



LUZHOU BIO-CHEM TECHNOLOGY LIMITED

(Company Registration Number: 200412523N)

**Fourth Quarter and
Full Year Results
Announcement for the Period
Ended 31 December 2015**

UNAUDITED FINANCIAL STATEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2015

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.

	4QFY15	4QFY14	Change	FY15	FY14	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	520,685	462,842	12.5	2,431,436	2,074,912	17.2
Cost of sales	(449,247)	(443,977)	1.2	(2,167,930)	(1,981,850)	9.4
Gross profit	71,438	18,865	278.7	263,506	93,062	183.2
Other operating income	8,718	5,722	52.4	38,635	29,430	31.3
Selling and distribution expenses	(26,704)	(26,613)	0.3	(107,135)	(109,530)	(2.2)
Administrative expenses	(28,923)	(43,453)	(33.4)	(96,703)	(140,793)	(31.3)
Other operating expenses	(1,689)	(12,748)	(86.8)	(2,129)	(154,001)	(98.6)
Finance expenses	(12,632)	(14,005)	(9.8)	(60,207)	(57,952)	3.9
Profit / (loss) before taxation	10,208	(72,232)	114.1	35,967	(339,784)	110.6
Income tax expense	(2,251)	9	25,111.1	(7,586)	-	-
Profit / (loss) for the year, representing total comprehensive (loss)	7,957	(72,223)	111.0	28,381	(339,784)	108.4
Total comprehensive profit / (loss) attributable to :						
Owners of the Company	7,957	(72,223)	111.0	28,381	(339,784)	108.4
Gross profit margin	13.7%	4.1%	234.1	10.8%	4.5%	140.0
Net profit/(loss) margin	1.5%	(15.6%)	109.6	1.2%	(16.4%)	107.3
Profit/(loss) per share (RMB cents)						
- Basic	1.3	(18.2)	107.1	6.3	(85.8)	107.3
- Diluted	1.3	(18.2)	107.1	6.3	(85.8)	107.3

Notes to the Comprehensive Income Statement

	4QFY15 RMB'000	4QFY14 RMB'000	Change %	FY15 RMB'000	FY14 RMB'000	Change %
Profit/(loss) before tax is arrived at after charging/ (crediting)						
Interest income	(1,534)	(206)	644.7	(3,848)	(540)	612.6
Interest expense on borrowings	12,632	14,005	(9.8)	60,207	57,952	3.9
Depreciation of plant and equipment	20,018	20,436	(2.0)	79,175	90,241	(12.3)
Amortisation of land use rights	267	267	-	1,068	1,422	(24.9)
Amortisation of government grants	(1,561)	(2,114)	(26.2)	(6,122)	(7,636)	(19.8)
Foreign exchange (gain)/ loss (net)	(241)	330	173.0	(1,089)	588	285.2
(Gain)/loss on disposal of plant and equipment	(347)	8,065	104.3	(849)	8,221	110.3
(Reversal of impairment) / Impairment of property, plant and equipment	-	(1,423)	(100.0)	-	137,487	100.0
Allowance for doubtful trade receivables	116	315	(63.2)	116	181	(35.9)
(Reversal of allowance)/ allowance for slow-moving inventory	(1,463)	2,367	161.8	(1,485)	(249)	496.4

