



大成糖業控股有限公司  
**Global Sweeteners Holdings Limited**

**2008** Annual Results Presentation

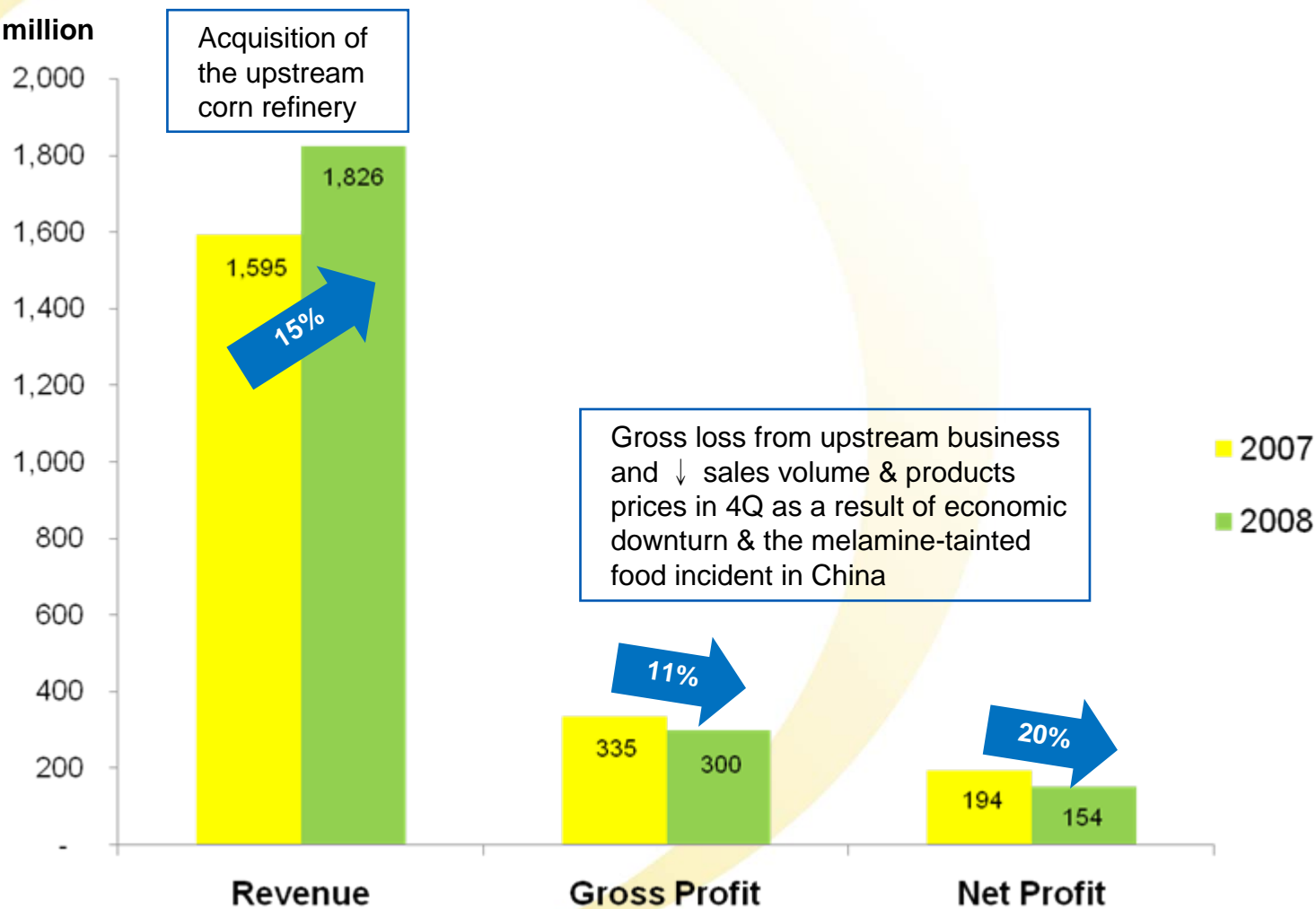
23 April 2009

# AGENDA

- Financial Review
- Operation Overview
- Business Outlook & Development Plans

# RESULTS HIGHLIGHTS

HK\$ million



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**2008** FINANCIAL REVIEW

# OPERATING RESULTS

HK\$ million	2008	2007	Change
Revenue	<b>1,826</b>	1,595	15%
• Corn Refined Products*	<b>216</b>	-	N/A
• Corn Sweeteners	<b>1,610</b>	1,595	1%
Gross Profit	<b>300</b>	335	(11%)
• Corn Refined Products*	<b>(12)</b>	-	N/A
• Corn Sweeteners	<b>312</b>	335	(7%)
Gross Margin	<b>16%</b>	21%	(5%)
• Corn Refined Products*	<b>(5%)</b>	-	N/A
• Corn Sweeteners	<b>19%</b>	21%	(2%)
EBITDA	<b>273</b>	291	(6%)
Net Profit	<b>154</b>	194	(20%)
• Net Margin	<b>8%</b>	12%	(4%)
Basic Earnings Per Share (HK cents)	<b>14.8</b>	18.5	
Dividend Per Share (HK cents)	-	-	

\* After the completion in September 2008, Jinzhou Yuancheng, a corn refinery in Jinzhou, became a wholly-owned subsidiary of the Group.

# BALANCE SHEET

HK\$ million	31 Dec 2008	31 Dec 2007	Change
Non-current Assets	<b>1,604</b>	789	103%
