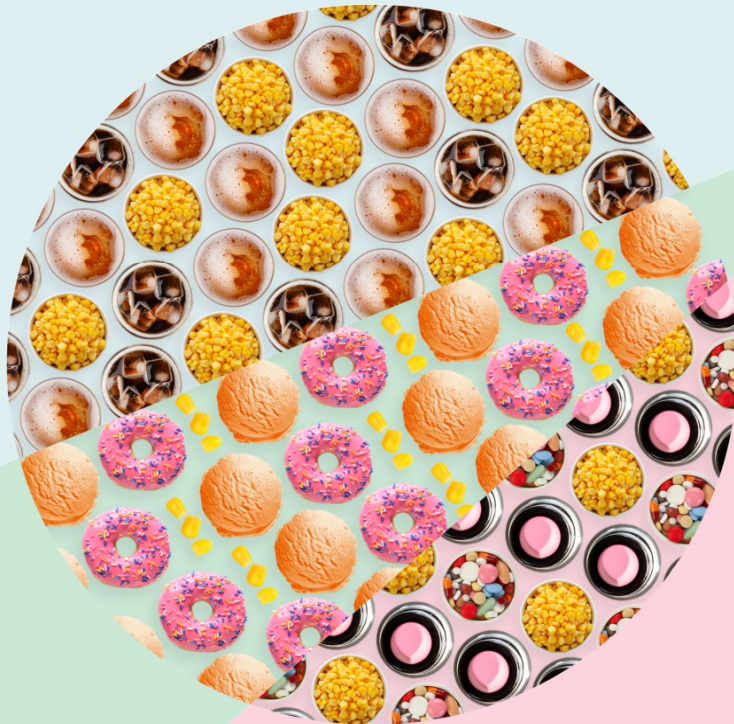




**LUZHOU BIO-CHEM
TECHNOLOGY LIMITED**

A Mouth-Watering China Consumption Story



**Corporate Presentation
and 2QFY19 Results**

1st August, 2019

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Business Overview



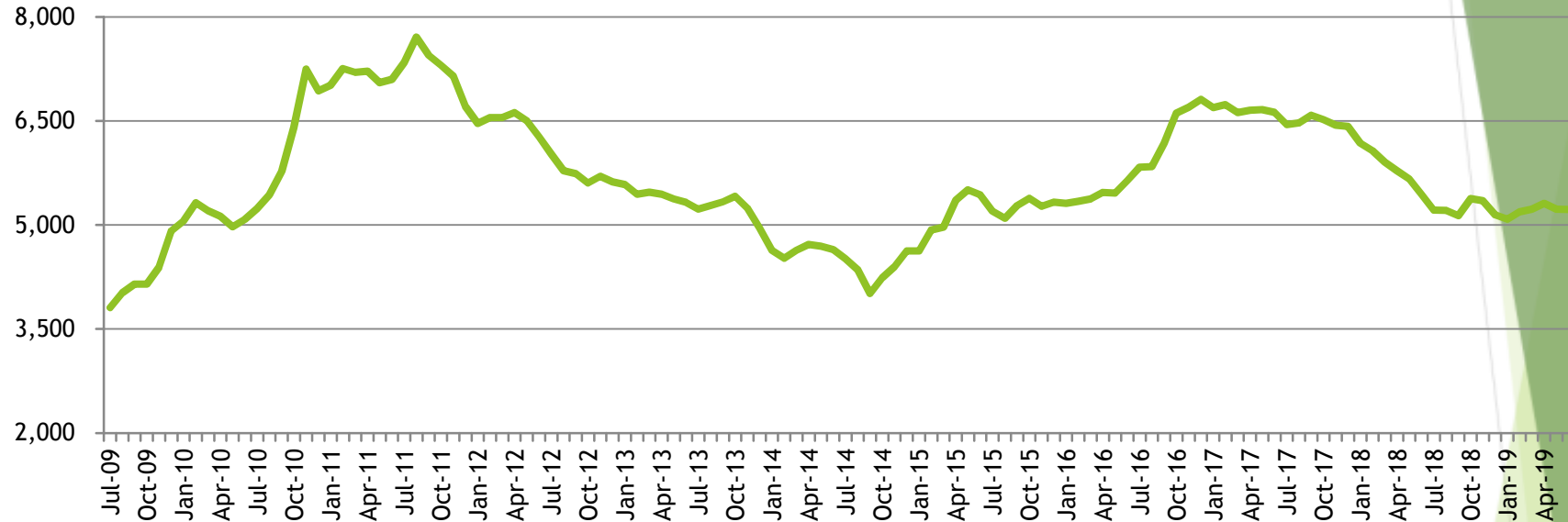
Operating Climate

- ❖ **Poor domestic consumption demand of the Group's products continues to affect the Group operating revenue badly. The Group is not optimistic of its business outlook for the rest of the year.**
- ❖ **While selling prices of the Group's products continue to decline, the raw corn material prices are showing signs of stabilizing and hence, keeping the gross profit margins from deteriorating.**
- ❖ **To stop the losses for the Group, the Group's Sichuan subsidiary has halted its production completely. Staff retrenchment has also completed in June 2019.**

