



LUZHOU BIO-CHEM TECHNOLOGY LIMITED

1QFY15 Results Notes

May 14, 2015



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Financial Overview



Financial Highlights

- Group Revenue decreased by 5.7% y-o-y
 - Corn refining
 - Sales volume ↑ 2.1%; weighted average selling price ↓ 0.5%
 - Animal feeds
 - Sales volume ↓ 49.6%; weighted average selling price ↓ 5.8%
- Gross profit margin of 10.1%, 173.0% higher y-o-y;
 - Corn refining: 10.7%, 154.8% higher y-o-y;
 - Animal feeds: 2.2%, 83.3% higher y-o-y;
 - Others : 33.1%, 252.5% higher y-o-y;
- Net Profit Margin of 1.6%
 - 122.5% higher y-o-y
- Cash and cash equivalents of RMB185.6 million as at 31 March, 2015
(RMB54.6 million as at 31 December, 2014)



Income Statement Highlights

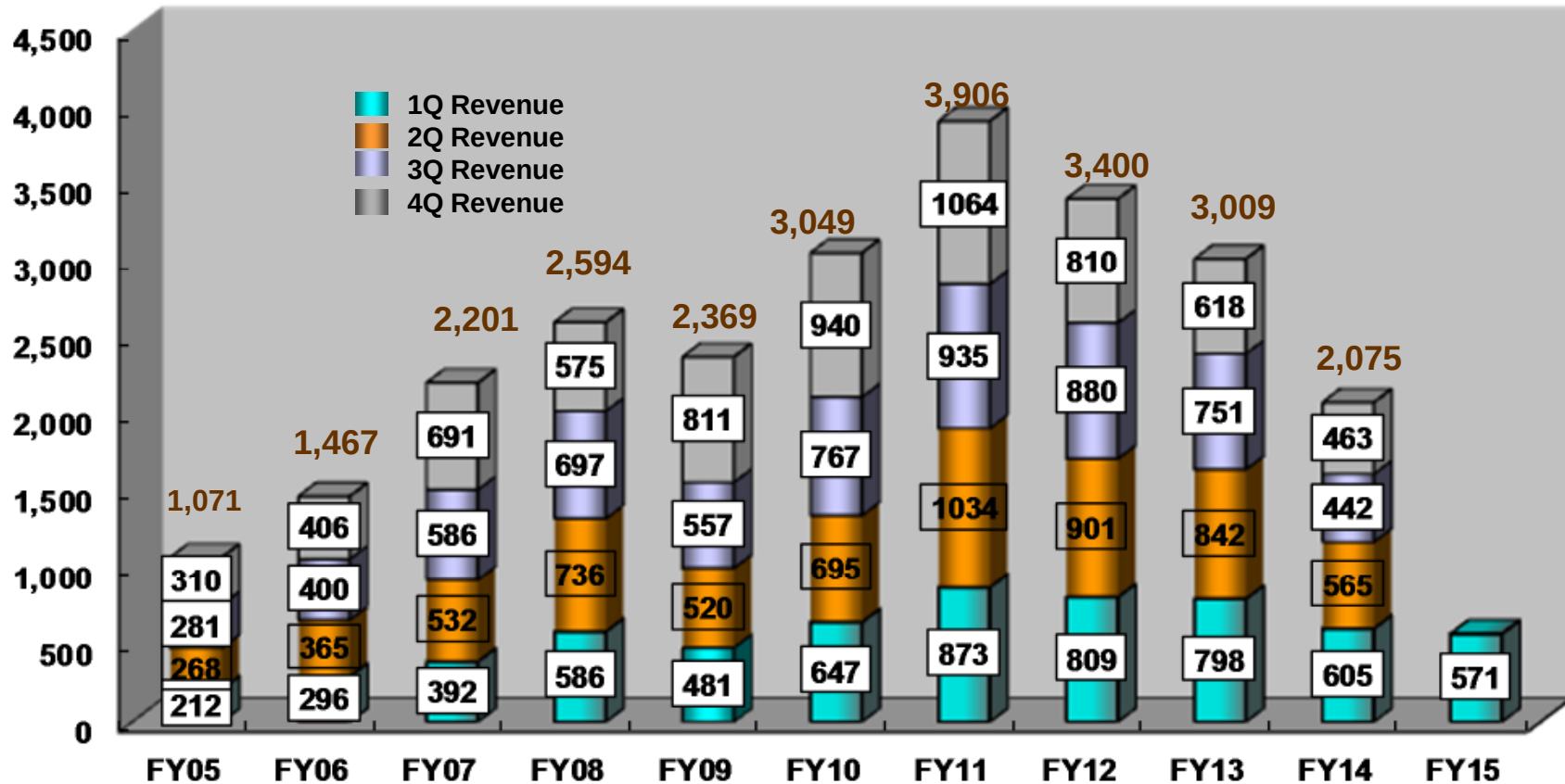
RMB'mil	1QFY15	1QFY14	y-o-y Chg (%)	4QFY14	q-o-q Chg (%)
Revenue	570.6	605.1	(5.7)	462.8	23.3
Gross Profit	57.8	22.6	155.7	18.9	206.2
Profit/(Loss) Before Tax	10.4	(42.8)	124.3	(72.2)	114.4
Net Profit/(Loss)	8.9	(42.8)	120.8	(72.2)	112.3
Gross Profit Margin	10.1%	3.7%	173.0	4.1%	146.3
Net Profit/(Loss) Margin	1.6%	(7.1%)	122.5	(15.6%)	110.3

