



# **Global Sweeteners Holdings Limited**

## **2007 Annual Results Presentation**

**21 April 2008**

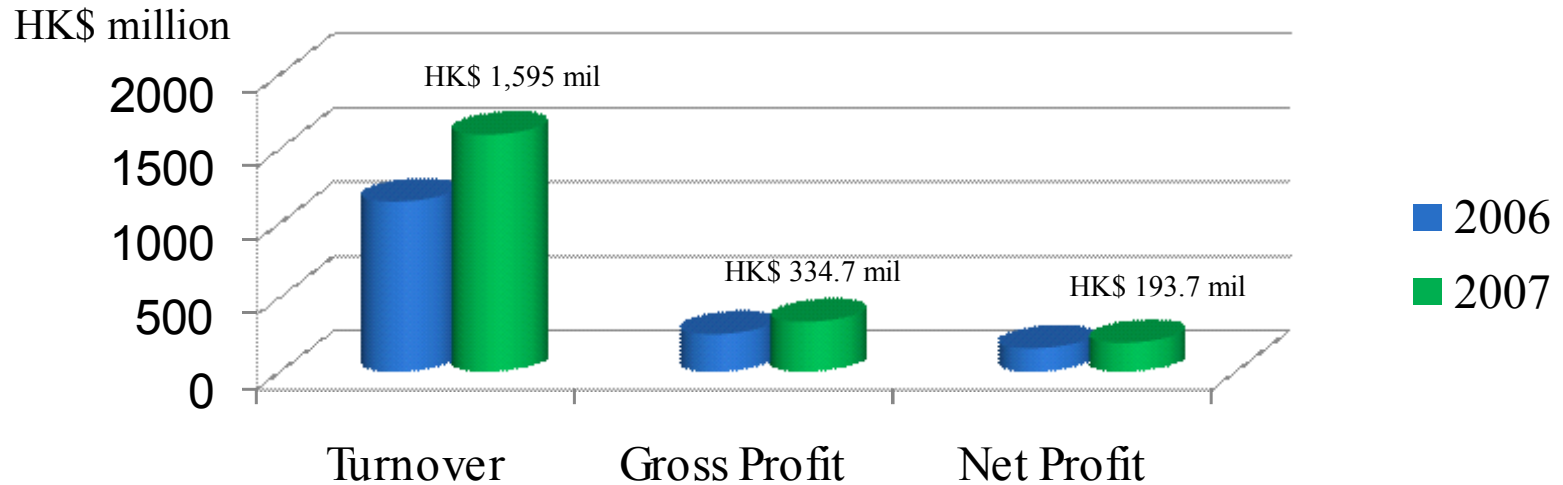
# AGENDA

- 2007 Annual Results
- Business Outlook
- Future Development



# **2007 Annual Results**

# RESULTS HIGHLIGHTS



- Turnover: HK\$ 1,595 million; ↑39% YOY
- YOY growth of 33% and 24% in Gross Profit and Net Profit
- Sales volume: ↑19% YOY with sustainable Gross Margin

# OPERATING RESULTS

HK\$ million	2007	2006	Change
Turnover	1,595	1,144	39%
Gross Profit	335	252	33%
•Gross Margin	21%	22%	(1%)
EBITDA	288	218	32%
Net Profit	194	157	24%
•Net Margin	12.1%	13.7%	(1.6%)
Basic Earnings Per Share (HK\$)	0.185	0.150	
Dividend Per Share (HK\$)	-	-	

# BALANCE SHEET

HK\$ million	31 Dec 2007	31 Dec 2006	Change
Non-current Assets	789	712	11%
Current Assets	1,394	619	125%
Current Liabilities	500	832	(40%)
Cash and Bank Balances	906	43	*1999%
Shareholder's Equity	1,280	357	258%
Interest Bearing Loan	525	218	141%

\* The Group is listed on the Main Board of SEHK in Sep 2007 and raised HK\$657million

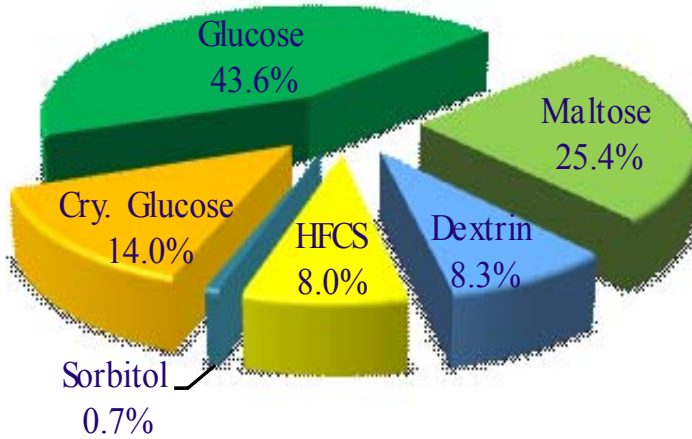
# KEY FINANCIAL RATIOS

	31 Dec 2007	31 Dec 2006
Current Ratio	2.79	0.74
Quick Ratio	2.69	0.66
Gearing [net debt (cash) / equity]	(30%)	49%
ROE	15%	44%
Inventories Turnover Days	15 days	28 days
Trade Receivables Turnover Days	81 days	138 days
Trade Payables Turnover Days	11 days	70 days