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-2015	31-Dec-2014	31-Dec-2015	31-Dec-2014
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS:-				
Current assets				
Inventories	198,227	238,894	-	-
Trade receivables	183,895	179,354	-	-
Other receivables, deposits and prepayments	42,175	28,272	10,786	10,786
Income tax prepaid	-	886	-	-
Cash and cash equivalents ⁽¹⁾	166,919	54,618	16,613	5,334
	<u>591,216</u>	<u>502,024</u>	<u>27,399</u>	<u>16,120</u>
Non-current assets				
Investment in subsidiaries	-	-	372,654	372,654
Property, plant and equipment	647,968	691,967	-	-
Land use rights	45,766	46,834	-	-
	<u>693,734</u>	<u>738,801</u>	<u>372,654</u>	<u>372,654</u>
Total assets	<u>1,284,950</u>	<u>1,240,825</u>	<u>400,053</u>	<u>388,774</u>
LIABILITIES				
Current liabilities				
Trade payables	208,172	217,420	-	-
Other payables and accruals	77,890	102,123	950	820
Amount owing to related parties	525	825	8,358	6,606
Interest-bearing loans and borrowings	265,000	224,000	-	-
Deferred income	6,248	6,080	-	-
Income tax payable	2,748	-	-	-
	<u>560,583</u>	<u>550,448</u>	<u>9,308</u>	<u>7,426</u>
Non-current liabilities				
Interest-bearing loans and borrowings	562,400	567,400	-	-
Interest-free loan from a Director	-	9,841	-	9,841
Deferred income	34,874	40,327	-	-
Deferred taxation	589	589	-	-
	<u>597,863</u>	<u>618,157</u>	<u>-</u>	<u>9,841</u>
Total liabilities	<u>1,158,446</u>	<u>1,168,605</u>	<u>9,308</u>	<u>17,267</u>
NET ASSETS	<u>126,504</u>	<u>72,220</u>	<u>390,745</u>	<u>371,507</u>
EQUITY				
Share capital	308,723	282,820	308,723	282,820
Statutory reserves	90,893	90,893	-	-
Accumulated (loss)/profits	(273,112)	(301,493)	82,022	88,687
TOTAL EQUITY	<u>126,504</u>	<u>72,220</u>	<u>390,745</u>	<u>371,507</u>

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

	31- Dec-2015	31-Dec-2014
	RMB'000	RMB'000
Cash and bank balances	81,919	50,618
Pledged cash deposits	85,000	4,000
	166,919	54,618

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-2015		As at 31-Dec-2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
235,000	30,000	45,000	179,000

Amount repayable after one year

As at 31-Dec-2015		As at 31-Dec-2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
254,000	308,400	259,000	318,241

Details of any collateral

As at 31 December 2015, 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) corporate guarantee given by related parties;
- (iv) corporate guarantee given by third parties; and
- (v) 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.

	4QFY15	4QFY14	FY15	FY14
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit/(loss) before taxation	10,208	(72,232)	35,967	(339,784)
Adjustments for:-				
Depreciation of property plant and equipment	20,018	20,436	79,175	90,241
Amortisation of land use rights	267	267	1,068	1,422
Amortisation of government grants	(1,561)	(2,114)	(6,122)	(7,636)
(Gain)/ loss on disposal of plant and equipment	(347)	8,065	(849)	8,221
Interest expense	12,632	14,005	60,207	57,952
Interest income	(1,534)	(206)	(3,848)	(540)
Foreign exchange gain resulting from repayment of interest-free loan from a director	-	-	(815)	-
(Reversal of impairment)/impairment of plant and equipment	-	(1,423)	-	137,487
(Reversal of allowance) / allowance for slow-moving inventory (net)	(1,463)	2,367	(1,485)	(249)
Allowance for doubtful trade receivables (net)	116	315	116	181
Operating profit before working capital changes	38,336	(30,520)	163,414	(52,705)
Changes in working capital:				
Inventories	(18,289)	(85,967)	42,152	34,525
Trade receivables	9,251	(4,424)	(4,657)	12,165
Other receivables, deposits and prepayments	6,779	5,505	(13,903)	24,570
Amount owing by related parties	808	775	-	-
Trade payables	4,451	57,141	(9,248)	2,353
Other payables and accruals	1,350	16,229	(23,396)	(6,898)
Amount owing to related parties	-	(380)	(300)	-
Cash generated from / (used in) operations	42,686	(41,641)	154,062	14,010
Income taxes paid	(3,151)	(9)	(3,952)	(1,360)
Net cash generated from / (used in) operating activities	39,535	(41,650)	150,110	12,650
Cash flows from investing activities				
Purchase of plant and equipment	(19,994)	(10,590)	(42,113)	(32,285)
Proceeds from disposal of plant and equipment	(416)	3,697	7,786	11,583
Proceeds from government grants	-	-	-	34,491
Interest income received	1,534	206	3,848	540
Net cash (used in) / generated from investing activities	(18,876)	(6,687)	(30,479)	14,329