1Q: Three months ended March 31 4Q: Three months ended December 31



Revenue

RMB'mil



FY: Year ended December 31

2Q: Three months ended June 30

4Q: Three months ended December 31

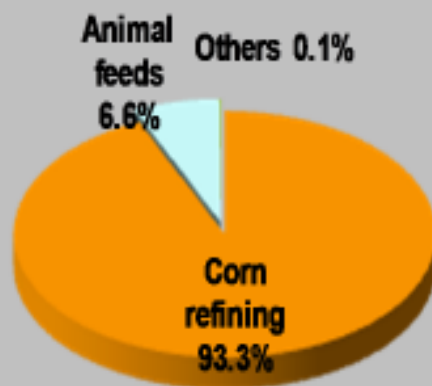
1Q: Three months ended March 31

3Q: Three months ended September 30



Revenue by Product Categories

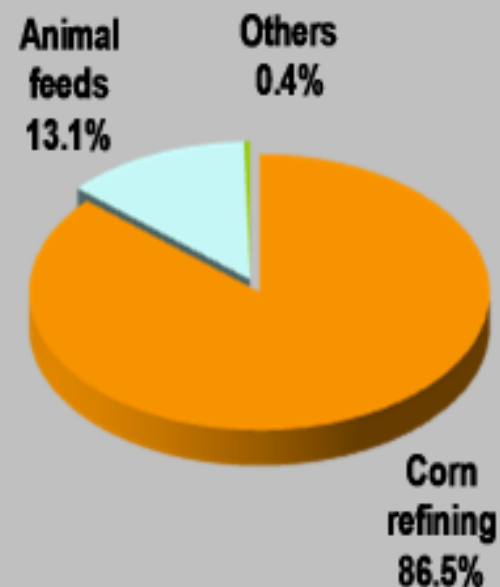
1QFY15



Total Revenue: RMB570.6 mil

1Q: Three months ended March 31

1QFY14

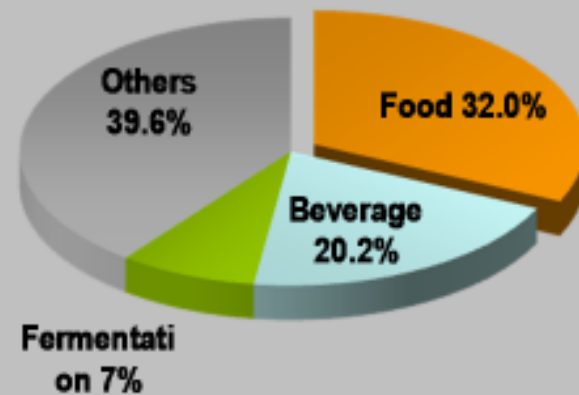


Total Revenue: RMB605.1 mil



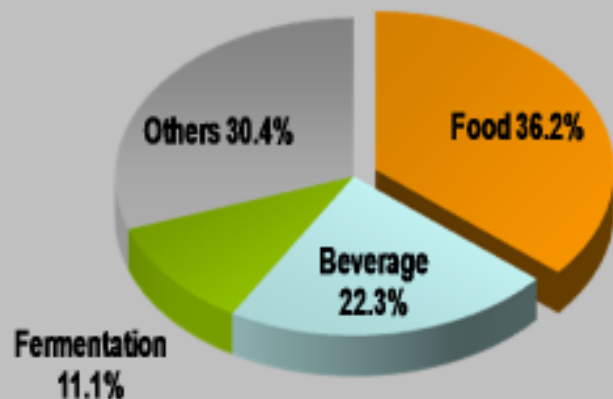
Revenue by Industries

1QFY14



Total Revenue: RMB605.1 mil

1QFY15



Total Revenue: RMB570.6 mil

1Q: Three months ended March 31



Balance Sheet Highlights

RMB'mil	As at end 1QFY15	As at end FY14	Chg (%)
Current Assets	683.0	502.0	36.1
- Cash & Cash Equivalents	185.6	54.6	239.9
- Inventories	259.4	238.9	8.6
- Trade and Other Receivables	235.7	207.6	13.5
Fixed Assets	678.1	692.0	(2.0)
Total Assets	1,407.6	1,240.8	13.4
Current Liabilities	718.9	550.4	30.6
- Trade and Other Payables	393.4	319.5	23.1
- Short Term Borrowings	317.0	224.0	41.5
Long Term Borrowings	568.2	577.2	(1.6)
Total Liabilities	1,326.5	1,168.6	13.5
Net Assets	81.1	72.2	12.3



Balance Sheet Highlights

RMB'mil	As at end 1QFY15	As at end FY14	Chg (%)
Inventory Turnover Days	44	47	(6.4)
Receivables Turnover Days	31	33	(6.1)
Payables Turnover Days	46	40	15.0
Debt to Equity Ratio [#]	10.79	10.96	(1.6)
Price to Book Value*	0.67	0.60	11.7

[#] Total interest bearing loans / Total equity

* Based on share price of RMB 0.14 as at April 23, 2015

1Q: Three months ended March 31

FY: Year ended December 31



Cash Flow Statement Highlights

RMB'mil	1QFY15	1QFY14	Chg (%)
Net Cash Generated from / (Used in) Operating Activities	67.5	(12.8)	627.3
Net Cash (Used in) Investing Activities	(5.4)	(0.3)	(1,700.0)
Net Cash (Used in)/Generated from Financing Activities	(45.1)	109.7	(141.1)
Net Increase in Cash & Bank Balances	17.0	96.6	(82.4)
Cash & Bank Balances at Beginning of Period	50.6	66.2	(23.6)
Cash & Bank Balances at End of Period	67.6	162.9	(58.5)