Current Assets	<b>1,100</b>	1,394	(21%)
Current Liabilities	<b>831</b>	500	66%
Cash and Bank Balances	<b>456</b>	906	(50%)
Shareholder's Equity	<b>1,526</b>	1,280	19%
Interest Bearing Loan	<b>622</b>	525	19%

# KEY FINANCIAL RATIOS

	31 Dec 2008	31 Dec 2007
Current Ratio	<b>1.32</b>	2.79
Quick Ratio	<b>1.02</b>	2.69
Gearing Ratio (net debt/equity)	<b>11%</b>	(30%)
ROE	<b>10%</b>	15%
Inventories Turnover Days	<b>60 days</b>	15 days
Trade Receivables Turnover Days	<b>56 days</b>	81 days
Trade Payables Turnover Days	<b>21 days</b>	11 days

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**2008**

**OPERATION OVERVIEW**



# REVENUE BREAKDOWN

Revenue (HK\$ million)	2008	2007	Change
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## Upstream

Corn Refined Products**	216	-	N/A
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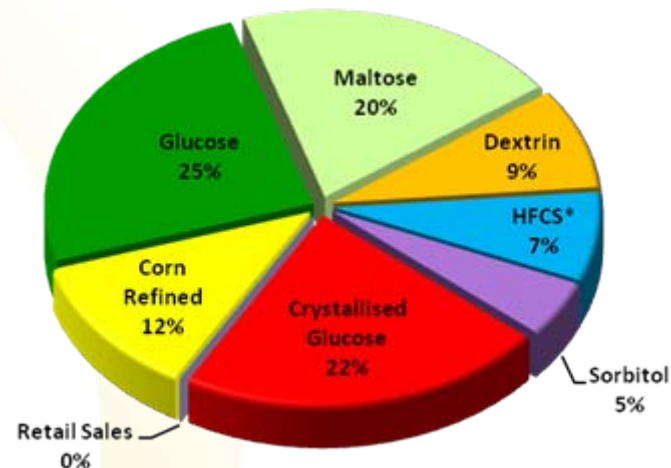
## Downstream

Glucose Syrup	455	696	(35%)
Maltose Syrup	364	405	(10%)
Maltodextrin	158	133	19%
HFCS *	140	128	9%
Sorbitol **	88	11	696%
Crystallised Glucose	405	222	82%

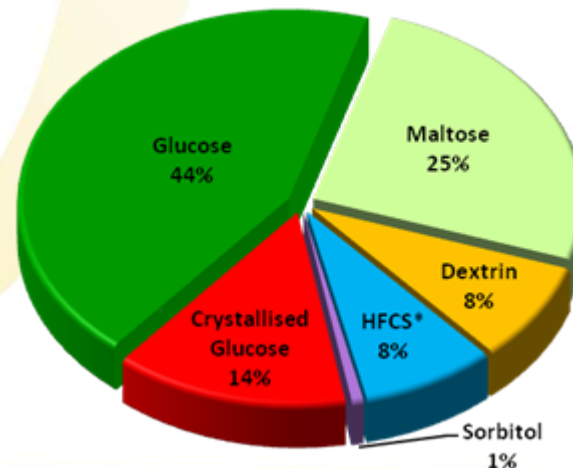
\* Amount attributable to the Group in the JV.

