



LUZHOU BIO-CHEM TECHNOLOGY LIMITED

FY14 Results Notes

February 27, 2015



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Financial Overview



Financial Highlights

- Group Revenue decreased by 31.1% y-o-y
 - Corn refining
 - Sales volume ↓ 26.9%; weighted average selling price ↓ 2.3%
 - Animal feeds
 - Sales volume ↓ 41.4%; weighted average selling price ↓ 3.1%
- Gross profit margin of 4.5%, 30.8% lower y-o-y;
 - Corn refining: 5.0%, 31.5% lower y-o-y;
 - Animal feeds: 0.1%, 95.0% lower y-o-y;
 - Others : 2.5%, 133.3% higher y-o-y;
- Net Loss Margin of (16.4%)
 - 331.6% higher y-o-y
- Cash and cash equivalents of RMB54.6 million as at 31 December, 2014
(RMB66.7 million as at 31 December, 2013)



Income Statement Highlights

RMB'mil	4QFY14	y-o-y Chg (%)	q-o-q Chg (%)	FY14	y-o-y Chg (%)
Revenue	462.8	(25.2)	4.8	2,074.9	(31.1)
Gross Profit	18.9	(45.6)	(8.7)	93.1	(52.4)
(Loss) Before Tax	(72.2)	112.3	63.7	(339.8)	207.3
Net (Loss)	(72.2)	125.9	63.7	(339.8)	198.7
Gross Profit Margin	4.1%	(26.8)	(12.8)	4.5%	(30.8)
Net (Loss) Margin	(15.6%)	200.0	56.0	(16.4%)	331.6

