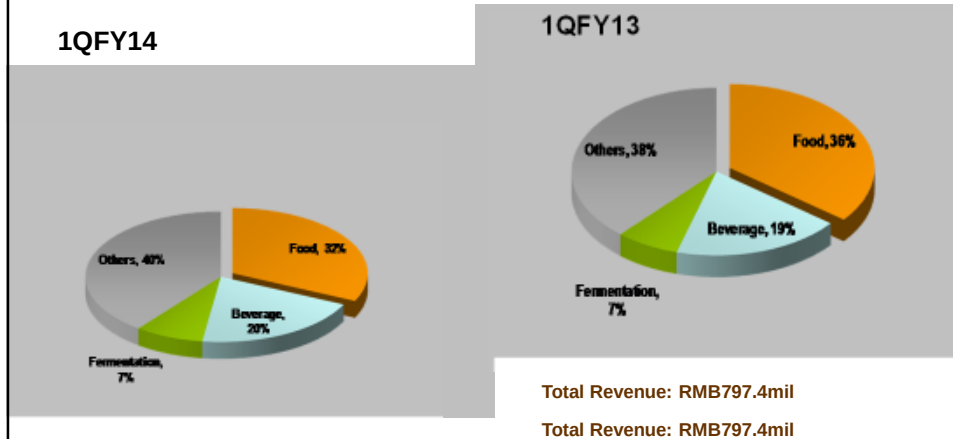
Total Revenue: RMB605.1 mil

1Q: Three months ended March 31

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Revenue by Industries



Total Revenue: RMB605.1mil

1Q: Three months ended March 31

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Balance Sheet Highlights

RMB'mil	As at end 1QFY14	As at end FY13	Chg (%)
Current Assets	716.7	615.9	16.4
- Cash & Cash Equivalents	163.3	66.7	144.8
- Inventories	238.8	273.2	(12.6)
- Trade and Other Receivables	312.2	276.0	13.1
Fixed Assets	881.0	907.2	(2.9)
Total Assets	1,645.5	1,571.4	4.7
Current Liabilities	612.9	552.7	10.9
- Trade and Other Payables	322.5	324.1	(0.5)
- Short Term Borrowings	283.3	218.3	29.8
Long Term Borrowings	621.0	562.4	10.4
Total Liabilities	1,276.3	1,159.4	10.1
Net Assets	369.2	412.0	(10.4)



Balance Sheet Highlights

RMB'mil	As at end 1QFY14	As at end FY13	Chg (%)
Inventory Turnover Days	40	37	8.1
Receivables Turnover Days	31	27	14.8
Payables Turnover Days	34	32	6.3
Debt to Equity Ratio[#]	2.42	1.87	29.4
Price to Book Value[*]	0.30	0.23	30.4

[#] Total interest bearing loans / Total equity

^{*} Based on share price of RMB 0.28 as at April 17, 2014

1Q: Three months ended March 31

FY: Year ended December 31



Cash Flow Statement Highlights

RMB'mil	1QFY14	1QFY13	Chg (%)
Net Cash Used in Operating Activities	(12.8)	(25.3)	49.4
Net Cash Used in Investing Activities	(0.3)	0.8	(137.5)
Net Cash Generated from Financing Activities	109.7	51.7	112.2
Net Increase in Cash & Bank Balances	96.6	27.1	256.5
Cash & Bank Balances at Beginning of Period	66.2	119.5	(44.6)
Cash & Bank Balances at End of Period	162.9	146.7	11.0

1Q: Three months ended March 31

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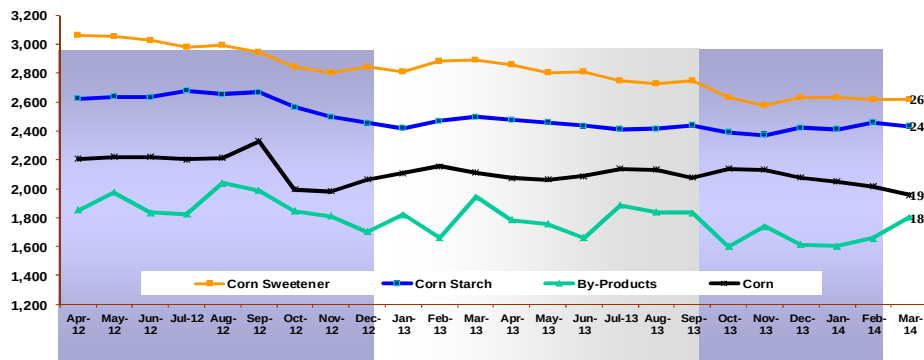


