



**GLOBAL  
Sweeteners**

大成糖業控股有限公司

GLOBAL Sweeteners Holdings Limited

## 2012 Interim Results



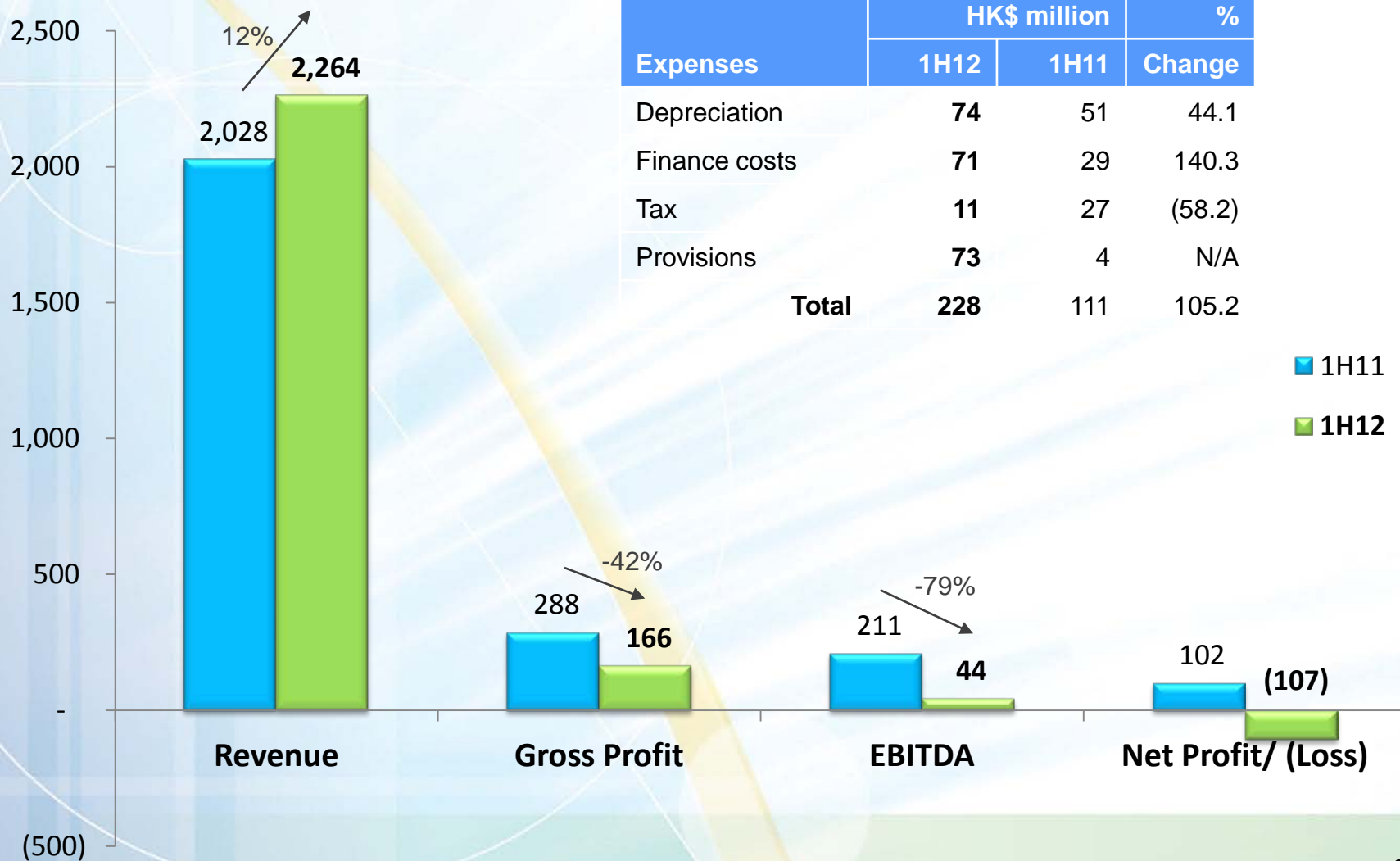
31 August 2012

# Agenda

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