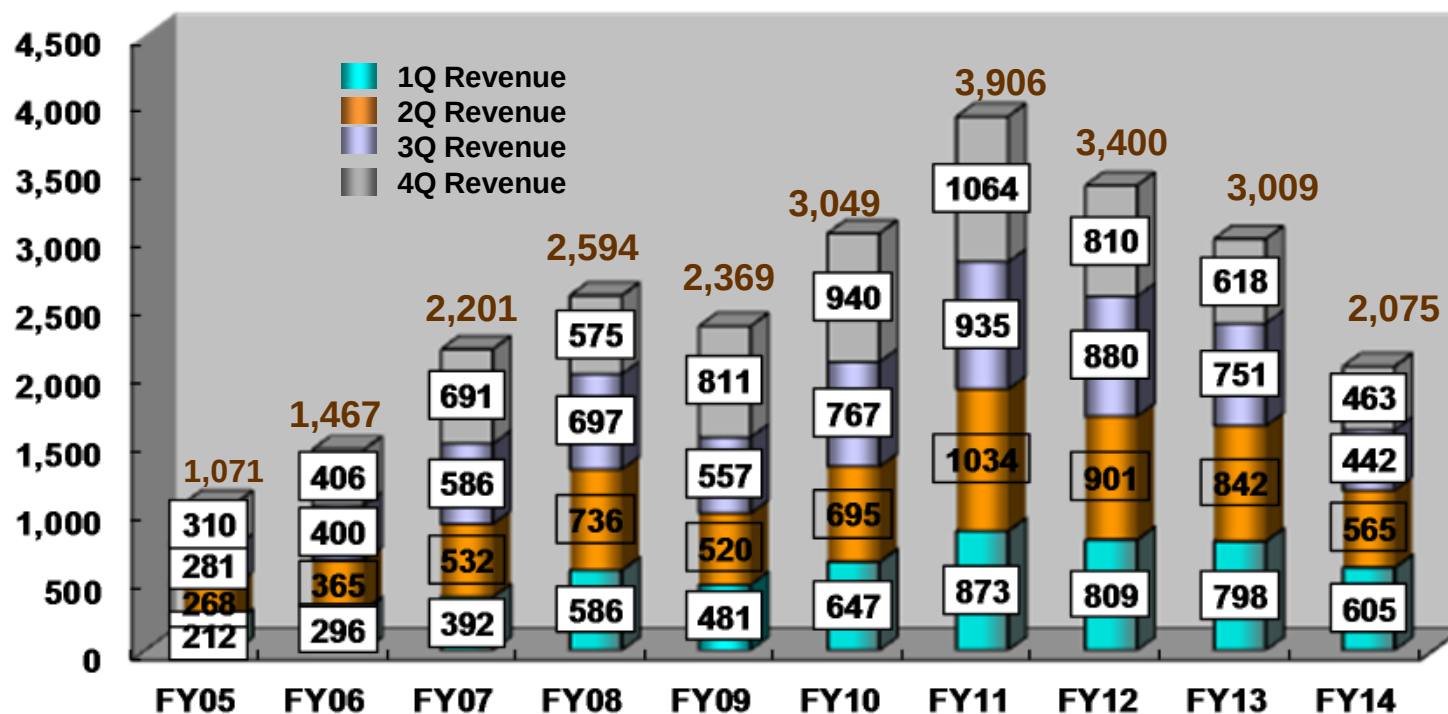
4Q: Three months ended December 31

FY: Year ended December 31



Revenue

RMB'mil



FY: Year ended December 31

2Q: Three months ended June 30

4Q: Three months ended December 31

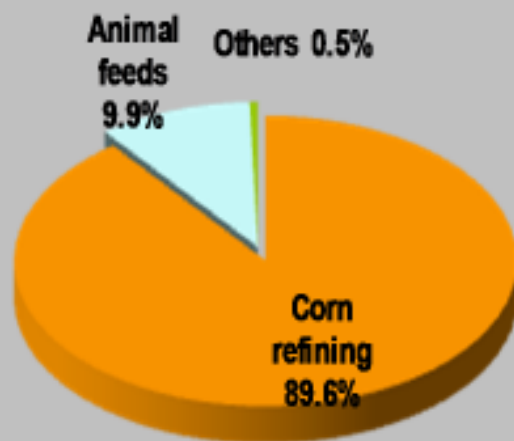
1Q: Three months ended March 31

3Q: Three months ended September 30



Revenue by Product Categories

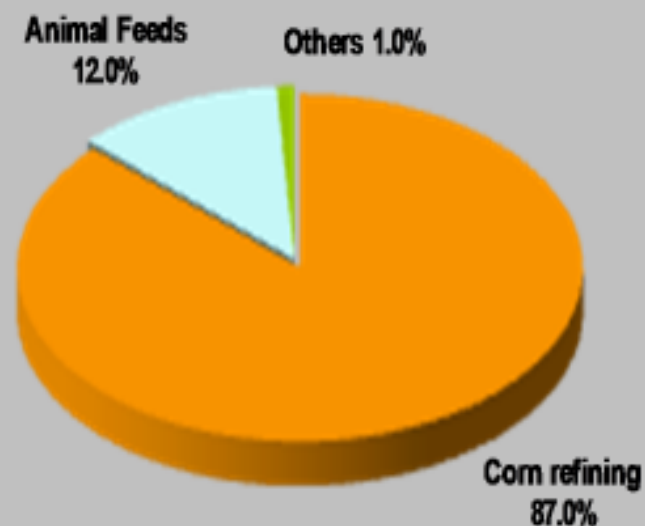
FY14



Total Revenue: RMB2,074.9 mil

FY: Year ended December 31

FY13

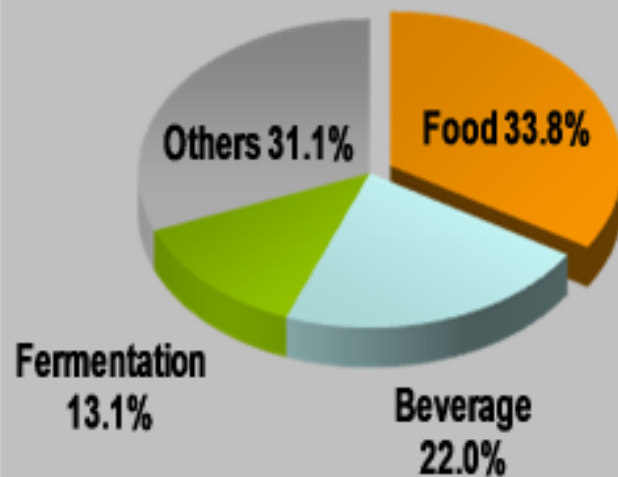


Total Revenue: RMB3,009.4 mil



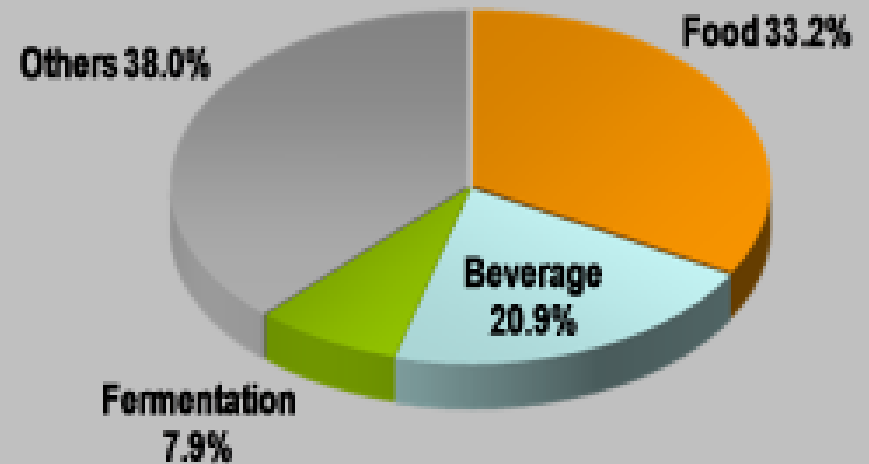
Revenue by Industries

FY14



Total Revenue: RMB2,074.9 mil

FY13



Total Revenue: RMB3,009.4 mil

FY: Year ended December 31



Balance Sheet Highlights

RMB'mil	As at end FY14	As at end FY13	Chg (%)
Current Assets	502.0	615.9	(18.5)
- Cash & Cash Equivalents	54.6	66.7	(18.1)
- Inventories	238.9	273.2	(12.6)
- Trade and Other Receivables	207.6	276.0	(24.8)
Fixed Assets	692.0	907.2	(23.7)
Total Assets	1,240.8	1,571.4	(21.0)