\*\* The Group completed the acquisitions of the 49% interests in the sorbitol plant in Feb 2008 and an upstream corn refinery in Sep 2008 which made them its wholly-owned subsidiaries since then.

### 2008 REVENUE BY PRODUCTS



### 2007 REVENUE BY PRODUCTS



# GROSS PROFIT BREAKDOWN

Gross Profit (HK\$ million)	2008	2007	Change
<b>Upstream</b>			
Corn Refined Products**	(12)	-	N/A
<b>Downstream</b>			
Glucose Syrup	88	153	(42%)
Maltose Syrup	64	99	(35%)
Maltodextrin	20	23	(14%)
HFCS *	17	22	(23%)
Sorbitol **	20	0	N/A
Crystallised Glucose	103	38	172%

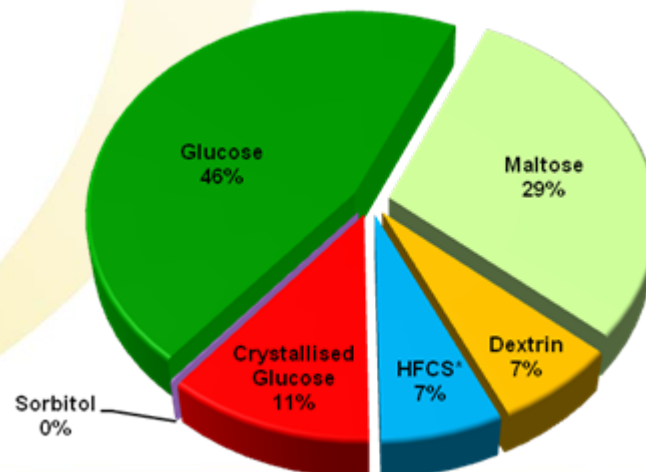
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2008 GROSS PROFIT BY PRODUCTS



