



# **Global Sweeteners Holdings Limited**

**Interim Results Presentation 2007**

**21 September 2007**



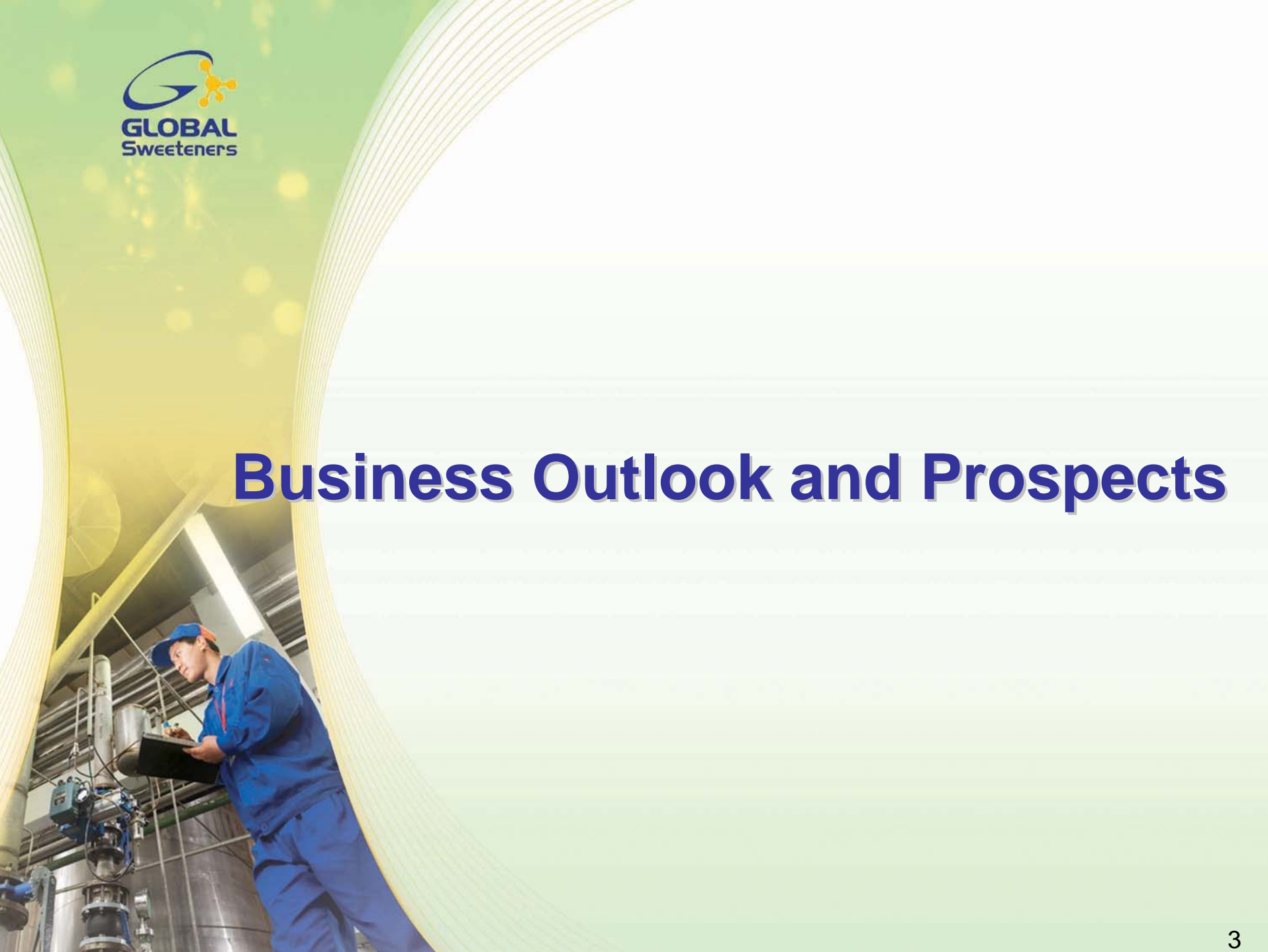
# Agenda

- Business Outlook and Prospects
- Financial Review
- Operation Review

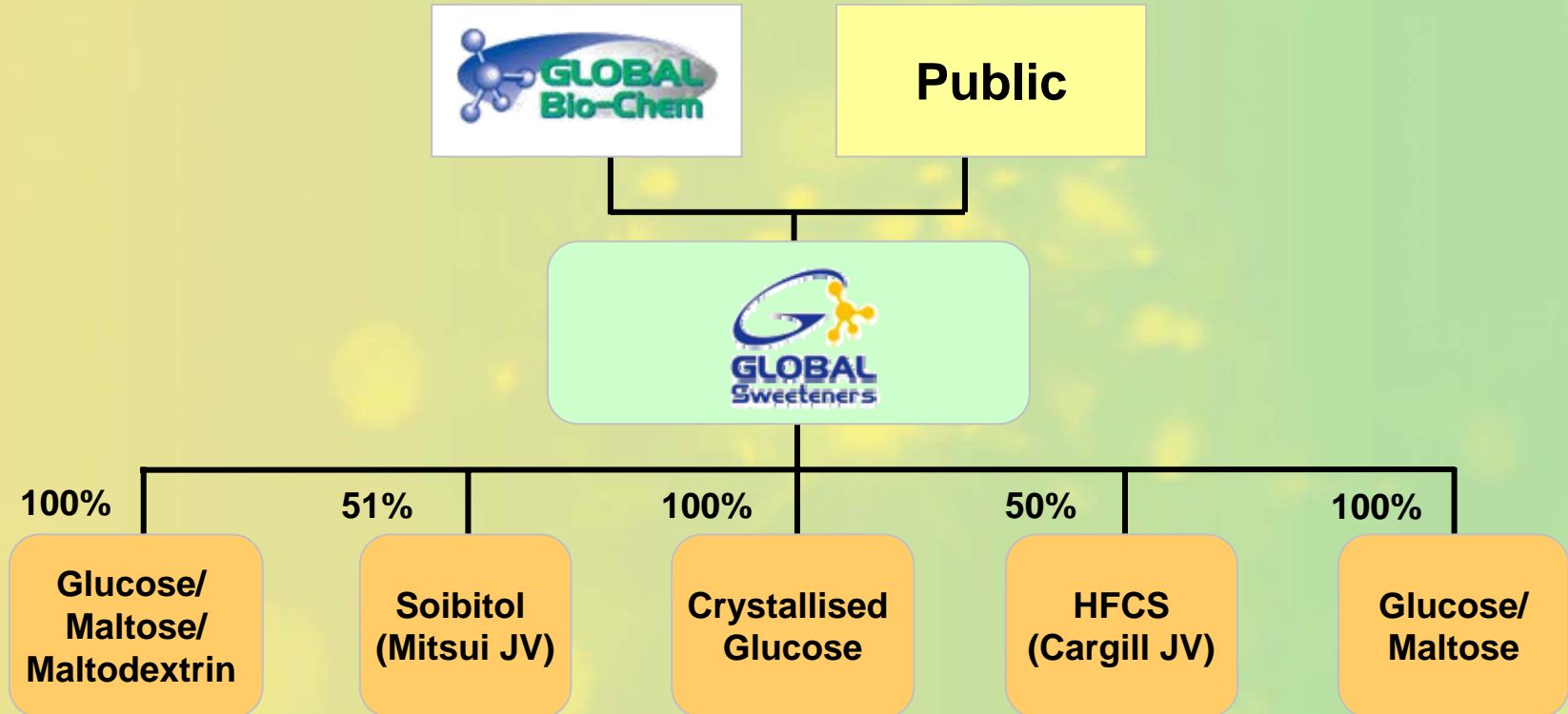
# Highlights

- One of the largest corn sweetener producers in the PRC with annual production capacity close to one million tonnes
- Leading market position in the PRC with approx. 18% market share in the starch sweeteners market
- Record strong growth in turnover: 43% YOY
- 1H net profit: HK\$100 million, a 36% growth YOY
- Sustainable gross margin at 20%