Current Liabilities	550.4	552.7	(0.4)
- Trade and Other Payables	319.5	324.1	(1.4)
- Short Term Borrowings	224.0	218.3	2.6
Long Term Borrowings	577.2	562.4	2.6
Total Liabilities	1,168.6	1,159.4	0.8
Net Assets	72.2	412.0	(82.5)



Balance Sheet Highlights

RMB'mil	As at end FY14	As at end FY13	Chg (%)
Inventory Turnover Days	47	37	27.0
Receivables Turnover Days	33	27	22.2
Payables Turnover Days	40	32	25.0
Debt to Equity Ratio [#]	10.96	1.87	486.1
Price to Book Value*	0.60	0.23	160.9

[#] Total interest bearing loans / Total equity

* Based on share price of RMB 0.11as at January 29, 2015

FY: Year ended December 31



Cash Flow Statement Highlights

RMB'mil	FY14	FY13	Chg (%)
Net Cash Generated from / (Used in) Operating Activities	45.4	(33.7)	234.7
Net Cash (Used in) Investing Activities	(23.7)	(17.3)	37.0
Net Cash (used in) Financing Activities	(37.4)	(2.3)	1,526.1
Net (Decrease) in Cash & Bank Balances	(15.6)	(53.3)	(70.7)
Cash & Bank Balances at Beginning of Period	66.2	119.5	(44.6)
Cash & Bank Balances at End of Period	50.6	66.2	(23.6)