2007 GROSS PROFIT BY PRODUCTS



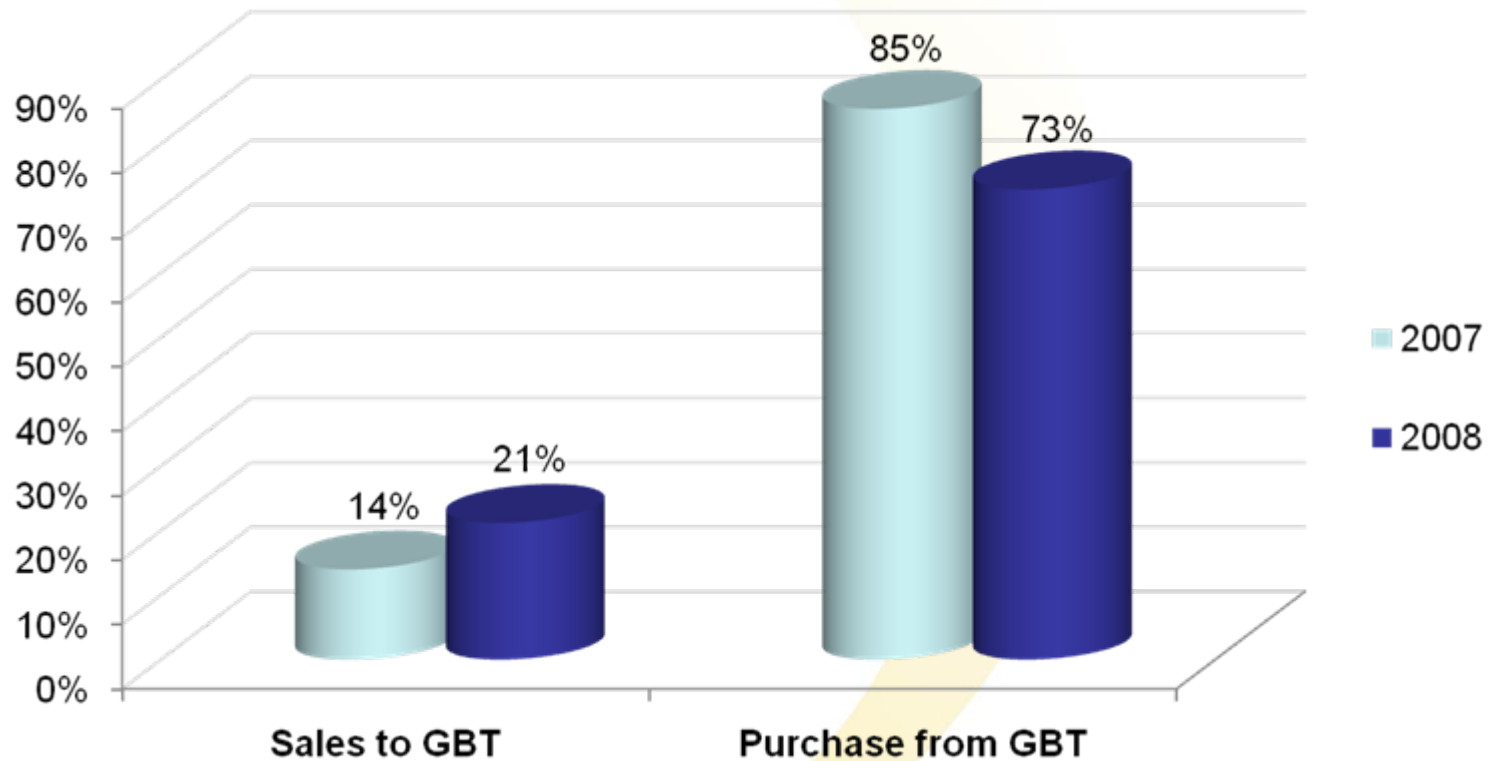
# SALES ANALYSIS

	Sales Volume ('000 MT)			Gross Profit Margin		
	2008	2007	Change	2008	2007	Change
<b><u>Upstream</u></b>						
Corn Refined Products	107	-	N/A	(5%)	-	N/A
<b><u>Downstream</u></b>						
Glucose Syrup*	233	406	(43%)	19%	22%	(3%)
Maltose Syrup	152	202	(25%)	18%	24%	(6%)
Maltodextrin	63	56	12%	12%	17%	(5%)
HFCS **	59	55	8%	12%	18%	(6%)
Sorbitol	27	4	572%	23%	3%	20%
Crystallised Glucose	242	110	120%	25%	17%	8%
<b>TOTAL</b>	<b>883</b>	<b>833</b>	<b>6%</b>			

\* During 2008, approx. 344,000 MT of glucose syrup (2007: 193,000 MT) has been consumed internally for downstream production.

\*\* Amount attributable to the Group in the JV.

# SALES TO AND PURCHASE FROM PARENT GROUP



# OPERATING COST STRUCTURE

	2008	2007
Raw Material	76.0%	81.0%
Utilities	9.1%	6.6%
Labour	0.6%	0.8%
Depreciation	3.4%	2.5%
Production Overhead	2.4%	1.6%
Selling and Distribution Expenses	4.8%	3.5%
Administrative Expenses	3.7%	2.7%
Other Operating Expenses	-	1.3%

