LUZHOU BIO-CHEM TECHNOLOGY LIMITED

A Mouth-Watering China Consumption Story

Corporate Presentation

and 1QFY19 Results

May 15, 2019

Contents

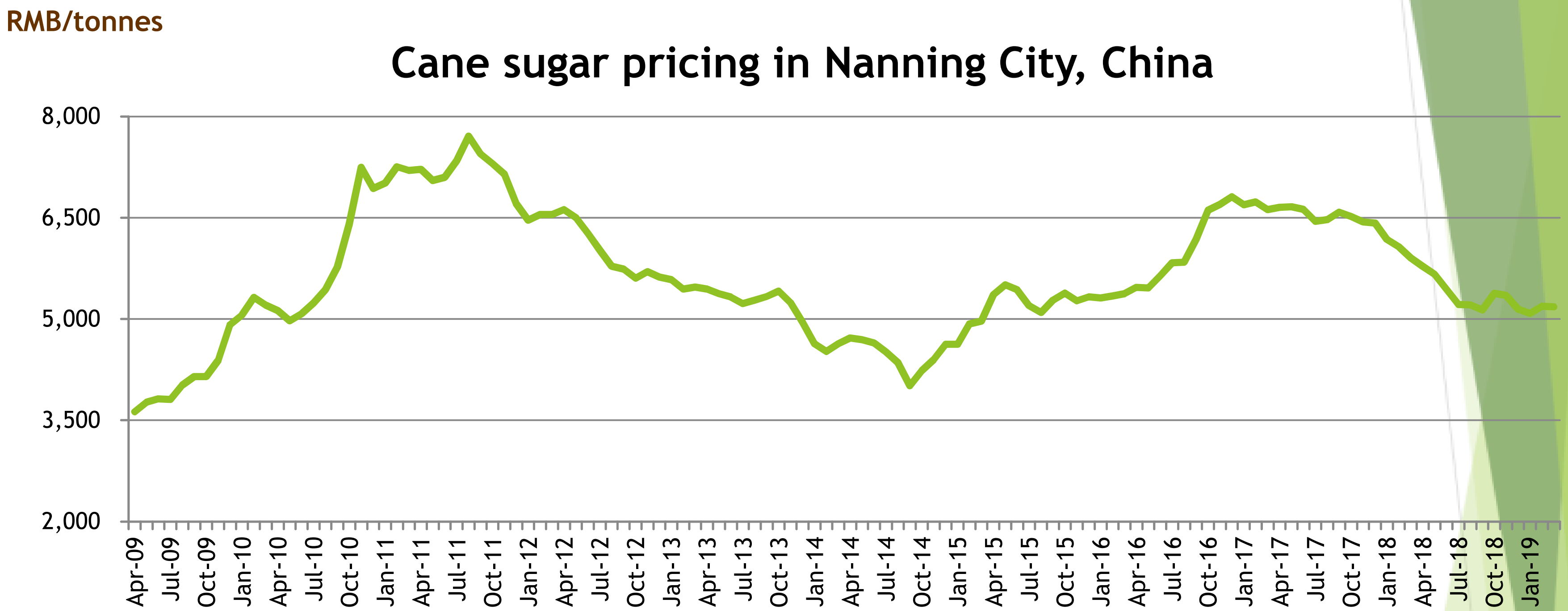
- Business Overview
- Financial Highlights
- Growth Strategies

Business Overview

Operating Climate

- The Group expects domestic consumption demand to remain sluggish for 2019 due to trade tension between China and the United States.
- Stiff competition continue to affect the selling prices of our products and at the same time higher production costs has reduced our profit margins significantly.
- The Group has stopped production of its Sichuan’s plant due to unfavorable market conditions.