Price Comparisons to Cane Sugar

RMB/tonnes

Cane sugar pricing in Nanning City, China

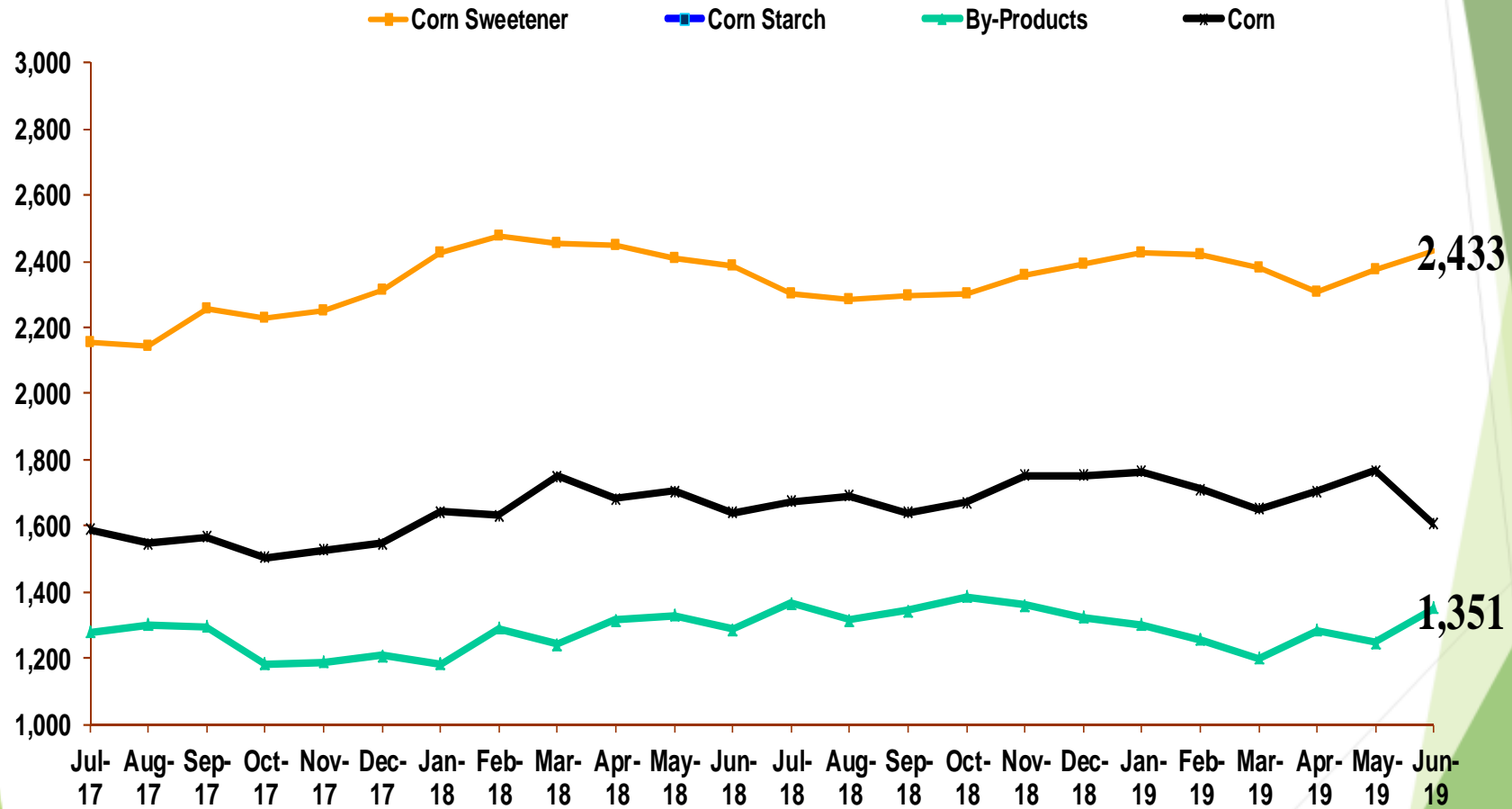


- High price of cane sugar has resulted in food & beverage manufacturers turning to alternative sweeteners
- For comparison, the prices of sweetener products supplied by Luzhou (as at June 2019) are as follows:
 - Fructose: RMB 2,588/tonne
 - Dextrose: RMB 2,341/tonne
 - High Maltose Syrup: RMB 2,323/tonne

Source: Company, 中国昆商糖网

Price Trends

RMB/tonnes
(excluding taxes)



Source: Company

Financial Highlights



1HFY19 Financial Highlights

- **Group revenue decreased by 6.4% y-o-y**
- **Gross profit margin of 7.1%, 33.6% lower y-o-y;**
- **Net loss of RMB 56.1 million, decreased by 647.7% compared with net loss of RMB 7.5 million in 1HFY18**
- **Net loss margin of 5.6%, increased by 700.0% compared with net loss margin of 0.7% in 1HFY18**
- **Cash and cash equivalents of RMB 145.3 million as at 30 June, 2019 (RMB 163.7 million as at 31 December, 2018)**

Income Statement Highlights

RMB'mil	2QFY19	2QFY18	y-o-y Chg (%)	1HFY19	1HFY18	y-o-y Chg (%)
Revenue	462.0	545.0	(15.2)	994.6	1,062.1	(6.4)
Gross Profit	29.5	50.1	(41.2)	70.8	113.6	(37.7)
(Loss) Before Tax	(30.3)	(9.5)	(219.5)	(48.6)	(5.5)	(790.6)
Net (Loss)	(36.2)	(10.5)	(244.4)	(56.1)	(7.5)	(647.7)
Gross Profit Margin	6.4%	9.2%	(30.4)	7.1%	10.7%	(33.6)
Net (Loss) Margin	(7.8%)	(1.9%)	(310.5)	(5.6%)	(0.7%)	(700.0)

