



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

2014 Annual Results Presentation

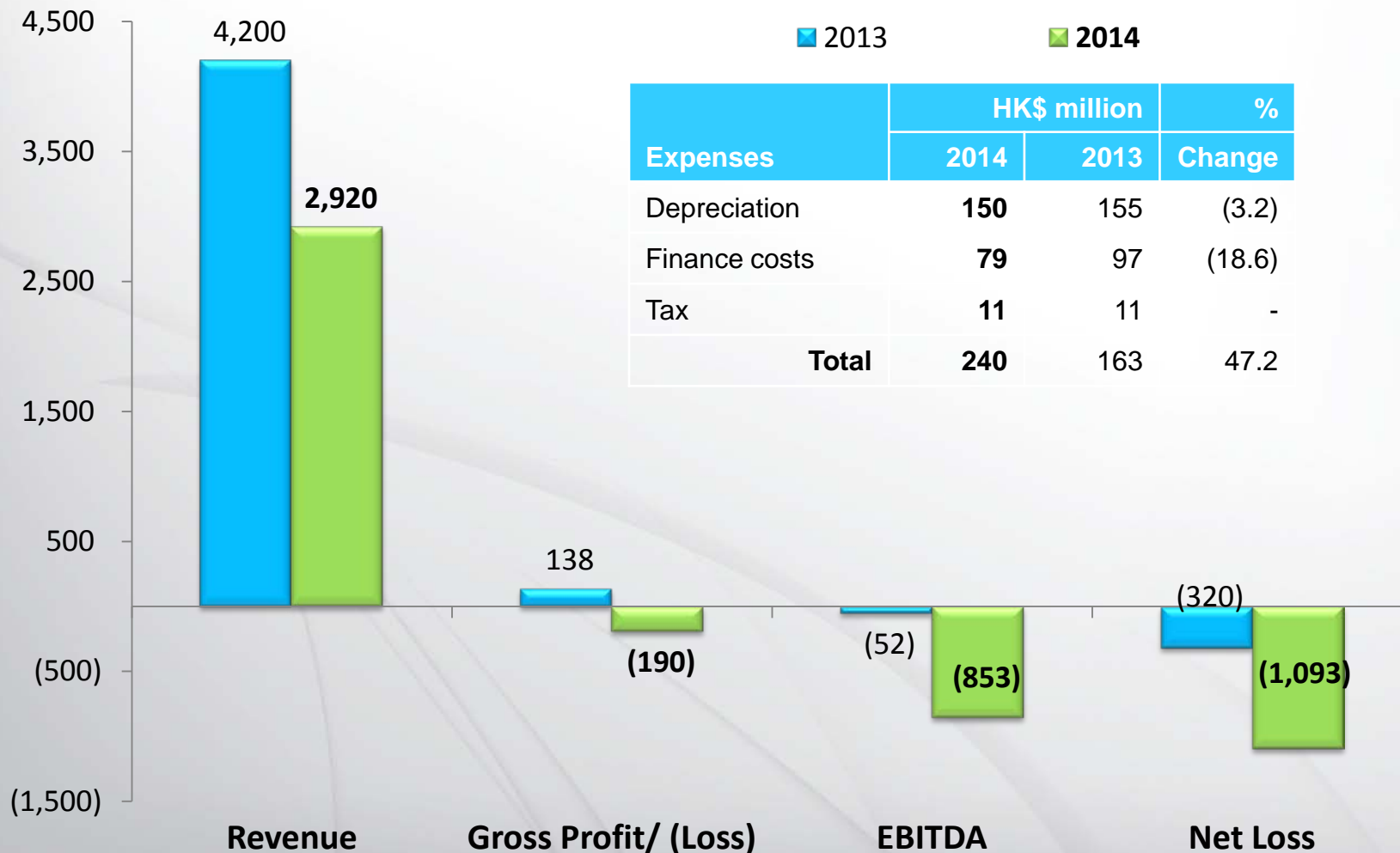
31 March 2015

AGENDA

- 2014 Annual Results
 - Financial Overview
 - Operation Overview
- Business Outlook & Development Plans
- Company Profile
- Appendix

RESULTS HIGHLIGHTS

HK\$ million





2014 ANNUAL RESULTS

Financial Overview

OPERATING RESULTS

HK\$ million	2014	2013	% Change
Revenue*	2,920	4,200	(30.5)
• Corn Refined Products & Corn Procurement	1,504	2,166	(30.6)
• Corn Sweeteners	1,416	2,034	(30.4)
Gross Profit / (Loss)	(190)	138	N/A
• Corn Refined Products & Corn Procurement**	(348)	(21)	N/A
• Corn Sweeteners	158	159	(0.6)
Gross Profit / (Loss) Margin (%)	(6.5)	3.3	(9.8)% pt
• Corn Refined Products & Corn Procurement	(23.1)	(1.0)	N/A
• Corn Sweeteners	11.2	7.8	3.4% pt
Write-down of inventories	(278)	(46)	N/A
Impairment of property, plant and equipment	(263)	-	N/A
Impairment of goodwill	(184)	-	N/A
EBITDA	(853)	(52)	N/A
Net Loss	(1,093)	(320)	N/A
Net Margin (%)	(37.4)	(7.6)	N/A
Basic Loss Per Share (HK cents)	(71.6)	(20.9)	N/A
Dividend Per Share – Final (HK cents)	-	-	N/A

* The substantial drop in revenue was mainly due to the suspension of certain operations in Changchun since April 2014.

