



**LUZHOU BIO-CHEM
TECHNOLOGY LIMITED**

Corporate Presentation and 1HFY20 Results

14 August, 2020

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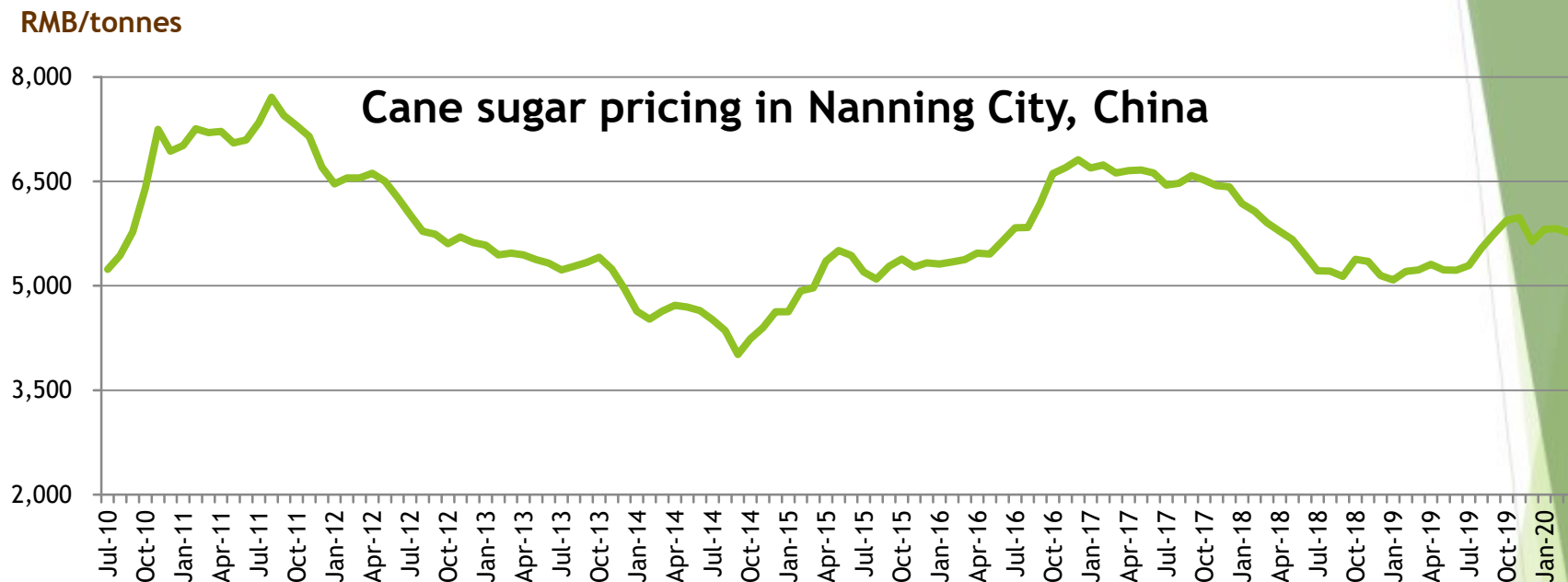
Business Overview



Operating Climate

- China's economic growth is likely to continue to slow down due to the on-going trade war with the United States and geopolitical tensions between China and other major trading partners.
- The domestic consumption continues to be sluggish and the outbreak of the COVID-19 virus, which is expected to affect the livelihood of the Chinese people, will further dampen the market demand of the Group's products.
- With the gradual recovery of economy opening up after the lockdown, the Group expects the cost of production and the raw corn material prices to remain relatively stable in the medium term.
- Due to the uncertainty of the global and domestic market and the possible prolonged duration and the extent of the disruption due to the COVID-19, the management is unable to assess the financial performance of the Group in the coming months.

