



LUZHOU BIO-CHEM TECHNOLOGY LIMITED

(Company Registration Number: 200412523N)

Fourth Quarter and

Full Year Results

Announcement for the Period

Ended 31 December 2014

UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2014

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1(a) The comprehensive income statement for the group together with a comparative statement for the corresponding period of the immediately preceding year.

	4QFY14	4QFY13	Change	FY14	FY13	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	462,842	618,377	(25.2)	2,074,912	3,009,384	(31.1)
Cost of sales	(443,977)	(583,714)	(23.9)	(1,981,850)	(2,813,673)	(29.6)
Gross profit	18,865	34,663	(45.6)	93,062	195,711	(52.4)
Other operating income	5,722	8,748	(34.6)	29,430	33,564	(12.3)
Selling and distribution expenses	(26,613)	(25,152)	5.8	(109,530)	(135,021)	(18.9)
Administrative expenses	(43,453)	(35,319)	23.0	(140,793)	(137,675)	2.3
Other operating expenses	(12,748)	(3,438)	270.8	(154,001)	(14,825)	938.8
Finance expenses	(14,005)	(13,521)	3.6	(57,952)	(52,341)	10.7
(Loss) before taxation	(72,232)	(34,019)	112.3	(339,784)	(110,587)	207.3
Income tax expense	9	2,043	99.6	-	(3,170)	(100.0)
(Loss) for the year, representing total comprehensive (loss)	(72,223)	(31,976)	125.9	(339,784)	(113,757)	198.7
Total comprehensive (loss) attributable to :						
Owners of the Company	(72,223)	(31,976)	125.9	(339,784)	(113,757)	198.7
Gross profit margin	4.1%	5.6%	(26.8)	4.5%	6.5%	(30.8)
Net (loss) margin	(15.6%)	(5.2%)	200.0	(16.4%)	(3.8%)	331.6
(Loss) per share (RMB cents)						
- Basic	(18.2)	(8.0)	127.5	(85.8)	(28.7)	199.0
- Diluted	(18.2)	(8.0)	127.5	(85.8)	(28.7)	199.0

Notes to the Comprehensive Income Statement

	4QFY14 RMB'000	4QFY13 RMB'000	Change %	FY14 RMB'000	FY13 RMB'000	Change %
(Loss) before tax is arrived at after charging/ (crediting)						
Interest income	(206)	(216)	(4.6)	(540)	(691)	(21.9)
Interest expense on borrowings	14,005	13,521	3.6	57,952	52,341	10.7
Depreciation of plant and equipment	20,436	27,347	(25.3)	90,241	105,501	(14.5)
Amortisation of land use rights	267	384	(30.5)	1,422	1,459	(2.5)
Amortisation of government grants	(2,114)	(1,501)	40.8	(7,636)	(7,364)	3.7
Foreign exchange loss/(gain)(net)	330	(294)	212.2	588	472	24.6
Loss/(gain) on disposal of plant and equipment	8,065	(848)	1,051.1	8,221	(920)	993.6
(Reversal of impairment) / Impairment of property, plant and equipment	(1,423)	-	-	137,487	-	-
Allowance/(reversal of allowance) for doubtful trade receivables	315	(262)	220.2	181	(262)	169.1
Allowance/(reversal of allowance) for slow-moving inventory	2,367	(1,735)	236.4	(249)	4,248	(105.9)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS:-				
Current assets				
Inventories	238,894	273,170	-	-
Trade receivables	179,354	191,700	-	-
Other receivables, deposits and prepayments	28,272	84,333	10,786	807
Income tax prepaid	886	-	-	-
Cash and cash equivalents ⁽¹⁾	54,618	66,695	5,334	3,867
	<u>502,024</u>	<u>615,898</u>	<u>16,120</u>	<u>4,674</u>
Non-current assets				
Investment in subsidiaries	-	-	372,654	372,654
Property, plant and equipment	691,967	907,214	-	68
Land use rights	46,834	48,256	-	-
	<u>738,801</u>	<u>955,470</u>	<u>372,654</u>	<u>372,722</u>
Total assets	<u>1,240,825</u>	<u>1,571,368</u>	<u>388,774</u>	<u>377,396</u>
LIABILITIES				
Current liabilities				
Trade payables	217,420	215,067	-	-
Other payables and accruals	102,123	109,021	820	754
Amount owing to related parties	825	2,520	6,606	4,374
Interest-free loan from a Director	-	11,302	-	11,302
Interest-bearing loans and borrowings	224,000	207,000	-	-
Deferred income	6,080	7,364	-	-
Income tax payable	-	474	-	-
	<u>550,448</u>	<u>552,748</u>	<u>7,426</u>	<u>16,430</u>
Non-current liabilities				
Interest-bearing loans and borrowings	567,400	562,350	-	-
Interest-free loan from a Director	9,841	-	9,841	-
Deferred income	40,327	43,679	-	-
Deferred taxation	589	589	-	-
	<u>618,157</u>	<u>606,618</u>	<u>9,841</u>	<u>-</u>
Total liabilities	<u>1,168,605</u>	<u>1,159,366</u>	<u>17,267</u>	<u>16,430</u>
NET ASSETS	<u>72,220</u>	<u>412,002</u>	<u>371,507</u>	<u>360,966</u>
EQUITY				
Share capital	282,820	282,820	282,820	282,820
Statutory reserves	90,893	90,893	-	-
Accumulated (loss)/profits	(301,493)	38,289	88,687	78,146
TOTAL EQUITY	<u>72,220</u>	<u>412,002</u>	<u>371,507</u>	<u>360,966</u>