# Results Highlights

HK\$ million

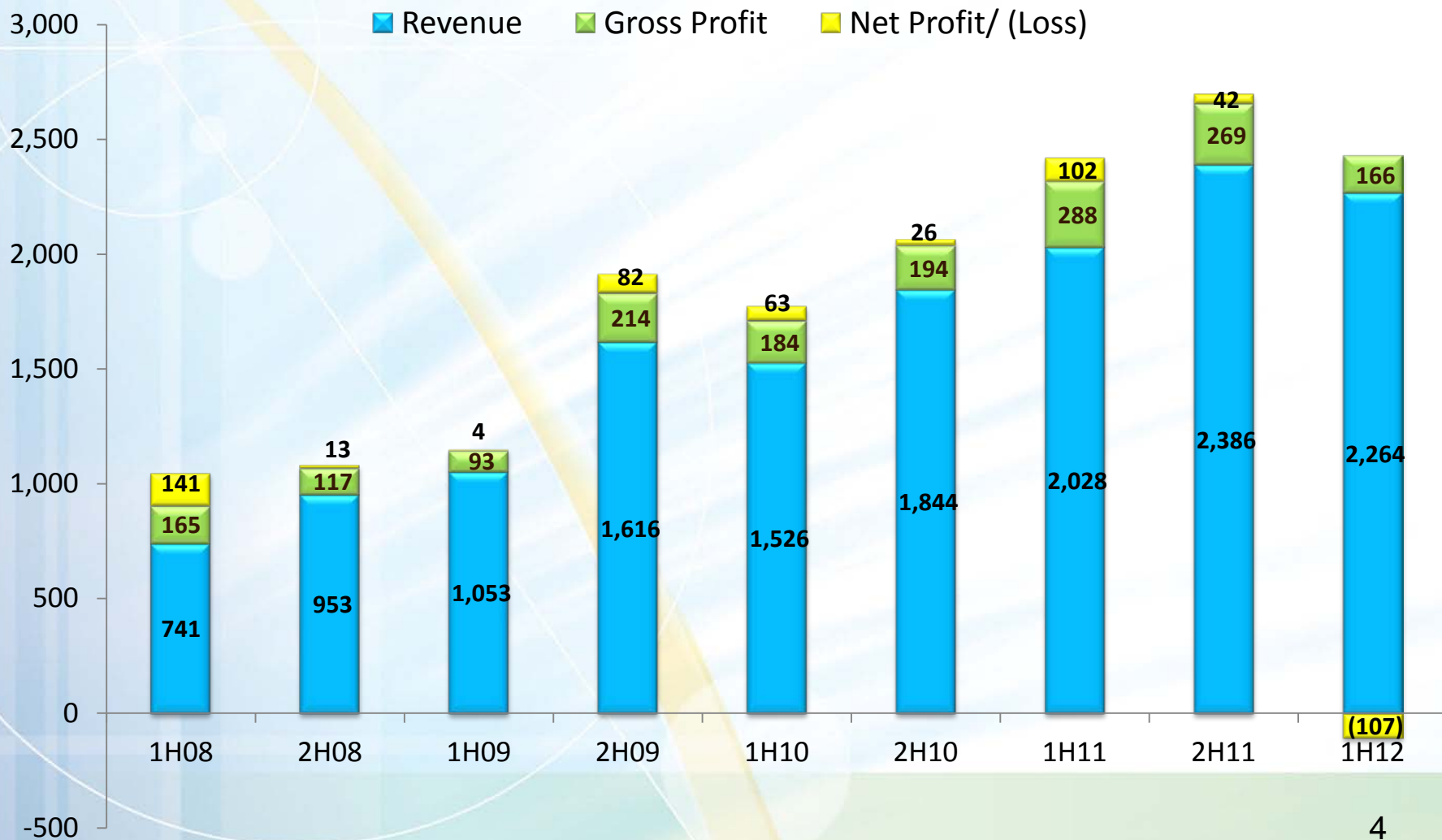


Expenses	HK\$ million		% Change
	1H12	1H11	
Depreciation	74	51	44.1
Finance costs	71	29	140.3
Tax	11	27	(58.2)
Provisions	73	4	N/A
<b>Total</b>	<b>228</b>	<b>111</b>	<b>105.2</b>