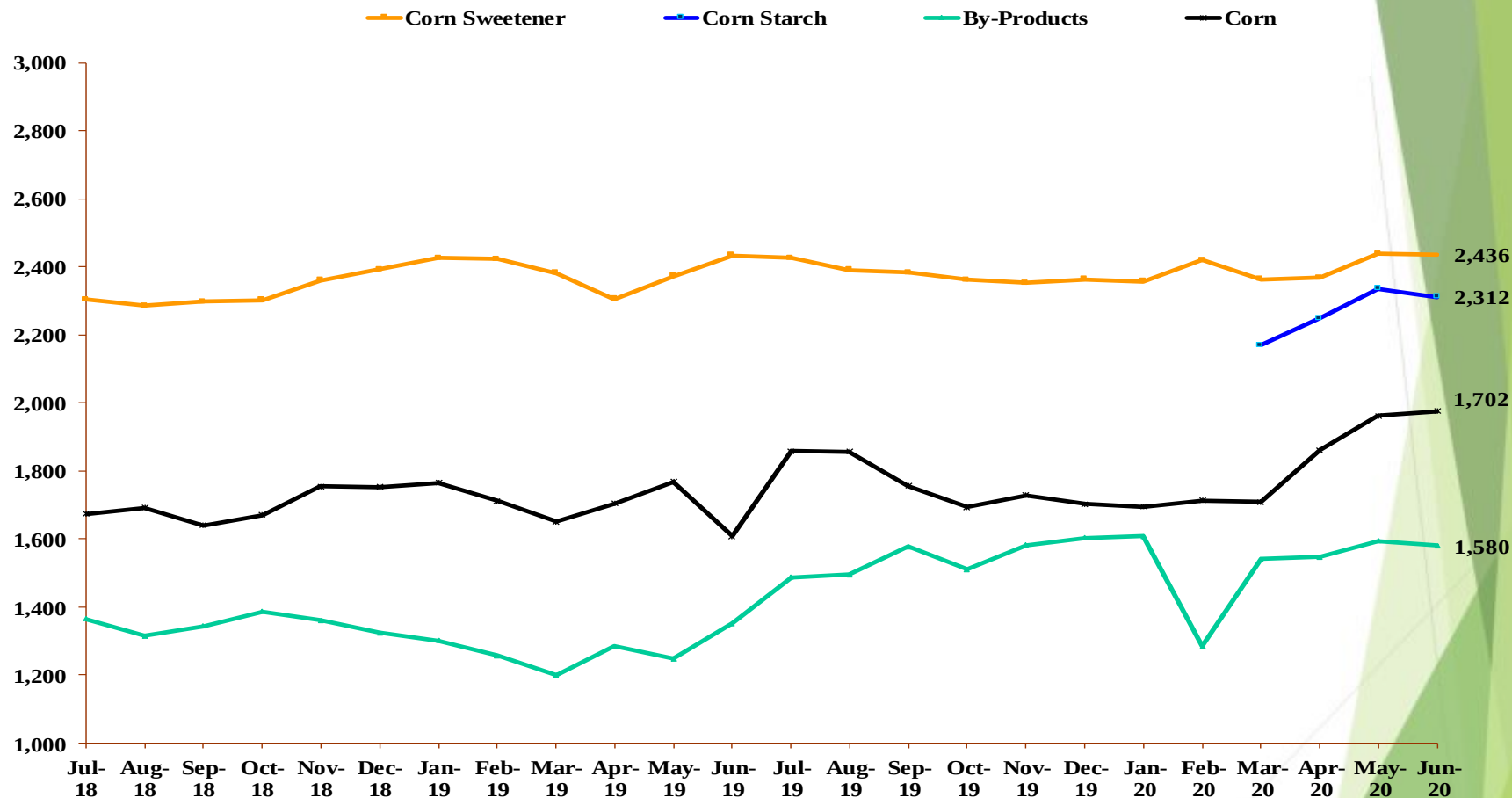
Price Comparisons to Cane Sugar



- High price of cane sugar has resulted in food & beverage manufacturers turning to alternative sweeteners
- For comparison, the prices of sweetener products supplied by Luzhou (as at June 2020) are as follows:
 - Fructose: RMB 2,570 /tonne
 - Dextrose: RMB 2,350/tonne
 - High Maltose Syrup: RMB 2,332/tonne

Price Trends

RMB/tonnes
(excluding taxes)



Source: Company

Financial Highlights



1HFY20 Financial Highlights

- 💡 **Group revenue decreased by 19.2% y-o-y**
- 💡 **Gross profit margin of 10.5%, 47.9% higher y-o-y;**
- 💡 **Net loss of RMB 9.3 million, decreased by 83.5% compared with net loss of RMB 56.1 million in 1HFY19**
- 💡 **Net loss margin of 1.2%, decreased by 78.6% compared with net loss margin of 5.6% in 1HFY19**
- 💡 **Cash and cash equivalents of RMB 148.7 million as at 30 June, 2020 (RMB 112.2 million as at 31 December, 2019)**