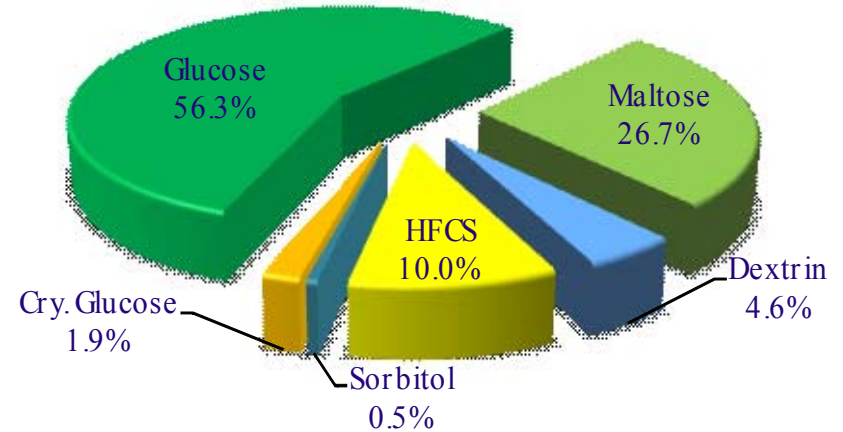


# TURNOVER BREAKDOWN

## 2007 Turnover by Products



## 2006 Turnover by Products



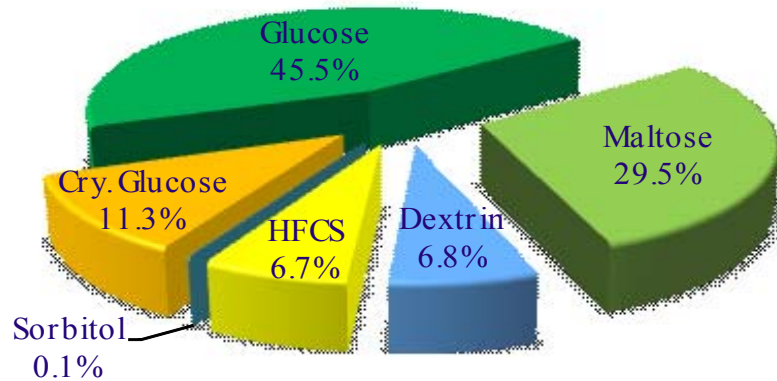
Turnover (HK\$ million)	2007	2006	Change
Glucose Syrup	696	640	9%
Maltose Syrup	405	304	33%
Maltodextrin	133	52	154%
HFCS*	128	114	12%
Sorbitol*	11	6	78%
Crystallised Glucose	223	21	946%

\* Amount attributable to the Group in the joint venture

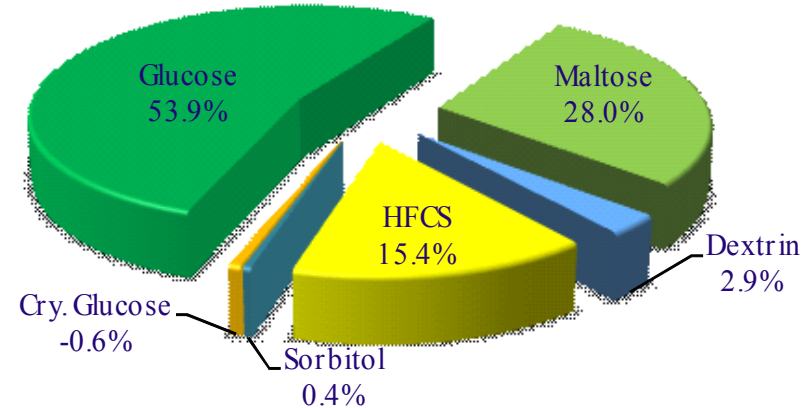


# GROSS PROFIT BREAKDOWN

## 2007 Gross Profit by Products



## 2006 Gross Profit by Products



Gross Profit (HK\$ million)	2007	2006	Change
Glucose Syrup	154	136	13%
Maltose Syrup	98	70	39%
Maltodextrin	23	7	207%
HFCS*	22	39	(42%)
Sorbitol*	0	1	(72%)
Crystallised Glucose	38	(2)	**N/A

\* Amount attributable to the Group in the joint venture

\*\* Crystallised glucose plant commenced production in Nov 2006

# GROSS PROFIT MARGIN

Gross Profit Margin	2007	2006	Change
Glucose Syrup	22%	21%	1%
Maltose Syrup	24%	23%	1%
Maltodextrin	17%	14%	3%
HFCS*	18%	34%	(16%)
Sorbitol*	3%	17%	(14%)
Crystallised Glucose	17%	(8%)	25%