** The gross loss for the Group's corn refined products & corn procurement segment was mainly due to the impairment of inventory amounted to HK\$278 million and increased COGS due to low utilization rate and low ASP of upstream products due to poor market sentiment

FINANCIAL POSITION

HK\$ million	31 Dec 14	31 Dec 13	% Change
Non-current Assets ⁽¹⁾	1,379	1,965	(29.8)
Current Assets ⁽²⁾	1,350	2,503	(46.1)
Current Liabilities ⁽³⁾	1,126	2,286	(50.6)
Cash and Bank Balances	190	407	(53.3)
Shareholder's Equity	924	2,037	(54.6)
Interest Bearing Borrowings	1,041	1,358	(23.3)

(1) The decrease in non-current assets was mainly attributable to the impairment of goodwill amounted to HK\$184 million and the impairment of fixed assets of HK\$263 million

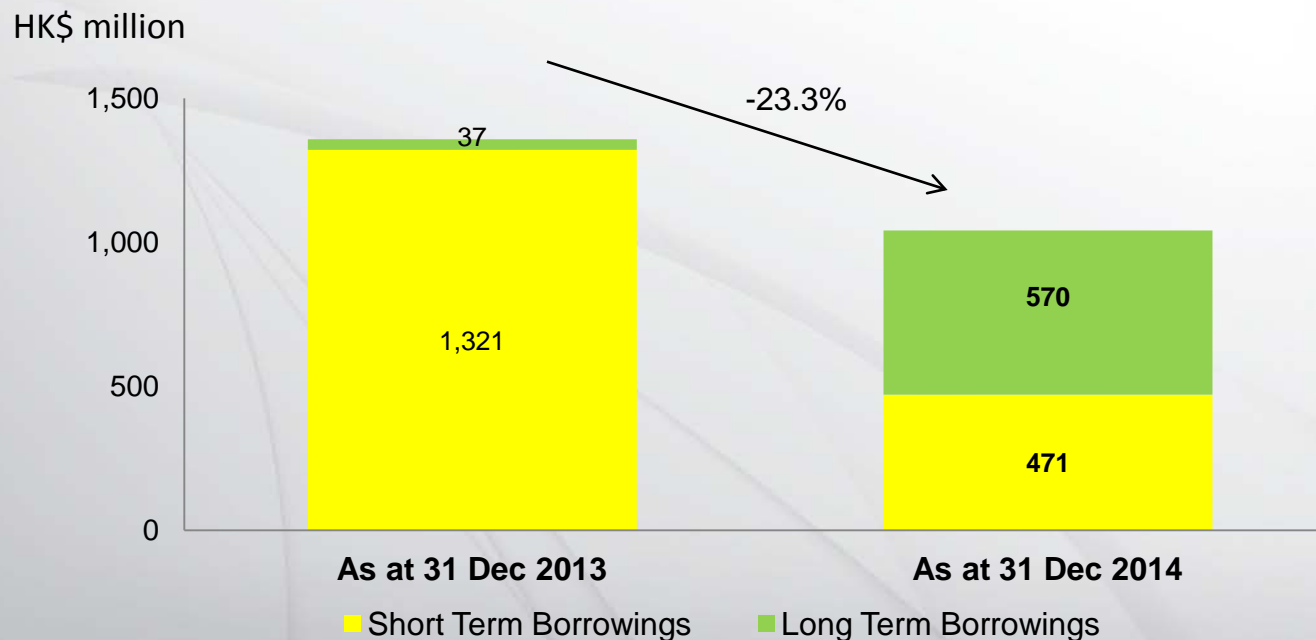
(2) The decrease in current assets was mainly attributable to the decrease in inventory of HK\$856 million (including impairment of deteriorated corn kernels amounted to HK\$278 million and the return of inventory corn kernel amounted to HK\$354 million) and the decrease in account receivables amounted to HK\$325 million

(3) The decrease in current liabilities was mainly attributable to the decrease in bank borrowings of HK\$317 million and the reallocation of short-term borrowings amounted to HK\$533 million to long-term ones

BANK BORROWINGS ANALYSIS

HK\$ million	31 Dec 14	31 Dec 13	% Change
Short Term Borrowings	471	1,321	(64.3)
Long Term Borrowings	570	37	1,440.5
Total	1,041	1,358	(23.3)

* Average interest rate for 2014: 7.0% (2013: 5.9%)



KEY FINANCIAL RATIOS

	31 Dec 14	31 Dec 13
Current Ratio	1.20	1.10
Quick Ratio	1.01	0.63
Gearing Ratio (net debt/equity)	92.1%	51.8%
Inventories Turnover Days	25 days	96 days
Trade Receivables Turnover Days	47 days	61 days
Trade Payables Turnover Days	27 days	38 days