# **Business Outlook and Prospects**



# Corporate structure





# Geographical advantage

- GS's production facilities are situated in Changchun, Jilin province and Shanghai

## 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

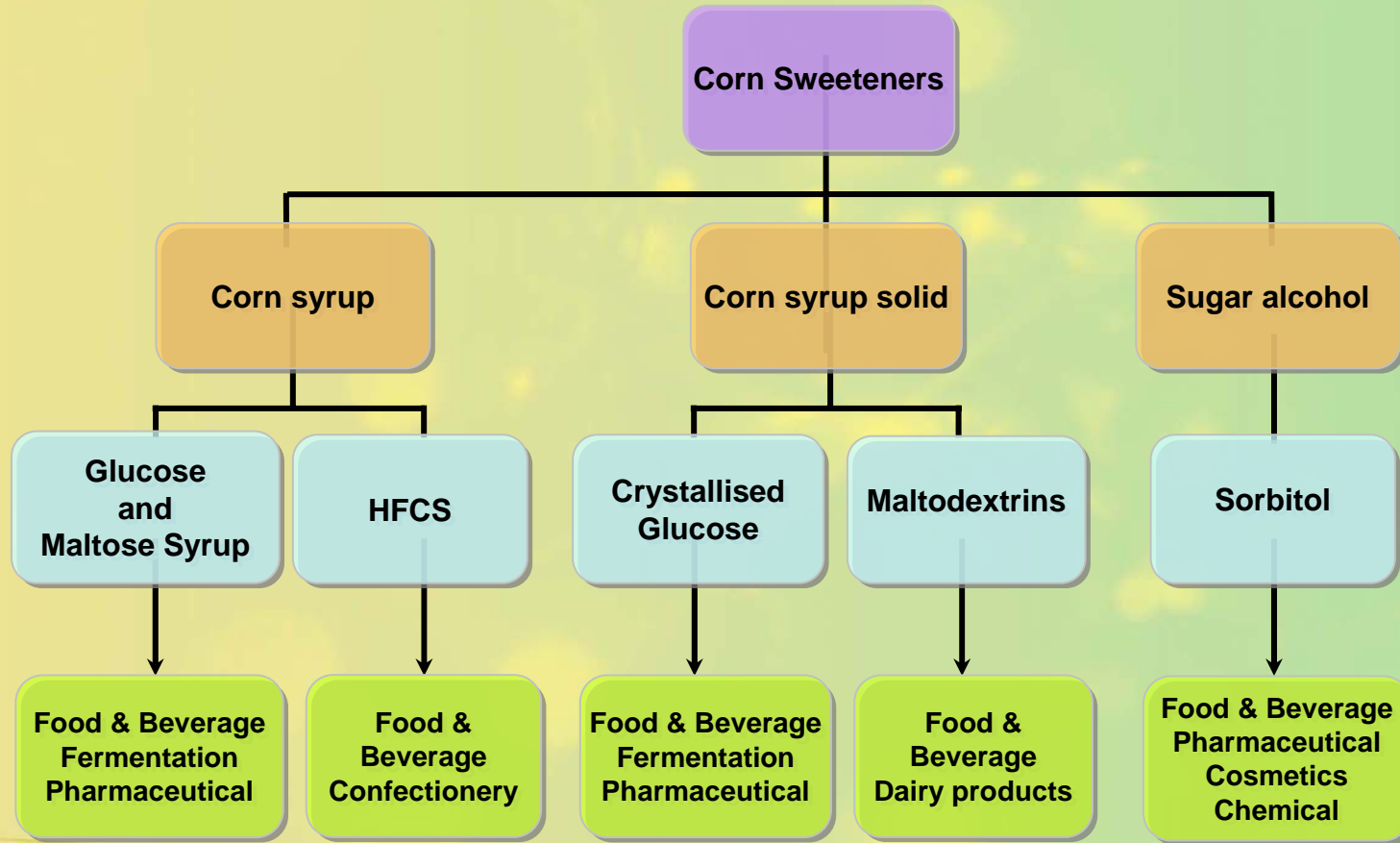
Cost Advantage	Changchun	Shanghai
Corn	👍👍👍	👍👍
Coal	👍👍👍	👍👍
Transportation	👍👍	👍👍👍