(1) The Group's cash and cash equivalents comprised cash and bank balances and pledged cash deposits as follow:

	31- Dec-2014	31-Dec-2013
	RMB'000	RMB'000
Cash and bank balances	50,618	66,245
Pledged cash deposits	4,000	450
	54,618	66,695

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31-Dec-2014		As at 31-Dec-2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
45,000	179,000	62,000	156,302

Amount repayable after one year

As at 31-Dec-2014		As at 31-Dec-2013	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
259,000	318,241	314,350	248,000

Details of any collateral

As at 31 December 2014, the interest-bearing loans and borrowings of the Group were secured or guaranteed by the following:

- (i) pledge of certain property, plant and equipment of the Group;
- (ii) pledge of certain land use rights of the Group;
- (iii) pledge of properties owned by related parties;
- (iv) corporate guarantee given by related parties;
- (v) corporate guarantee given by third parties; and
- (vi) pledge of cash deposit of the Group.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	4QFY14	4QFY13	FY14	FY13
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
(Loss) before taxation	(72,232)	(34,019)	(339,784)	(110,587)
Adjustments for:-				
Depreciation of property plant and equipment	20,436	27,347	90,241	105,501
Amortisation of land use rights	267	384	1,422	1,459
Amortisation of government grants	(2,114)	(1,501)	(7,636)	(7,364)
Loss/(gain) on disposal of plant and equipment	8,065	(848)	8,221	(920)
Interest expense	14,005	13,521	57,952	52,341
Interest income	(206)	(216)	(540)	(691)
(Reversal of impairment)/impairment of plant and equipment	(1,423)	-	137,487	-
Allowance / (reversal of allowance) for slow-moving inventory (net)	2,367	(1,735)	(249)	4,248
Allowance/(reversal of allowance) for doubtful trade receivables (net)	315	(262)	181	(262)
Operating profit before working capital changes	(30,520)	2,671	(52,705)	43,725
Changes in working capital:				
Inventories	(85,967)	(42,391)	34,525	25,884
Trade receivables	(4,424)	36,623	12,165	54,923
Other receivables, deposits and prepayments	5,505	18,635	56,061	(9,346)
Amount owing by related parties	775	7,826	-	175
Trade payables	57,141	24,830	2,353	(61,544)
Other payables and accruals	16,229	(47,156)	(3,898)	(47,758)
Amount owing to related parties	(380)	(525)	(1,695)	(35,272)
Cash (used in)/generated from operations	(41,641)	513	46,806	(29,213)
Income taxes paid	(9)	(1,062)	(1,360)	(4,509)
Net cash (used in) / generated from operating activities	(41,650)	(549)	45,446	(33,722)
Cash flows from investing activities				
Purchase of plant and equipment	(10,590)	(5,231)	(32,285)	(49,216)
Purchase of land use rights	-	(100)	-	(100)
Proceeds from disposal of plant and equipment	3,697	1,204	11,583	21,824
Proceeds from government grants	-	-	-	10,000
Interest income received	206	216	540	691
Cash deposits pledged	-	(450)	(18,000)	(450)
Pledged cash deposit being released	10,000	-	14,450	-
Net cash generated from/(used in) investing activities	3,313	(4,361)	(23,712)	(17,251)