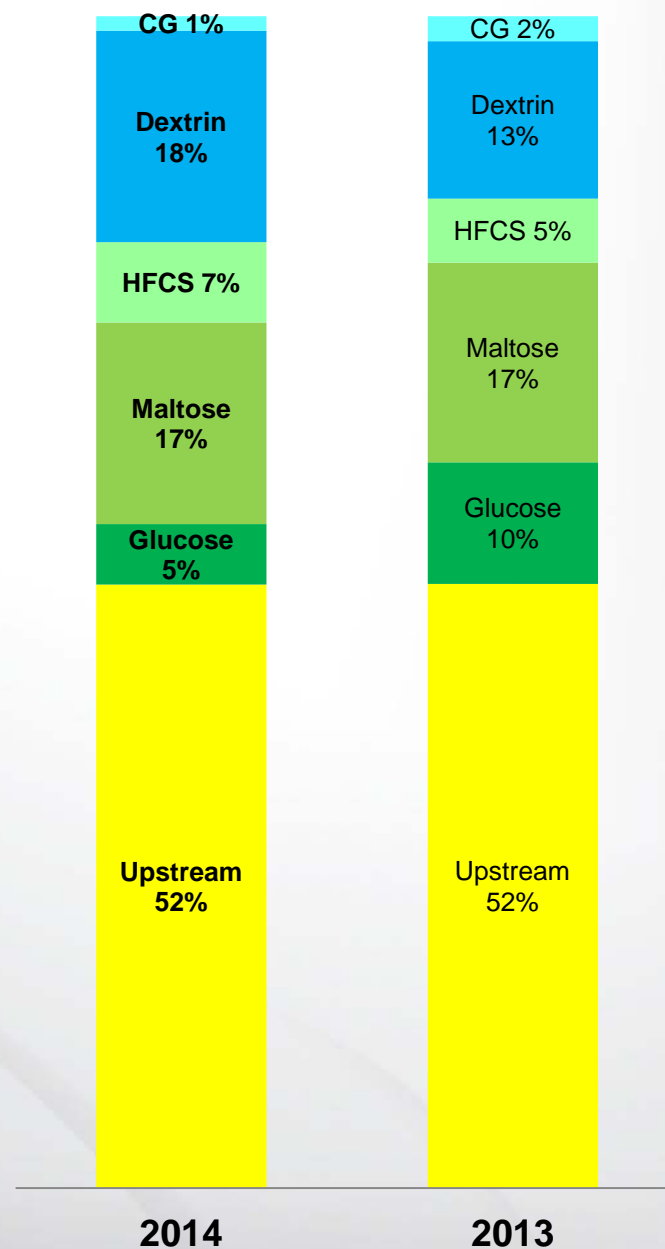


2014 ANNUAL RESULTS

Operation Overview

REVENUE BREAKDOWN

Revenue (HK\$ million)	2014*	2013	% Change
<u>Upstream</u>			
Corn Refined Products & Corn Procurement	1,504	2,166	(30.6)
<u>Downstream</u>			
Glucose Syrup	151	436	(65.4)
Maltose Syrup	502	715	(29.8)
HFCS	200	229	(12.7)
Maltodextrin	527	565	(6.7)
Crystallised Glucose	36	89	(59.6)
Sweeteners Sub-total	1,416	2,034	(30.4)
Total	2,920	4,200	(30.5)



* The drop in revenue was mainly due to the suspension of certain operations in Changchun since April 2014

GROSS PROFIT BREAKDOWN

Gross Profit / (Loss) (HK\$ million)	2014	2013	% Change
Upstream			
Corn Refined Products & Corn Procurement	*(348)	(21)	N/A
Downstream			
Glucose Syrup	18	36	(50.5)
Maltose Syrup	54	35	(54.3)
HFCS	26	32	(18.8)
Maltodextrin	58	56	3.6
Crystallised Glucose	2	0	N/A
Sweeteners Sub-total	158	159	(0.6)
Total	(190)	138	37.7



* The drop in gross profit for the Group's upstream segment was mainly attributable to the suspension of the Group's upstream operation in Changchun since April 2014

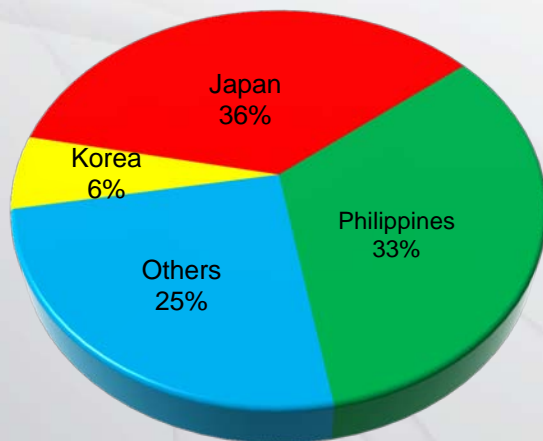
SALES ANALYSIS

	Sales Volume ('000 MT)			Gross Profit / (Loss) Margin (%)		
	2014	2013	% Change	2014	2013	% pt Change
<u>Upstream</u>						
Corn Refined Products & Corn Procurement	500	721	(30.7)	(23.1)	(1.0)	N/A
<u>Downstream</u>						
Corn Syrup	242	419	(42.2)	11.4	7.5	3.9
Corn Syrup Solid	159	178	(10.7)	10.8	8.6	2.2
Sweeteners Sub-total	401	597	(32.8)	11.2	7.8	3.4
TOTAL	901	1,318	(31.6)	(6.5)	3.3	(9.8)

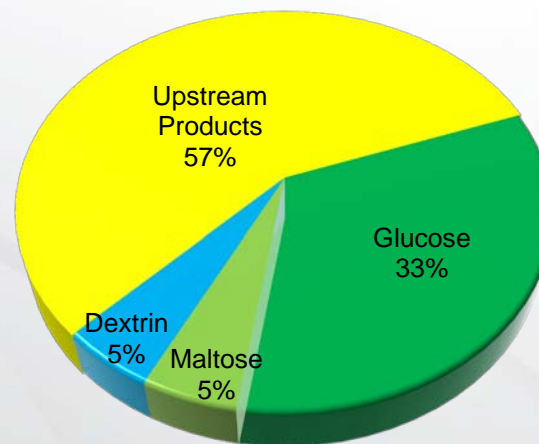
EXPORTS BREAKDOWN

	2014	2013	Change
Export Sales Revenue (HK\$ Million)	127	134	(5.2)%
Exports Sales Volume ('000 MT)	49	52	(5.8)%
Export Contribution (%)	4.3	6.4	(2.1)% pt