Cash flows from financing activities

Proceeds from issue of shares	-	-	26,806	-
Listing expenses	(402)	-	(903)	-
Refund of unclaimed dividend	-	1	-	2
Interest expense paid	(12,632)	(14,005)	(60,207)	(57,952)
Amount owing to related parties	-	-	-	(1,695)
Cash deposits pledged	(55,000)	-	(308,000)	(18,000)
Pledged cash deposit being released	105,000	10,000	227,000	14,450
Repayment of interest-free loan from a Director	-	-	(9,026)	(1,461)
Repayment of interest - bearing loans and borrowings	(432,500)	(150,000)	(1,305,400)	(984,350)
Proceeds from interest - bearing loans and borrowings	280,000	150,000	1,341,400	1,006,400
Net cash (used in) financing activities	(115,534)	(4,004)	(88,330)	(42,606)
Net (decrease) /increase in cash and bank balances	(94,875)	(52,341)	31,301	(15,627)
Cash and bank balances at beginning of period/year	176,794	102,959	50,618	66,245
Cash and bank balances at end of period/year	81,919	50,618	81,919	50,618

- 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 Loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2015	282,820	90,893	(301,493)	72,220
Total comprehensive income for the period	-	-	8,908	8,908
Balance as at 31 March 2015	282,820	90,893	(292,585)	81,128
Total comprehensive income for the period	-	-	6,333	6,333
Balance as at 30 June 2015	282,820	90,893	(286,252)	87,461
Total comprehensive income for the period	-	-	5,183	5,183
Issue of shares	25,903	-	-	25,903
Balance as at 30 September 2015	308,723	90,893	(281,069)	118,547
Total comprehensive income for the period	-	-	7,957	7,957
Balance as at 31 December 2015	308,723	90,893	(273,112)	126,504

	← 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

COMPANY

	Share Capital	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2015	282,820	88,687	371,507
Total comprehensive loss for the period	-	(1,889)	(1,889)
Balance as at 31 March 2015	282,820	86,798	369,618
Total comprehensive loss for the period	-	(2,177)	(2,177)
Balance as at 30 June 2015	282,820	84,621	367,441
Total comprehensive loss for the period	-	(850)	(850)
Issue of shares	25,903	-	25,903
Balance as at 30 September 2015	308,723	83,771	392,494
Total comprehensive loss for the period	-	(1,749)	(1,749)
Balance as at 31 December 2015	308,723	82,022	390,745

	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

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 2015. In addition, there were no outstanding convertibles or treasury shares as at 31 December 2015 and 31 December 2014.

- 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-2015	31-Dec-2014
Ordinary shares	594,000,000	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 2015. The adoption of these SFRS, where applicable, did not have any material impact on the financial statements for the year ended 31 December 2015. 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 FY2014.

- 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

	4QFY15	4QFY14	FY15	FY14
	RMB (cents)	RMB (cents)	RMB (cents)	RMB (cents)
Profit/(loss) per share				
(a) Based on weighted average number of ordinary shares in issue	1.3	(18.2)	6.3	(85.8)
Weighted average number of shares in issue	594,000,000	396,000,000	452,100,000	396,000,000
(b) On a fully diluted basis	1.3	(18.2)	6.3	(85.8)

- 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-2015	31-Dec-2014	31-Dec-2015	31-Dec-2014
Net asset value per ordinary share	RMB 21.3 cents	RMB 18.2 cents	RMB 65.8 cents	RMB 93.8 cents

31-Dec-2015

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 126,504,000 and the Company's net asset value as at the end of the year of RMB 390,745,000 divided by the share capital of 594,000,000 ordinary shares.

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.