Cash flows from financing activities

Acquisition of non-controlling interest in a subsidiary

Refund of unclaimed dividend

Interest expense paid

Amount owing to related parties

Proceeds from interest-free loan from a Director

Repayment of interest-free loan from a Director

Repayment of interest - bearing loans and borrowings

Proceeds from interest - bearing loans and borrowings

Net cash (used in) financing activities**Net (decrease) in cash and bank balances****Cash and bank balances at beginning of period/year****Cash and bank balances at end of period/year**

-	-	-	(6,000)
1	-	2	(9,743)
(14,005)	(13,521)	(57,952)	(52,341)
-	-	-	(2,520)
-	-	-	11,302
-	-	(1,461)	-
(150,000)	(176,000)	(984,350)	(812,350)
150,000	126,000	1,006,400	869,350
(14,004)	(63,521)	(37,361)	(2,302)
(52,341)	(68,431)	(15,627)	(53,275)
102,959	134,676	66,245	119,520
50,618	66,245	50,618	66,245

- 1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders', together with a comparative statement for the corresponding period of the immediately preceding financial year.

**UNAUDITED STATEMENT OF CHANGES IN EQUITY
GROUP**

	←	Attributable to owners of the company		→
	Share Capital	Statutory Reserves [#]	Accumulated Profits/(Loss)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2014	282,820	90,893	38,289	412,002
Total comprehensive loss for the period	-	-	(42,785)	(42,785)
Balance as at 31 March 2014	282,820	90,893	(4,496)	369,217
Total comprehensive loss for the period	-	-	(180,711)	(180,711)
Refund of unclaimed dividend	-	-	1	1
Balance as at 30 June 2014	282,820	90,893	(185,206)	188,507
Total comprehensive loss for the period	-	-	(44,065)	(44,065)
Balance as at 30 September 2014	282,820	90,893	(229,271)	144,442
Total comprehensive loss for the period	-	-	(72,223)	(72,223)
Refund of unclaimed dividend	-	-	1	1
Balance as at 31 December 2014	282,820	90,893	(301,493)	72,220

	← Attributable to owners of the company →			
	Share Capital	Statutory Reserves[#]	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2013	282,820	87,930	164,752	535,502
Total comprehensive loss for the period	-	-	(15,203)	(15,203)
Balance as at 31 March 2013	282,820	87,930	149,549	520,299
Payment of Dividend			(9,743)	(9,743)
Total comprehensive loss for the period	-	-	(35,316)	(35,316)
Balance as at 30 June 2013	282,820	87,930	104,490	475,240
Total comprehensive loss for the period	-	-	(31,262)	(31,262)
Balance as at 30 September 2013	282,820	87,930	73,228	443,978
Total comprehensive loss for the period	-	-	(31,976)	(31,976)
Transfer to statutory reserves	-	2,963	(2,963)	-
Balance as at 31 December 2013	282,820	90,893	38,289	412,002

COMPANY

	Share Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2014	282,820	78,146	360,966
Total comprehensive income for the period	-	17,805	17,805
Balance as at 31 March 2014	282,820	95,951	378,771
Total comprehensive loss for the period	-	(2,806)	(2,806)
Refund of unclaimed dividend	-	1	1
Balance as at 30 June 2014	282,820	93,146	375,966
Total comprehensive loss for the period	-	(2,116)	(2,116)
Balance as at 30 September 2014	282,820	91,030	373,850
Total comprehensive loss for the period	-	(2,344)	(2,344)
Refund of unclaimed dividend	-	1	1
Balance as at 31 December 2014	282,820	88,687	371,507