## 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



# A diversified product range with wide applications



Products  
Markets

**Sales and marketing**

# Raw sugar vs. starch sweeteners

## Natural sweeteners

### Raw Sugar

*Raw Material*

- Cane, beet

*Production Regions in China*

- Cane is grown in southern, subtropical area
- Beet is found in northern cold regions

### Starch Sweetener

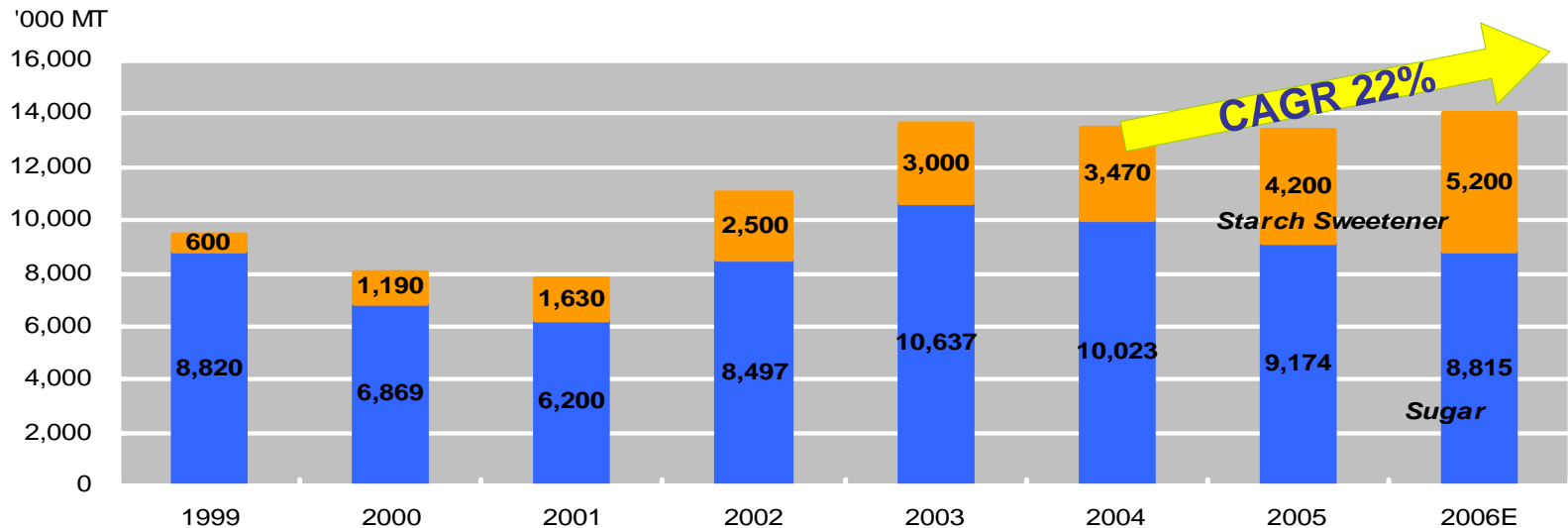
*Raw Material*

- Corn, potato, tapioca

*Production Regions in China*

- Corn is available in northeast regions including Jilin, Shandong and Hebei provinces