- 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

4QFY15 versus 4QFY14

Revenue

	4QFY15		4QFY14		Change
	RMB'000	%	RMB'000	%	%
Corn refining	494,891	95.1	438,257	94.7	12.9
Animal feeds	22,991	4.4	23,244	5.0	(1.1)
Others	2,803	0.5	1,341	0.3	109.0
Total	520,685	100.0	462,842	100.0	12.5

FY15 versus FY14

Revenue

	FY15		FY14		Change
	RMB'000	%	RMB'000	%	%
Corn refining	2,298,769	94.6	1,860,105	89.6	23.6
Animal feeds	127,089	5.2	204,160	9.9	(37.8)
Others	5,578	0.2	10,647	0.5	(47.6)
Total	2,431,436	100.0	2,074,912	100.0	17.2

The Group's revenue for 4QFY15 increased by 12.5% from RMB 462.8 million in 4QFY14 to RMB 520.7 million in 4QFY15 while revenue for FY15 increased by 17.2% year-on-year ("y-o-y") from RMB 2.1 billion to RMB 2.4 billion. This was due mainly to the significant increase in the sales volume of our corn refining segment.

For 4QFY15, sales volume for our corn refining segment increased by 25.7% from 184K ("K"=1,000) tonnes to 231K tonnes period-on-period ("p-o-p"). This p-o-p increase was attributable to the increases in the sales volumes of corn sweeteners, corn starch and by-products of about 26.2%, 221.5% and 17.7% respectively. For FY15, sales volume for our corn refining segment increased from 765K tonnes to 983K tonnes or by about 28.5% y-o-y. This y-o-y increase was attributable to the increases in the sales volumes of corn sweeteners, corn starch and by-products of about 27.4%, 6.7% and 32.5% respectively.

For 4QFY15, the weighted average selling price of the Group's corn refining products decreased by 11.3% p-o-p. This decrease was attributable to the decrease in prices of corn sweeteners, corn starch and by-products of about 10.8%, 14.3% and 17.0% respectively. For FY15, the weighted average selling price of the Group's

corn refining products decreased by 5.5% y-o-y. This decrease was attributable to the decrease in prices of corn sweeteners, corn starch and by-products of about 2.1%, 2.6% and 15.7% respectively.

The Group's export revenue in FY15 decreased by 39.3% as compared to FY14 and the export revenue as a percentage of total revenue decreased from 4.9% in FY14 to 2.5% in FY15.

Gross profit and gross profit margin

4QFY15 versus 4QFY14

	4QFY15		4QFY14	
	RMB'000	%	RMB'000	%
Corn refining	72,238	14.6	18,105	4.1
Animal feeds	(990)	(4.3)	(1,258)	(5.4)
Others	190	6.7	2,018	150.5
Total	<u>71,438</u>	<u>13.7</u>	<u>18,865</u>	<u>4.1</u>

FY15 versus FY14

	FY15		FY14	
	RMB'000	%	RMB'000	%
Corn refining	262,161	11.4	92,657	5.0
Animal feeds	149	0.1	144	0.1
Others	1,196	21.4	261	2.5
Total	<u>263,506</u>	<u>10.8</u>	<u>93,062</u>	<u>4.5</u>

For 4QFY15, gross profit increased by 278.7% p-o-p to RMB71.4 million due mainly to the increase in sales of our corn refining products. Group revenue increased by 12.5%, while the cost of sales for the corresponding period increased by 1.2%. Gross profit margin increased by 234.1% p-o-p to 13.7%. This was mainly due to the decrease in corn prices of 22.8% p-o-p, and the higher capacity utilization rate.

For the same reason, gross profit for FY15 increased by 183.2% y-o-y to RMB 263.5 million. Group revenue increased by 17.2% y-o-y, while the cost of sales increased by 9.4%. Gross profit margin increased by 140.0% y-o-y to 10.8%. This was mainly due to the decrease in corn price of 10.0% y-o-y, and the higher capacity utilization rate.

The Group's animal feeds segment made a gross profit of RMB 149,000 in FY15 compared with RMB 144,000 in FY14. The increase was attributed to the reduction in the cost of sales by 37.8% which was greater than the decrease in both sales volume and selling price of 30.3% and 10.7% respectively.

The Group's others segment made a gross profit of RMB 1.2 million in FY15 compared with RMB 0.3 million in FY14, due mainly to the increase of RMB 0.3 million in gross profit of our Hongzhou company and the decrease in gross loss of our amino acids by RMB 0.6 million.