Income Statement Highlights

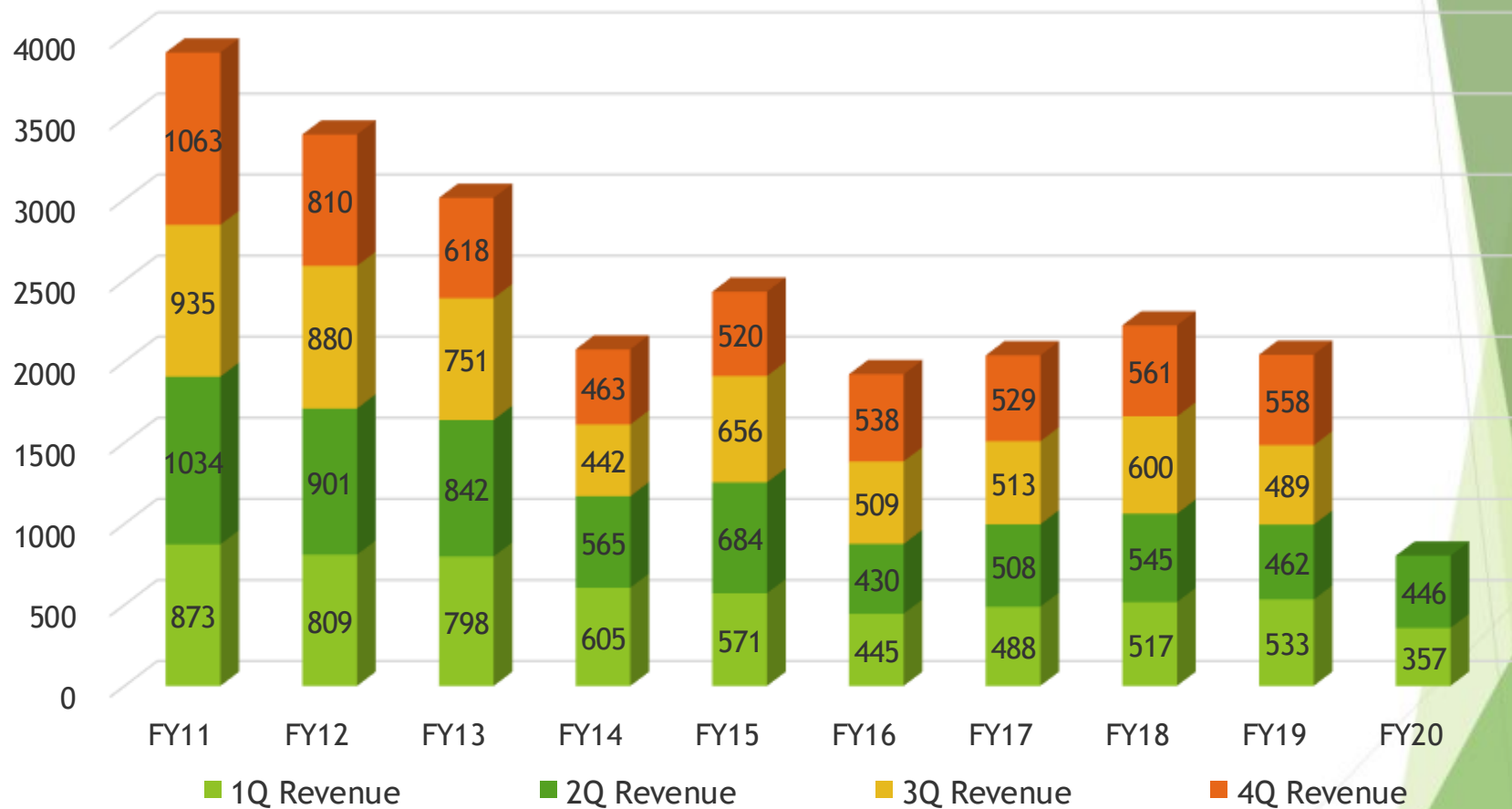
RMB'mil	1HFY20	1HFY19	y-o-y Chg (%)
Revenue	803.2	994.6.8	(19.2)
Gross Profit	84.0	70.8	18.7
(Loss) Before Tax	(8.4)	(48.6)	(82.6)
Net (Loss)	(9.3)	(56.1)	(83.5)
Gross Profit Margin	10.5%	7.1%	47.9
Net (Loss) Margin	(1.2%)	(5.6%)	(78.6)