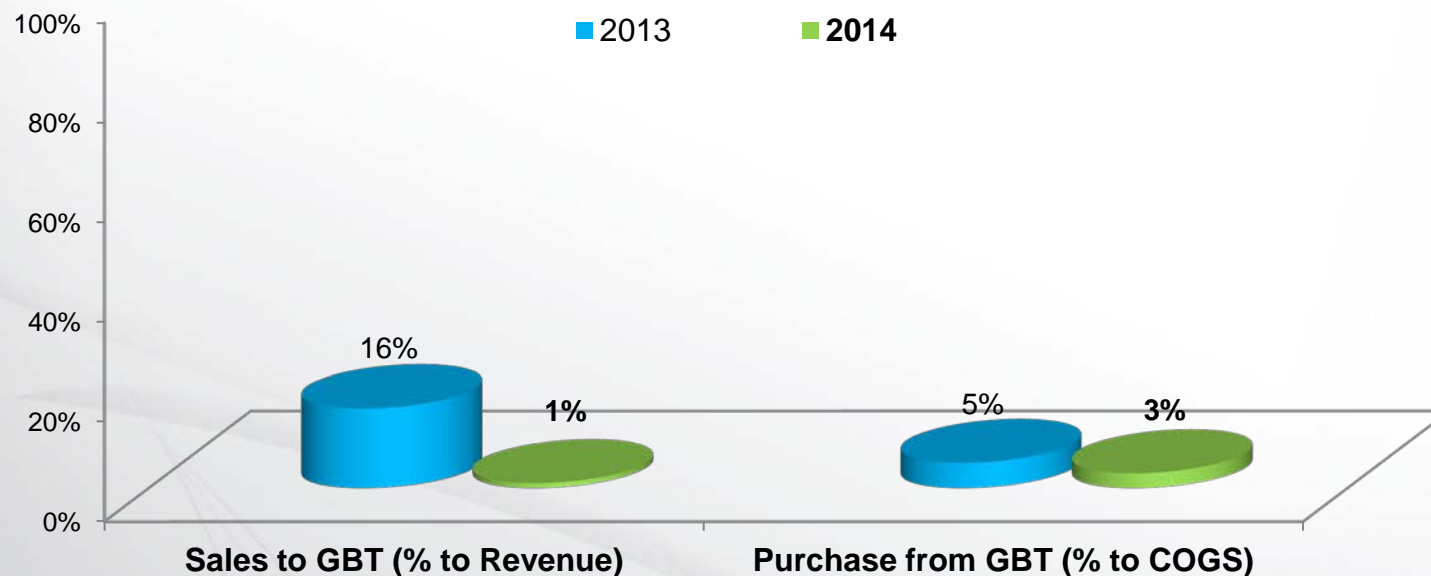
Exports Breakdown by Region 2014



Exports Breakdown by Product 2014



CCT – SALES TO & PURCHASE FROM GBT



Sales agency fee to GBT for the sales of the Group's upstream products for 2014: HK\$3.8 million (2013: HK\$7.3 million)

OPERATING COST STRUCTURE

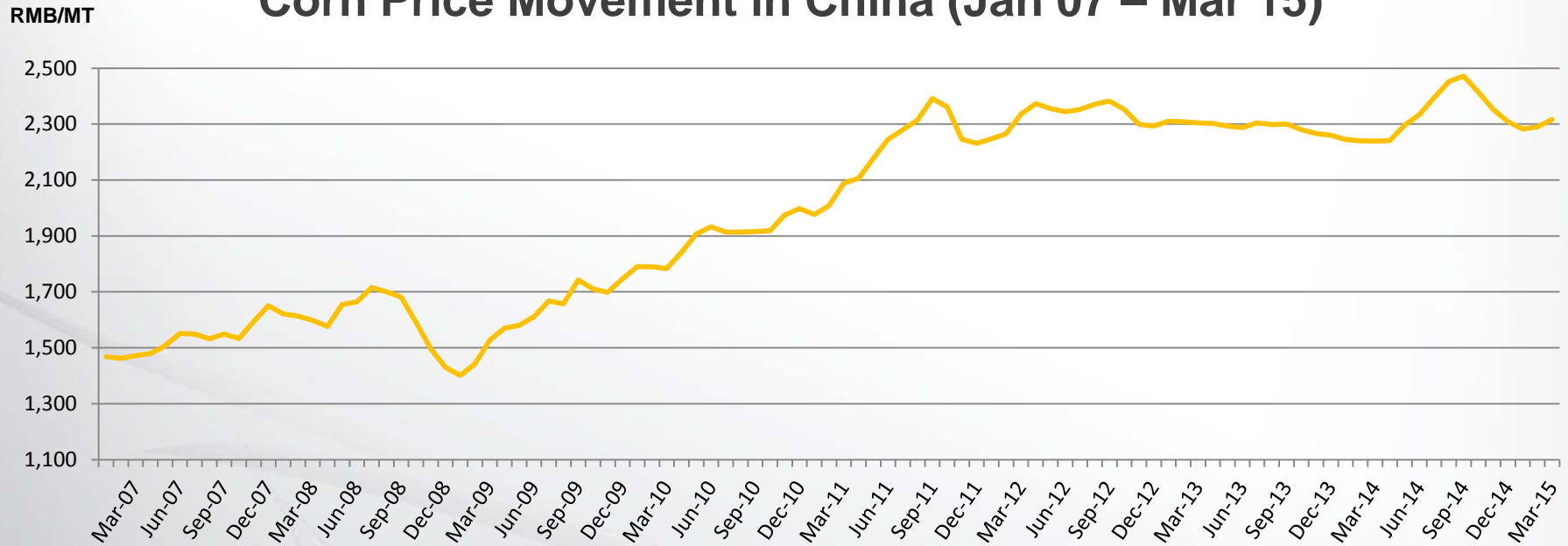
	2014	2013
Raw Material (Corn / Corn Starch)	72.9%	77.1%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	8.0%	7.2%
Labour	1.3%	1.1%
Depreciation	1.6%	3.5%
Production Overhead (Consumable and Packaging)	4.9%	4.1%
Selling and Distribution Expenses	7.6%	4.8%
Administrative Expenses	3.7%	2.2%



BUSINESS OUTLOOK & DEVELOPMENT PLANS

UPSTREAM RAW MATERIAL – CORN

Corn Price Movement in China (Jan 07 – Mar 15)