	Accumulated		
	Share Capital	Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2013	282,820	83,306	366,126
Total comprehensive loss for the period	-	(2,061)	(2,061)
Balance as at 31 March 2013	282,820	81,245	364,065
Payment of Dividend		(9,743)	(9,743)
Total comprehensive income for the period	-	14,892	14,892
Balance as at 30 June 2013	282,820	86,394	369,214
Total comprehensive loss for the period	-	(2,974)	(2,974)
Balance as at 30 September 2013	282,820	83,420	366,240
Total comprehensive loss for the period	-	(5,274)	(5,274)
Balance as at 31 December 2013	282,820	78,146	360,966

In accordance with relevant PRC regulations, a wholly foreign owned enterprise in PRC is required to appropriate not less than 10% of its profit after tax to the statutory reserve, until the balance of the fund reaches 50% of its registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserves of the enterprise may be used to offset against its accumulated losses.

- 1(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares, excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There were no changes in the Company's share capital since 30 September 2014. In addition, there were no outstanding convertibles or treasury shares as at 31 December 2014 and 31 December 2013.

- 1(d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

	Company	
	31- Dec-2014	31-Dec-2013
Ordinary shares	396,000,000	396,000,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

None

- 2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

There were certain new or amended Singapore Financial Reporting Standards ("SFRS") that have been issued for accounting periods beginning on or after 1 January 2014. The adoption of these SFRS, where applicable, did not have any material impact on the financial statements for the year ended 31 December 2014. Apart from the new or amended SFRS, the Group has applied consistent accounting policies and methods of computation for current reporting period compared with the audited financial statements for FY2013.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

- 6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	4QFY14	4QFY13	FY14	FY13
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
(Loss) per share				
(a) Based on weighted average number of ordinary shares in issue	(18.2)	(8.0)	(85.8)	(28.7)
Weighted average number of shares in issue	396,000,000	396,000,000	396,000,000	396,000,000
(b) On a fully diluted basis	(18.2)	(8.0)	(85.8)	(28.7)

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31-Dec-2014	31-Dec-2013	31-Dec-2014	31-Dec-2013
Net asset value per ordinary share	RMB 18.2 cents	RMB 104.0 cents	RMB 93.8 cents	RMB 91.2 cents

31-Dec-2014

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the year of RMB 72,220,000 and the Company's net asset value as at the end of the year of RMB 371,507,000 divided by the share capital of 396,000,000 ordinary shares.

31-Dec-2013

The net asset value per ordinary share is calculated using the Group's net asset value as at the end of the year of RMB 412,002,000 and the Company's net asset value as at the end of the year of RMB 360,966,000 divided by the share capital of 396,000,000 ordinary shares.

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

a) Comprehensive Income Statement

4QFY14 versus 4QFY13

Revenue

	4QFY14		4QFY13		Change
	RMB'000	%	RMB'000	%	%
Corn refining	438,257	94.7	556,263	90.0	(21.2)
Animal feeds	23,244	5.0	55,488	9.0	(58.1)
Others	1,341	0.3	6,626	1.0	(79.8)
Total	462,842	100.0	618,377	100.0	(25.2)

FY14 versus FY13

Revenue

	FY14		FY13		Change
	RMB'000	%	RMB'000	%	%
Corn refining	1,860,105	89.6	2,616,952	87.0	(28.9)
Animal feeds	204,160	9.9	359,652	12.0	(43.2)
Others	10,647	0.5	32,780	1.0	(67.5)
Total	2,074,912	100.0	3,009,384	100.0	(31.1)

The Group's revenue for 4QFY14 decreased by 25.2% from RMB 618.4 million in 4QFY13 to RMB 462.8 million in 4QFY14 while revenue for FY14 decreased by 31.1% year-on-year ("y-o-y") from RMB 3.0 billion to RMB 2.1 billion. This was due mainly to the significant decrease in the sales volume of our corn refining segment because of weak market demand. In addition, the lower average cane sugar price for FY14 and price war by major players had caused a decline in both the selling prices and sales volume of our corn refining segment. During FY14, the Group adopted a strategy of stopping production of some of our unprofitable sweeteners.