Other operating income

Other operating income increased by RMB 9.2 million from RMB 29.4 million in FY14 to RMB 38.6 million in FY15, due largely to the increases in insurance claim compensation, penalties imposed on supplier, interest income from banks, foreign exchange gain, gain on disposal of property, plant and equipment and gain on sales of steam and electricity. These increases were partially offset by the decreases in proceeds from government grant and subsidies.

Operating expenses

- Selling and distribution expenses

Selling and distribution expenses decreased by 2.2% from RMB 109.5 million in FY14 to RMB 107.1 million in FY15. This was mainly attributable to the decreases in staff costs, rental expenses, travel expenses and depreciation cost, which were offset partially by the increase in transportation costs resulting from the higher sales volume.

- Administrative expenses

The Group's administrative expenses decreased by 31.3% from RMB 140.8 million in FY14 to RMB 96.7 million in FY15. This was mainly due to the decrease in depreciation on plant and equipment and other related manufacturing overhead charged to operating expenses from manufacturing expenses as a result of production halts of certain products in our Shandong and Liaoning subsidiaries; and the decrease in staff costs, traveling expenses and entertainment expenses.

- Other operating expenses

Other operating expenses decreased by 98.6% from RMB 154.0 million in FY14 to RMB 2.1 million in FY15. This was due mainly to the impairment of property, plant and equipment of about RMB 137.5 million in FY14 (FY15: nil), and the decrease in the loss on disposal of plant and equipment of about RMB 7.6 million. In addition, allowance for slow-moving inventories and product quality compensations also decreased.

Finance costs

The Group's finance costs increased by 3.9% from RMB 58.0 million in FY14 to RMB 60.2 million in FY15 mainly attributable to the increase in interest expenses by about RMB2.2 million, resulting from the increase in interest-bearing loans and borrowings, which was partially offset by the reduction in bank loan interest rates.

Income tax expense

The increase in income tax expense was due to the net profit generated from the Shaanxi subsidiary and Henan subsidiary. In addition, certain loss-making subsidiaries did not recognise deferred tax assets due to the uncertainty of their future taxable profits. Therefore, the effective tax rate in FY15 was higher than the statutory tax rate.

Total comprehensive income

The Group's total comprehensive income increased by 108.4% from a loss of RMB 339.8 million in FY14 to a profit of RMB 28.4 million in FY15 due mainly to a 183.2% y-o-y increase in gross profit or about RMB 170.4 million, the increase in other operation income of about RMB 9.2 million, the decrease in other operating expenses of about RMB 151.9 million, and the decrease in administrative expenses of about RMB 44.1 million.

b) Statement of Financial Position

GROUP	<u>FY15</u>	<u>FY14</u>
Inventory turnover days	37	47
Trade receivable turnover days	27	33
Trade payable turnover days	36	40
Debt equity ratio	6.54	10.96

(i) Current assets

Current assets increased by RMB 89.2 million from RMB 502.0 million as at 31 December 2014 to RMB 591.2 million as at 31 December 2015, due mainly to the increase in trade receivables of RMB 4.5 million, the increase in other receivables, deposits and prepayments of RMB 13.9 million (mainly for prepayments to suppliers for purchasing materials), and the increase in cash and cash equivalents of RMB 112.3 million, which were partially offset by the decrease in inventories of RMB 40.7 million. Trade receivable turnover days decreased from 33 days in FY14 to 27 days in FY15. Inventory turnover days was lower at 37 days in FY15 as compared with 47 days for FY14.

(ii) Non-current assets

The decrease in non-current assets of RMB 45.1 million was mainly due to the depreciation of RMB 80.2 million, which was partially offset by the net effect of capital expenditure of RMB 42.1 million and disposal of plant and equipment of RMB 6.9 million. The additional capital expenditure is mainly used for construction of plant and equipment at our Henan plant to improve operating efficiency, upgrading and reconstruction of the existing production line at our Yishui plant to improve production capacity, and purchase of packaging containers for our finished products. There was no impairment in FY15 (FY14:RMB 137.5 million).