\* *Joint venture of the Group*

# SALES VOLUME

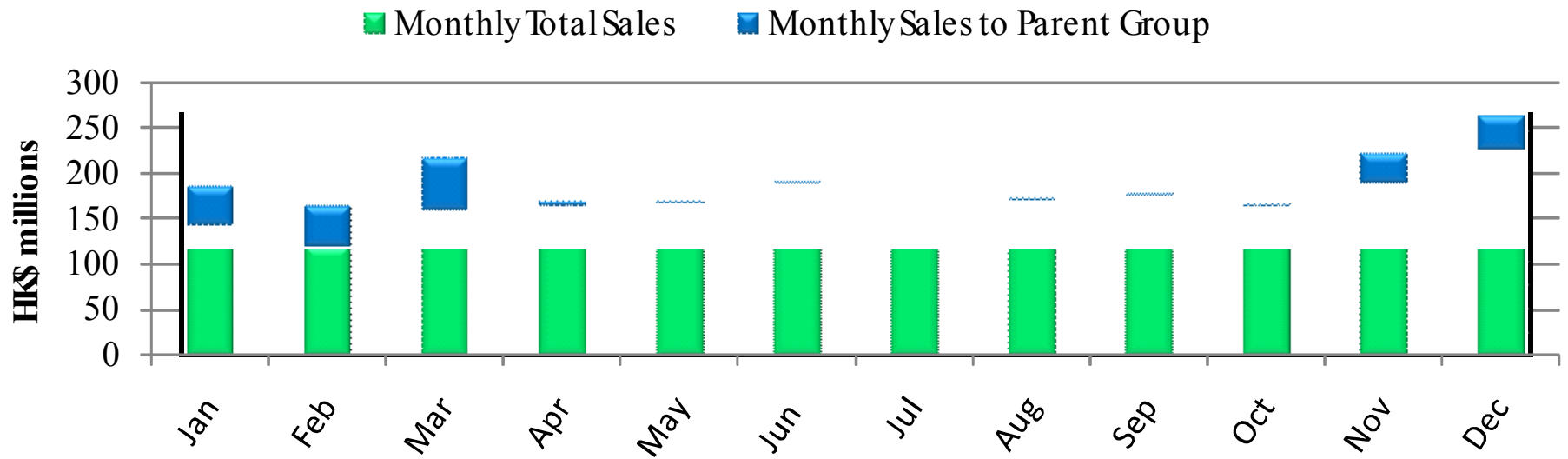
Sales Volume ('000 MT)	2007	2006	Change
Glucose Syrup	406	436	(7%)
Maltose Syrup	202	175	15%
Maltodextrin	56	24	137%
HFCS*	55	48	15%
Sorbitol*	4	3	39%
Crystallised Glucose	110	10	**1057%
<b>TOTAL</b>	<b>833</b>	<b>696</b>	<b>20%</b>

\* Amount attributable to the Group in the joint venture

\*\* Crystallised glucose plant commenced production in Nov 2006

# SALES TO PARENT GROUP

Sales to Parent Group in 2007: 14% to turnover



# OPERATING COST STRUCTURE

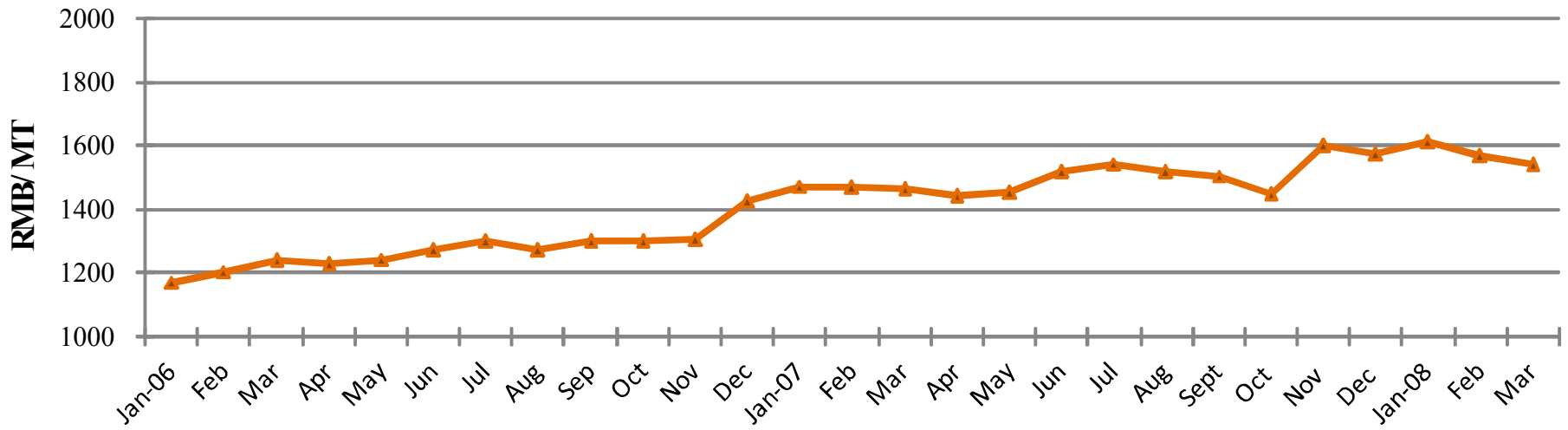
Cost Items	2007	2006
Raw Material	80.1%	81.2%
Utilities	6.6%	7.4%
Labour	0.8%	0.9%
Depreciation	2.5%	2.7%
Packaging	0.9%	0.9%
Production Overhead	1.6%	1.7%
Selling and Distribution Expenses	3.5%	3.6%
Administrative Expenses	2.7%	1.5%
Other Operating Expenses	1.3%	0.1%