■ 1H11  
■ 1H12

# Financial Performance

HK\$ million



# 2012 Interim Results

## Financial Overview





# Operating Results

HK\$ million	1H12	1H11	% Change
<b>Revenue</b>	<b>2,264</b>	2,028	11.6
• Corn Refined Products	<b>996</b>	685	45.4
• Corn Sweeteners	<b>1,265</b>	1,277	(0.9)
• Retail Business	<b>3</b>	66	(95.3)
<b>Gross Profit / (Loss)</b>	<b>166</b>	288	(42.4)
• Corn Refined Products	<b>7</b>	82	(91.7)
• Corn Sweeteners	<b>174</b>	201	(13.4)
• Retail Business	<b>(15)</b>	5	N/A
<b>Gross Margin (%)</b>	<b>7.3</b>	14.2	(6.9)% pt
• Corn Refined Products	<b>0.7</b>	11.9	(11.3)% pt
• Corn Sweeteners	<b>13.8</b>	15.8	(2.0)% pt
• Retail Business	<b>N/A</b>	7.9	N/A
<b>EBITDA*</b>	<b>44</b>	211	(79.0)
<b>Net Profit / (Loss)</b>	<b>(107)</b>	102	N/A
• <b>Net Margin (%)</b>	<b>(4.7)</b>	5.1	N/A
<b>Basic Earnings/ (Loss) Per Share (HK cents)</b>	<b>(7.0)</b>	8.9	N/A
<b>Dividend Per Share – Interim (HK cents)</b>	<b>-</b>	-	N/A

\* After provisions of trade receivables and inventories which amounted to HK\$73 million (2011: HK\$4 million)

# Financial Position

HK\$ million	30 June 12	31 Dec 11	% Change
Non-current Assets	<b>2,076</b>	2,171	(4.4)
Current Assets	<b>3,267</b>	3,167	3.1
Current Liabilities	<b>2,414</b>	2,598	(7.1)
Cash and Bank Balances	<b>554</b>	497	11.6
Shareholder's Equity	<b>2,447</b>	2,563	(4.5)
Interest Bearing Borrowings	<b>1,846</b>	1,832	0.8

# Key Financial Ratios

HK\$ million	30 June 12	31 Dec 11
Current Ratio	<b>1.35</b>	1.22
Quick Ratio	<b>0.75</b>	0.77
Gearing Ratio (net debt/equity)	<b>52.8%</b>	52.1%
ROE	<b>(4.4)%</b>	5.8%
Inventories Turnover Days	<b>127 days</b>	110 days
Trade Receivables Turnover Days	<b>75 days</b>	104 days
Trade Payables Turnover Days	<b>55 days</b>	49 days



# 2012 Interim Results

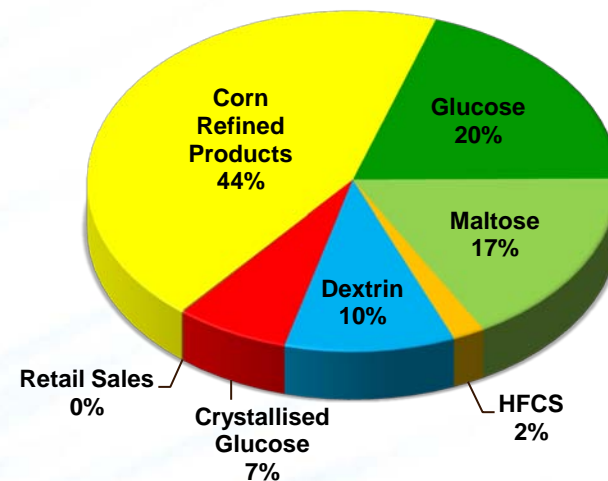
## Operation Overview



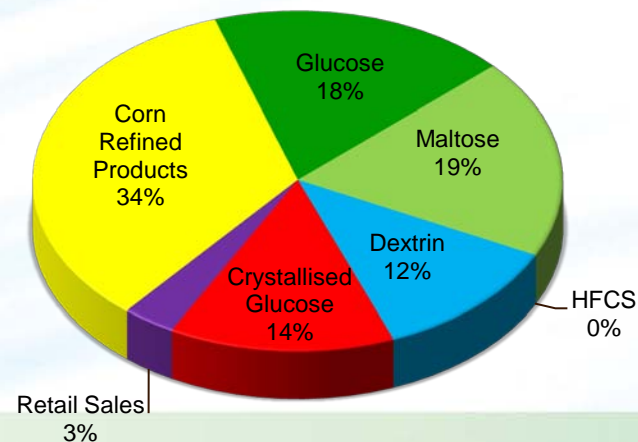
# Revenue Breakdown

Revenue (HK\$ million)	1H12	1H11	% Change
<b>Upstream</b>			
Corn Refined Products	996	685	45.4
<b>Downstream</b>			
Glucose Syrup	448	373	19.9
Maltose Syrup	384	386	(0.5)
HFCS	44	-	N/A
Maltodextrin	234	240	(2.4)
Crystallised Glucose	155	278	(44.1)
<b>Sweeteners Sub-total</b>	<b>1,265</b>	<b>1,277</b>	<b>(0.9)</b>
<b>Others</b>			
Retail	3	66	(95.3)
<b>Total</b>	<b>2,264</b>	<b>2,028</b>	<b>11.6</b>