For 4QFY14, the weighted average selling price of the Group's corn refining products increased slightly by 1.9% period-on-period ("p-o-p"). This increase was attributable to the increase in prices of corn sweeteners and corn starch of about 1.9% and 9.1% respectively, while the selling price of by-products decreased slightly by 1.7% p-o-p. For FY14, the weighted average selling price of the Group's corn refining products decreased by 2.3% y-o-y. This decrease was attributable to the decrease in prices of corn sweeteners and by-products of about 2.9% and 5.4% respectively, while the selling price of corn starch increased by 2.6% y-o-y.

For 4QFY14, sales volume for our corn refining segment decreased by 22.5% from 237K ("K"=1,000) tonnes to 184K tonnes p-o-p. For FY14, sales volume for our corn refining segment decreased from 1,046K tonnes to 765K tonnes or by about 26.9% y-o-y. This y-o-y decrease was attributable to the decreases in the sales volumes of corn sweeteners, corn starch and by-products of about 21.1%, 73.0% and 31.4% respectively.

The Group's export revenue in FY14 decreased by 32.1% as compared to FY13 and the export revenue as a percentage of total revenue decreased from 5.0% in FY13 to 4.9% in FY14.

Gross profit and gross profit margin

4QFY14 versus 4QFY13

	4QFY14		4QFY13	
	RMB'000	%	RMB'000	%
Corn refining	18,105	4.1	36,069	6.5
Animal feeds	(1,258)	(5.4)	(165)	(0.3)
Others	2,018	150.5	(1,241)	(18.7)
Total	<u>18,865</u>	4.1	<u>34,663</u>	5.6

FY14 versus FY13

	FY14		FY13	
	RMB'000	%	RMB'000	%
Corn refining	92,657	5.0	190,866	7.3
Animal feeds	144	0.1	7,287	2.0
Others	261	2.5	(2,442)	(7.5)
Total	<u>93,062</u>	4.5	<u>195,711</u>	6.5

For 4QFY14, gross profit decreased by 45.6% p-o-p to RMB18.9 million due mainly to the decrease in sales of our corn refining products. Group revenue decreased by 25.2%, while the cost of sales for the corresponding period decreased by 23.9%. Group gross profit margin decreased by 26.8% p-o-p. This was mainly due to the increase in corn prices of 9.3% p-o-p.

For the same reason, gross profit for FY14 decreased by 52.4% y-o-y to RMB 93.1 million. Group revenue decreased by 31.1% y-o-y, while the cost of sales decreased by 29.6%. Group profit margin decreased by 30.8% y-o-y. This was mainly due to the increase in corn price of 5.5% y-o-y, and the decrease in the selling prices of our corn refining products by about 2.3% .

The Group's animal feeds segment made a gross profit of RMB 0.1 million in FY14 compared with RMB 7.3 million in FY13 mainly due to the decrease in gross profit margin by about 96.5%. This was mainly due to the decrease in revenue of 43.2% resulting from the decrease in both sales volume and selling price of 41.4% and 3.1% respectively, while the cost of sales decreased slower by 42.1%.

The Group's others segment made a gross profit of RMB 0.3 million in FY14 compared with a gross loss of RMB 2.4 million in FY13 due mainly to the decrease of RMB 2.7 million in gross loss of amino acids.

Other operating income

Other operating income decreased from RMB 33.6 million in FY13 to RMB 29.4 million in FY14, due to the decreases in gain on sale of consumables and waste materials, gain from disposal of plant and equipment and proceeds from government grant and subsidies.

Operating expenses

- Selling and distribution expenses

Selling and distribution expenses decreased by 18.9% from RMB 135.0 million in FY13 to RMB 109.5 million in FY14, which is in line with the decrease in revenue. This is mainly attributable to the decrease in transportation costs, staff costs and supplementary sales tax by RMB 18.4 million, RMB 3.0 million and RMB 3.7 million respectively.

- Administrative expenses

The Group's administrative expenses increased by 2.3% from RMB 137.7 million in FY13 to RMB 140.8 million in FY14 and this was mainly due to the increase in allowance for doubtful trade receivables, depreciation cost resulting from the temporary stoppage of production of certain unprofitable products and social insurance payment. The increase was offset by the decrease in utilities and office supplies expenses.