(iii) Current liabilities

Current liabilities increased by RMB 10.1 million from RMB 550.4 million as at 31 December 2014 to RMB 560.6 million as at 31 December 2015, due mainly to the increase in short-term interest-bearing loans and borrowings of RMB 41.0 million (including the bank note payable of about RMB 155.0 million which is secured by a pledge of cash deposits of about RMB 85.0 million) and the increase in income tax payable of RMB 2.7 million. These increases were partially offset by the decrease in trade payables of RMB 9.2 million and the decrease in other payables and accruals of RMB 24.2 million. Trade payable turnover days was lower at 36 days, compared with 40 days for FY14.

The Group's debt equity ratio was 6.54 times as at 31 December 2015 compared with 10.96 times as at 31 December 2014. This was due to the increase of RMB 54.3 million in total equity resulting from the additional share capital arising from the Rights Issue and the net profit generated for FY15, partially offset by the increase of RMB 36.0 million in total interest-bearing loans and borrowings.

(iv) Non-current liabilities

Non-current liabilities decreased by RMB 20.3 million due to the decrease of RMB 5.0 million in long-term interest-bearing loans, repayment of RMB 9.8 million in interest-free loan from a director, and the decrease of RMB 5.5 million in deferred income.

(v) Shareholders' equity

As at 31 December 2015, shareholders' equity was higher than that as at 31 December 2014 due to the additional share capital of RMB 25.9 million pursuant to the Rights Issue and the net profit of RMB 28.4 million generated in FY15.

c) Cash Flows

For FY15, the Group experienced net operating cash inflow of RMB 150.1 million. This comprised operating profit before changes in working capital of RMB 163.4 million adjusted for changes in working capital of RMB 9.4 million and income taxes paid of RMB 4.0 million.

The increase in working capital was the result of mainly:

- i) an increase in trade receivables of RMB 4.7 million,
- ii) an increase in other receivables, deposits and prepayments of RMB 13.9 million,
- iii) a decrease in trade payables of RMB 9.2 million,
- iv) a decrease in other payables and accruals of RMB 23.4 million, and
- v) a decrease in amount owing to related parties of RMB 0.3 million,

which were offset by a decrease in inventory of RMB 42.2 million.

Net cash used in investing activities amounted to RMB 30.5 million in FY15. This was mainly for the purchase and construction of plant and equipment for our Henan and Shandong subsidiaries and the purchase of containers for finished products. These cash outflows were partially mitigated by the cash inflows arising from proceeds from the disposal of plant and equipment and interest income of RMB 7.8 million and RMB 3.8 million respectively.

Net cash used in financing activities was RMB 88.3 million in FY15, mainly due to payment of interest expense of RMB 60.2 million, repayment of interest-free loan from a director of RMB 9.0 million and the net increase in pledged cash deposits of RMB 81.0 million. These cash outflows were partially offset by the net increase in bank loans amounting to RMB 36.0 million and the net proceeds from the Rights Issue of RMB 25.9 million. The additional bank loans were 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 4QFY15 are consistent with the commentary under section 10 of the announcement dated 13 November 2015 on the unaudited financial statements for the third quarter and nine months ended 30 September 2015.

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

Several key factors would affect the outlook for the Group, namely, the state of the broader China economy that would have a bearing on demand for the Group's products, as well as the direction of corn prices as corn constitutes the bulk of our raw materials. The Chinese economy is likely to remain tepid as it rationalises industrial and consumer output production following rapid economic expansion. On the bright side, there would be continued demand for the Group's products that are used across diverse industries, such as food & beverage and pharmaceuticals. However, in line with the general overall business sentiments, we remain cautious in our outlook. The silver lining amidst this fluid and somewhat uncertain economic backdrop is the relatively stable corn prices that have benefited from the Chinese Government's long-standing policy of proactive intervention. Barring any changes to this policy, we expect corn prices to continue its generally stable trend and for the Group to benefit from relatively stable raw material prices.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

A final one-tier tax exempt cash dividend of S\$0.002 per ordinary share in respect of the financial year ended 31 December 2015 will be recommended.

(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

To be announced.

(d) Books closure date

To be announced.

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

Not applicable.