1H12 Revenue Breakdown



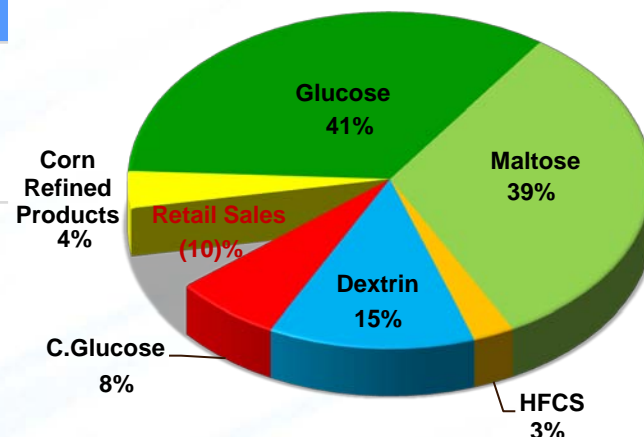
1H11 Revenue Breakdown



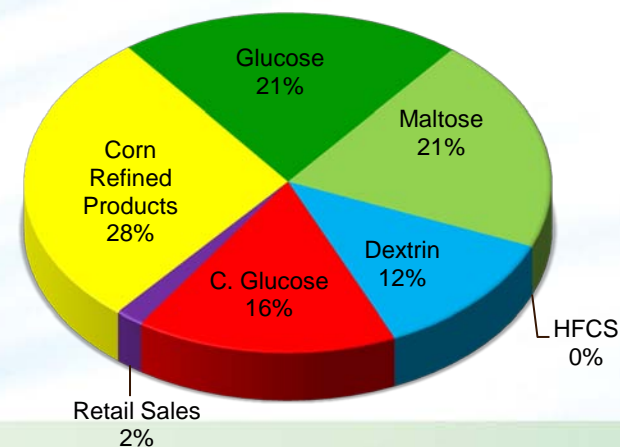
# Gross Profit Breakdown

Gross Profit (HK\$ million)	1H12	1H11	% Change
<b>Upstream</b>			
Corn Refined Products	7	82	(91.7)
<b>Downstream</b>			
Glucose Syrup	67	61	10.9
Maltose Syrup	64	59	9.7
HFCS	6	-	N/A
Maltodextrin	24	35	(31.8)
Crystallised Glucose	13	46	(72.8)
<b>Sweeteners Sub-total</b>	<b>174</b>	<b>201</b>	<b>(13.4)</b>
<b>Others</b>			
Retail	(15)	5	N/A
<b>Total</b>	<b>166</b>	<b>288</b>	<b>(42.4)</b>