# **Business Outlook**

# RAW MATERIAL: CORN PRICE OUTLOOK IN CHINA

## Corn Price Movement in China (Jan 06-Mar 08)



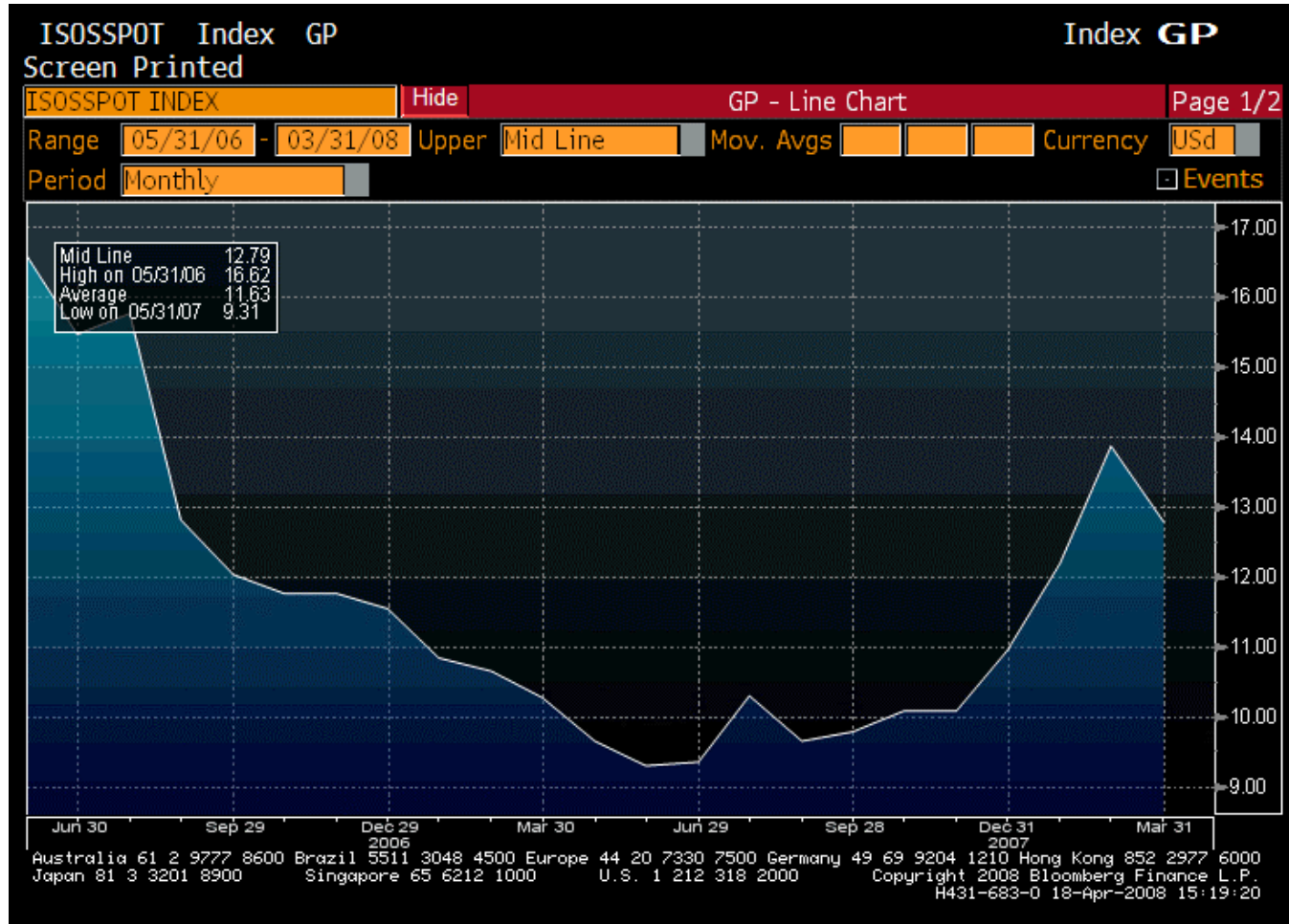
Source: eFeedLink. Based on average wholesale price from different regions

- Supply is abundant in China
  - 2007's harvest in China supplying: approx. 140 million MT
  - Industrial use demand: approx. 25 million MT
- Corn price is expected to remain at similar level in 2008