FY: Year ended December 31

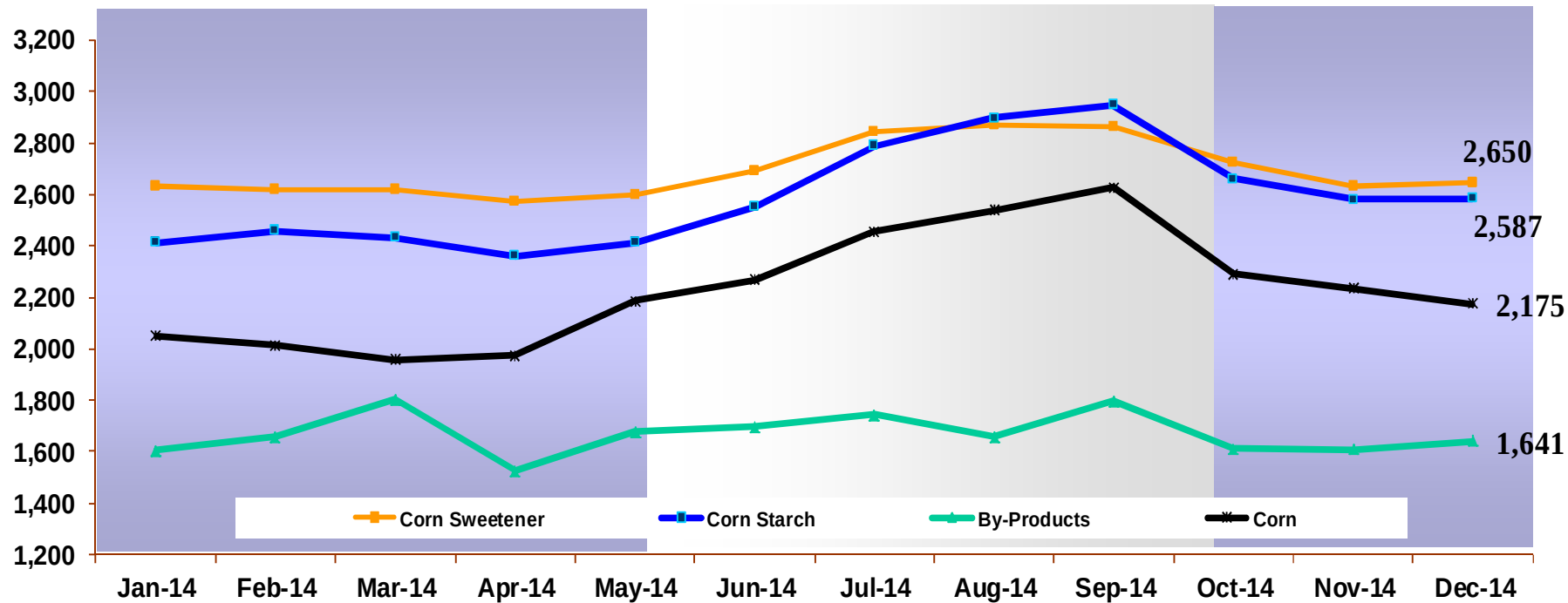


Business Outlook



Price Trends

RMB/tonnes
(excluding taxes)