## 1H12 Gross Profit Breakdown



## 1H11 Gross Profit Breakdown



# Sales Analysis

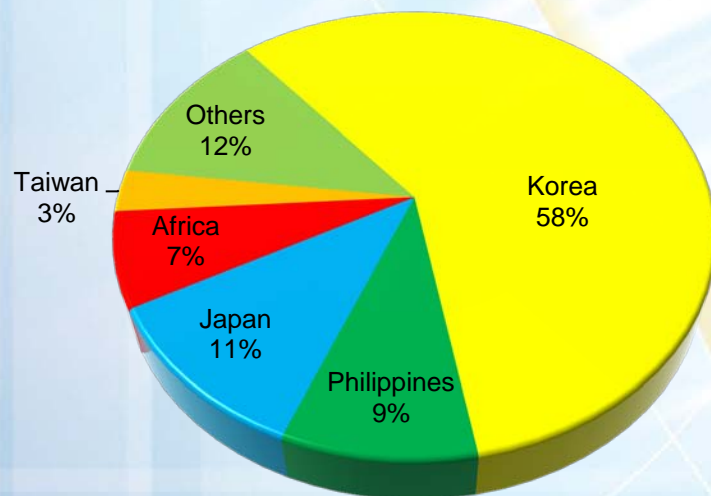
	Sales Volume ('000 MT)			Gross Profit Margin (%)		
	1H12	1H11	% Change	1H12	1H11	% pt Change
<b><u>Upstream</u></b>						
Corn Refined Products	<b>330</b>	225	46.6	<b>0.7</b>	11.9	(11.2)
<b><u>Downstream</u></b>						
Glucose Syrup	<b>158</b>	125	25.8	<b>15.1</b>	16.3	(1.2)
Maltose Syrup	<b>110</b>	113	(2.9)	<b>16.8</b>	15.2	1.6
HFCS	<b>11</b>	-	N/A	<b>14.0</b>	-	N/A
Maltodextrin	<b>64</b>	67	(2.9)	<b>10.3</b>	14.8	(4.5)
Crystallised Glucose	<b>39</b>	96	(59.5)	<b>8.1</b>	16.6	(8.5)
<b>Sweeteners Sub-total</b>	<b>382</b>	401	(4.8)	<b>13.8</b>	15.8	(2.0)
<b><u>Others</u></b>						
Retail	<b>0</b>	3	N/A	<b>N/A</b>	7.9	N/A
<b>TOTAL</b>	<b>712</b>	629	13.2	<b>7.3</b>	14.2	(6.9)



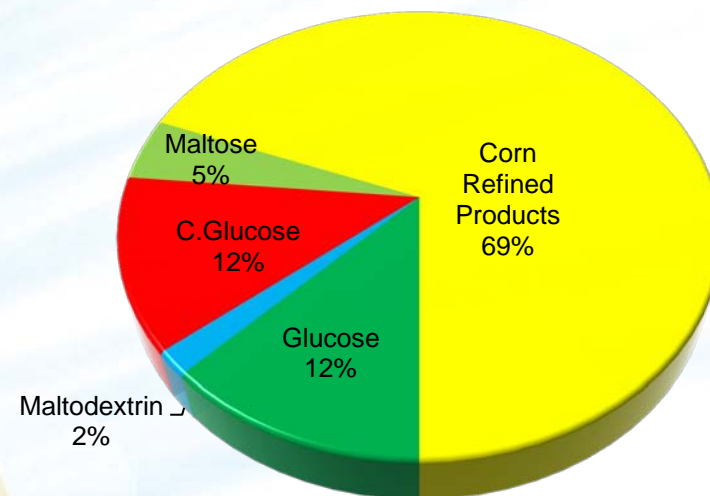
# Exports Breakdown

	1H12	1H11	% Change
Export Sales Revenue (HK\$ Million)	96	127	(24.4)
Exports Sales Volume ('000 MT)	43	40	7.5
Export Contribution (%)	4.3%	6.3%	(2.0)% pt