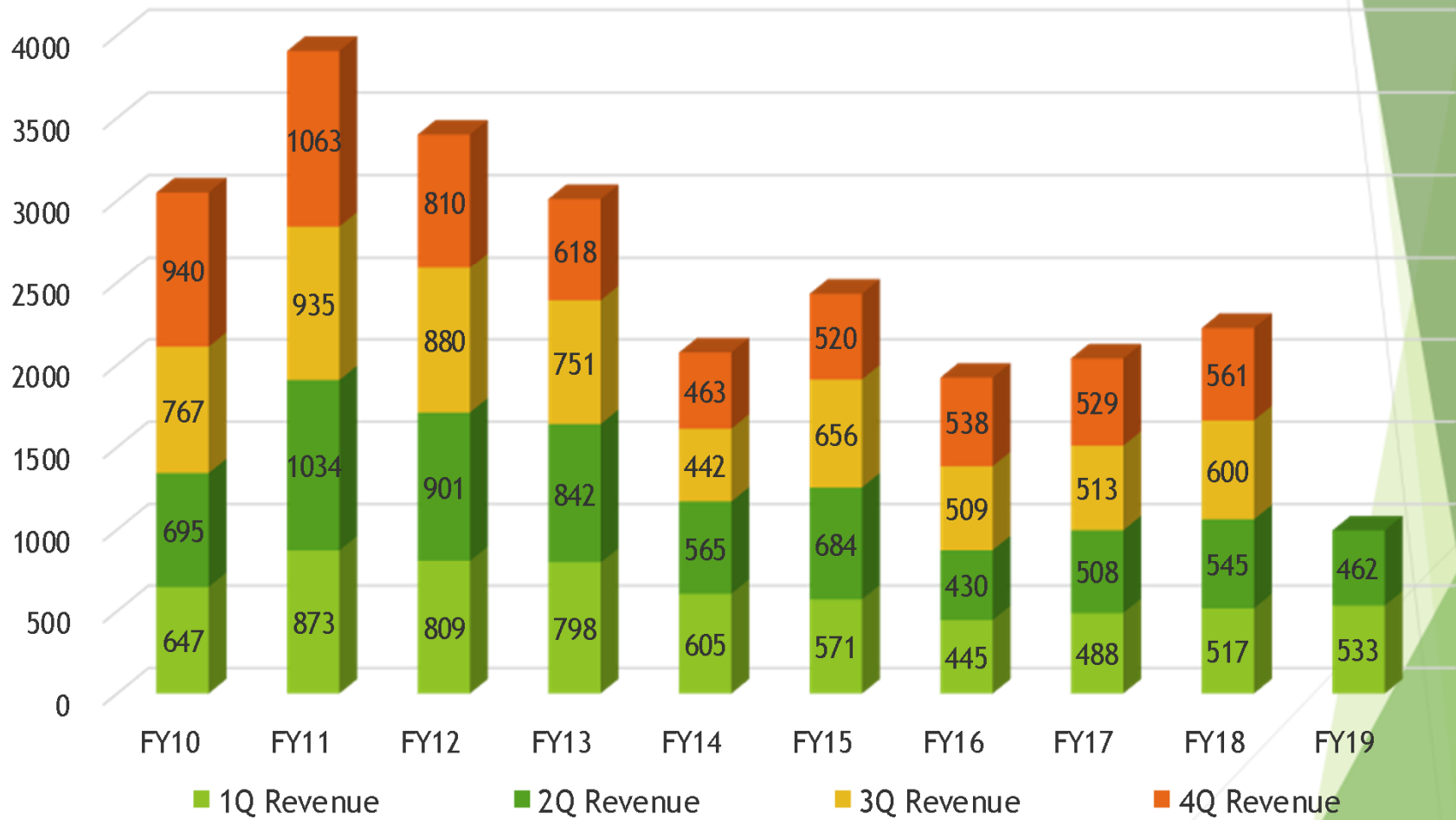
2Q: Three months ended June 30

1H: Six months ended June 30

FY: Twelve months ended December 31

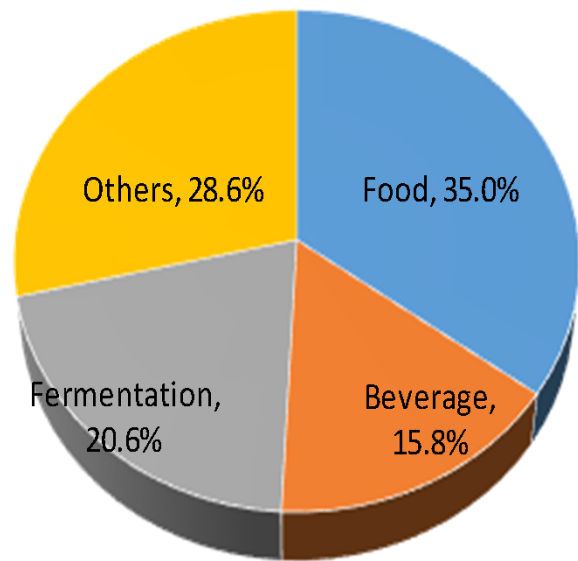
Revenue

RMB'mil



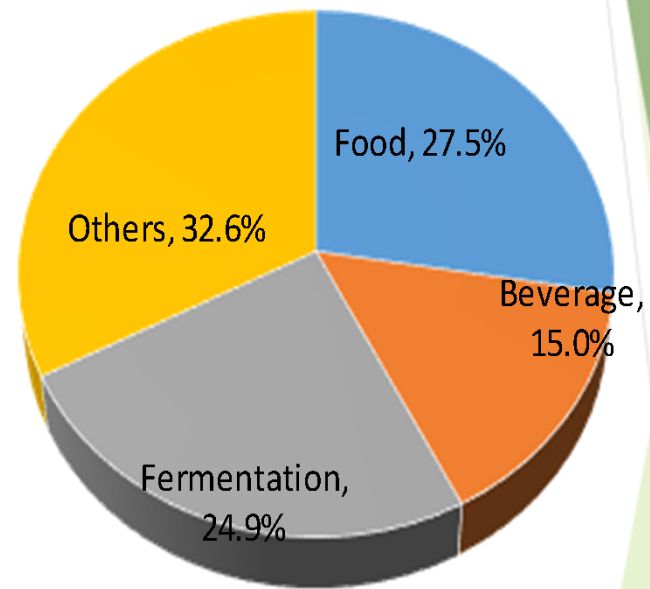
Revenue by Industry

1HFY19



Total Revenue: RMB 994.6 mil

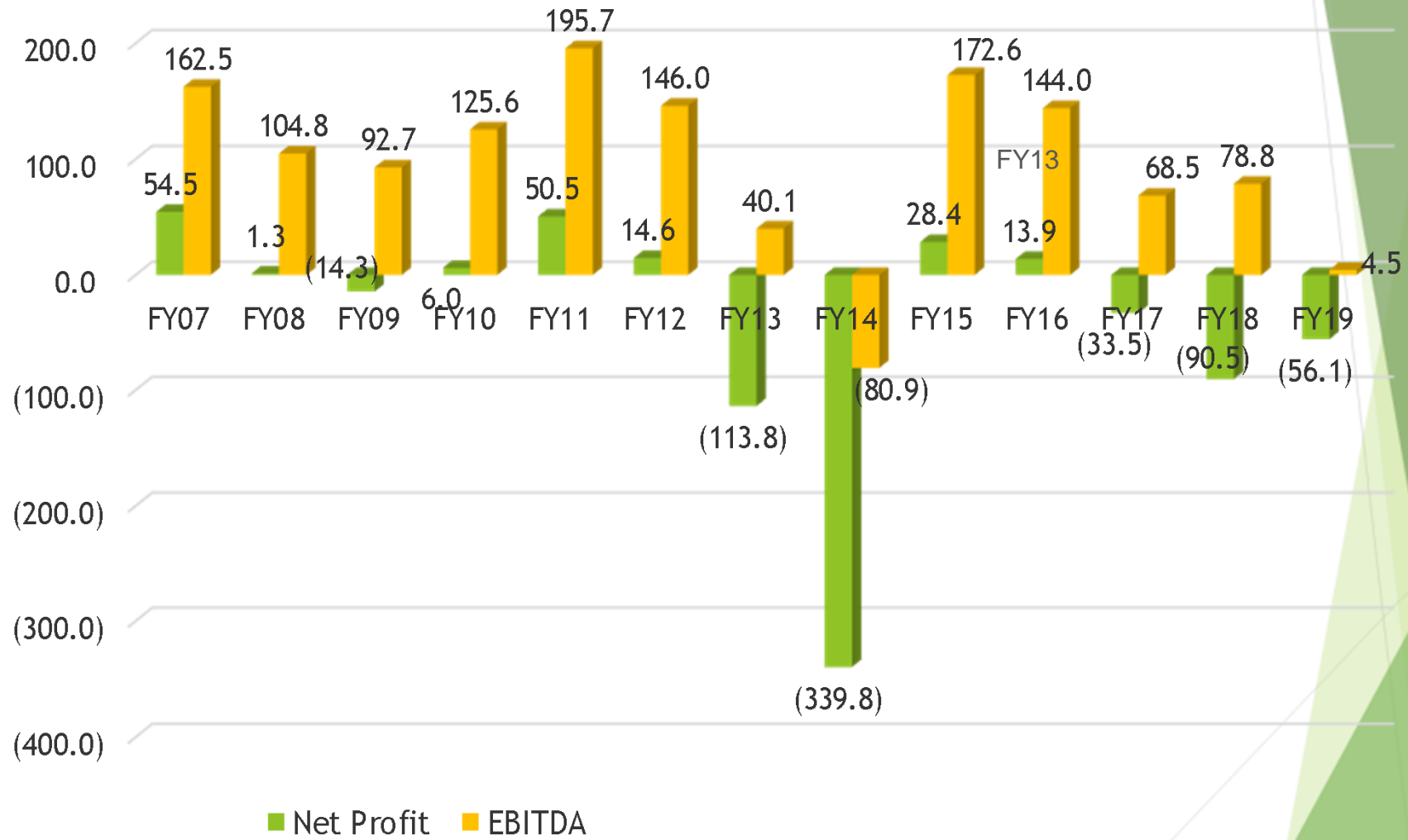
1HFY18



Total Revenue: RMB 1,062.1 mil

Net Profit/EBITDA

RMB'mil



Balance Sheet Highlights

RMB'mil	As at end 1HFY19	As at end FY18	Chg (%)
Current Assets	545.8	626.7	(12.9)
- Cash & Cash Equivalents	145.3	163.7	(11.2)
- Inventories	194.5	235.0	(17.2)