13 Summary of Interested Person Transactions for the financial period ended 31 December 2015

	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000)	
	Year ended	Year ended
	31/12/2015	31/12/2014
	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 FY15	RMB'000 FY14
Segment revenue by location of customers		
- PRC	2,369,618	1,973,106
- Overseas	61,818	101,806
	<u>2,431,436</u>	<u>2,074,912</u>
Capital expenditures by geographical location of assets		
- PRC	42,113	32,285
	<u>42,113</u>	<u>32,285</u>
Segment assets by geographical location of assets		
- PRC	1,268,301	1,235,455
- Overseas	16,649	5,370
	<u>1,284,950</u>	<u>1,240,825</u>

Operating segment for FY15

	Corn refining RMB'000	Animal feeds RMB'000	Others RMB'000	Corporate RMB'000	Eliminations RMB'000	Notes	Group RMB'000
Revenue:							
External customers	2,298,769	127,089	5,578	-	-		2,431,436
Intra-segment sales	34,067	-	2,816	-	(36,883)	A	-
Total Revenue	<u>2,332,836</u>	<u>127,089</u>	<u>8,394</u>	<u>-</u>	<u>(36,883)</u>		<u>2,431,436</u>
Results:							
Segment profit / (loss)							
before tax	100,866	(2,804)	(1,145)	(6,663)	(54,287)	B	35,967
Income tax expense	(7,586)	-	-	-	-		(7,586)
Interest income from banks	3,842	4	2	-	-		3,848
Interest expenses	(60,190)	(12)	(3)	(2)	-		(60,207)
Depreciation of plant and equipment	(79,105)	(858)	(925)	-	1,713	C	(79,175)
Amortization of land use right	(1,068)	-	-	-	-		(1,068)

Other non-cash income / (expenses)	7,529	-	(38)	-	-	D	7,491
Assets:							
Segment asset	1,241,278	14,858	22,855	16,649	(10,690)	E	1,284,950
Additions to non-current assets	41,544	177	392	-	-	F	42,113
Liabilities:							
Segment liabilities	1,143,247	9,145	4,515	950	589	G	1,158,446

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	1,912,286	204,160	15,114	-	(56,648)		2,074,912
Results:							
Segment (loss) before tax	(251,106)	(4,514)	(19,392)	(9,460)	(55,312)	B	(339,784)
Interest income from banks	529	9	2	-	-		540
Interest expenses	(57,937)	(11)	(3)	(1)	-		(57,952)
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 income / (expenses)	7,133	-	571	-	-	D	7,704
Assets:							
Segment asset	1,202,856	22,708	22,157	5,370	(12,266)	E	1,240,825
Additions to non-current assets	32,215	67	3	-	-	F	32,285
Liabilities:							
Segment liabilities	1,139,165	13,458	4,732	10,661	589	G	1,168,605

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 arrive at "profit / (loss) before tax" presented in consolidated financial statements:

	<u>FY15</u> RMB'000	<u>FY14</u> RMB'000
Profit from inter-segment sales	2,072	2,100
Finance costs net of interest income	(56,359)	(57,412)
Total	(54,287)	(55,312)

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 income / (expenses) comprise the following:

	<u>FY15</u> RMB'000	<u>FY14</u> RMB'000
Amortization of government grant	6,122	7,636
Reversal of allowance for slow-moving inventories	1,485	249
Allowance for trade receivables	(116)	(181)
	7,491	7,704

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

	<u>FY15</u> RMB'000	<u>FY14</u> RMB'000
Inter-segment assets	(10,690)	(12,266)

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>FY15</u> RMB'000	<u>FY14</u> 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

		Group	
	FY15	FY14	Change
	RMB'000	RMB'000	%
(a) Sales reported for first half year	1,254,928	1,170,437	7.2
(b) Sales reported for second half year	1,176,508	904,475	30.1
Variance (H2 vs H1) %	(6.2)	(22.7)	
(c) Profit(loss) after tax and before attributing to minority interests for first half year	15,241	(223,496)	106.8
(d) Profit(loss) after tax and before deducting for minority interests for second half year	13,140	(116,288)	111.3
Variance (H2 vs H1) %	(13.8)	(48.0)	

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

	FY2015	FY2014
Ordinary	S\$1,188,000	-
Preference	-	-
Total	S\$1,188,000	-

The payment of the proposed final dividend of S\$0.002 per ordinary share is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

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
26 February 2016