Exports Breakdown by Region 1H12

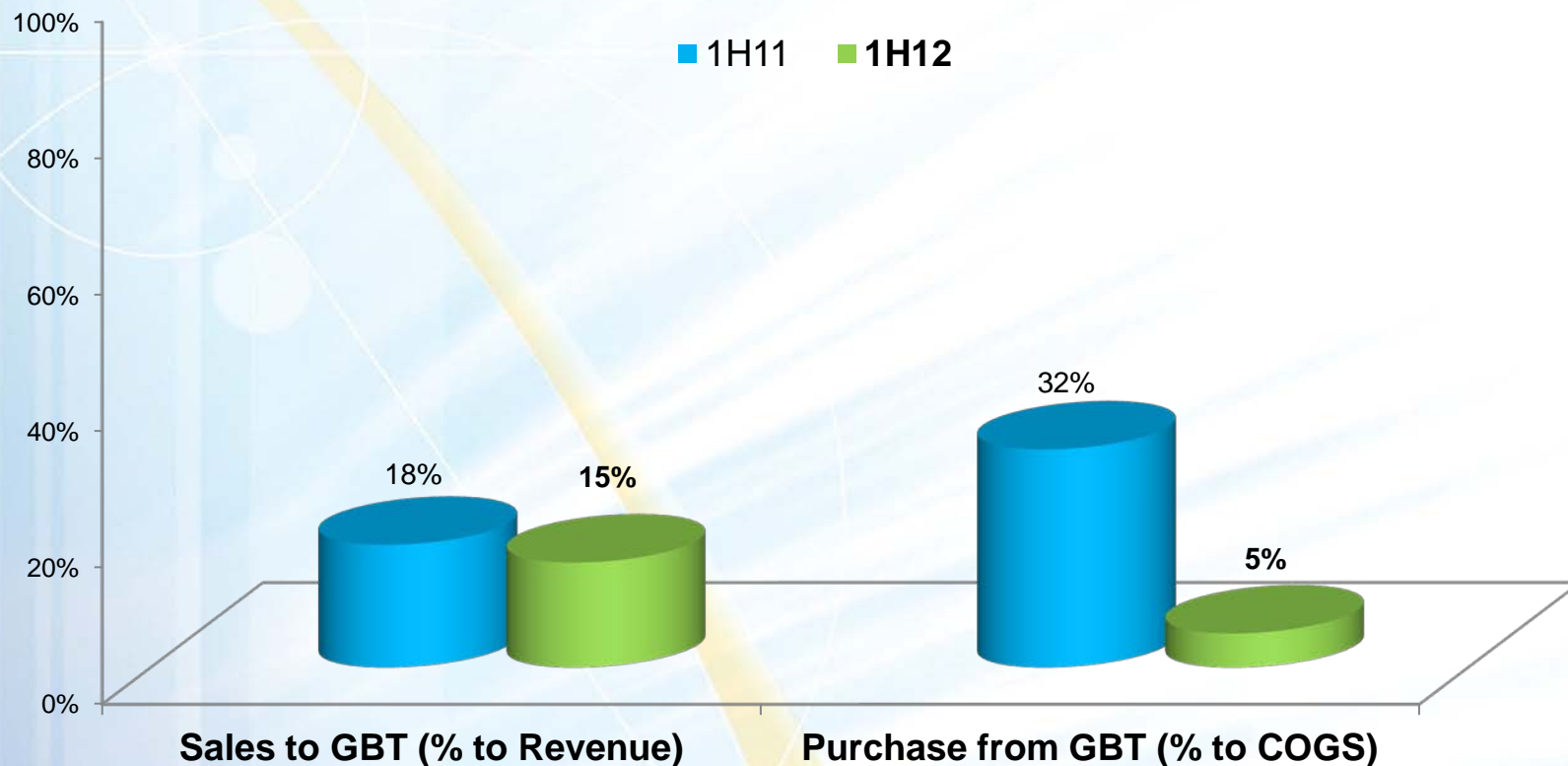


Exports Breakdown by Products 1H12





# CCT – Sales to & Purchase from GBT



Sales agency fee to GBT for the sales of the Group's upstream products for  
1H12: HK\$5.4 million (1H11: HK\$2.3 million)

# Operating Cost Structure

	1H12	1H11
Raw Material (Corn / Corn Starch)	<b>76.9%</b>	79.8%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	<b>9.7%</b>	8.2%
Labour	<b>0.7%</b>	0.6%
Depreciation	<b>2.7%</b>	2.6%
Production Overhead (Consumable and Packaging)	<b>2.4%</b>	1.4%
Selling and Distribution Expenses	<b>5.2%</b>	5.4%
Administrative Expenses	<b>2.4%</b>	2.0%

# **Business Outlook & Development Plans**



# Upstream Raw Material – Corn

## Corn Price Movement in China (Jan 07 – Aug 12)



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

- China corn price continues to stay high with strong demand from different industries
- National Grain & Oils Information Centre (中國糧油信息中心) estimates corn harvest for 2012/13: approx. 197 million MT
- The Group's corn purchasing cost for 1H12 increased by 11% YOY to RMB2,043/MT (excl. VAT)
- Outlook on upstream business: continue to be challenging in 2H12 with highflying raw material cost

# Downstream – Sugar Price Movement

## Sugar Price Movement in China (Jan 01 – Aug 12)



Source: [www.sugarinfo.net](http://www.sugarinfo.net)