1Q: Three months ended March 31

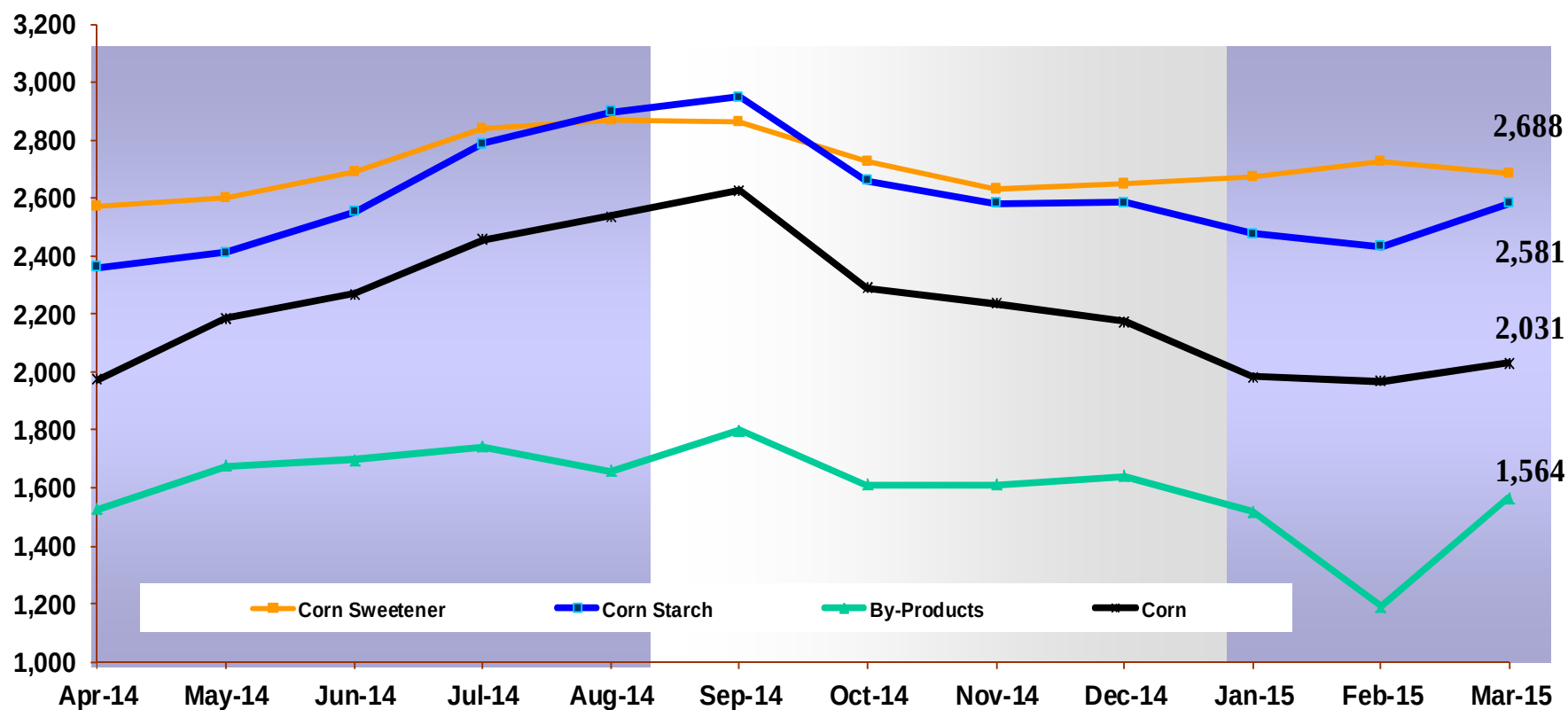


Business Outlook



Price Trends

RMB/tonnes
(excluding taxes)