Price Comparisons to Cane Sugar

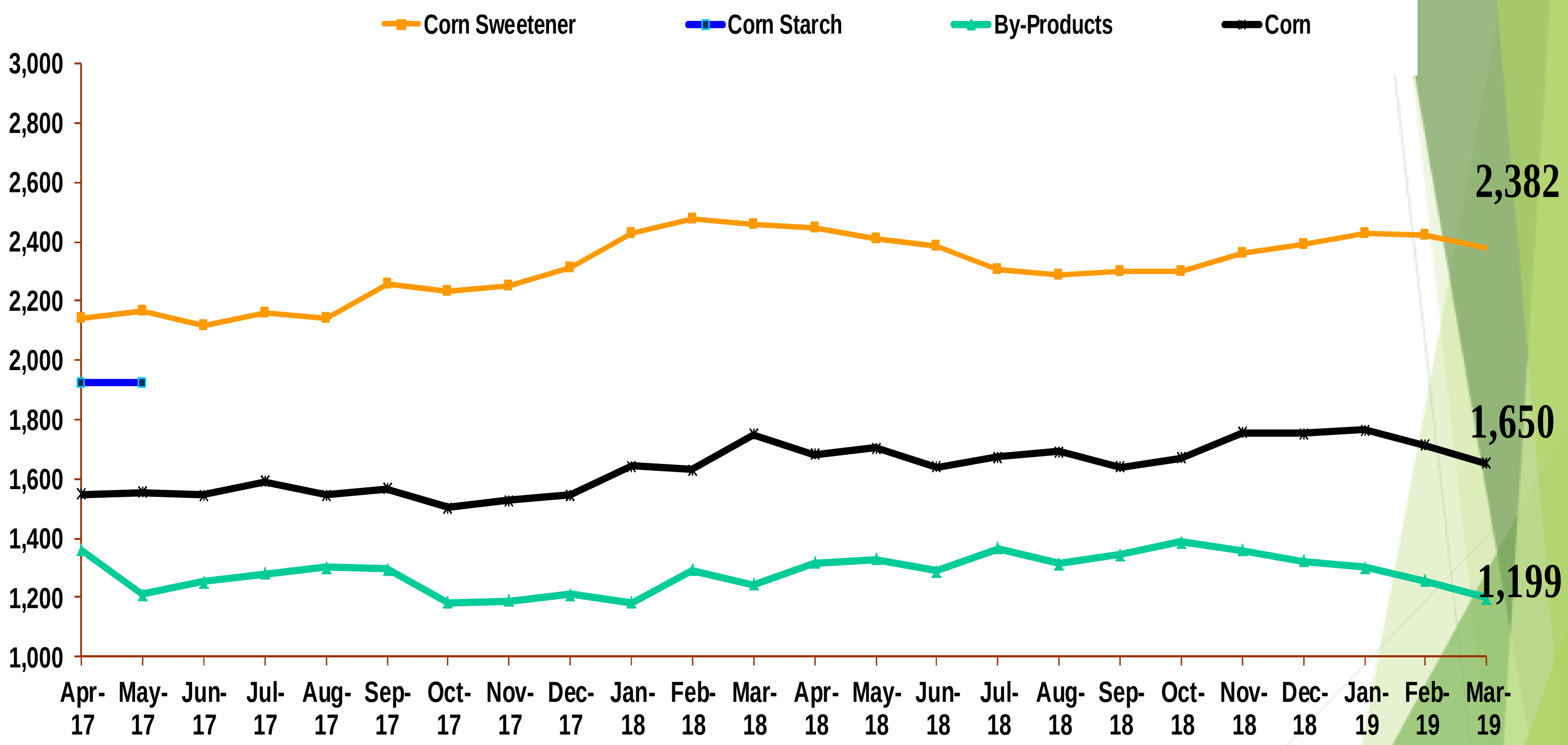


- **High price of cane sugar has resulted in food & beverage manufacturers turning to alternative sweeteners**
- **For comparison, the prices of sweetener products supplied by Luzhou (as at March 2019) are as follows:**
  - **Fructose: RMB 2,572/tonne**
  - **Dextrose: RMB 2,417/tonne**
  - **High Maltose Syrup: RMB 2,225/tonne**

Source: Company, 中国昆商糖网

Price Trends

RMB/tonnes
(excluding taxes)