# SUGAR PRICE TREND

## International Price Movements from Jun 06 to Mar 08

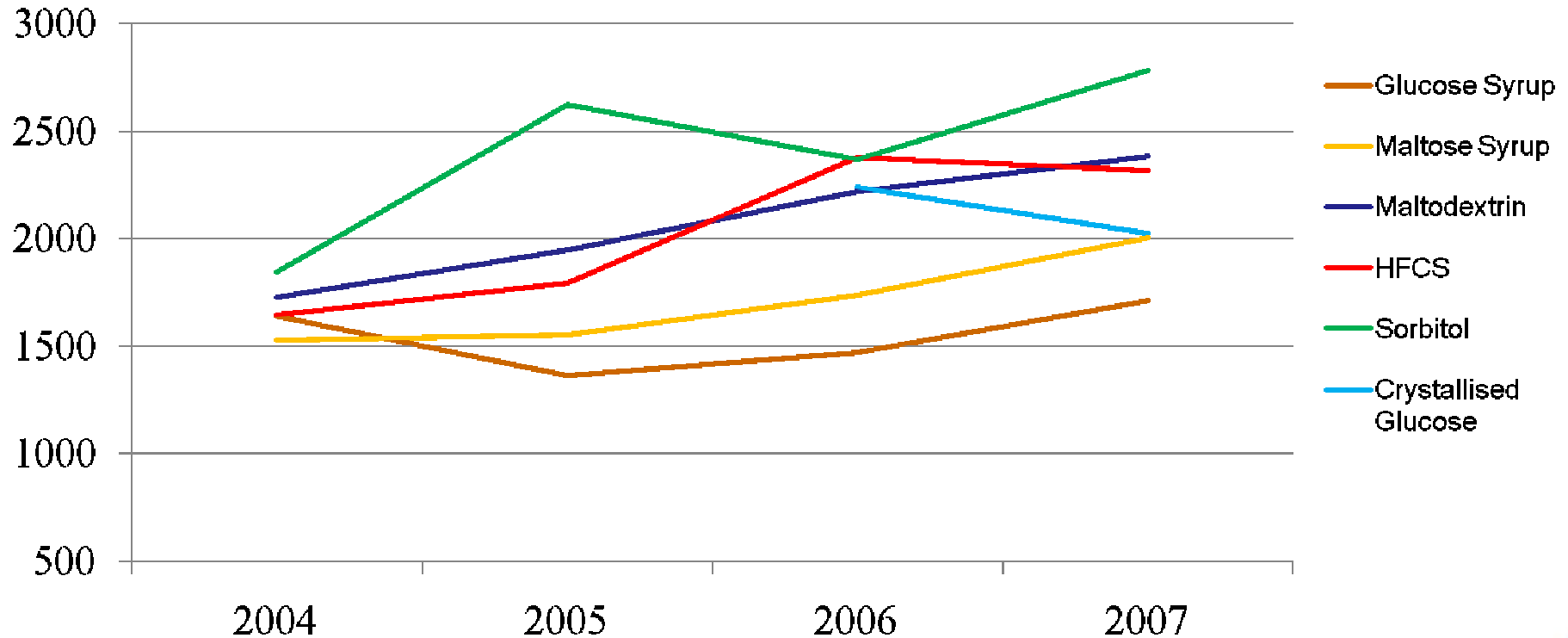


Source: Bloomberg

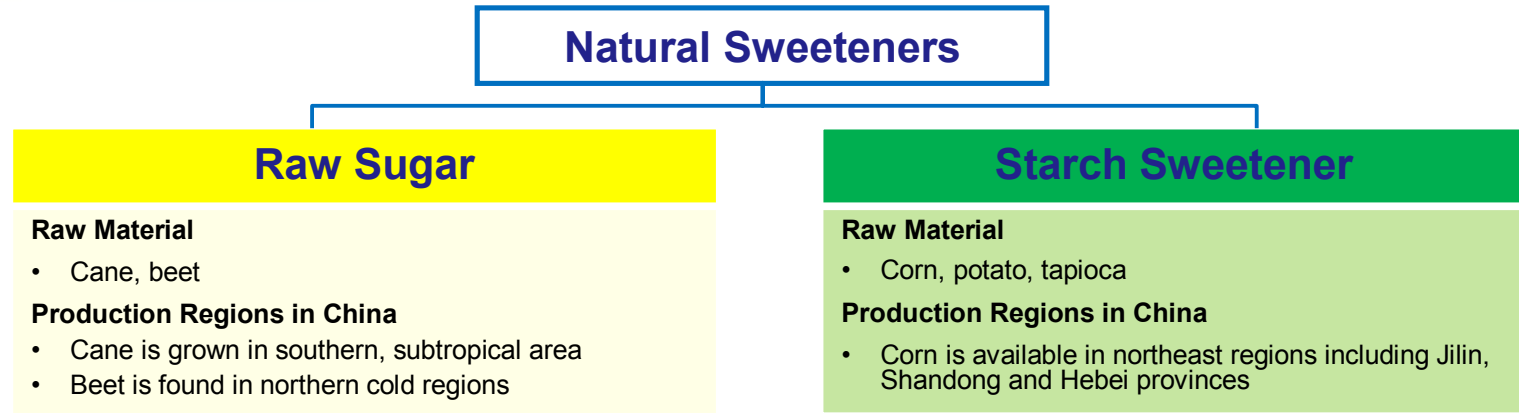
# PRICE TREND

## Average Selling Price Trend of Sweetener Products of the Group

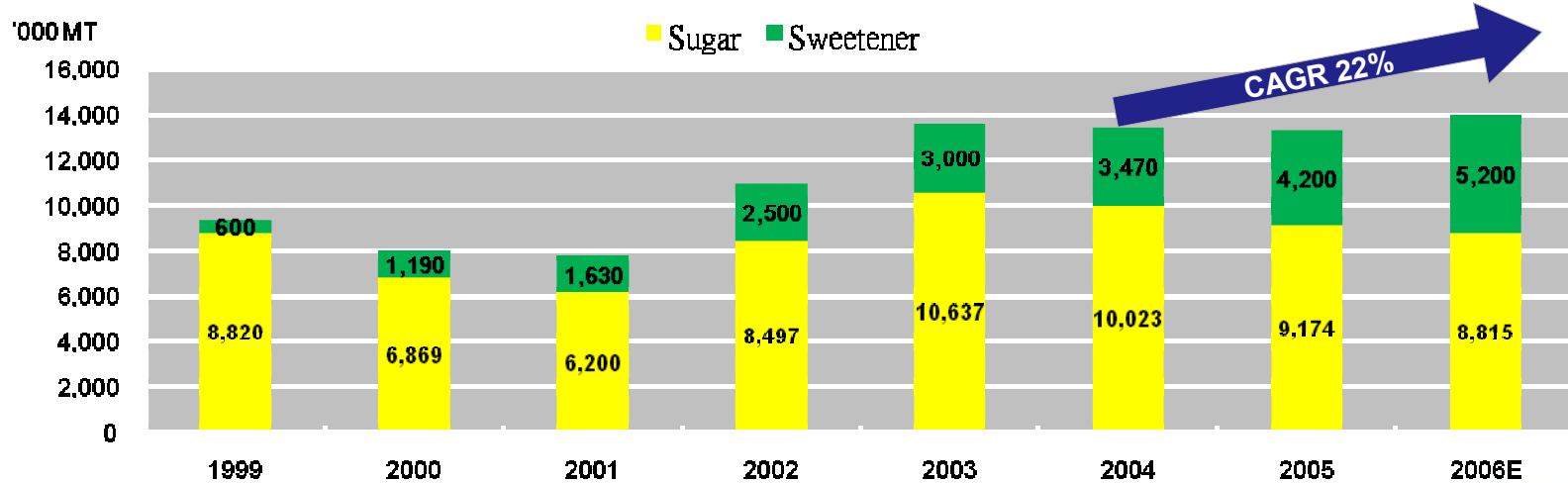
HK\$  
(Excl. VAT)