- Other operating expenses

Other operating expenses increased by 938.8% from RMB 14.8 million in FY13 to RMB 154.0 million in FY14. This was mainly due to the impairment of property, plant and equipment of about RMB 137.5 million and the increase on the loss of disposal of plant and equipment of about RMB 7.6 million. The increase was partially offset by the decrease in allowance for slow-moving inventories, decrease in payment of accrued income tax for prior year, and the damages paid to settle the claim by the former CEO Mr Cheah Peng Hock in FY13.

Finance costs

The Group's finance costs increased by 10.7% from RMB 52.3 million in FY13 to RMB 58.0 million in FY14 mainly attributable to the increase in average bank interest-bearing loans and borrowings and higher effective bank interest rates.

Income tax expense

The decrease in income tax expense was attributable to the loss-making subsidiaries across the Group which did not recognise deferred tax assets due to the uncertainty of their future taxable profits. Therefore, the effective tax rate in FY14 was higher than the statutory tax rate.

Total comprehensive loss

The Group's total comprehensive loss increased from RMB 113.8 million in FY13 to RMB 339.8 million in FY14, due mainly to a 52.4% y-o-y decrease in gross profit of about RMB 102.6 million, and the increase in other operating expenses of about RMB 139.2 million, of which the impairment amounted to RMB 137.5 million, partly offset by the decrease in selling and distribution expenses of about RMB 25.5 million.

b) Statement of Financial Position

GROUP	<u>FY14</u>	<u>FY13</u>
Inventory turnover days	47	37
Trade receivable turnover days	33	27
Trade payable turnover days	40	32
Debt equity ratio	10.96	1.87

(i) Current assets

Current assets decreased by RMB 113.9 million from RMB 615.9 million as at 31 December 2013 to RMB 502.0 million as at 31 December 2014, due mainly to the decrease in inventories of RMB 34.3 million, the decrease in trade receivables of RMB 12.3 million, the decrease in other receivables, deposits and prepayments of RMB 56.1 million, and the decrease in cash and cash equivalents of RMB 12.1 million. Trade receivables turnover days increased from 27 days in FY13 to 33 days in FY14. Inventory turnover days was 47 days in FY14, being higher than 37 days for FY13.

(ii) Non-current assets

The decrease in non-current assets of RMB 216.7 million was mainly due to the depreciation and impairment of RMB 91.7 million and RMB 137.5 million (impairment for FY13: Nil) respectively, which were partially offset by the net effect of capital expenditure and disposal of plant and equipment. The additional capital expenditure is mainly used for construction of plant and equipment in our Henan plant to improve operating efficiency and purchase of packaging containers for our finished products.

(iii) Current liabilities

Current liabilities decreased by RMB 2.3 million from RMB 552.7 million as at 31 December 2013 to RMB 550.4 million as at 31 December 2014, due mainly to the decreases in other payables and accruals, amount owing to related parties, and deferred income of RMB 6.9 million, RMB 1.7 million and RMB 1.3 million respectively. The Group also repaid the interest-free loan from a Director of RMB 1.5 million and paid for the income tax of RMB 1.4 million for the year 2013. These decreases were offset by the increase in interest-bearing loans and borrowings of RMB 17.0 million and the increase in trade payables of RMB 2.4 million. Trade payable turnover days was higher at 40 days, compared with 32 days for FY13.

The Group's debt equity ratio was 10.96 times as at 31 December 2014 compared with 1.87 times as at 31 December 2013. This was due to the increase of RMB 22.1 million in total interest-bearing loans and borrowings and the decrease of RMB 339.8 million in total equity resulting from the net loss incurred in FY14.

WORKING CAPITAL AND BANK BORROWINGS AS AT 31 DECEMBER 2014

The management will take active steps to manage the Group's working capital position. Currently, we have approximately RMB 105 million in short-term bank loans to be repaid by end of 1QFY15. The repayment of loans that will be due by end of 1QFY15 shall be funded through the generation of operating cash flow in addition to the new bank borrowings for which the management is in discussion with bankers.