Business Outlook



Price Trends

RMB/tonnes
(excluding taxes)



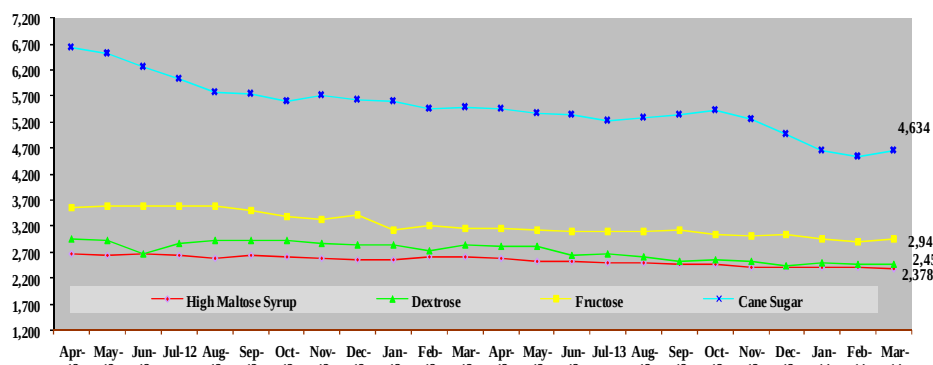
Source: Company

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Price Comparisons to Cane Sugar

RMB/tonnes



Source: Company

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Growth Strategies



Growth Strategies

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



Our Capacity & Utilisation Rates

Facility / Location	Region Served	Corn Sweeteners			
		1QFY14		1QFY13	
		Production Capacity / (Output) (tonnes)	Utilisation Rate	Production Capacity / (Output) (tonnes)	Utilisation Rate
Yishui, Shandong	Shandong, Hebei, Anhui, Guangdong, Zhejiang	110,000 (57,441)	52.2%	110,000 (91,874)	83.5%
Pengshan, Sichuan	South-western region of PRC	35,000 (21,069)	60.2%	35,000 (30,796)	88.0%
Fushun, Liaoning	Northeast of PRC	40,000 (18,163)	45.4%	40,000 (6,821)	17.1%
Xingping, Shaanxi	Shaanxi, Shanxi, Gansu, Chongqing, Sichuan, Inner Mongolia	40,000 (33,489)	83.7%	40,000 (31,491)	78.7%
Xiping, Henan	Henan, Hubei, Hunan, Anhui, Jiangxi	35,000 (25,556)	73.0%	35,000 (28,693)	82.0%
Total Capacity		260,000 tonnes	59.9%	260,000 tonnes	73.0%

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Expand Market Reach

- Improve domestic and overseas marketing efforts and enhance sales
 - Re-strategise local and overseas marketing efforts
 - Reaching out to new customers