Source: Company

Financial Highlights

1QFY19 Financial Highlights

- Group revenue increased by 3.0% y-o-y
- Gross profit margin of 7.8%, 36.6% lower y-o-y;
- Net loss of RMB 19.9 million, decreased by 760.7% compared with net profit of RMB 3.0 million in 1QFY18
- Net loss margin of 3.7%, decreased compared with net profit margin of 0.6% in 1QFY18
- Cash and cash equivalents of RMB 144.6 million as at 31 March, 2019 (RMB 163.7 million as at 31 December, 2018)

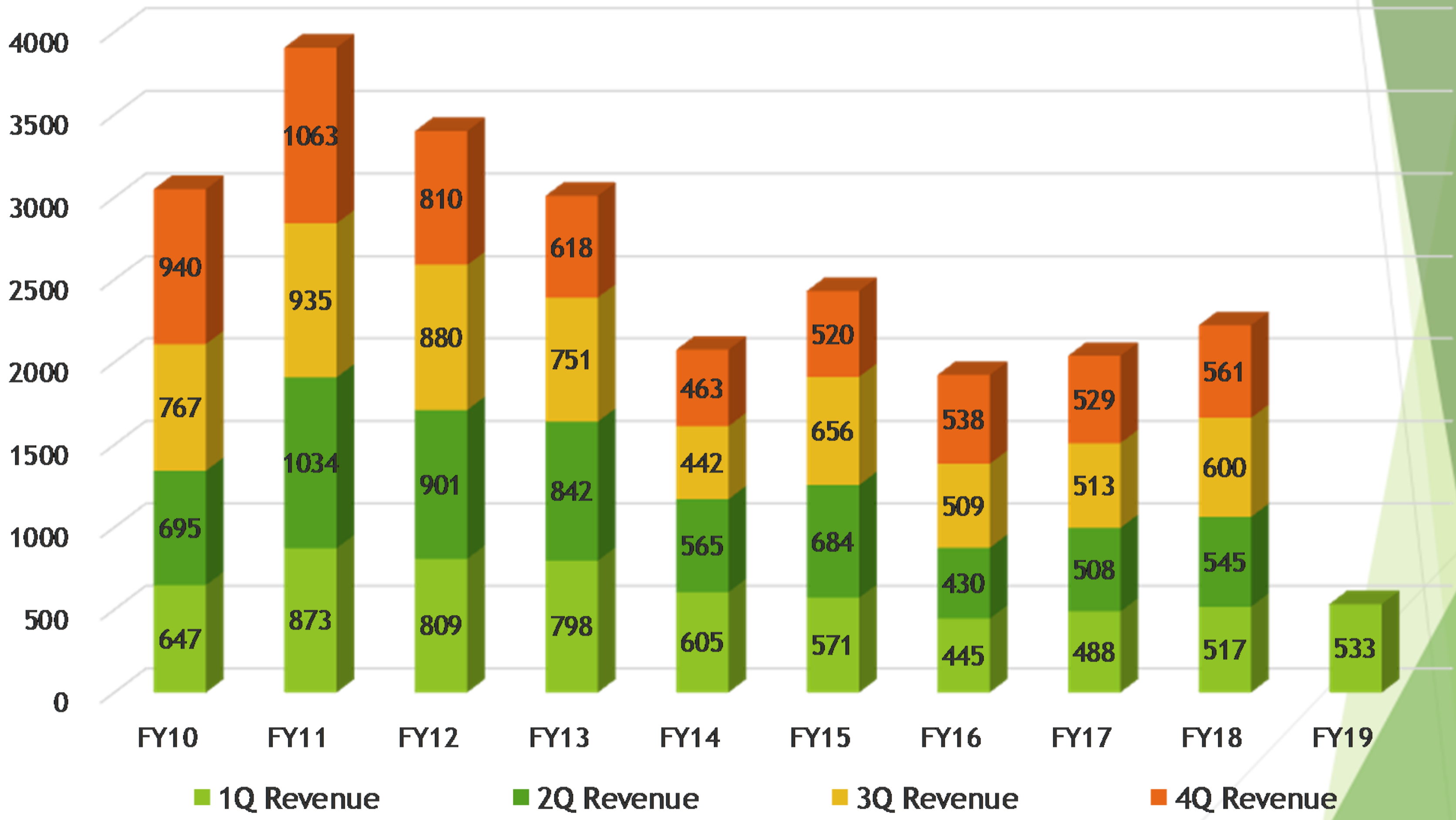