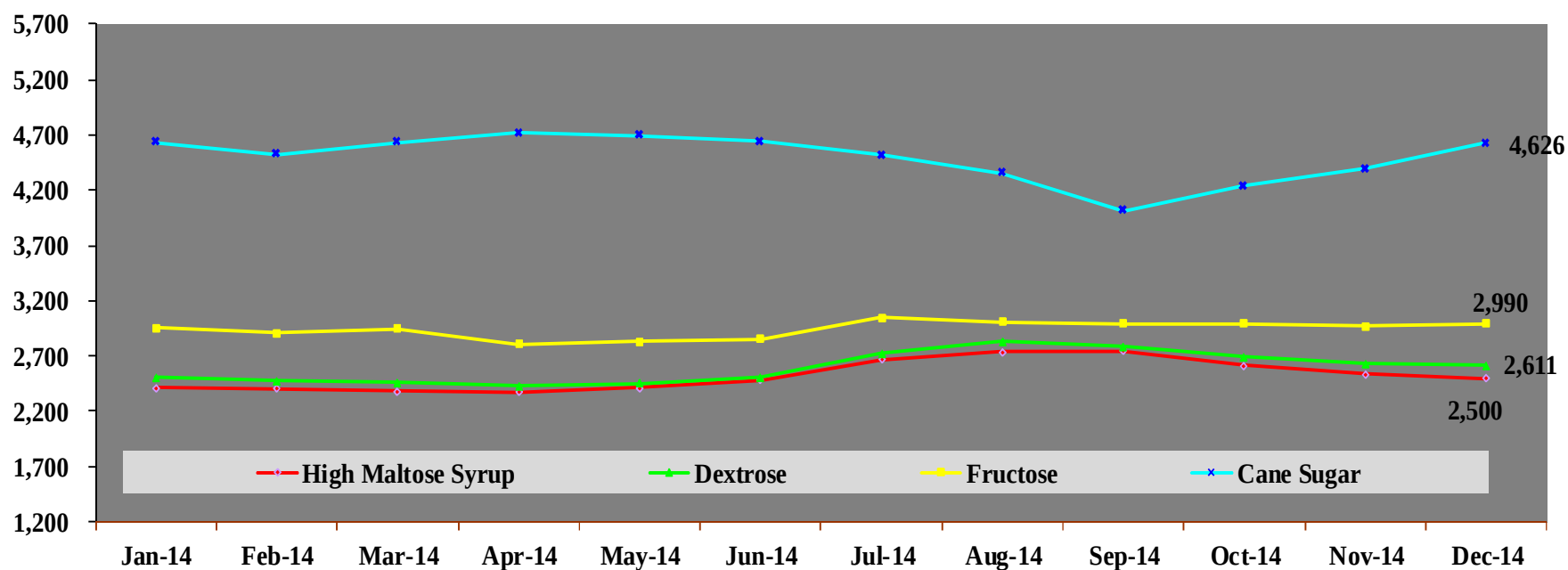


Source: Company



Price Comparisons to Cane Sugar

RMB/tonnes



Source: Company



Growth Strategies



Growth Strategies

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



Our Capacity & Utilization Rates

Facility / Location	Region Served	Corn Sweeteners			
		4QFY14		4QFY13	
		Production Capacity / (Output) (tonnes)	Utilisation Rate	Production Capacity / (Output) (tonnes)	Utilisation Rate
Yishui, Shandong	Shandong, Hebei, Anhui, Guangdong, Zhejiang	110,000 (53,633)	48.8%	110,000 (74,489)	67.7%
Pengshan, Sichuan	South-western region of PRC	35,000 (15,011)	42.9%	35,000 (20,097)	57.4%
Fushun, Liaoning	Northeast of PRC	40,000 (10,699)	26.8%	40,000 (17,864)	44.7%
Xingping, Shaanxi	Shaanxi, Shanxi, Gansu, Chongqing, Sichuan, Inner Mongolia	40,000 (30,754)	76.9%	40,000 (30,463)	76.2%
Xiping, Henan	Henan, Hubei, Hunan, Anhui, Jiangxi	35,000 (27,900)	79.7%	35,000 (28,350)	81.0%
Total Capacity		260,000 tonnes	53.1%	260,000 tonnes	65.9%



Our Capacity & Utilisation Rates

Facility / Location	Region Served	Corn Sweeteners			
		FY14		FY13	