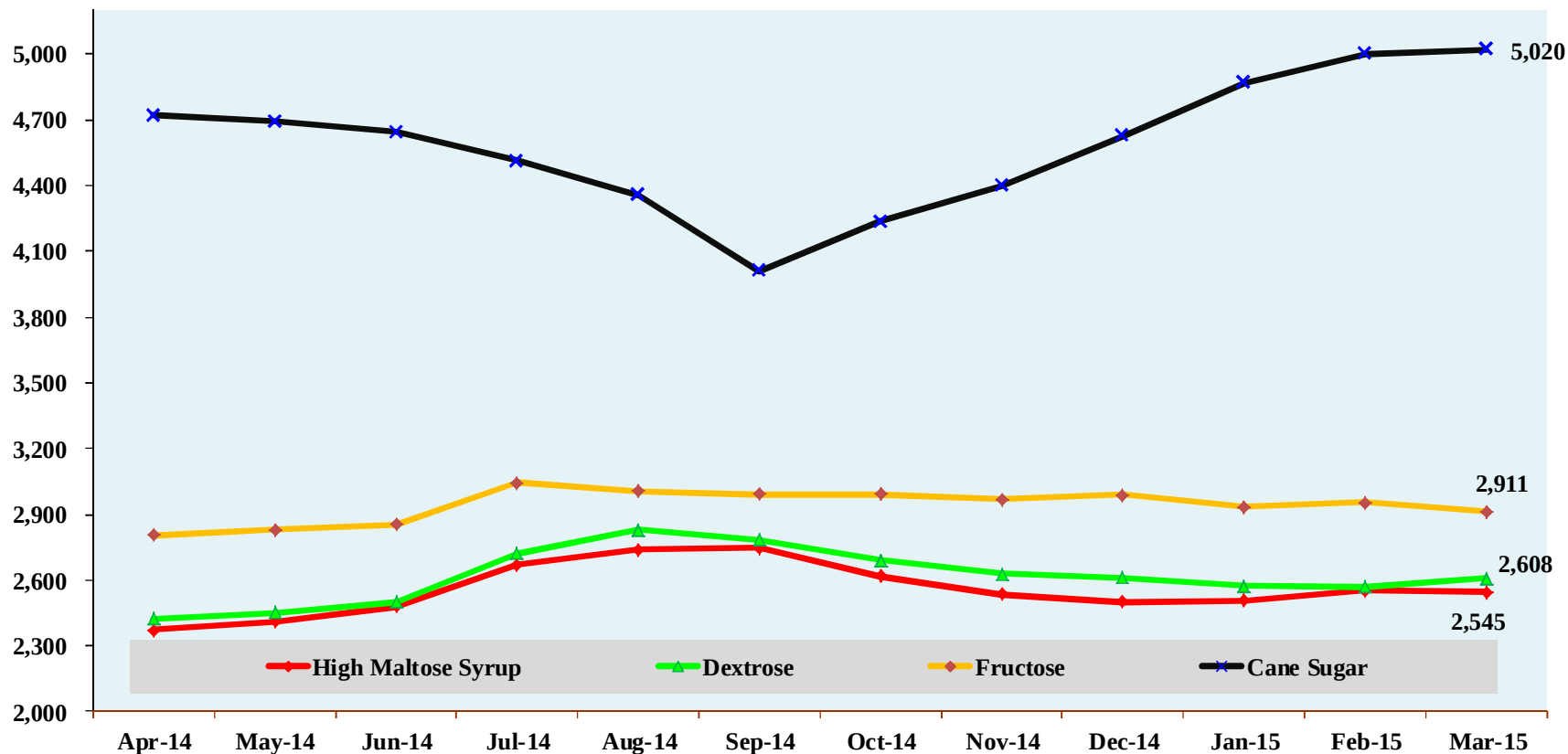


Source: Company



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			
		1QFY15		1QFY14	
		Production Capacity / (Output) (tonnes)	Utilisation Rate	Production Capacity / (Output) (tonnes)	Utilisation Rate
Yishui, Shandong	Shandong, Hebei, Anhui, Guangdong, Zhejiang	110,000 (56,200)	51.1%	110,000 (57,441)	52.2%
Pengshan, Sichuan	South-western region of PRC	35,000 (25,858)	73.9%	35,000 (21,069)	60.2%
Fushun, Liaoning	Northeast of PRC	40,000 (16,732)	41.8%	40,000 (18,163)	45.4%