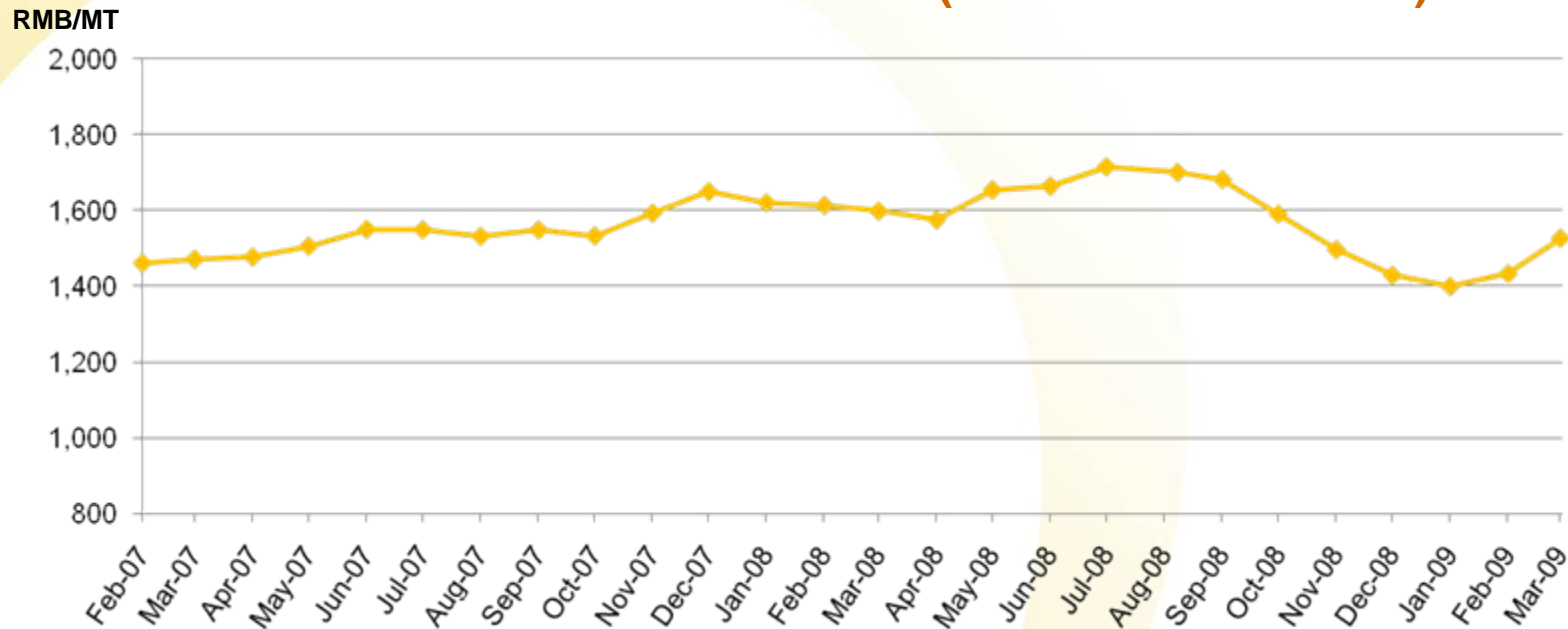
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**2008**