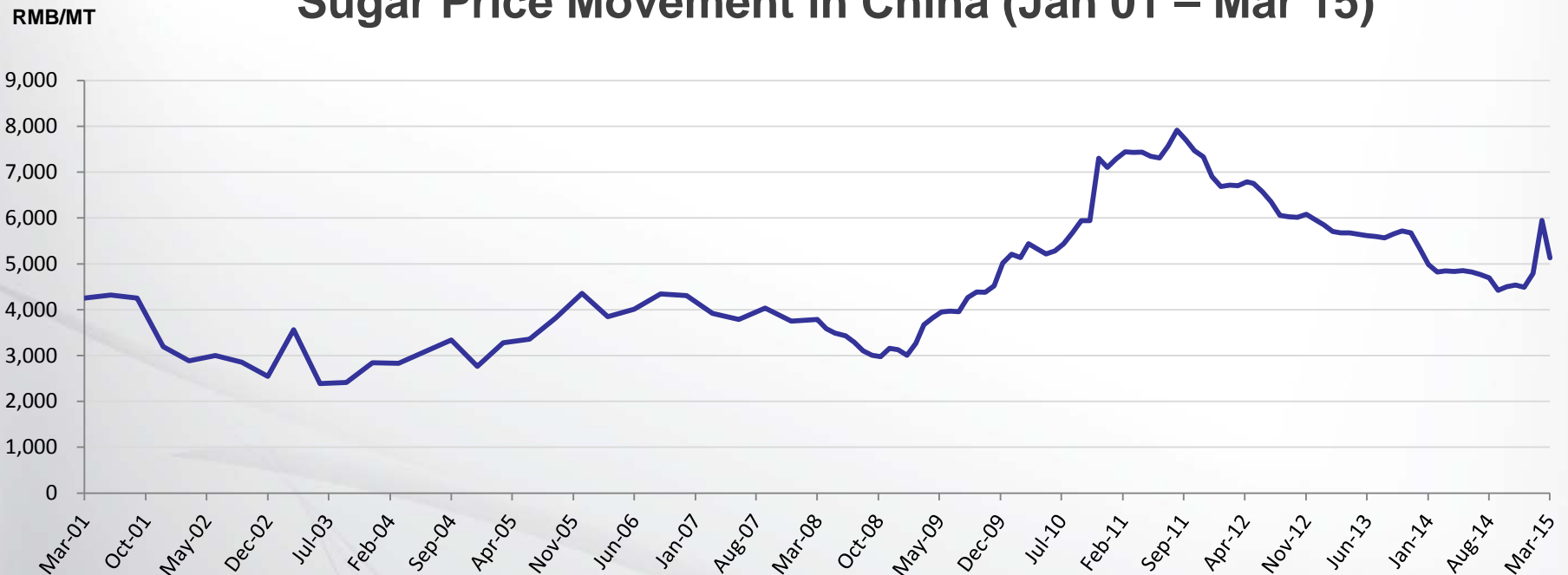


Source: eFeedlink. Based on average price from Northern China (Jilin, Liaoning and Shandong)

- ◆ Corn harvest for 2014/15: approx. 215 million MT (2013/14: 218 million MT)
(Source: *National Bureau of Statistics of the PRC*)
- ◆ GSH purchasing cost for 2014 maintained at RMB2,029/MT; excl. VAT (2013: RMB2,004/MT)
- ◆ The PRC government's protective agricultural policy → corn stockpiling to support corn price
→ expect corn price to sustain at current level
- ◆ Outlook on upstream business: continue to be challenging with weak starch and other corn refined products prices

DOWNSTREAM SUBSTITUTE – SUGAR

Sugar Price Movement in China (Jan 01 – Mar 15)



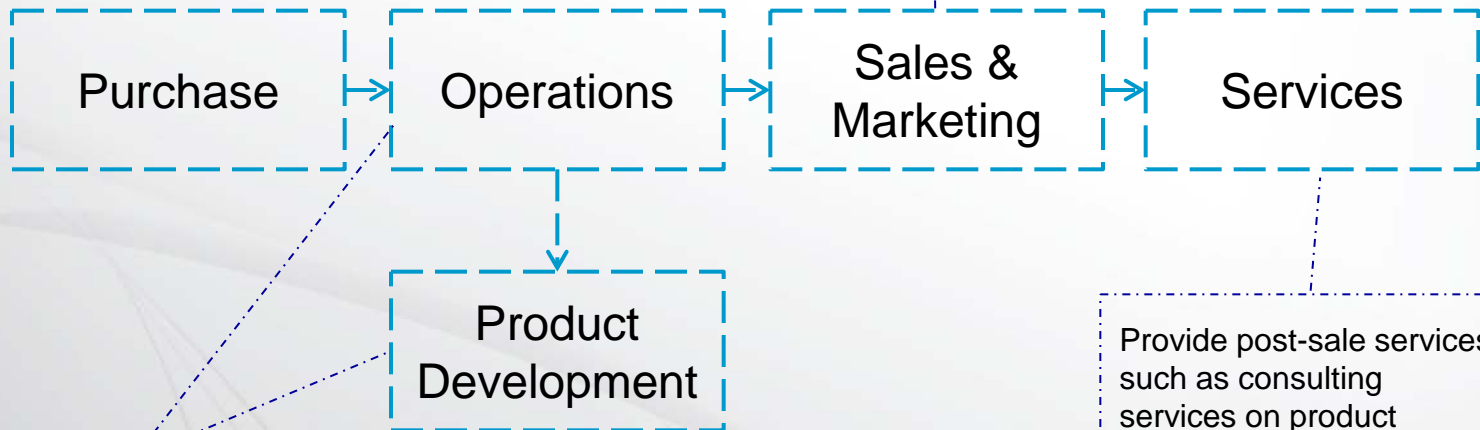
Source: www.sugarinfo.net

- Sugar production in China for 2014/15 is estimated at 11.0 million MT (2013/14: 13.3 million MT)
- Drop in production → current PRC sugar price stabilises at approx. RMB5,200/MT
- Strategy on corn sweeteners business: continues to focus on high value-add products and streamlining/ improving production flow for further cost saving

CORPORATE STRATEGIES

Stringent control on corn inventory
(maintaining 2 months' corn inventory) →
improve operation flexibility and cash flow

Strengthen services and
customer relationship
management



- Leverage on the Group's highly flexible production facilities to adjust product mix according to market needs for profit maximisation
- Fortify R&D to introduce more high value add products and increase product mix → enhance profit margin
- Continuous effort to streamline production processes and lower cost

Provide post-sale services
such as consulting
services on product
application to customers

CORPORATE STRATEGIES (CON'T)

- ◆ Relocation timetable:
 - negotiation with local government authorities is still on-going
 - operations in Luyuan, Changchun suspended pending for relocation

- ◆ Relocation opportunities:
 - upgrade facilities and equipments
 - reduce cost of production further through streamlining and improving production flow
 - re-structure product mix (targeting high-end users) and production capacity

