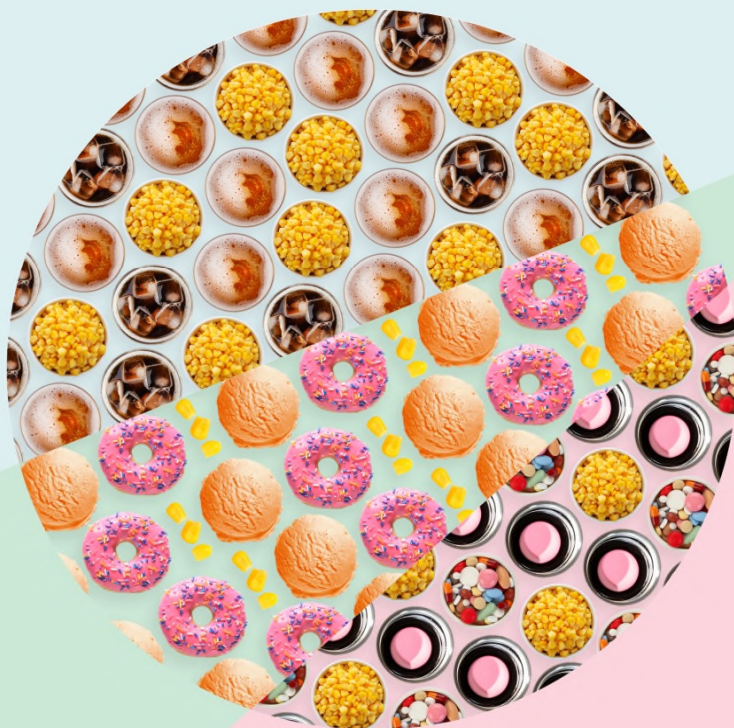




**LUZHOU BIO-CHEM
TECHNOLOGY LIMITED**

A Mouth-Watering China Consumption Story



**Corporate Presentation
and 4QFY19 Results**

26 February, 2020

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Business Overview



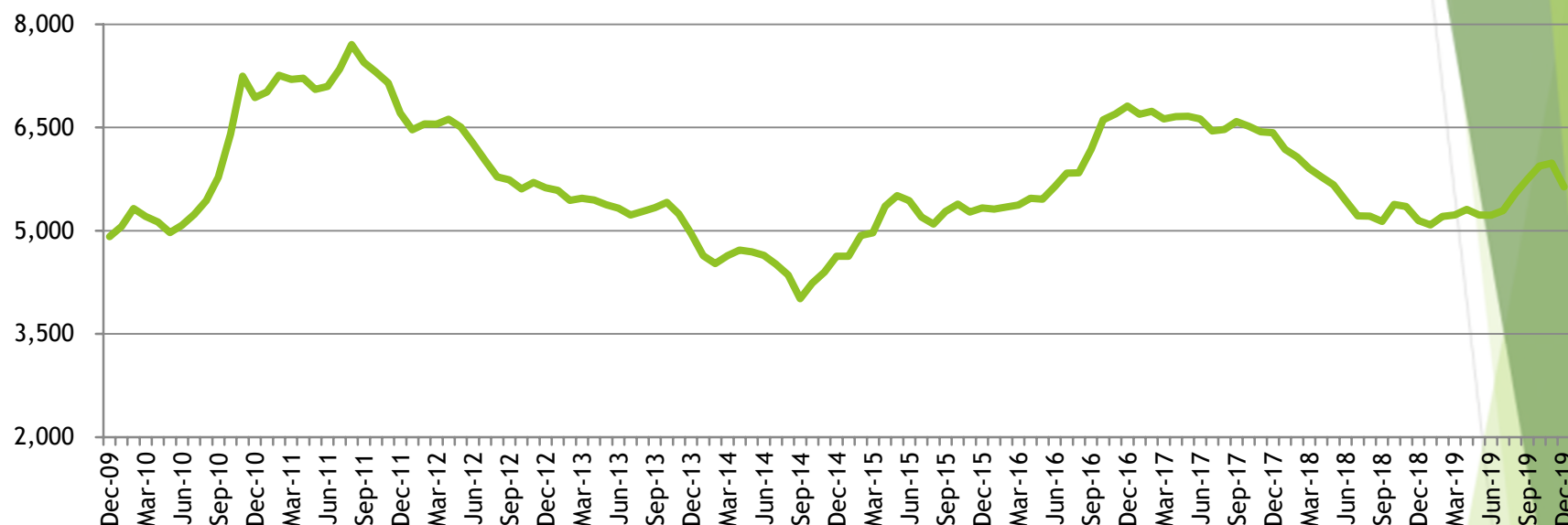
Operating Climate

- ❖ **China's economic growth is likely to continue to slow down due to the on-going trade war with the United States, the weakening of the domestic economy and the overall global slowdown.**
- ❖ **The domestic consumption continues to be sluggish and the recent outbreak of the COVID-19 virus, which is expected to affect the livelihood of the Chinese people, will further dampen the market demand.**
- ❖ **The Group's operations have been disrupted due to the imposition of stop work order by the local authorities.**
- ❖ **Due to the uncertainty of the market, the Group is concerned about the possible prolonged duration and the extent of the disruption due to the COVID-19.**