**BUSINESS OUTLOOK &  
DEVELOPMENT PLANS**

# UPSTREAM: RAW MATERIAL - CORN

## Corn Price Movement in China (Jan 2007 – Mar 2009)

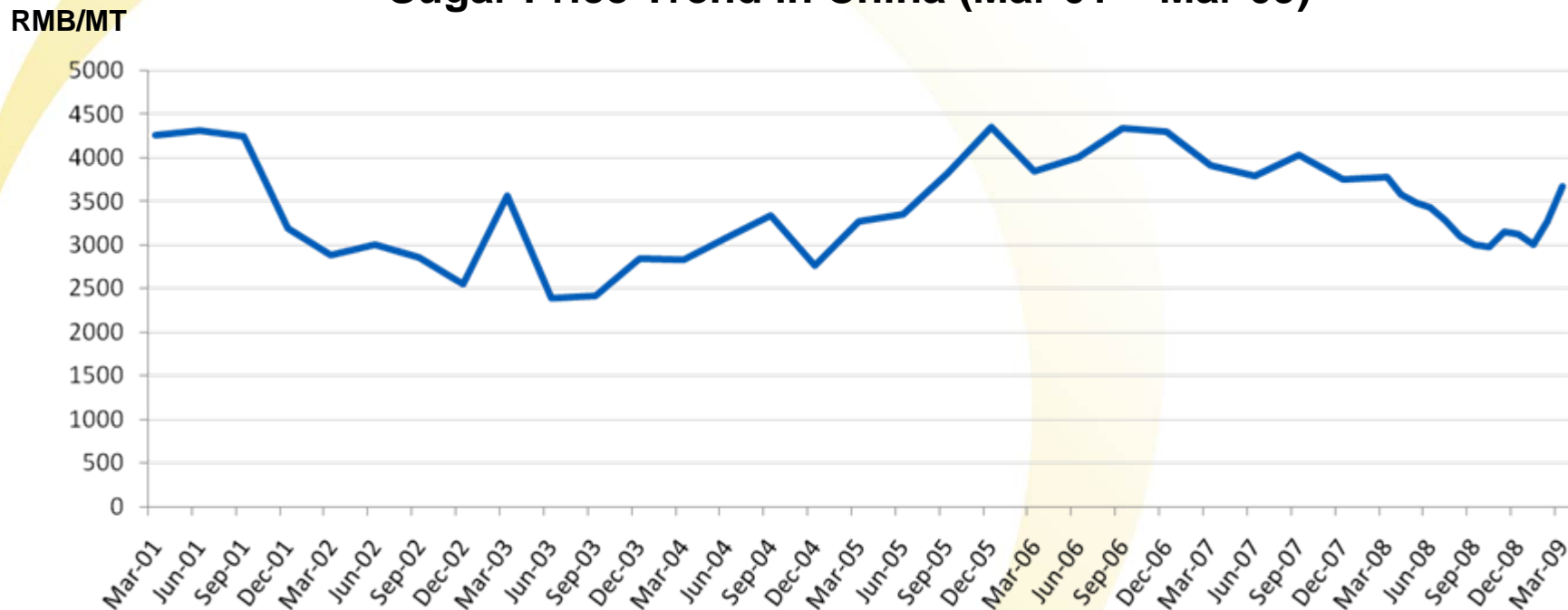


Source: eFeedlink. Based on average price from Northeast China (Jilin, Dalian and Shangdong)

- Current corn purchasing price (incl. VAT) in Jinzhou area: approx. RMB 1,650 / MT
- Harvest in 2008: approx. 156 million MT (Industrial use: approx. 20%)
- Positive outlook on corn refinery: price recovery on corn starch since mid-March
- Vertical integration: the Group's corn processing annual capacity: approx. 600,000 MT

# PRC SUGAR PRICE

## Sugar Price Trend in China (Mar 01 – Mar 09)



Source: [www.ec-sugar.com](http://www.ec-sugar.com)

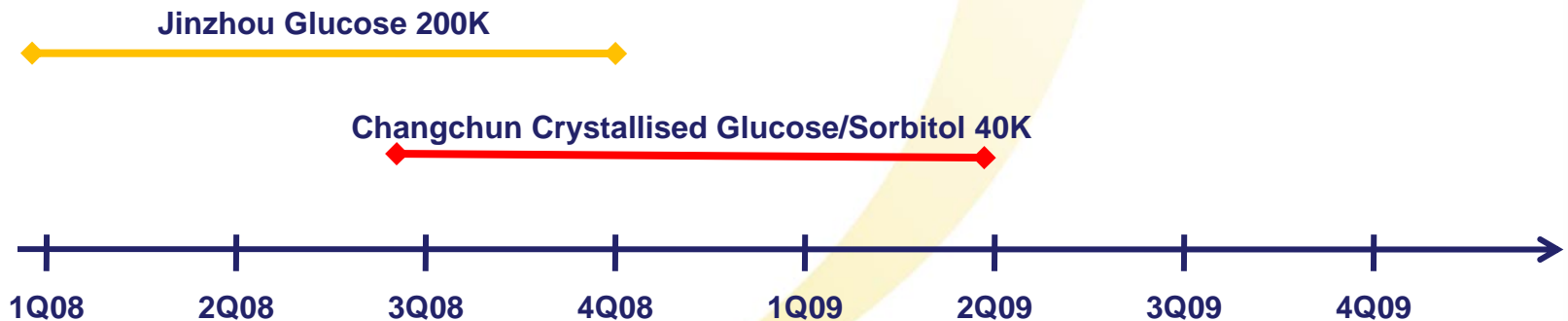
- Current cane sugar price rose to approx. RMB 3,800/MT from the lowest in 2008 ( $\leq$  RMB 2,900/MT)
- Expect sugar price would be stabilised in 2009



# CAPACITY EXPANSION

- Flexible expansion timetable according to market needs
- Minimise CapEx in face of economic downturn
- Expect to complete current construction plan by 2Q 2009
- 200,000 mtpa glucose/maltose plant in Jinzhou (*Completed; Commercial production expects to commence by end of 2Q 2009*)
- 40,000 mtpa crystallised glucose production line (with sorbitol production capability) in Changchun