CAPACITY OVERVIEW

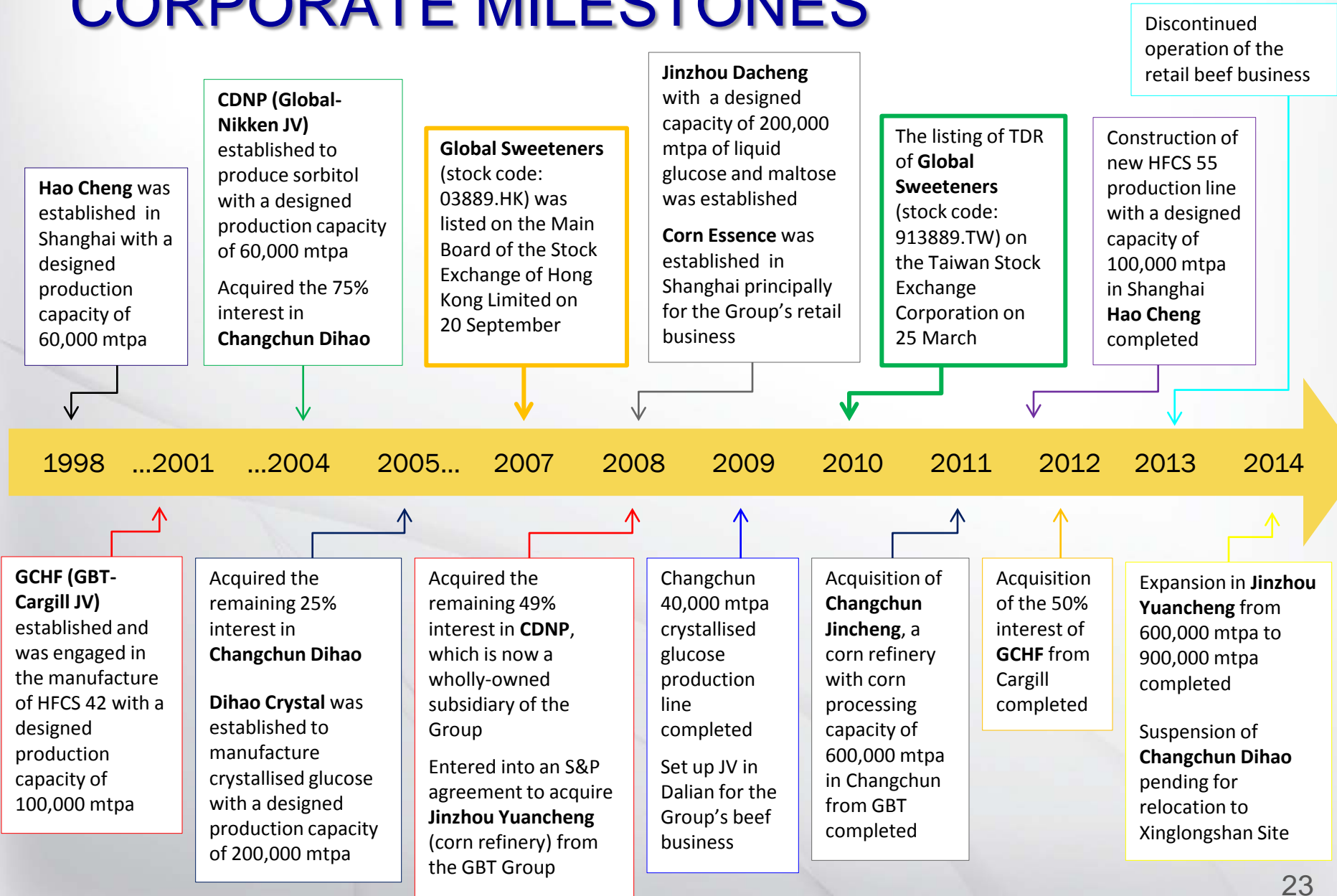
Designed Capacity (mtpa)	2014	2015
<u>Upstream*</u>		
Corn Starch	1,050,000	630,000
Corn Refined By-products	450,000	270,000
Upstream Sub-total	1,500,000	900,000
<u>Downstream</u>		
Glucose / Maltose Syrup*	820,000	300,000
HFCS	220,000	220,000
Maltodextrin*	20,000	Nil
Crystallised Glucose*	300,000	Nil
Downstream Sub-total	1,360,000	520,000
Total	2,860,000	1,420,000

* Reduction of production capacity as a result of the suspension of operation in Changchun pending for relocation

The background features a light gray gradient with several flowing, curved lines in shades of gray and white. On the left side, there are several overlapping circles of varying sizes and opacities, some appearing as soft bokeh effects. The overall aesthetic is clean, modern, and professional.