Price Comparisons to Cane Sugar

RMB/tonnes

Cane sugar pricing in Nanning City, China

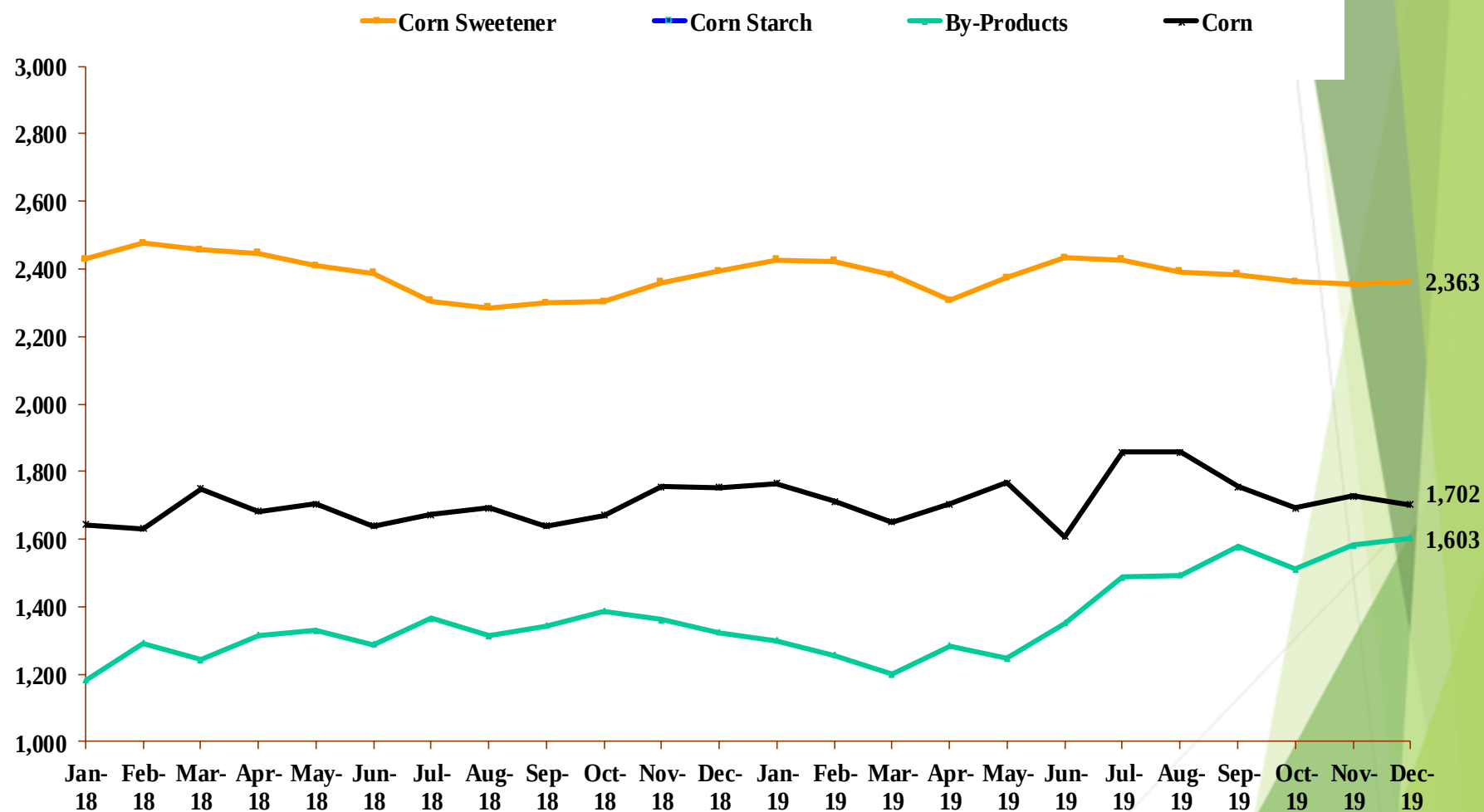


- High price of cane sugar has resulted in food & beverage manufacturers turning to alternative sweeteners
- For comparison, the prices of sweetener products supplied by Luzhou (as at December 2019) are as follows:
 - Fructose: RMB 2,524 /tonne
 - Dextrose: RMB 2,416/tonne
 - High Maltose Syrup: RMB 2,153/tonne

Source: Company, 中国昆商糖网

Price Trends

RMB/tonnes
(excluding taxes)



Source: Company

Financial Highlights



FY19 Financial Highlights

- 💡 **Group revenue decreased by 8.1% y-o-y**
- 💡 **Gross profit margin of 8.9%, 8.2% lower y-o-y;**
- 💡 **Net loss of RMB 88.4 million, decreased by 2.4% compared with net loss of RMB 90.5 million in FY18**
- 💡 **Net loss margin of 4.3%, increased by 4.9% compared with net loss margin of 4.1% in FY18**
- 💡 **Cash and cash equivalents of RMB 112.2 million as at 31 December, 2019 (RMB 163.7 million as at 31 December, 2018)**