		Production Capacity / (Output) (tonnes)	Utilisation Rate	Production Capacity / (Output) (tonnes)	Utilisation Rate
Yishui, Shandong	Shandong, Hebei, Anhui, Guangdong, Zhejiang	440,000 (201,943)	45.9%	440,000 (319,701)	72.7%
Pengshan, Sichuan	South-western region of PRC	140,000 (74,295)	53.1%	140,000 (102,178)	73.0%
Fushun, Liaoning	Northeast of PRC	160,000 (53,400)	33.4%	160,000 (65,445)	40.9%
Xingping, Shaanxi	Shaanxi, Shanxi, Gansu, Chongqing, Sichuan, Inner Mongolia	160,000 (126,700)	79.2%	160,000 (141,314)	88.3%
Xiping, Henan	Henan, Hubei, Hunan, Anhui, Jiangxi	140,000 (96,537)	69.0%	140,000 (124,526)	89.0%
Total Capacity		1,040,000 tonnes	53.2%	1,040,000 tonnes	72.4%



Expand Market Reach

- Improve domestic and overseas marketing efforts and enhance sales
 - Re-strategise local and overseas marketing efforts
 - Reaching out to new customers
 - Focusing on high margin products



Company Profile



Who We Are

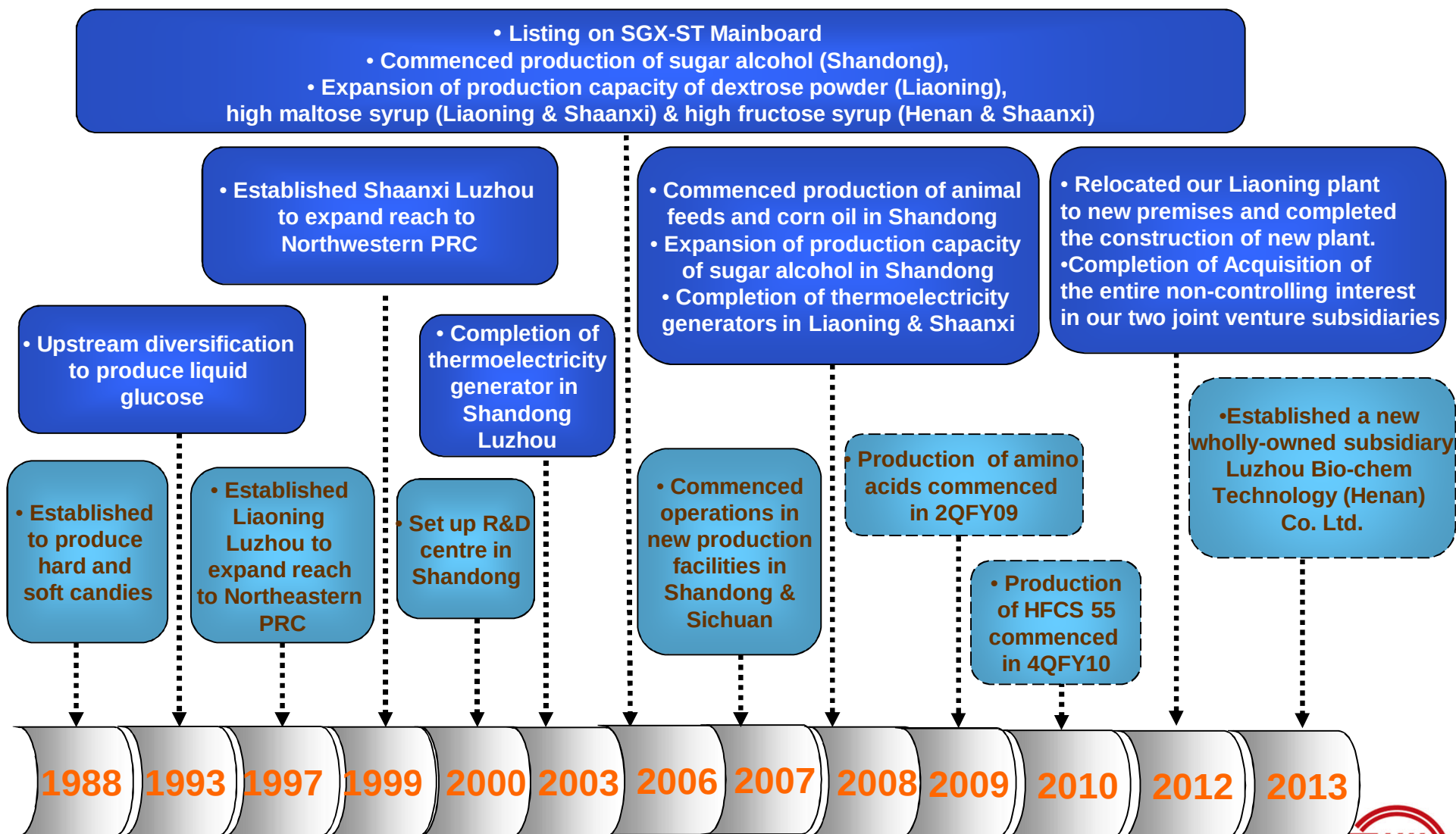
- 💡 **Market leader in maltose-related products**
- 💡 **More than 20 years of growth**
- 💡 **Capacity to produce 1,040,000 tonnes of corn sweeteners per year**