Income Statement Highlights

RMB'mil	1QFY19	y-o-y Chg (%)	4QFY18	q-o-q Chg (%)
Revenue	**532.7**	3.0	**560.4**	(4.9)
Gross Profit	**41.3**	(35.0)	**52.8**	(21.8)
(Loss) Before Tax	**(18.4)**	(556.9)	**(68.1)**	73.0
Net (Loss)	**(19.9)**	(760.7)	**(70.4)**	71.7
Gross Profit Margin	**7.8%**	(36.6)	**9.4%**	(17.0)
Net (Loss) Margin	**(3.7%)**	(716.7)	**(12.6%)**	70.6

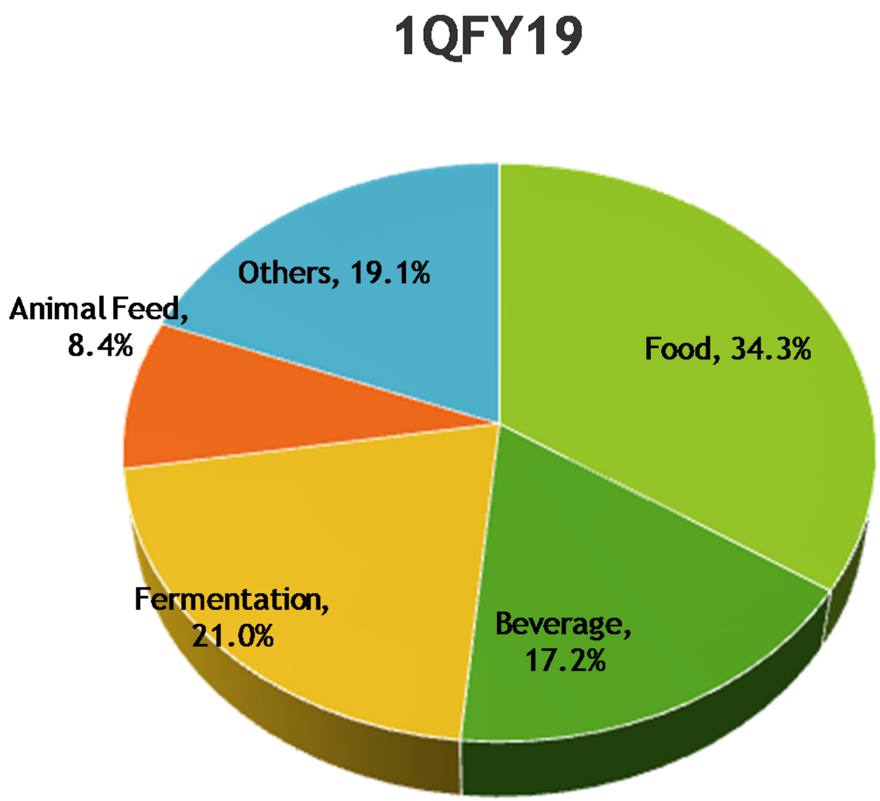
1Q: Three months ended March 31
4Q: Three months ended December 31
FY: Year ended December 31