# RAW SUGAR VS STARCH SWEETENERS



**Production Volumes of Sugar and Starch Sweetener in China (1999-2006E)**



Source: China Sugar Association, DNCNET

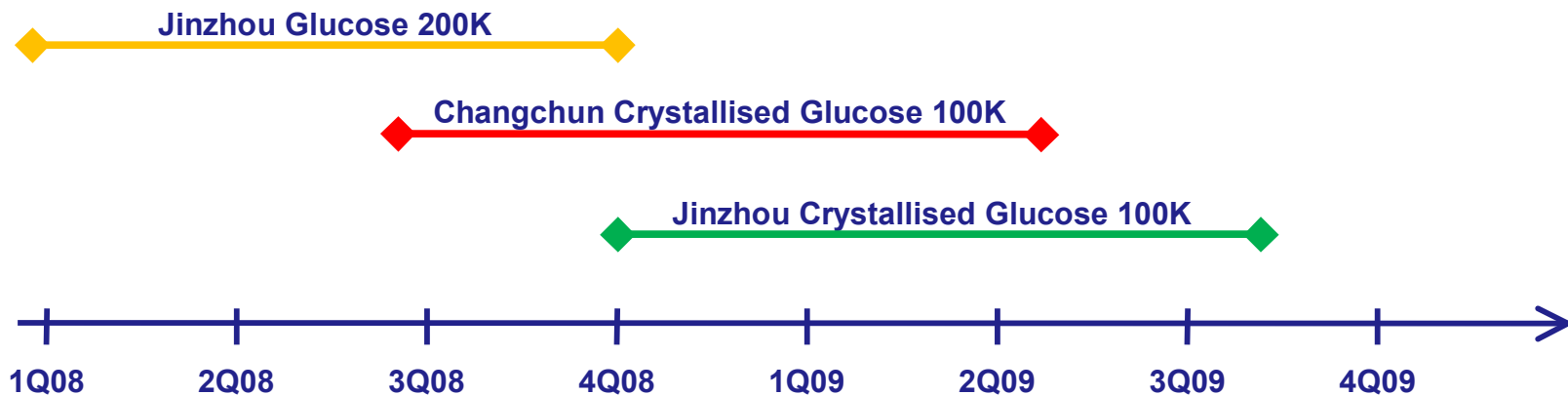


# **Future Development**

# DEVELOPMENT STRATEGIES IN 2008

- Sustainable organic turnover growth of approx. 20-25%
  - 200,000mtpa glucose/maltose plant in Jinzhou
  - 100,000mtpa crystallised glucose plant in Changchun
  - 100,000mtpa crystallised glucose plant in Jinzhou

## Construction Timetable:



# DEVELOPMENT STRATEGIES IN 2008 (CONT')

- To further enhance the growth of GLOBAL SWEETENERS with M&A strategies
  - Completion of the acquisition of the 49% interests of the sorbitol plant from the Mitsui Group to strengthen operational efficiency and management flexibility
  - To obtain a corn refinery by M&A to secure raw material (corn starch) supply
- Retail business – introducing retail packaged sweetener products to end-users:
  - Target customers:
    - Food catering industries: hotels, cafes and restaurants
    - Supermarkets and stores
  - A sales office for retail business has already been set up in Shanghai
  - Registration of trademark is now in progress
  - Product and packaging design on-going
  - Expect to launch in second half 2008

# CAPACITY EXPANSION PLANS

Designed Capacity (mtpa)	2007	2008	2009
Glucose/Maltose Syrup	620,000	820,000	1,020,000
Maltodextrin	20,000	20,000	20,000
HFCS*	120,000	240,000	360,000
Sorbitol	**60,000	60,000	60,000
Crystallised Glucose	200,000	400,000	500,000
<b>TOTAL</b>	<b>1,020,000</b>	<b>1,540,000</b>	<b>1,960,000</b>

\* Aggregate capacity in joint venture(s)

\*\* Prior to the acquisition of the 49% interest from the JV partner, the Mitsui Group in Jan 2008, the Group owned 51% interest of the sorbitol business. Immediately after the acquisition, it becomes a wholly-owned subsidiary of the Group



# ESTIMATED SALES VOLUME

Sales Volume (mtpa)	2008	2009	2010
Glucose/Maltose Syrup	500,000	500,000	570,000
Maltodextrin**	55,000	55,000	55,000
HFCS*	160,000	240,000	300,000
Sorbitol	60,000	60,000	60,000
Crystallised Glucose	200,000	350,000	400,000
<b>TOTAL</b>	<b>975,000</b>	<b>1,205,000</b>	<b>1,385,000</b>

\* Aggregate sales volume in joint venture(s)

\*\* Sales output > designed capacity due to the plant's ability to switch part of the glucose capacity to produce maltodextrin



# **Company Profile**

# CORPORATE MILESTONES

- Hao Cheng was established in Shanghai with a designed production capacity of 60,000mtpa

- CDNP (Global-Nikken JV) established to produce sorbitol with a designed production capacity of 60,000mtpa
- Acquired the 75% interest in Changchun Dihao

- Global Sweeteners Holdings Limited was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 20 September