COMPANY PROFILE

CORPORATE MILESTONES



CORPORATE STRUCTURE

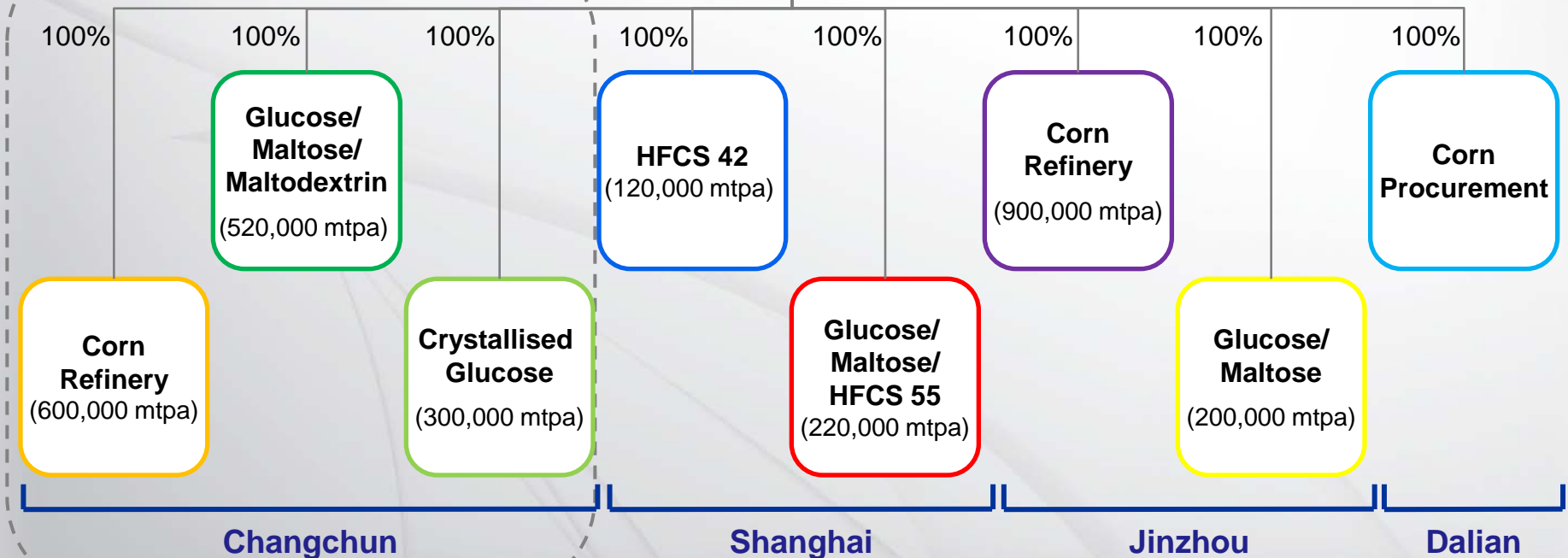


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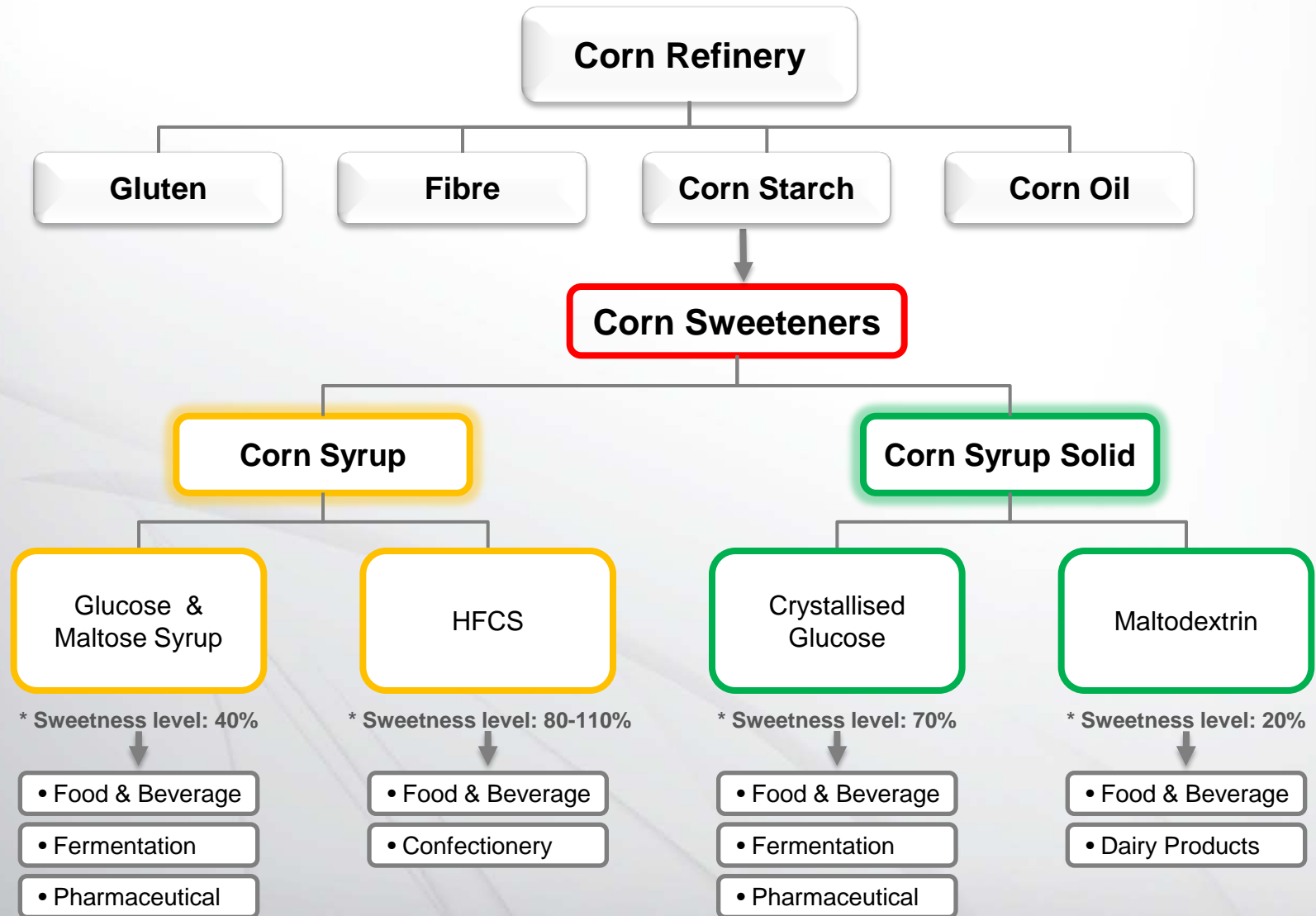
*Suspended pending
for relocation*



DIVERSIFIED PRODUCT MIX

UPSTREAM

DOWNSTREAM



* Sweetness level base on cane sugar sweetness

GEOGRAPHIC ADVANTAGE

Changchun

- Production area of about 257,290 sq m
- Located in China's Golden Corn Belt
- Abundant supply of the major production **MATERIAL** at competitive cost

Jinzhou

- Production area of about 370,000 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)

Dalian

- A major **TRANSPORTATION** hub (ports & railway)
- One of the distributing centres for grains in China
- Financial centre of Northeast China

Shanghai

- Production area of about 30,000 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	√√	√√√	√√√





APPENDIX

PRC SUGAR & SWEETENERS PRODUCTION

Natural Sweeteners

Sugar

Raw Material:

Cane, Beet

Regions:

- Cane: Southern parts of China (e.g. Guangxi)
- Beet: Northern parts of China

Starch Sweeteners

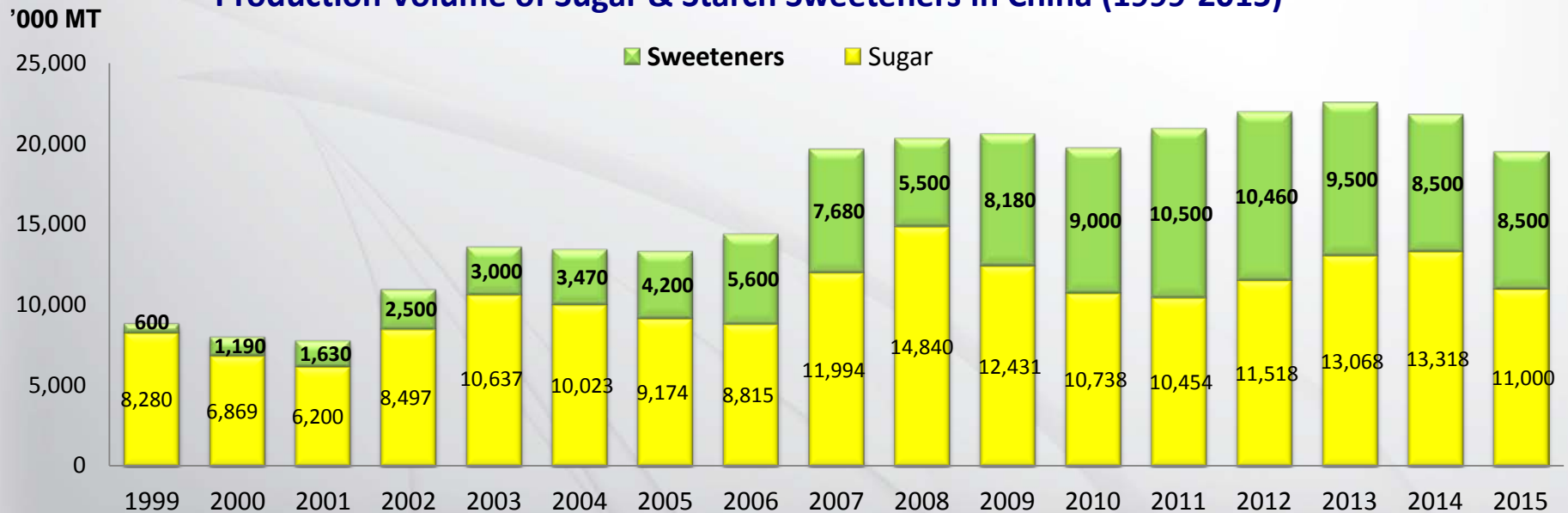
Raw Material:

Corn, Potatoes, Tapioca

Regions:

Corn is produced mainly in Northern China: Jilin, Shandong & Hebei

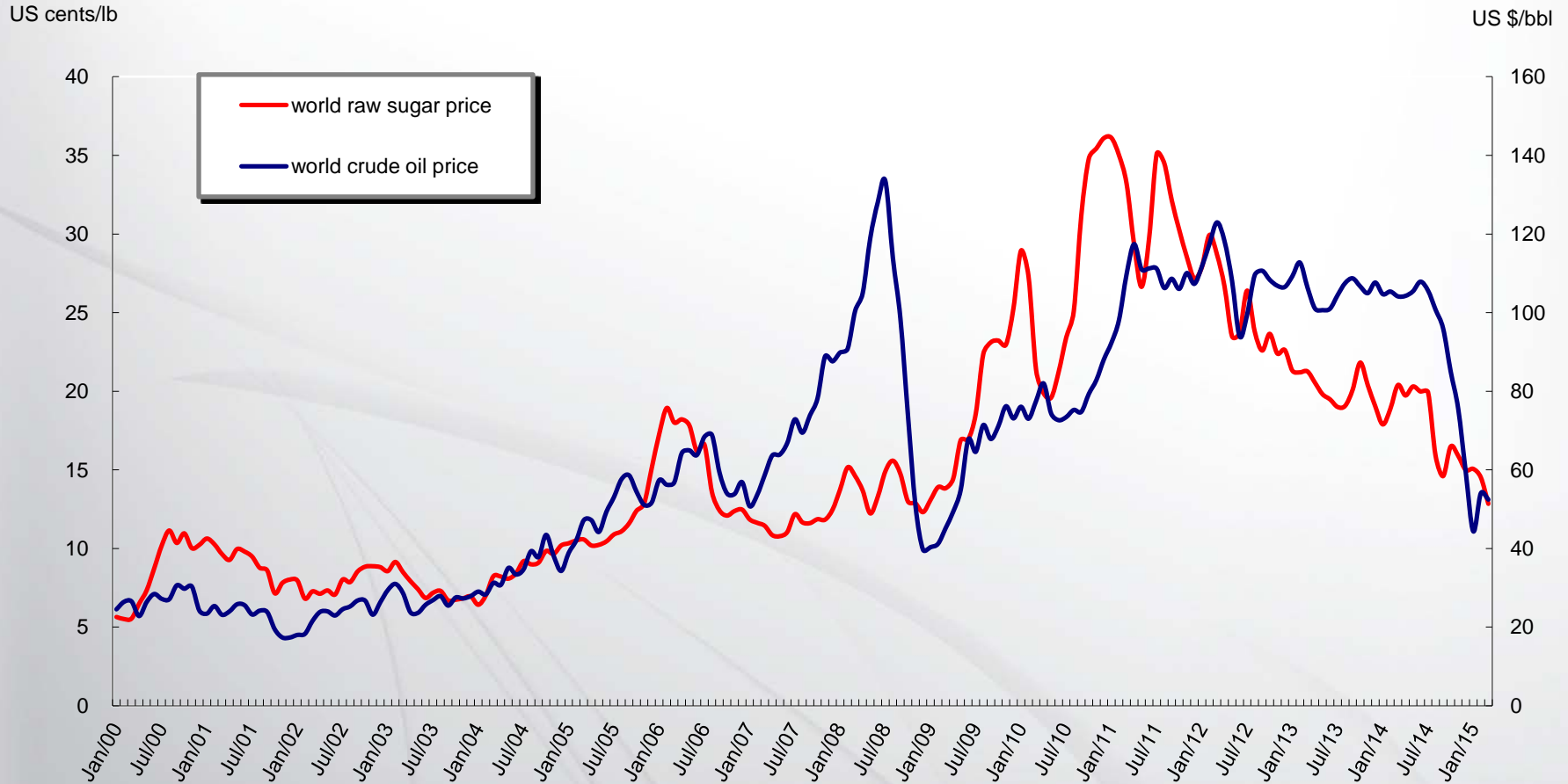
Production Volume of Sugar & Starch Sweeteners in China (1999-2015)



Source: China Sugar Association

OIL & SUGAR PRICE CORRELATION

Sugar & Crude Oil Price Movement (Jan 2000 – Mar 2015)



Source: USDA & OPEC

The background features a large, semi-transparent circular graphic on the left side, containing a smaller circle and three white dots. On the right side, there are several thin, curved lines that appear to be part of a larger, flowing structure, possibly representing a stylized leaf or a dynamic shape. The overall color palette is light and neutral, with shades of gray and white.

THANK YOU

- The End -