(iv) Non-current liabilities

Non-current liabilities increased by RMB 11.5 million from RMB 606.6 million as at 31 December 2013 to RMB 618.2 million as at 31 December 2014, due mainly to the increase in interest-bearing loans and borrowings of RMB 5.1 million and the two-year extension of interest-free loan from a director of RMB 9.8 million.

(v) Shareholders' equity

As at 31 December 2014, shareholders' equity was lower than that as at 31 December 2013 due to the net loss of RMB 339.8 million incurred in FY14.

c) Cash Flows

For FY14, the Group experienced net operating cash inflow of RMB 45.4 million. This comprised operating loss before changes in working capital of RMB 52.7 million, adjusted for decrease in working capital of RMB 99.5 million and income taxes paid of RMB 1.4 million.

The changes in working capital were the result of mainly:

- i) a decrease in inventory of RMB 34.5 million,
- ii) a decrease in trade receivables of RMB 12.2 million,
- iii) a decrease in other receivables, deposits and prepayments of RMB 56.1 million,
- iv) an increase in trade payables of RMB 2.4 million,

which were offset by

- v) a decrease in other payables and accruals of RMB 3.9 million, and
- vi) a decrease in amount owing to related parties of RMB 1.7 million.

Net cash used in investing activities amounted to RMB 23.7 million in FY14. This was mainly for construction of plant and equipment for our Henan plant, purchase of containers for finished products and the net increase in pledged cash deposits. These cash outflows were partially mitigated by the cash inflows of RMB 11.6 million arising from proceeds from the disposal of plant and equipment.

Net cash outflow used in financing activities was RMB 37.4 million. This was due to payment of interest expense of RMB 58.0 million and repayment of interest-free loan from a director of RMB 1.5 million. The outflow was partially mitigated by a net increase in bank loans amounting to RMB 22.1 million. The additional bank loan was mainly used to finance the working capital needs.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual financial results for 4QFY14 are consistent with the commentary under section 10 of the announcement dated 14 November 2014 on the unaudited financial statements for the third quarter and nine months ended 30 September 2014.

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group is cautiously optimistic of the prospect for 2015. The management is of the opinion that the domestic restructuring and consolidation have resulted in some corn sweetener players being forced out of the industry due to the unhealthy price war in the past two years and this will have positive impact on our profit margins for the Group in 2015. The management is confident of its strategy of conserving its financial resources implemented in FY2014 and is in the process of re-starting its production of some of the products that were previously stopped. Barring unforeseen circumstances, the Group is positive on its business outlook in 2015.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommendeded, a statement to that effect

No dividend has been recommended for the financial year ended 31 December 2014.

13 Summary of Interested Person Transactions for the financial period ended 31 December 2014

	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000)	
	Year ended	Year ended
	31/12/2014	31/12/2013
	RMB'000	RMB'000
Rental expenses to Shandong Luzhou	3,100	3,100
Rental expenses to Shaanxi Luzhou	2,100	2,100

Shandong Luzhou – Shandong Luzhou Food Group., Ltd.

Shaanxi Luzhou – Shaanxi Xingping Luzhou Sugar Products Co., Ltd

The Group does not have a general mandate from shareholders for interested person transactions.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Geographical segments

	RMB'000 FY14	RMB'000 FY13
Segment revenue by location of customers		
- PRC	1,973,106	2,859,356
- Overseas	101,806	150,028
	<u>2,074,912</u>	<u>3,009,384</u>
Capital expenditures by geographical location of assets		
- PRC	32,285	49,316
	<u>32,285</u>	<u>49,316</u>
Segment assets by geographical location of assets		
- PRC	1,234,569	1,567,377
- Overseas	5,370	3,991
	<u>1,239,939</u>	<u>1,571,368</u>