Income Statement Highlights

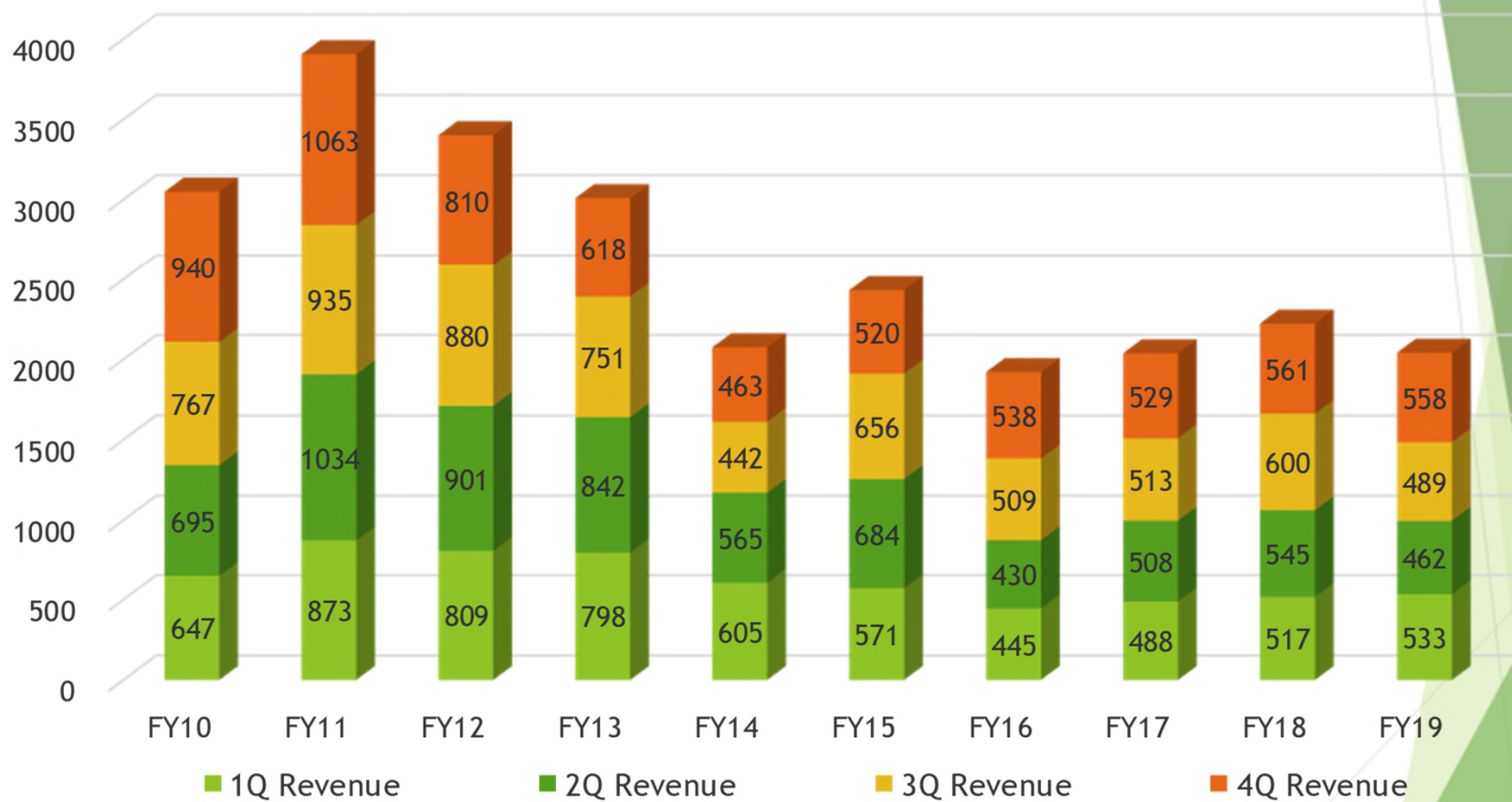
RMB'mil	4QFY19	4QFY18	y-o-y Chg (%)	FY19	FY18	y-o-y Chg (%)
Revenue	558.2	560.4	(0.4)	2,042.2	2,222.8	(8.1)
Gross Profit	69.6	52.8	31.6	181.3	216.0	(16.1)
(Loss) Before Tax	(14.9)	(68.1)	(78.2)	(75.3)	(85.5)	11.9
Net (Loss)	(19.7)	(70.4)	(72.0)	(88.4)	(90.5)	(2.4)
Gross Profit Margin	12.5%	9.4%	33.0	8.9%	9.7%	(8.2)
Net (Loss) Margin	(3.5%)	(12.6%)	(72.2)	(4.3%)	(4.1%)	4.9