OUR COMPETITIVE EDGE

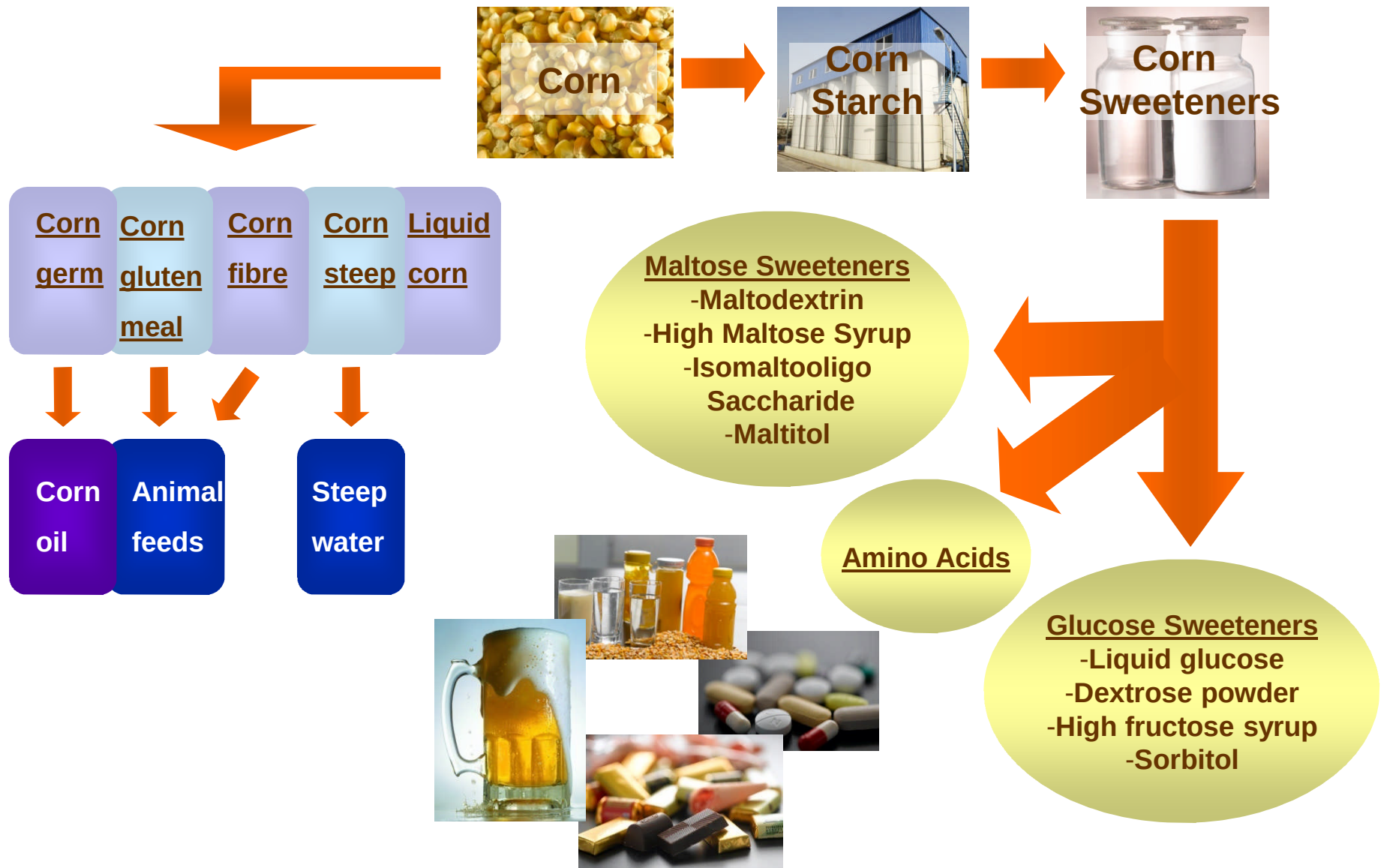
- 💡 **Long-serving core management team**
- 💡 **Production facilities located at the corn producing belt of China**
 - 💡 **Ensuring ample and competitively priced raw materials**
- 💡 **Quality products and strong branding**
- 💡 **Enhanced production efficiency:**
 - 💡 **Own power generating capabilities and water resources**
 - 💡 **Economies of scale through higher capacities and utilisation of plant facilities**