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

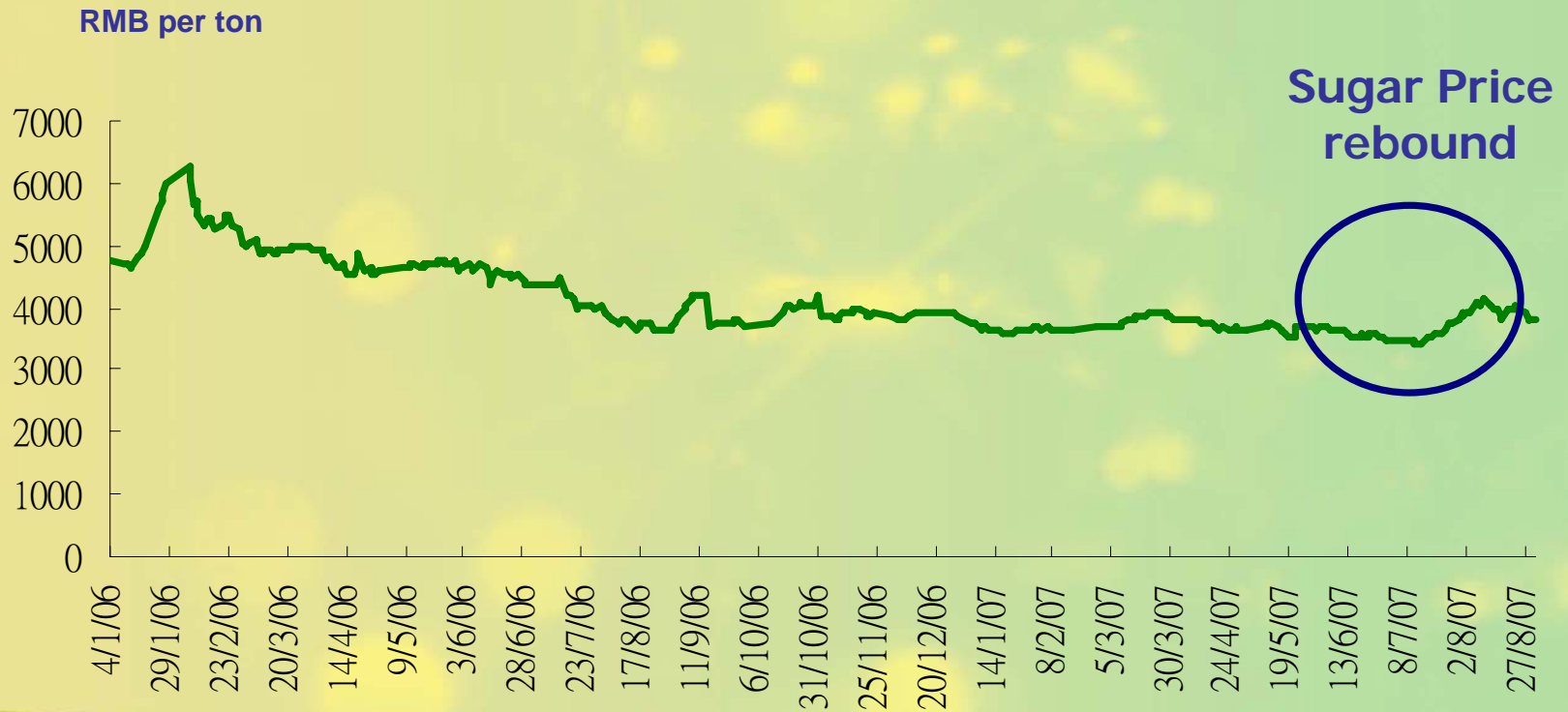


Source: China Sugar Association, DNCNET



# Price trend of world sugar and PRC sugar markets

## PRC sugar price trend from Jan 06 to Aug 07



Source: Bloomberg

# Financial Review



# Operating Results

HK\$ million	1H07	1H06	Change
<b>Turnover</b>	728	510	43%
<b>Gross Profit</b>	146	110	33%
• <b>Gross Margin</b>	20.0%	21.8%	(1.8%)
<b>EBITDA</b>	135	100	34%
<b>Net Profit</b>	100	73	36%
• <b>Net Margin</b>	14%	14%	--
<b>Basic Earning Per Share (HK\$)</b>	0.142	0.104	37%