4Q: Three months ended December 31

FY: Twelve months ended December 31

Revenue

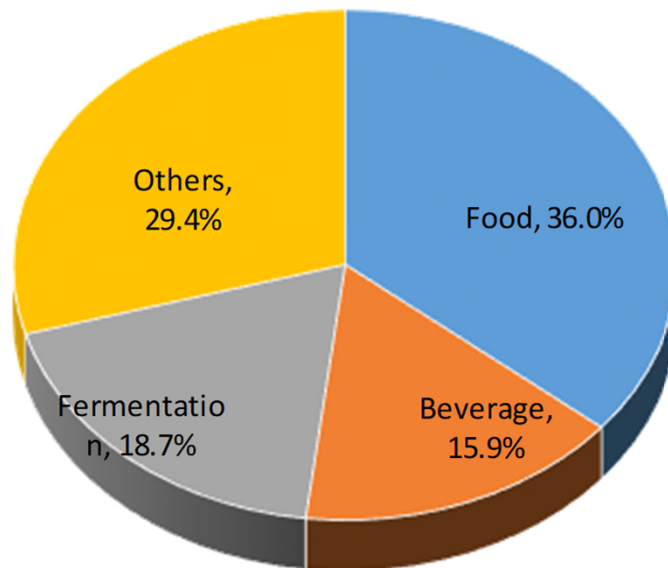
RMB'mil



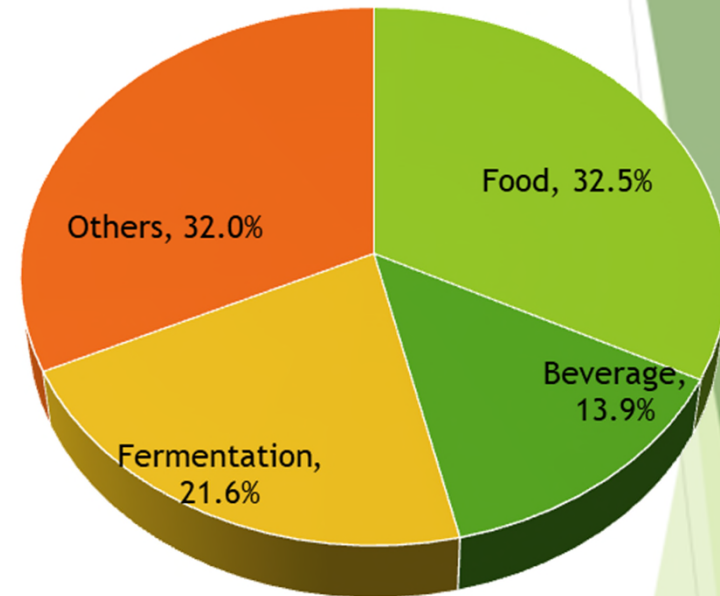
Revenue by Industry

FY18

FY19



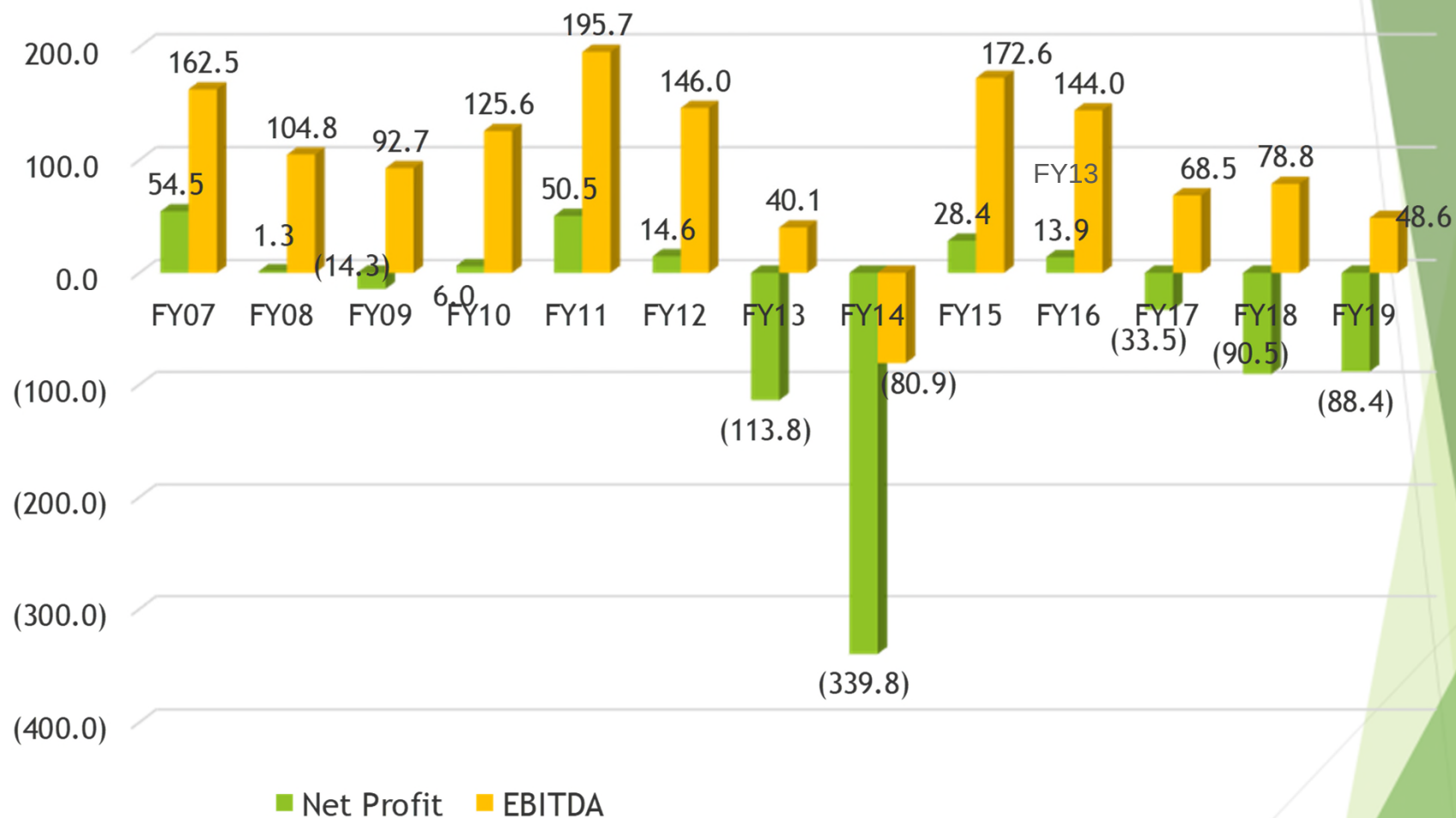
Total Revenue: RMB 2,042.2 mil



Total Revenue: RMB 2,222.8 mil

Net Profit/EBITDA

RMB'mil



Balance Sheet Highlights

RMB'mil	As at end FY19	As at end FY18	Chg (%)
Current Assets	531.4	626.7	(15.2)
- Cash & Cash Equivalents	112.2	163.7	(31.5)
- Inventories	196.8	235.0	(16.3)
- Trade and Other Receivables	222.5	228.0	(2.4)
Total Assets	1,056.3	1,217.5	(13.2)
Current Liabilities	706.0	602.2	17.2
- Trade and Other Payables	346.4	400.7	(13.6)
- Short Term Borrowings	342.6	192.7	77.8
Long Term Borrowings	402.0	577.4	(30.4)
Total Liabilities	1,139.8	1,212.7	(6.0)

Balance Sheet Highlights

RMB'mil	As at end FY19	As at end FY18	Chg (%)
Inventory Turnover Days	42	39	7.7
Receivables Turnover Days	33	29	13.8
Payables Turnover Days	56	50	12.0
Debt to Equity Ratio [#]	(8.9)	159.3	(105.6)
Price to Book Value [*]	(0.4)	6.8	(105.9)

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

^{*} *Based on share price of RMB 0.062 as at December 31, 2019*

Cash Flow Statement Highlights

RMB'mil	FY19	FY18	Chg (%)
Net Cash Generated from Operating Activities	27.8	78.9	(64.8)
Net Cash (Used in) Investing Activities	(12.5)	(24.7)	(49.4)
Net Cash (Used in) Financing Activities	(66.8)	(59.9)	11.5
Net (Decrease) in Cash & Bank Balances	(51.6)	(5.7)	805.3
Cash at Bank Balances at Beginning of Period	87.3	93.0	(6.1)
Cash at Bank Balances at End of Period	35.8	87.3	(59.0)

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

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THANK YOU