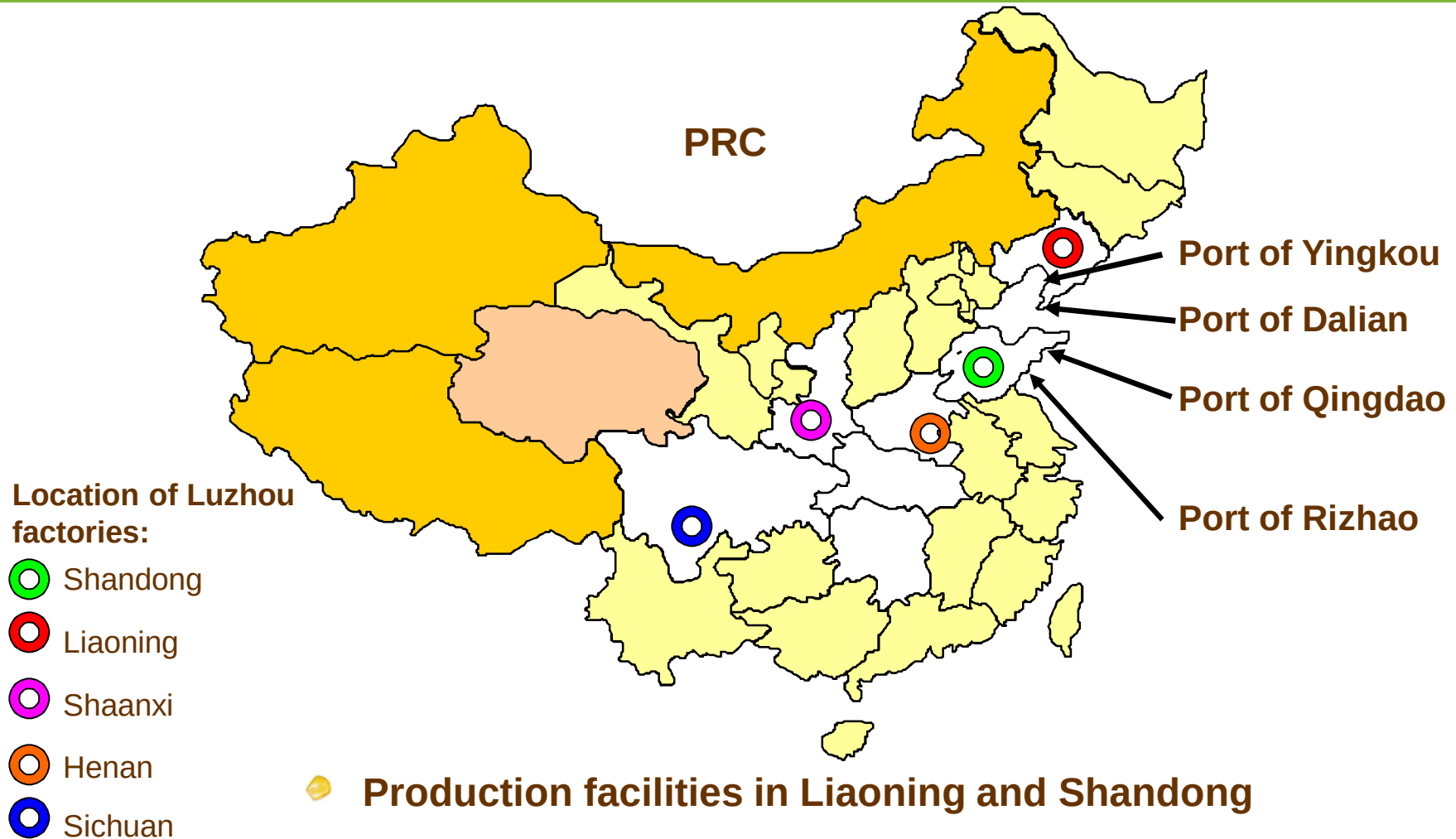
Company Milestones



Production Process



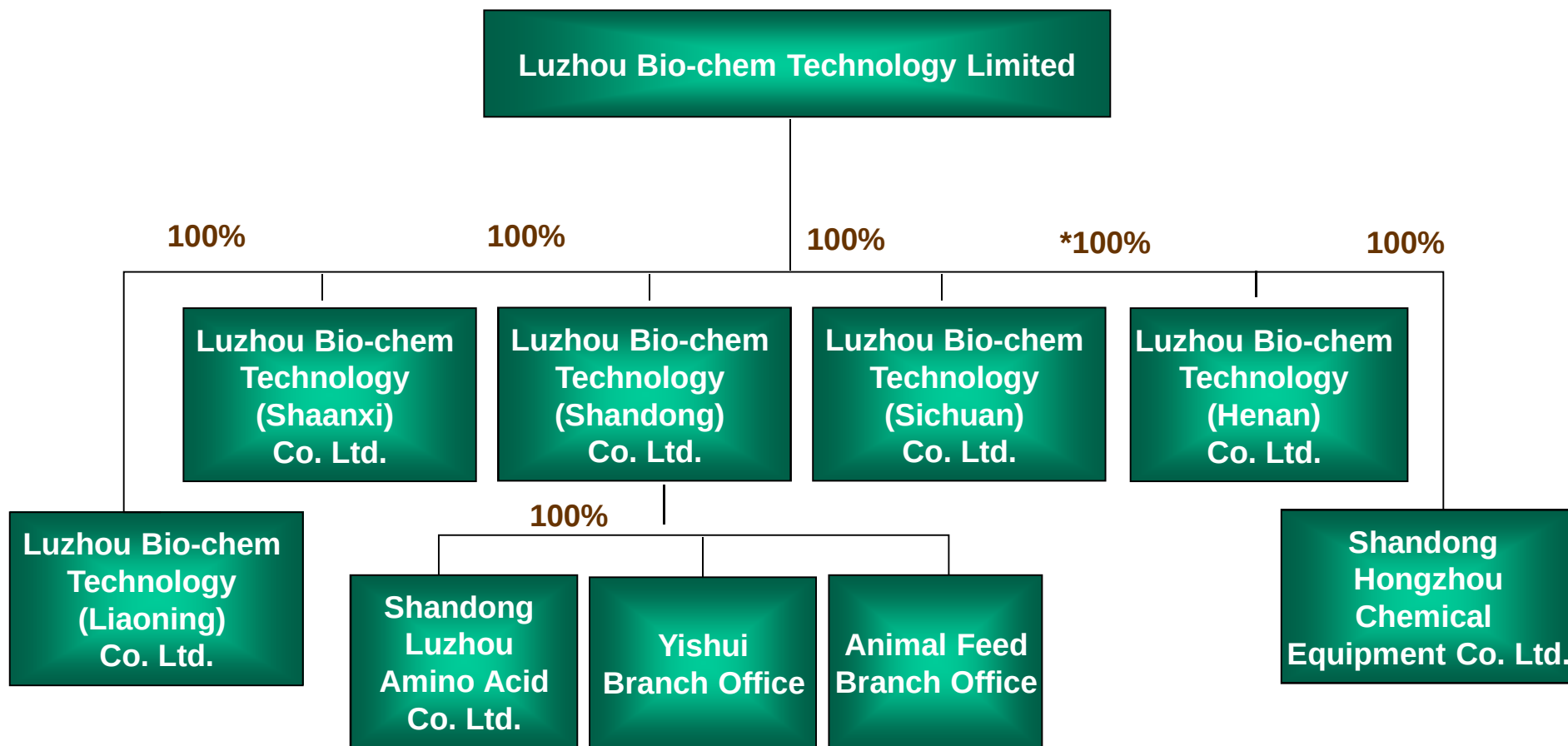
Location Advantage



Production facilities in Liaoning and Shandong gain easy access to nearby ports for exports



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).





**LUZHOU BIO-CHEM TECHNOLOGY
LIMITED**

Thank You