# Balance Sheet

	30 Jun 07	31 Dec 06	Change
<b>Non-current Assets</b>	730	712	3%
<b>Net Current Liabilities *</b>	49	213	(56%)
<b>Cash and Bank Balances</b>	93	43	116%
<b>Shareholder's Equity</b>	471	357	32%
<b>Interest Bearing Loan</b>	261	218	20%

*\* Including amount due to GBT approx. HK\$300 million, subsequent to B/S date settled by two-year loan.*



# Key financial ratios

	30 Jun 2007	31 Dec 2006
<b>Current Ratio *</b>	0.94	0.74
<b>Quick Ratio *</b>	0.86	0.66
<b>Gearing</b> (net debt / equity)	38%	49%
<b>ROE</b>	42%	44%
<b>Inventories Turnover Days</b>	21 days	28 days
<b>Trade Receivables Turnover Days</b>	63 days	31 days

\* In September 2007, a two-year loan of HK\$300 million has been obtained and the relevant figures would be larger than 1.

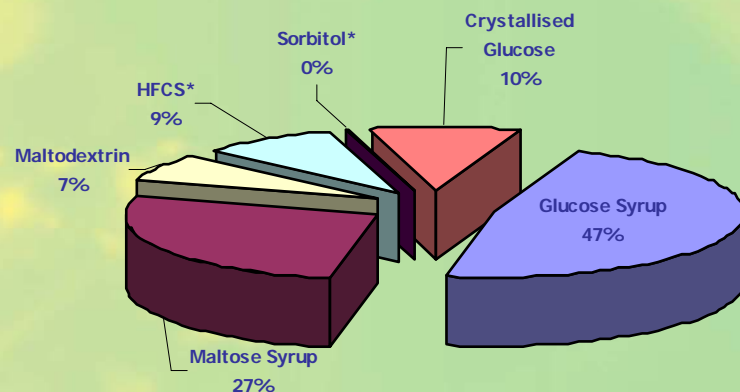
# Operation Overview



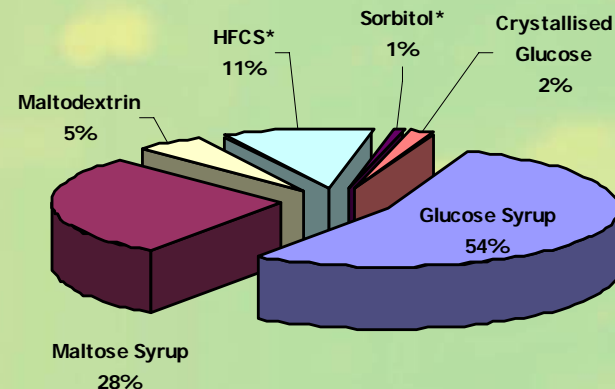
# Turnover Breakdown

Turnover (HK\$ million)	1H07	1H06	Change
<b>Glucose Syrup</b>	346	275	26%
<b>Maltose Syrup</b>	194	141	38%
<b>Maltodextrin</b>	52	25	108%
<b>HFCS*</b>	64	54	19%
<b>Sorbitol*</b>	2	4	(50%)
<b>Crystallised Glucose</b>	70	8	775%