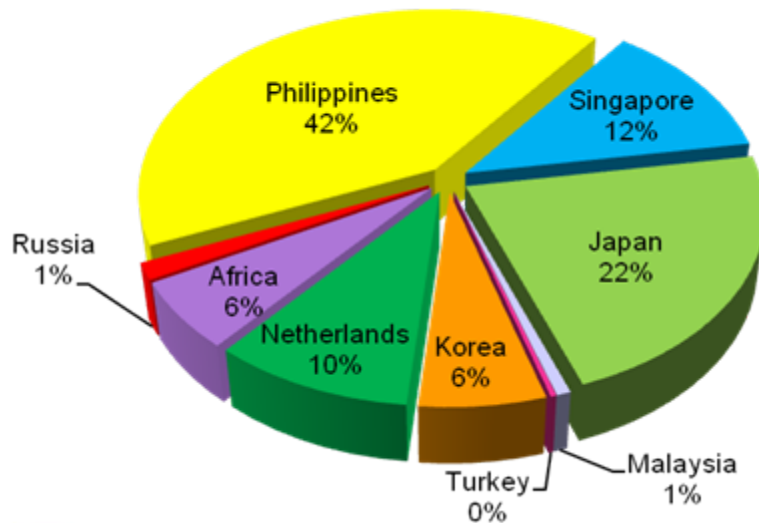
## Construction Timetable:



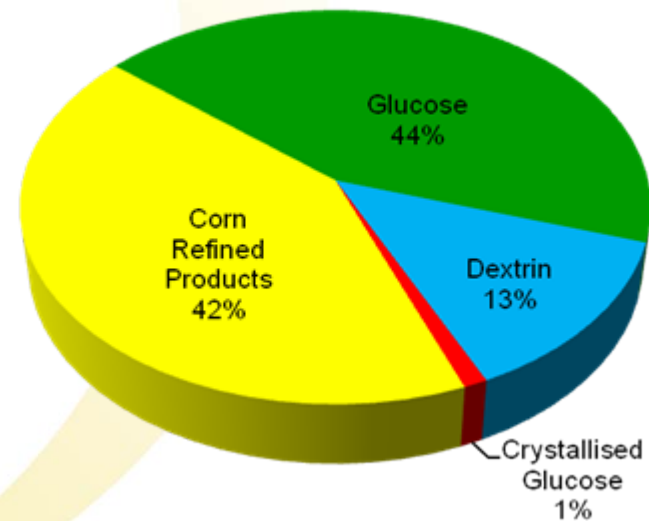
# SALES & MARKETING

- Strive to increase the Group's domestic market share taking adv. on its leading position with present sweeteners capacity → 1.22 million MT
- Continue to explore new markets with a target of 20% of exports to turnover
  - In 2008, exports to turnover: approx. 5.5%; export volume: approx. 32,658 MT

Exports Breakdown By Region



Exports Breakdown By Products



# RETAIL BUSINESS

- ➔ Established sales and marketing strategies for our retail brand:



- ➔ Target customers:
  - Food catering industries: hotels, cafes and restaurants
  - Domestic users: supermarkets and chain stores
- ➔ Small amount of sales by end of 4Q 08, expects to breakeven by end of 2009

# DESIGNED CAPACITY

Designed Capacity (mtpa)	2008	2009	2010
<b><u>Upstream</u></b> <sup>1</sup>			
Corn Starch <sup>3</sup>	420,000	420,000	420,000
Other Corn Refined Products	180,000	180,000	180,000
<b><u>Downstream</u></b>			
Glucose/Maltose Syrup <sup>3</sup>	820,000	820,000	820,000
Maltodextrin	20,000	20,000	20,000
HFCS <sup>2</sup>	120,000	120,000	120,000
Sorbitol <sup>1</sup>	60,000	60,000	60,000
Crystallised Glucose	200,000	240,000	240,000
<b>TOTAL</b>	<b>1,820,000</b>	<b>1,860,000</b>	<b>1,860,000</b>

<sup>1</sup> The Group completed the acquisitions of the 49% interests in the sorbitol plant in Feb 2008 and an upstream corn refinery in Sep 2008 which made them its wholly-owned subsidiaries since then.

<sup>2</sup> Amount attributable to the Group in the JV.

<sup>3</sup> Starting from 2009, approx. 250,000 MT of corn starch & 400,000 MT of glucose will be used for internal consumption.



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