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Company Profile



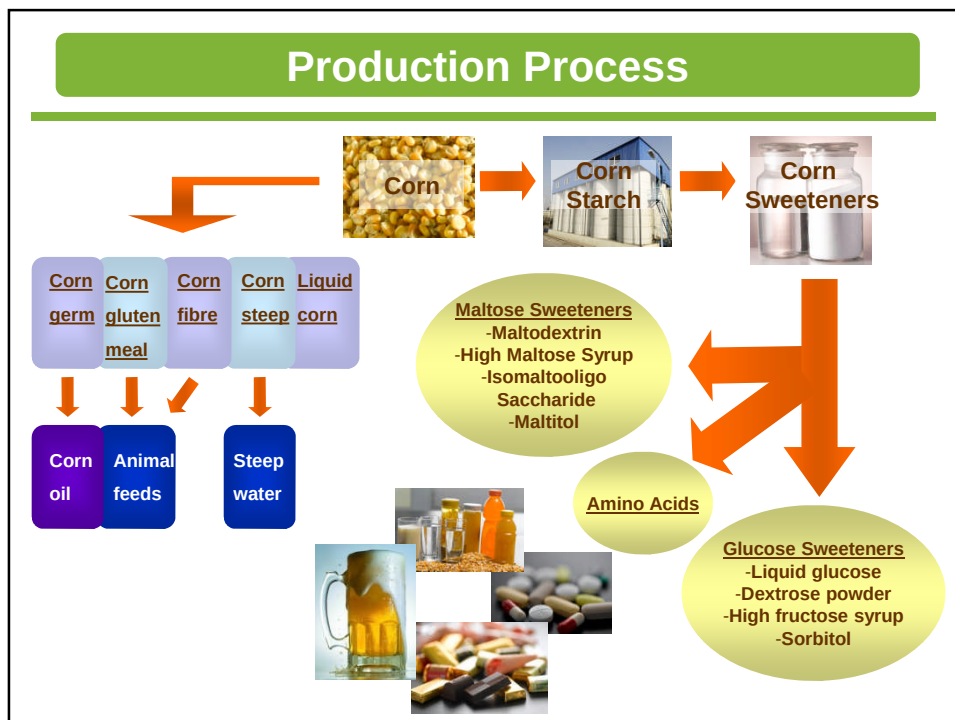
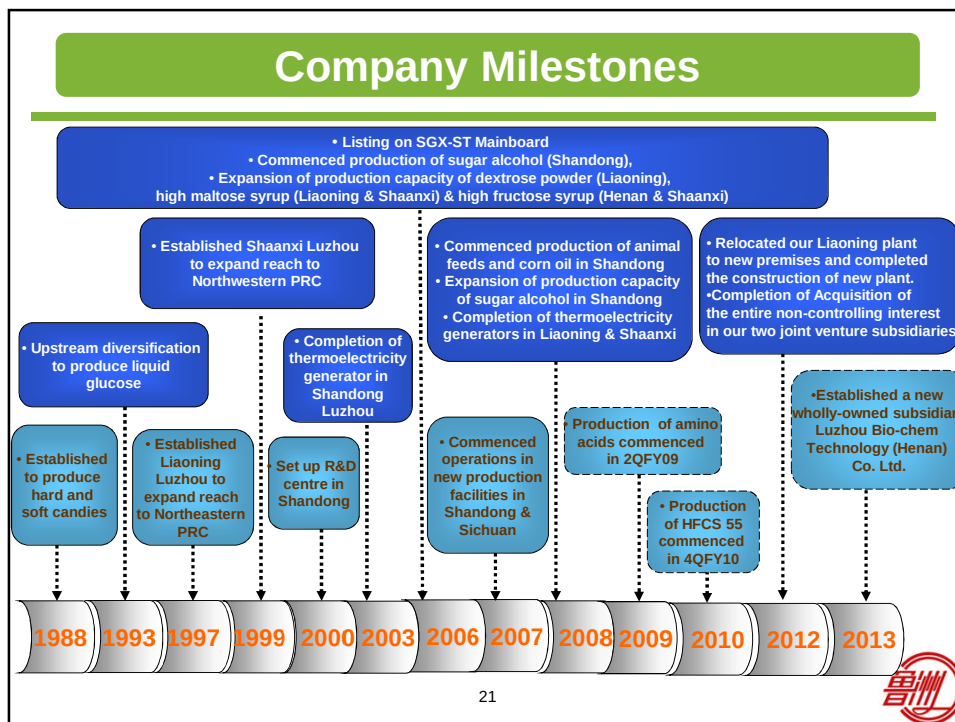
Who We Are

- ◆ 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





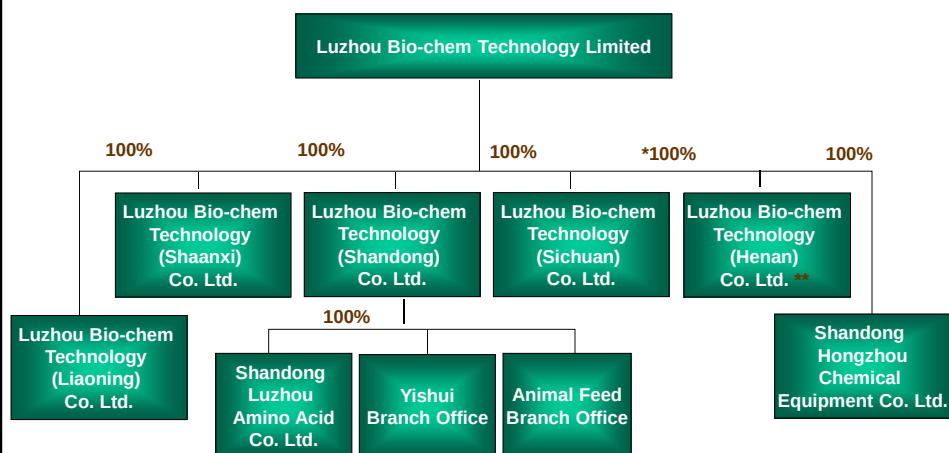
Location Advantage



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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).

** the Company has established a new wholly-owned subsidiary, Luzhou Bio-chem Technology (Henan) Co., Ltd. in 9 August 2013 through the separation of the Xiping Branch Office of Luzhou Bio-chem Technology (Shandong) Co., Ltd..





**LUZHOU BIO-CHEM TECHNOLOGY
LIMITED**

Thank You