## 1H07 Turnover Breakdown



## 1H06 Turnover Breakdown

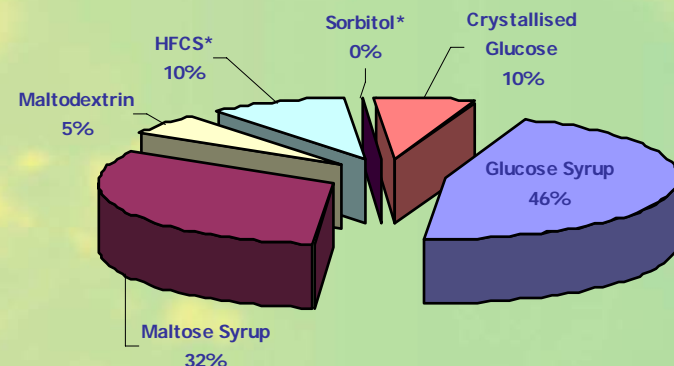


\* Portion shared by the Group in the JV

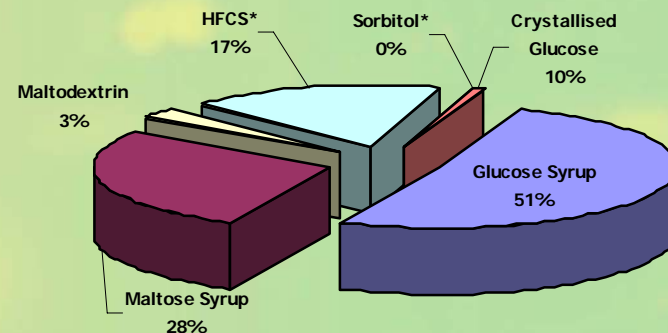
# Gross Profit Breakdown

Gross Profit (HK\$ million)	1H07	1H06	Change
<b>Glucose Syrup</b>	67	56	20%
<b>Maltose Syrup</b>	47	30	53%
<b>Maltodextrin</b>	8	3	167%
<b>HFCS*</b>	14	19	(26%)
<b>Sorbitol*</b>	0.1	0.6	(91%)
<b>Crystallised Glucose</b>	10	1	900%

## 1H07 Gross Profit Breakdown



## 1H06 Gross Profit Breakdown



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# Sales Volume

Sales volume ('000 MT)	1H07	1H06	Change
<b>Glucose Syrup</b>	213	202	5%
<b>Maltose Syrup</b>	102	85	20%
<b>Maltodextrin</b>	23	12	92%
<b>HFCS*</b>	28	23	22%
<b>Sorbitol*</b>	1	2	(50%)
<b>Crystallised Glucose</b>	33	3	1000%

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# Gross Profit Margin

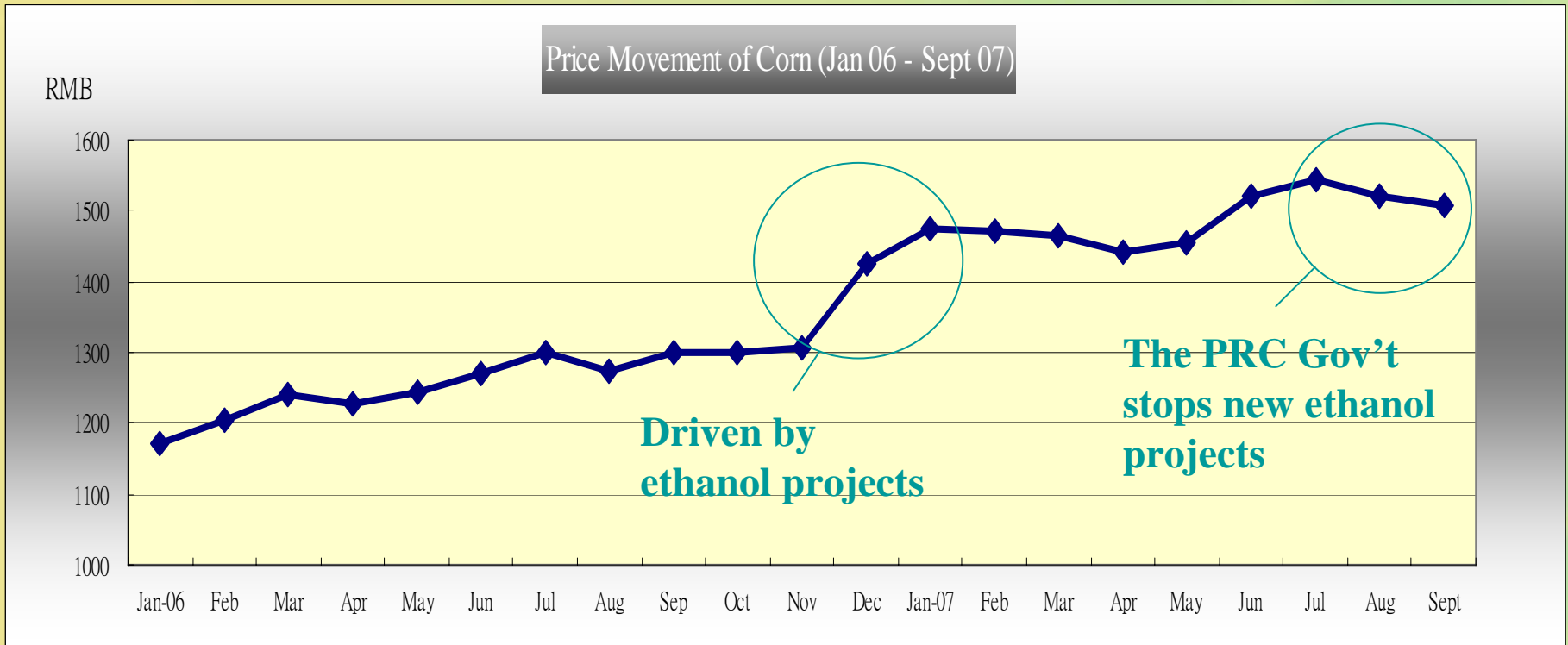
Gross Profit Margin	1H07	1H06	Change
<b>Glucose Syrup</b>	20%	20%	0%
<b>Maltose Syrup</b>	24%	22%	2%
<b>Maltodextrin</b>	16%	11%	5%
<b>HFCS*</b>	22%	36%	(14%)
<b>Sorbitol*</b>	3%	15%	(12%)
<b>Crystallised Glucose</b>	14%	13%	1%