- Trade and Other Receivables	206.0	228.0	(9.6)
Total Assets	1,110.3	1,217.5	(8.8)
Current Liabilities	554.5	602.2	(7.9)
- Trade and Other Payables	363.8	400.7	(9.2)
- Short Term Borrowings	181.7	192.7	(5.7)
Long Term Borrowings	576.5	577.4	(0.2)
Total Liabilities	1,161.6	1,212.7	(4.2)

Balance Sheet Highlights

RMB'mil	As at end 1HFY19	As at end FY18	Chg (%)
Inventory Turnover Days	42	39	7.7
Receivables Turnover Days	31	29	6.9
Payables Turnover Days	58	50	16.0
Debt to Equity Ratio [#]	(14.8)	159.3	(109.3)
Price to Book Value [*]	(0.4)	6.8	(105.9)

Total interest bearing & interest-free loans / Total equity

** Based on share price of RMB 0.031 as at June 28, 2019*

Cash Flow Statement Highlights

RMB'mil	1HFY19	1HFY18	Chg (%)
Net Cash Generated from Operating Activities	20.2	16.9	19.5
Net Cash (Used in) Investing Activities	(4.7)	(4.9)	(4.1)
Net Cash (Used in) Financing Activities	(33.9)	(6.3)	438.1
Net (Decrease) in Cash & Bank Balances	(18.4)	5.6	(428.6)
Cash at Bank Balances at Beginning of Period	87.3	93.0	(6.1)
Cash at Bank Balances at End of Period	68.9	98.6	(30.1)

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

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