Xingping, Shaanxi	Shaanxi, Shanxi, Gansu, Chongqing, Sichuan, Inner Mongolia	40,000 (35,172)	87.9%	40,000 (33,489)	83.7%
Xiping, Henan	Henan, Hubei, Hunan, Anhui, Jiangxi	35,000 (31,813)	90.9%	35,000 (25,556)	73.0%
Total Capacity		260,000 tonnes	63.8%	260,000 tonnes	59.9%



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

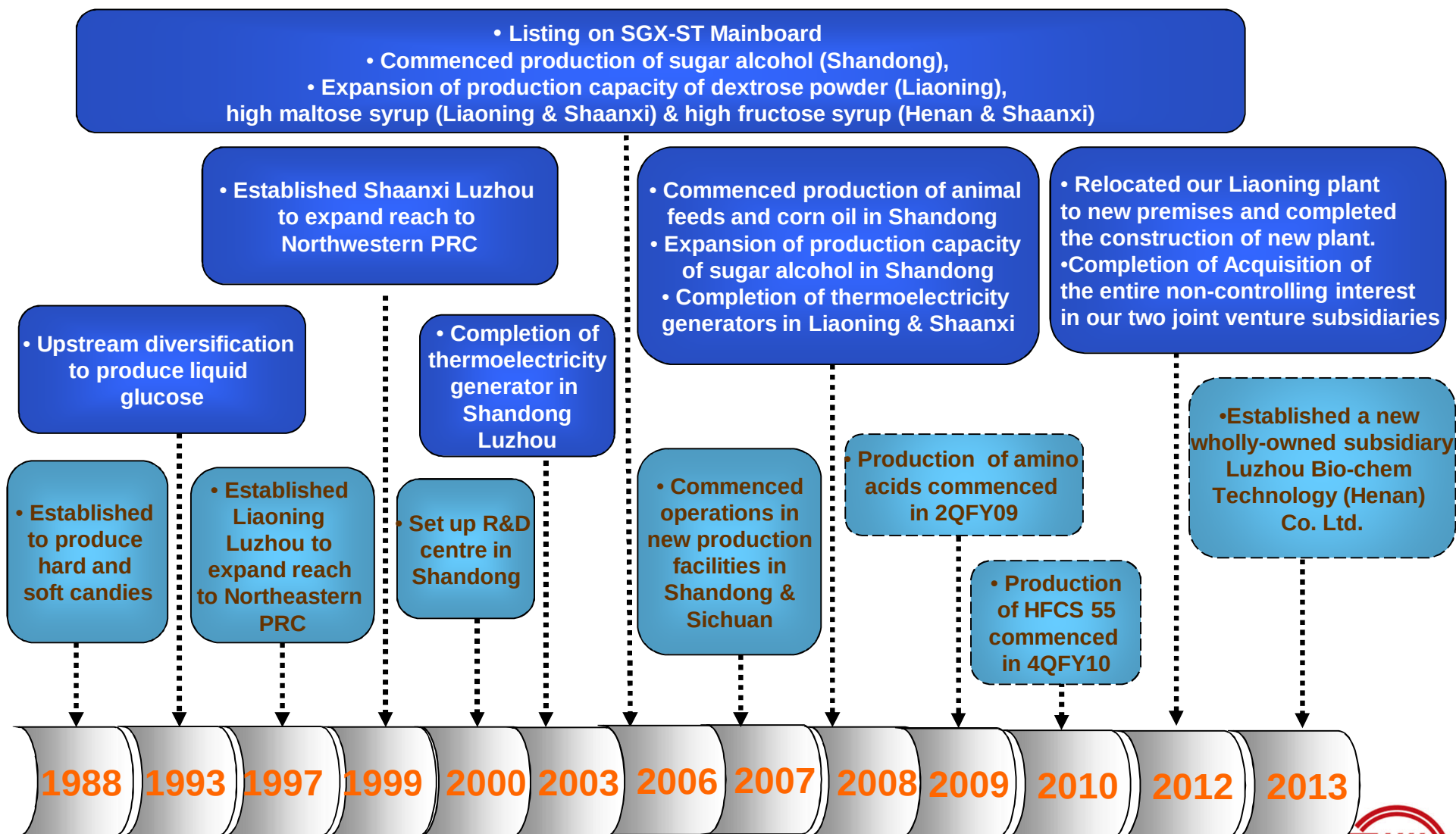
- 💡 **Market leader in maltose-related products**
- 💡 **More than 20 years of growth**
- 💡 **Capacity to produce 1,040,000 tonnes of corn sweeteners per year**