1H: Six months ended June 30

FY: Twelve months ended December 31

Revenue

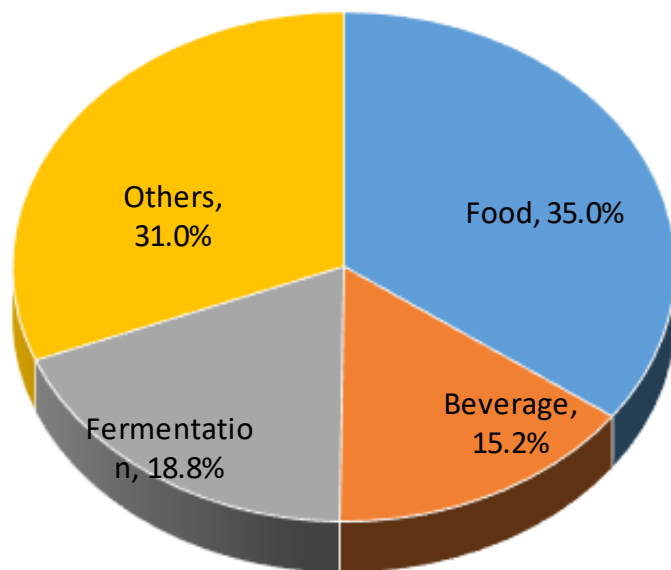
RMB'mil



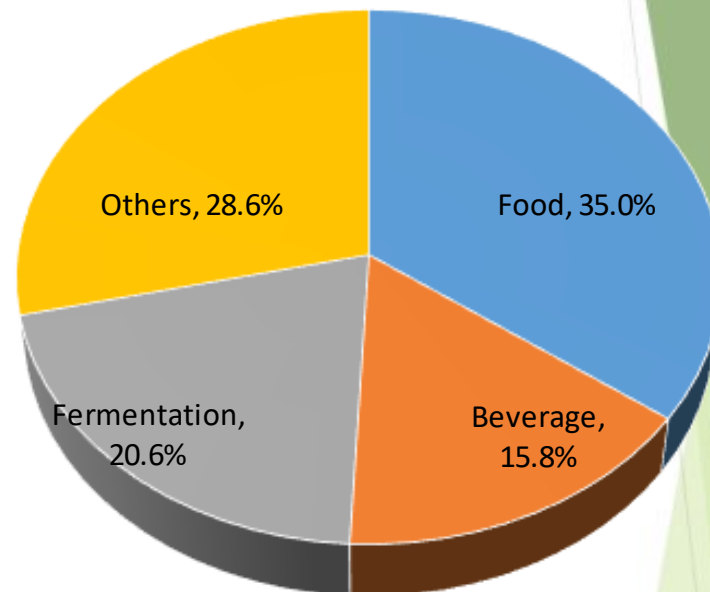
Revenue by Industry

1HFY19

1HFY20



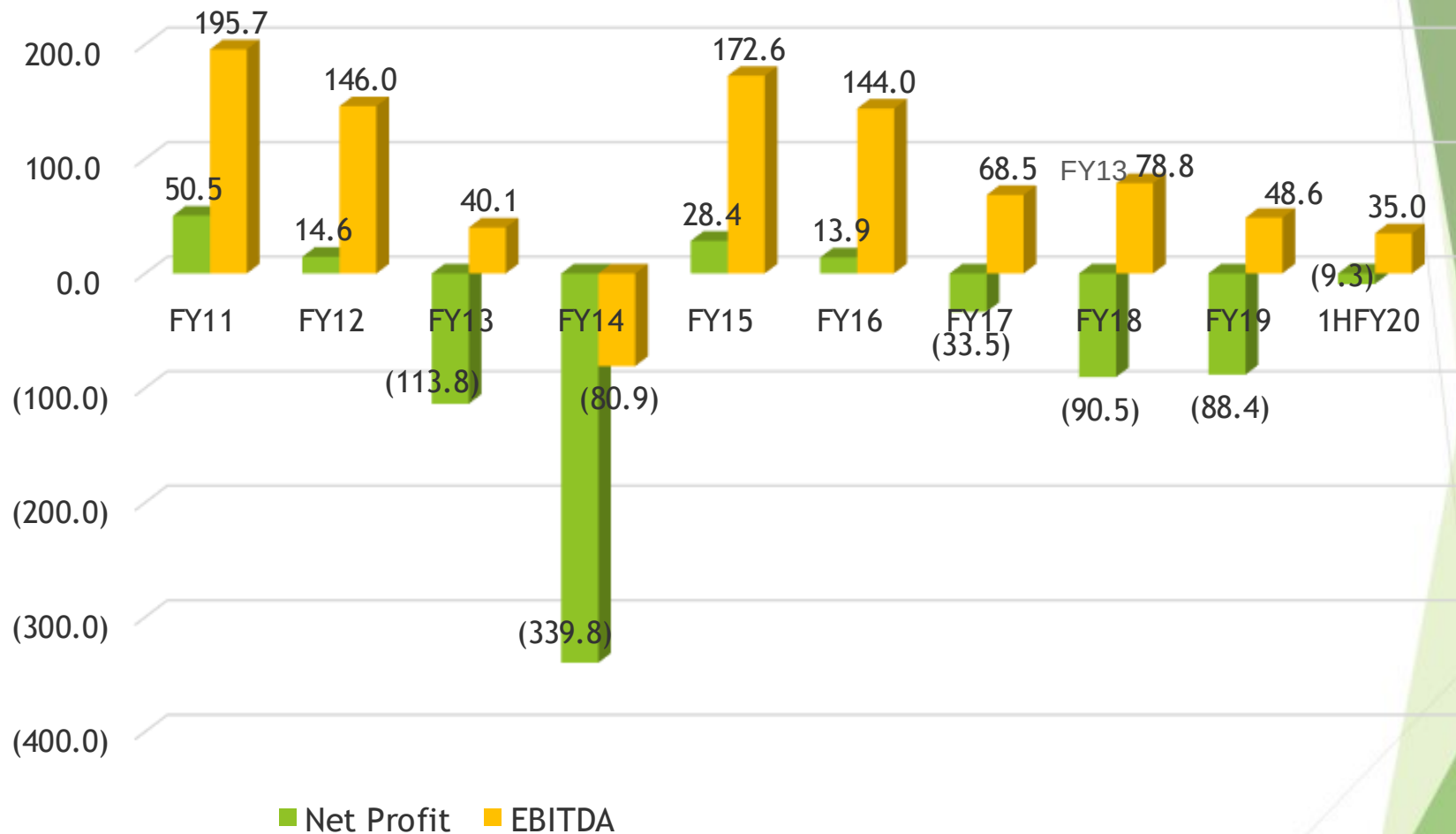
Total Revenue: RMB 803.2 mil



Total Revenue: RMB 994.6 mil

Net Profit/EBITDA

RMB'mil



Balance Sheet Highlights

RMB'mil	As at end 1HFY20	As at end FY19	Chg (%)
Current Assets	496.8	531.4	(6.5)
- Cash & Cash Equivalents	148.7	112.2	32.5
- Inventories	165.0	196.8	(16.2)
- Trade and Other Receivables	183.1	222.5	(17.7)
Total Assets	980.2	1,036.3	(5.4)
Current Liabilities	628.7	706.0	(10.9)
- Trade and Other Payables	261.8	346.4	(24.4)
- Short Term Borrowings	352.9	342.6	3.0
Long Term Borrowings	435.0	402.0	8.2
Total Liabilities	1,093.0	1,139.8	(4.1)

Balance Sheet Highlights

RMB'mil	As at end 1HFY20	As at end FY19	Chg (%)
Inventory Turnover Days	46	42	9.5
Receivables Turnover Days	38	33	15.2
Payables Turnover Days	57	56	1.8
Debt to Equity Ratio [#]	(7.0)	(7.2)	2.8
Price to Book Value [*]	(0.4)	(0.4)	Nil

[#] Total interest bearing & interest-free loans / Total equity

^{*} Based on share price of RMB 0.076 as at June 30, 2020

Cash Flow Statement Highlights

RMB'mil	1HFY20	1HFY19	Chg (%)
Net Cash Generated from Operating Activities	16.6	20.2	(17.8)
Net Cash (Used in) Investing Activities	(3.3)	(4.7)	(29.8)
Net Cash Generated from/(Used in) Financing Activities	3.1	(33.9)	109.1
Net Increase/(Decrease) in Cash & Bank Balances	16.5	(18.4)	189.7
Cash at Bank Balances at Beginning of Period	35.8	87.3	(59.0)
Cash at Bank Balances at End of Period	52.3	68.9	(24.1)

Growth Strategies



Growth Strategies

- ❖ **Focusing on products where the Group has pricing advantages as a high volume producer (e.g. Sorbitol), and high margin products such as fructose, high maltose syrup, maltitol, etc.**
- ❖ **Continue with cost savings effort with the suspension or stop production of unprofitable products.**
- ❖ **Resume production when the local market condition is favorable so as to ride on the uptrend in consumption demand and capture the market shares to improve the Group's revenue and profit margin.**
- ❖ **Keeping capital investment to the minimum where necessary to conserve cash due to the uncertainty of the global and domestic markets.**

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