- Acquired the remaining 49% interest in CDNP and it became a wholly-owned subsidiary of the Group

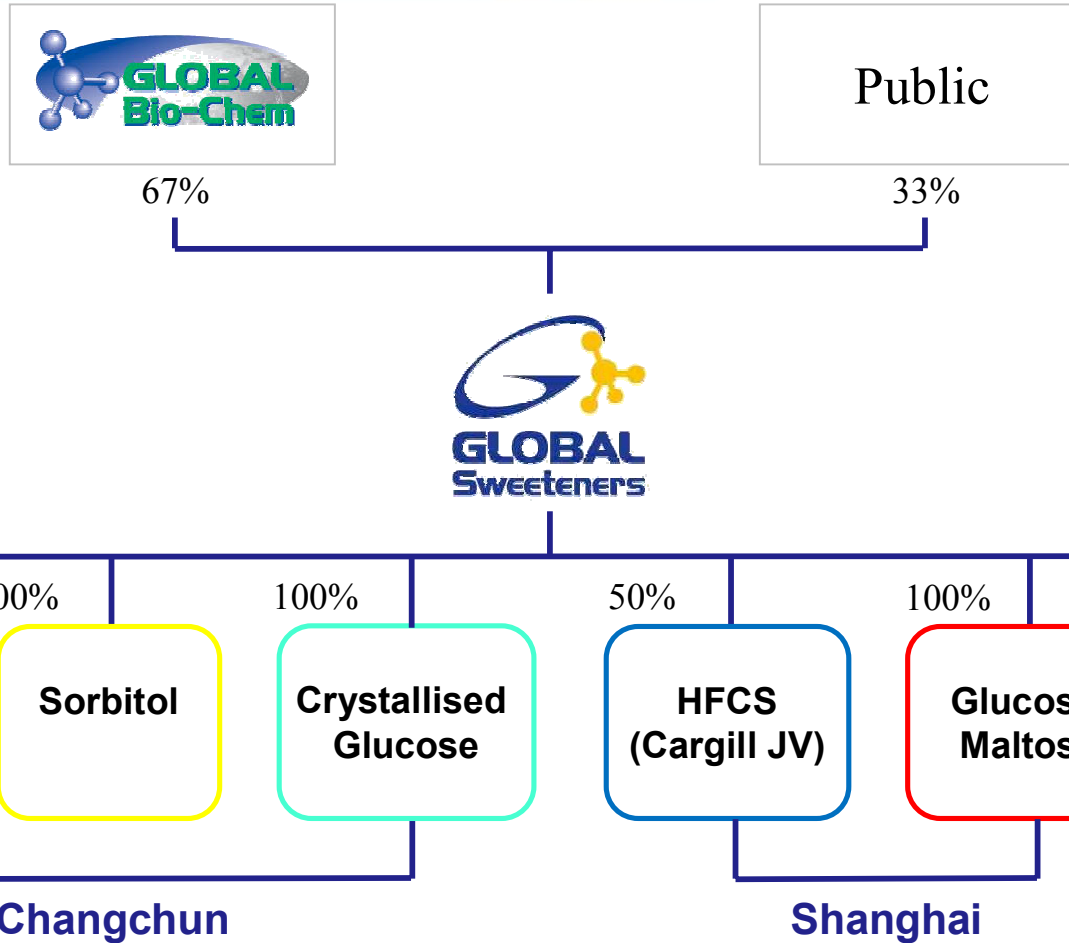
1998    1999    2000    2001    2002    2003    2004    2005    2006    2007    2008

- GCHF (GBT-Cargill JV) established and was engaged in the manufacture of high fructose corn syrup (“HFCS”) with a designed production capacity of 100,000mtpa