\* Portion shared by the Group in the JV

# Operating Cost Structure

	1H07	1H06
<b>Raw Materials</b>	81.2%	79.5%
<b>Utilities</b>	7.4%	7.3%
<b>Labour</b>	0.9%	0.7%
<b>Depreciation</b>	2.7%	3.3%
<b>Packaging</b>	0.9%	0.9%
<b>Production Overhead</b>	1.7%	2.3%
<b>Selling and Distribution Expenses</b>	3.6%	4.6%
<b>Administrative Expenses</b>	1.5%	1.3%
<b>Other Operating Expenses</b>	0.1%	0.1%

# Raw material – Corn price outlook in China



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

- Supply: approx. 130 million mt
- Industrial use demand: approx. 25 million mt
- Seasonal trend: price stay low from Oct - Apr ; price rise from May - Sept
  - Only one harvest each year in October



# Future plans

## Expansion of production capacities

Designed production capacity (mtpa)	2007	2008	2009
• Glucose / Maltose Syrup	580,000	780,000	1,180,000
• Crystallised Glucose	200,000	400,000	500,000
• Maltodextrin	20,000	120,000	120,000
• HFCS *	100,000	100,000	300,000
• Sorbitol *	60,000	60,000	60,000
<b>TOTAL</b>	<b>960,000</b>	<b>1,460,000</b>	<b>2,160,000</b>

\*JV overall volume

# Estimated Output Volume

Volume (mtpa)	FY2007	FY2008	FY2009
<b>Glucose / Maltose Syrup</b>	580,000	700,000	980,000
<b>Maltodextrin</b>	45,000*	100,000	120,000
<b>HFCS*</b>	120,000	200,000	280,000
<b>Sorbitol*</b>	2,000	10,000	20,000
<b>Crystallised Glucose</b>	80,000	200,000	300,000
<b>Total</b>	<b>827,000</b>	<b>1,210,000</b>	<b>1,700,000</b>

\* Output volume > Capacity due to switch of part of the production line from Glucose to Maltodextrin in Hao Cheng.

# Use of proceeds

	Percentage
Construction of new production facilities in Jinzhou	23.8%
Construction of new production facility for glucose in Changchun	34.1%
Construction of new production facilities for crystallised glucose in Changchun	8.7%
Construction of new and more advanced production facilities	23.4%
General working capital	10.0%
	<b>100.0%</b>



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