Operating segment for FY14

	Corn refining RMB'000	Animal feeds RMB'000	Others RMB'000	Corporate RMB'000	Eliminations RMB'000	Notes	Group RMB'000
Revenue:							
External customers	1,860,105	204,160	10,647	-	-		2,074,912
Intra-segment sales	52,181	-	4,467	-	(56,648)	A	-
Total Revenue	<u>1,912,286</u>	<u>204,160</u>	<u>15,114</u>	<u>-</u>	<u>(56,648)</u>		<u>2,074,912</u>
Results:							
Segment (loss) before tax	(251,106)	(4,514)	(19,392)	(9,460)	(55,312)	B	(339,784)
Depreciation of plant and equipment	(89,458)	(898)	(1,558)	(68)	1,741	C	(90,241)
Amortization of land use right	(1,422)	-	-	-	-		(1,422)
Impairment of property, plant and equipment	(124,164)	-	(13,323)	-	-	-	(137,487)
Other non-cash (expenses)/income	7,133	-	571	-	-	D	7,704
Assets:							
Segment asset	1,202,011	22,667	22,157	5,370	(12,266)	E	1,239,939
Additions to non-current							

assets	32,215	67	3	-	-	F	32,285
Liabilities:							
Segment liabilities	1,138,320	13,417	4,732	10,661	589	G	1,167,719

Operating segment for FY13

	Corn refining	Animal feeds	Others	Corporate	Eliminations	Notes	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
Revenue:							
External customers	2,616,952	359,652	32,780	-	-		3,009,384
Intra-segment sales	55,670	-	5,586	-	(61,256)	A	-
Total Revenue	2,672,622	359,652	38,366	-	(61,256)		3,009,384
Results:							
Segment (loss)/profit before tax	(39,653)	1,953	(8,494)	(13,415)	(50,978)	B	(110,587)
Depreciation of plant and equipment	(103,111)	(1,046)	(2,929)	(78)	1,663	C	(105,501)
Amortization of land use right	(1,459)	-	-	-	-		(1,459)
Other non-cash (expenses)/income	4,864	-	(1,486)	-	-	D	3,378
Assets:							
Segment asset	1,503,616	30,845	47,282	3,991	(14,366)	E	1,571,368
Additions to non-current assets	49,192	47	77	-	-	F	49,316
Liabilities:							
Segment liabilities	1,123,260	16,098	7,363	12,056	589	G	1,159,366

Segment information

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenue are eliminated on consolidation.

B The following items are added to/(deducted from) segment profit to arrived at "(loss)/profit before tax" presented in consolidated financial statements:

	<u>FY14</u>	<u>FY13</u>
	RMB'000	RMB'000
Profit from inter-segment sales	2,100	672
Finance costs net of interest income	(57,412)	(51,650)
Total	(55,312)	(50,978)

Group's financing costs net of interest income and income taxes are managed on a group basis and are not

allocated to the operating segment.

C Inter-segment elimination of depreciation expenses on consolidation arising from profit on inter-segment sales of property, plant and equipment.

D Other non-cash (expenses)/income comprise the following:

	<u>FY14</u>	<u>FY13</u>
	RMB'000	RMB'000
Amortization of government grant	7,636	7,364
Reversal of allowance/(allowance) for slow-moving inventories	249	(4,248)
(Allowance)/reversal of allowance for trade receivables	(181)	262
	<u>7,704</u>	<u>3,378</u>

E The following items are deducted from segment assets to arrive at total assets reported in the consolidated balance sheet:

	<u>FY14</u>	<u>FY13</u>
	RMB'000	RMB'000
Inter-segment assets	(12,266)	(14,366)

F Additions to non-current assets consist of additions to property, plant and equipment.

G The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	<u>FY14</u>	<u>FY13</u>
	RMB'000	RMB'000
Deferred tax liabilities	589	589

15 In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments

Please refer to Note 8 for the review of performance by business or geographical segments.

16 A breakdown of sales

	FY14	Group FY13	Change
	RMB'000	RMB'000	%
(a) Sales reported for first half year	1,170,437	1,639,707	(28.6)
(b) Sales reported for second half year	904,475	1,369,677	(34.0)
Variance (H2 vs H1) %	(22.7)	(16.5)	
(c) Loss after tax and before attributing to minority interests for first half year	(223,496)	(50,519)	342.4

(d) Loss after tax and before deducting for minority interests for second half year	(116,288)	(63,238)	83.9
Variance (H2 vs H1) %	(48.0)	25.2	

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

None

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Vincent Lim Bock Hui
Company Secretary
Singapore
27 February 2015