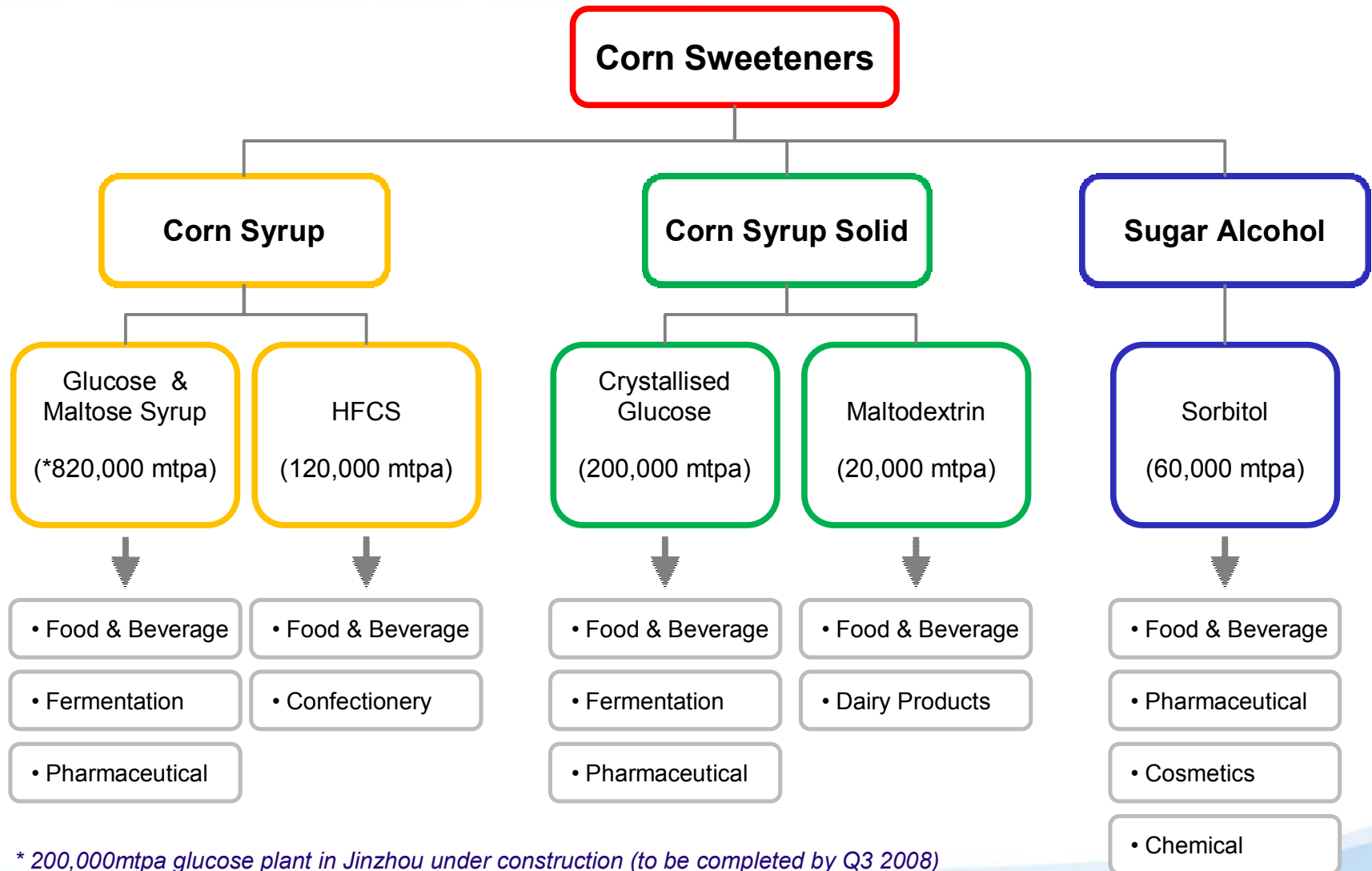
- Acquired the remaining 25% interest in Changchun Dihao

- Dihao Crystal was established to manufacture crystallised glucose with a designed production capacity of 200,000mtpa

# CORPORATE STRUCTURE



# PRODUCT TREE



\* 200,000mtpa glucose plant in Jinzhou under construction (to be completed by Q3 2008)

# GEOGRAPHICAL ADVANTAGE

## Changchun Production Facilities

- Production area of about 31,370 sq m
- Located in China's Golden Corn Belt
- Abundant supply of the major production **MATERIAL** at competitive cost

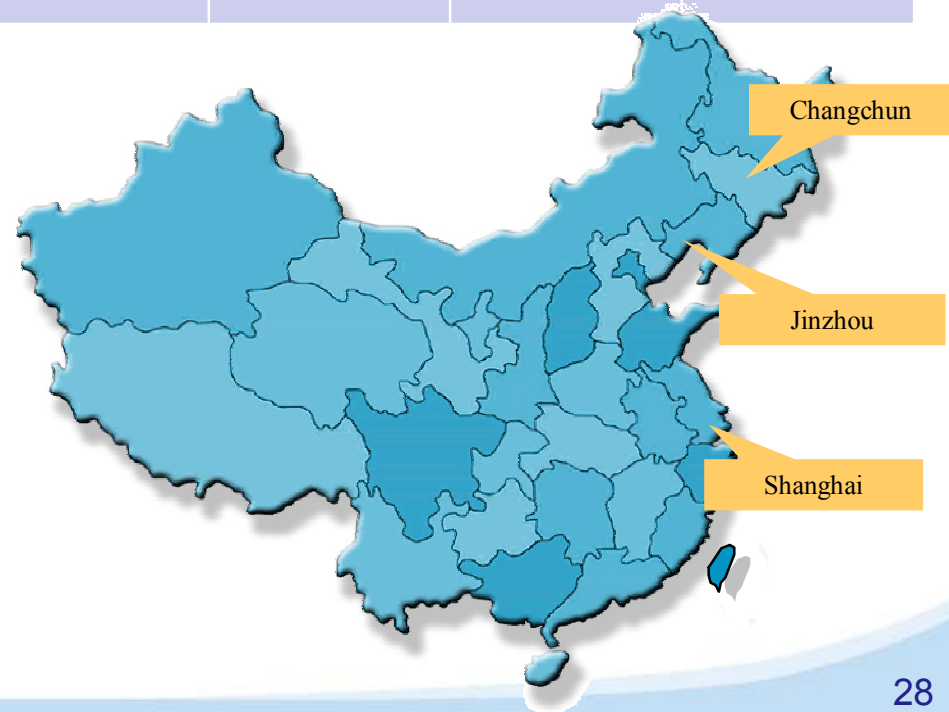
## Jinzhou Production Facilities

- Production area of about 30,000 sq m
- Located in China's Golden Corn Belt
- Abundant supply of the major production **MATERIAL** at competitive cost
- A major traffic hub (next to a deep sea port)

## Shanghai Production Facilities

- Production area of about 11,320 sq m
- Access to **CUSTOMERS** a number of large food and beverage producers in the Yangtze River Delta
- A major traffic hub

Cost Advantage	Changchun	Jinzhou	Shanghai
Corn	√√√	√√√	√√
Coal	√√√	√√√	√√
Transportation	√√	√√√	√√√





# **Global Sweeteners Holdings Limited**

## **2007 Annual Results Presentation**

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