Revenue

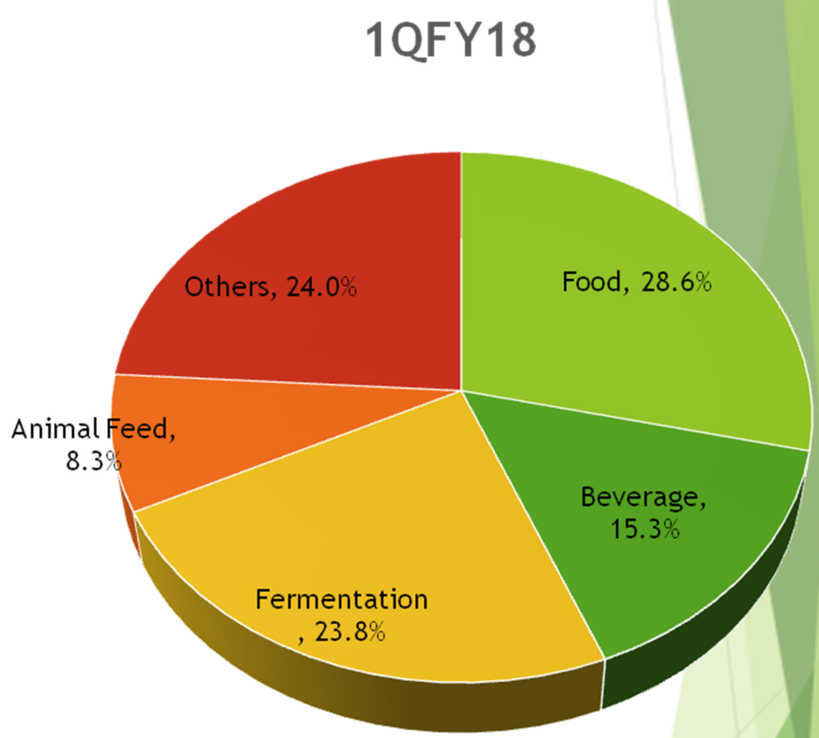
RMB'mil



Revenue by Industry



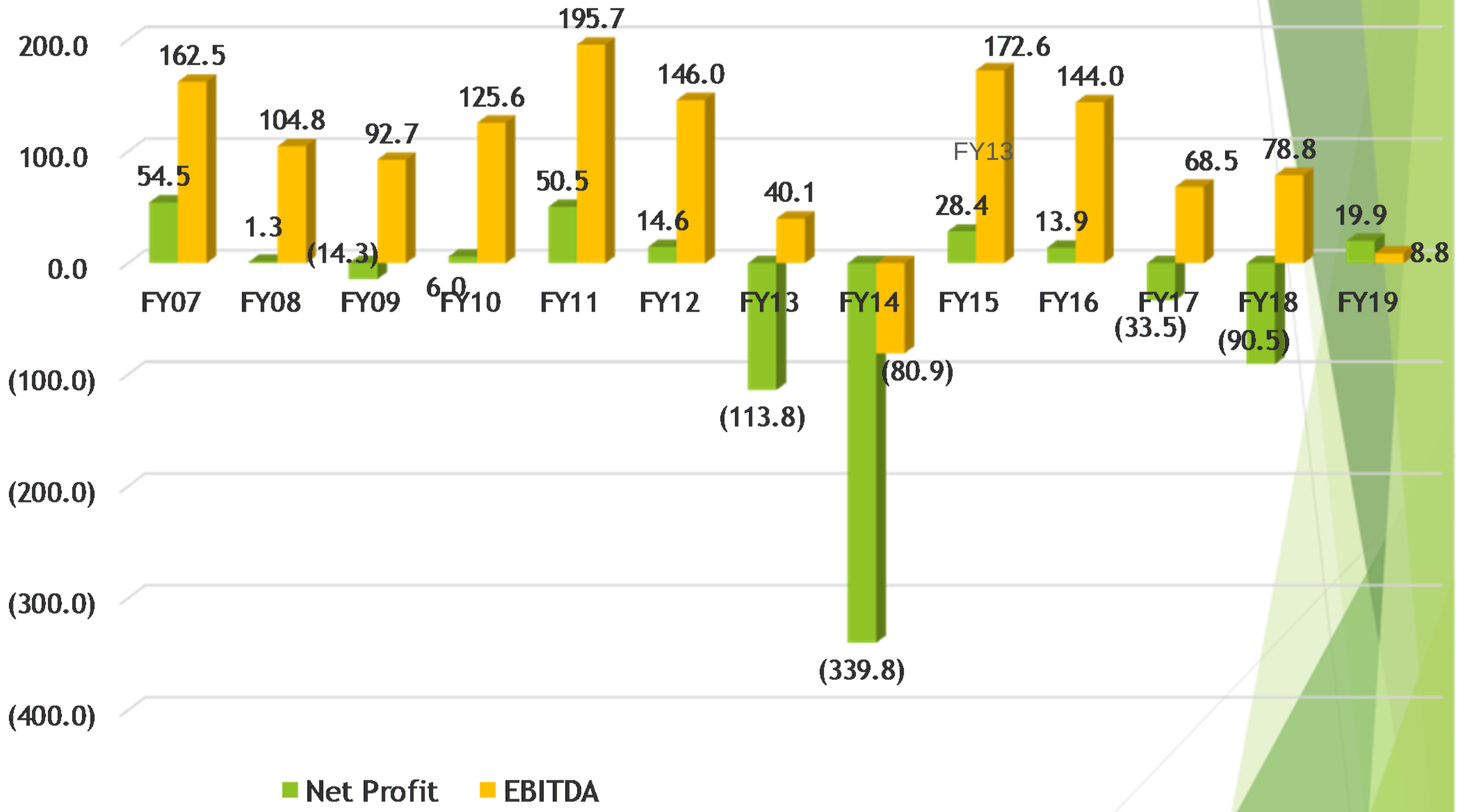
Total Revenue: RMB 532.6 mil



Total Revenue: RMB517.1mil

Net Profit/EBITDA

RMB'mil



Balance Sheet Highlights

RMB'mil	As at end 1QFY19	As at end FY18	Chg (%)
Current Assets	**632.8**	**626.7**	**1.0**
- Cash & Cash Equivalents	**144.6**	**163.7**	**(11.7)**
- Inventories	**218.5**	**235.0**	**(7.0)**
- Trade and Other Receivables	**269.8**	**228.0**	**18.3**
Total Assets	**1,210.8**	**1,217.5**	**(0.6)**
Current Liabilities	**640.6**	**602.2**	**6.4**
- Trade and Other Payables	**438.0**	**400.7**	**9.3**
- Short Term Borrowings	**192.7**	**192.7**	**-**
Long Term Borrowings	**553.4**	**577.4**	**(4.2)**
Total Liabilities	**1,225.8**	**1,212.7**	**1.1**

Balance Sheet Highlights

RMB'mil	As at end 1QFY19	As at end FY18	Chg (%)
Inventory Turnover Days	**42**	**39**	**7.7**
Receivables Turnover Days	**34**	**29**	**17.2**
Payables Turnover Days	**62**	**50**	**24.0**
Debt to Equity Ratio#	**(49.5)**	**159.3**	**(131.1)**
Price to Book Value*	**(2.6)**	**6.8**	**(138.2)**

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

** Based on share price of RMB 0.065 as at March 29, 2019*

Cash Flow Statement Highlights

RMB'mil	1QFY19	1QFY18	Chg (%)
Net Cash Generated from Operating Activities	**19.1**	**18.9**	**1.1**
Net Cash (Used in) Investing Activities	**(2.9)**	**(0.8)**	**262.5**
Net Cash (Used in) Financing Activities	**(35.4)**	**(24.3)**	**45.7**
Net (Decrease) in Cash & Bank Balances	**(19.2)**	**(6.3)**	**204.8**
Cash at Bank Balances at Beginning of Period	**87.3**	**93.0**	**(6.1)**
Cash at Bank Balances at End of Period	**68.2**	**86.7**	**(21.3)**

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.**

- **Cost savings from suspension of unprofitable products including stop production of Sichuan plant for at least a year and attrition of excess manpower across the Group.**

- **Continue to find ways to upgrade production lines to achieve higher production efficiency and to reduce production costs.**

- **Defer capital investment where necessary to conserve cash due to the uncertainty of the global and domestic markets**

Safe Harbour Statement

This presentation may contain forward looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on this presentation and the information contain therein, which are based on current view of management on future events.

Without prejudice to or derogating from the generality of the foregoing, no representation or assurance is given by Luzhou Bio-chem Technology Limited that this presentation contains all information that an investor may require. To the extent permitted by applicable law, by Luzhou Bio-chem Technology Limited or its related persons (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) arising from the reliance or use of the information contain in this presentation.

Investors are advised to make their own independent evaluation from this presentation, consider their own individual investment objectives, financial situation and particular needs and consult their own professional and financial advisers as the legal, business, financial, tax and other aspects as investors may regard as relevant.

LUZHOU BIO-CHEM TECHNOLOGY LIMITED

For more information, please visit
www.luzhoufood.com

THANK YOU