OUR COMPETITIVE EDGE

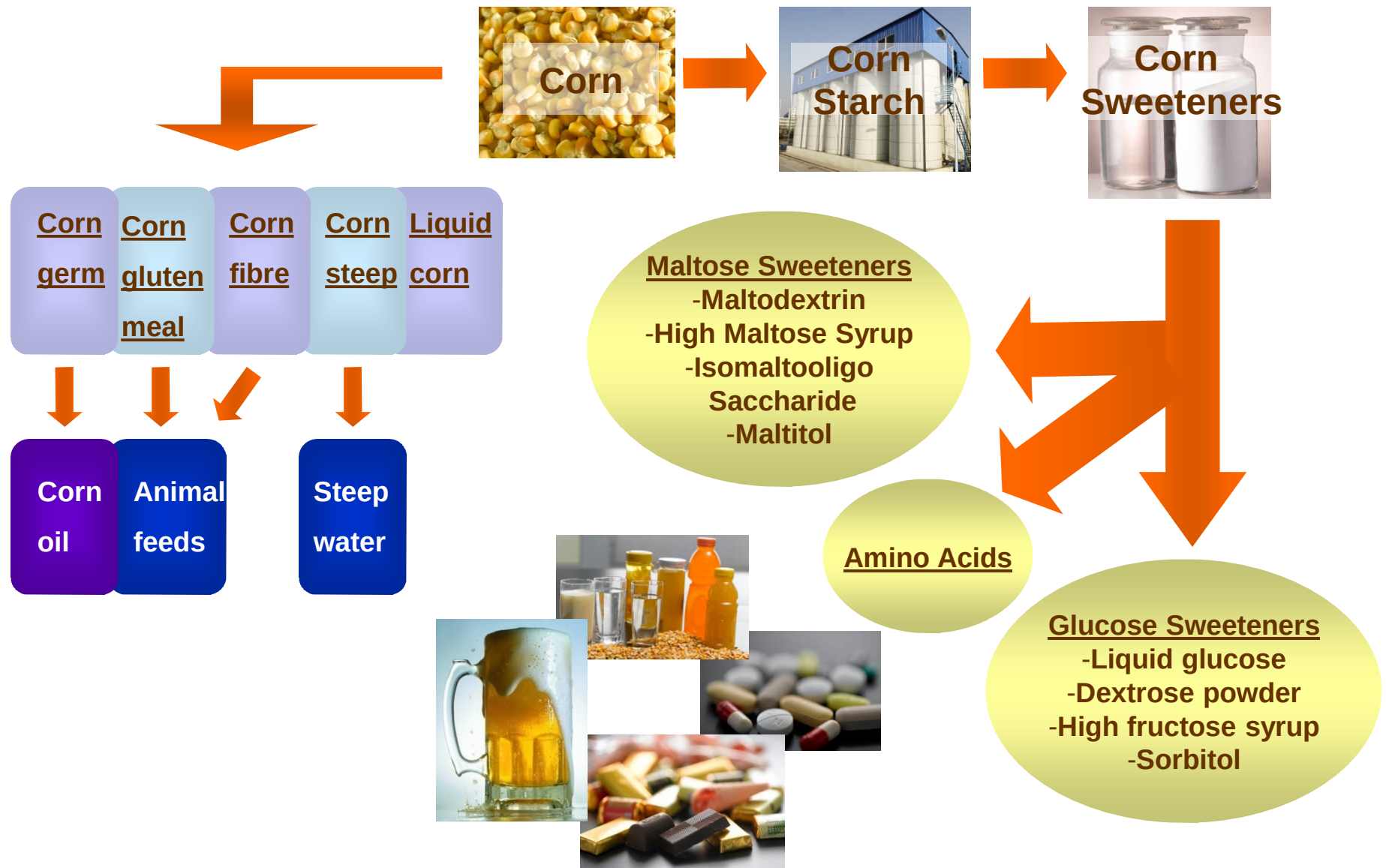
- 💡 **Long-serving core management team**
- 💡 **Production facilities located at the corn producing belt of China**
 - 💡 **Ensuring ample and competitively priced raw materials**
- 💡 **Quality products and strong branding**
- 💡 **Enhanced production efficiency:**
 - 💡 **Own power generating capabilities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



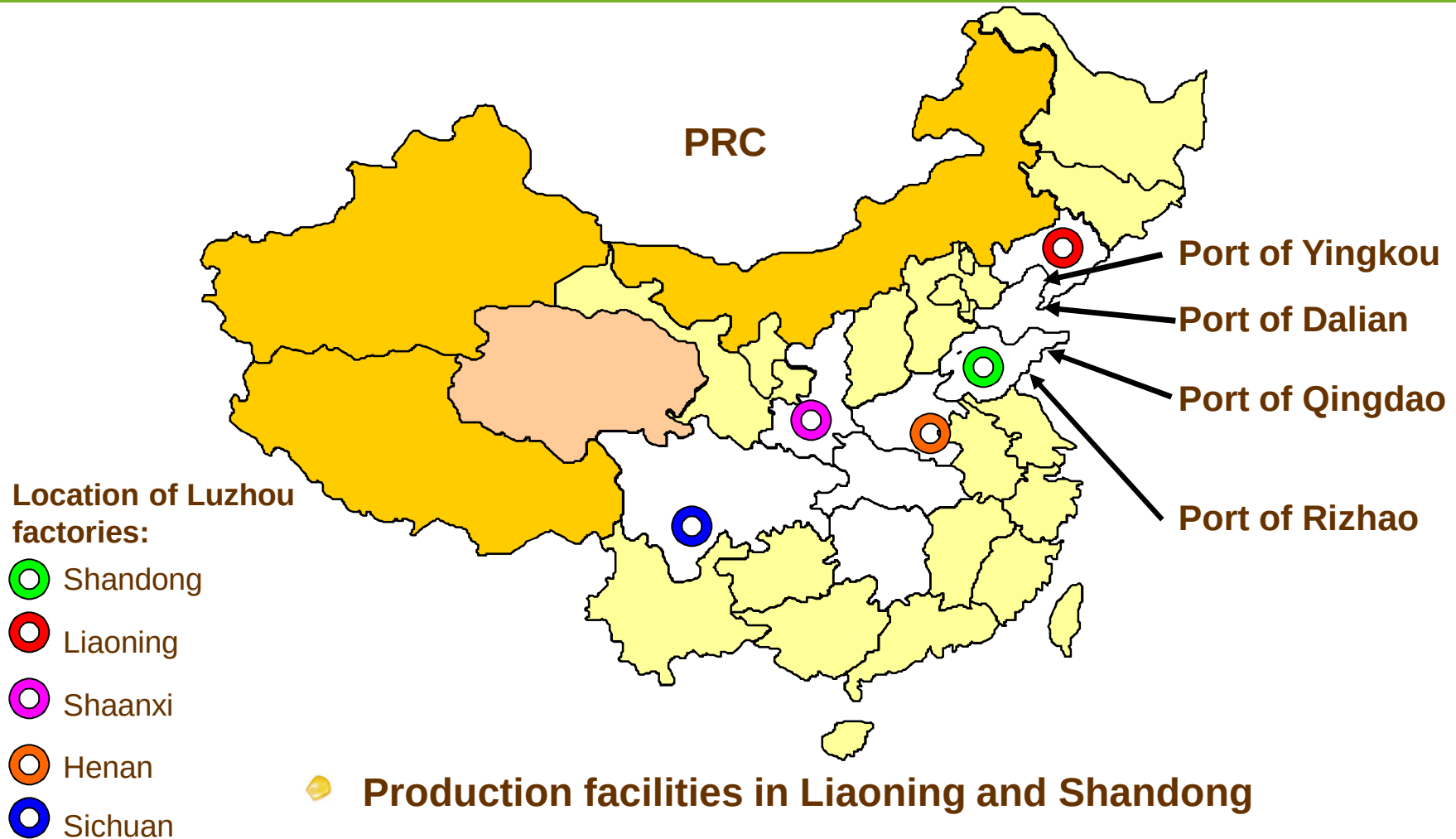
Company Milestones



Production Process

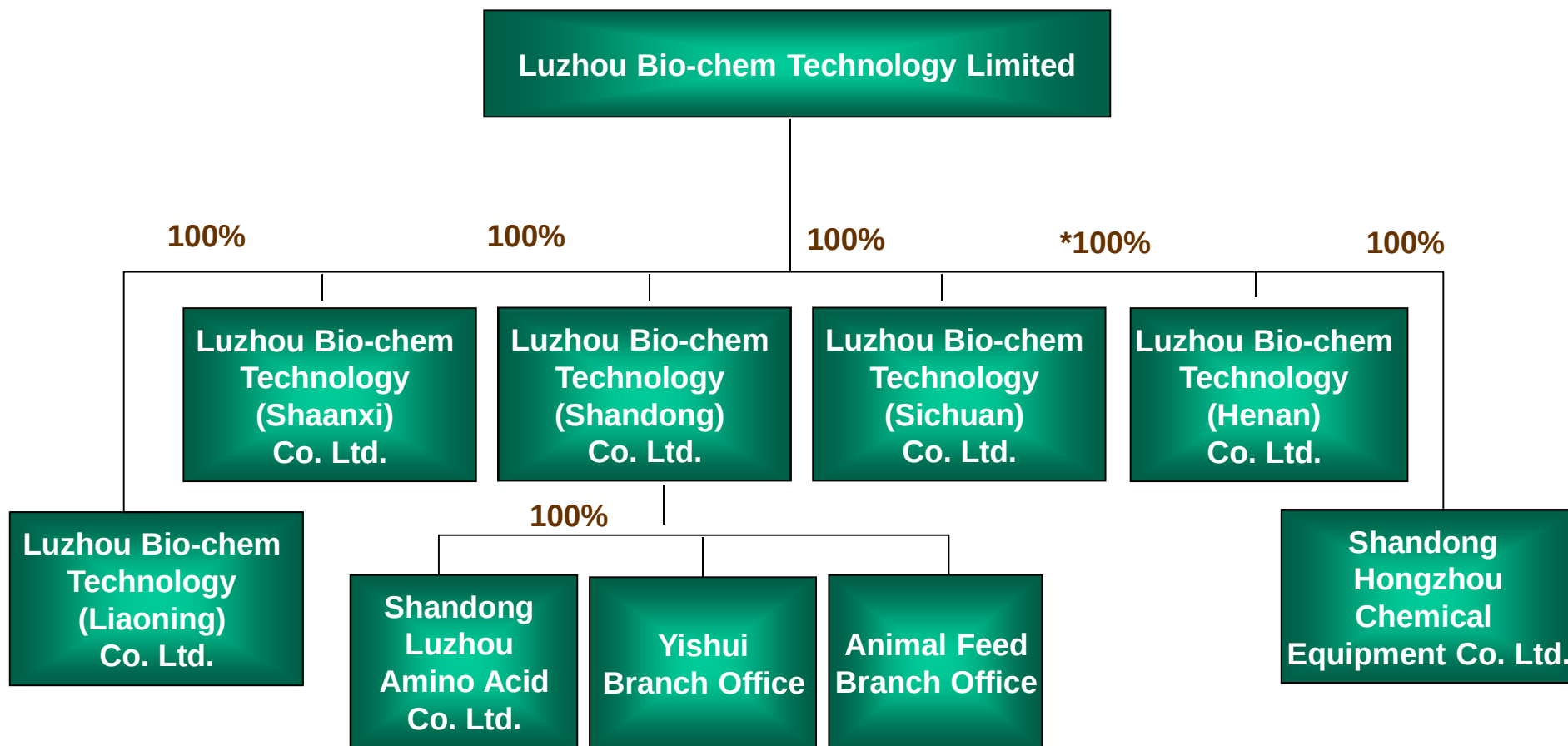


Location Advantage



Production facilities in Liaoning and Shandon
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