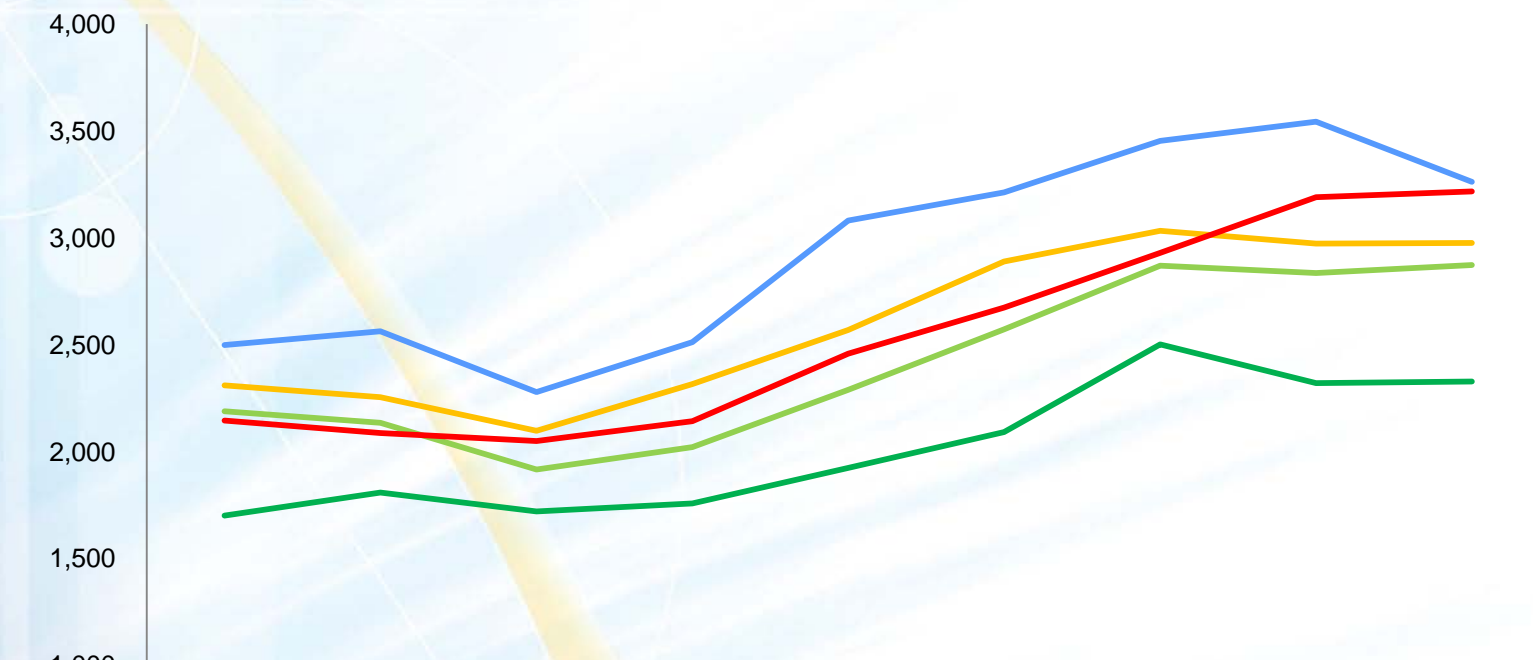
- ◆ PRC sugar production increased by 1 million MT (10% increase) in 2011/12  
→ current PRC sugar price stabilised at approx. RMB6,100/MT
- ◆ Outlook on sugar price → expects to stabilise as current level
- ◆ Strategy on corn sweeteners business: continues to focus on high value-add products



# Downstream Products ASP Trends

## ASP Trends for the Group's Downstream Products (1H08 - 1H12)

RMB/MT



	1H08	2H08	1H09	2H09	1H10	2H10	1H11	2H11	1H12
Glucose	1,701	1,809	1,720	1,757	1,924	2,092	2,501	2,321	2,329
Maltose	2,189	2,135	1,917	2,021	2,290	2,572	2,871	2,836	2,873
Maltodextrin	2,310	2,256	2,098	2,316	2,569	2,890	3,033	2,973	2,977
HFCS	2,146	2,088	2,050	2,142	2,459	2,673	2,930	3,190	3,217
Crystallised Glucose	2,499	2,563	2,280	2,512	3,082	3,212	3,453	3,544	3,262

# Corn Procurement & Logistics

- ▲ Corn origination
- ▲ Port corn storage
- 🗄️ GSH's corn refinery



## Objectives:

- To secure corn supply for the Group's production need
- To further lower corn procurement costs

## How we do it:

- Acquire/ lease silos in corn origination and in Jinzhou port
- Purchase wet corn from farmers in corn originations → dehydrate and transport to Jinzhou and Changchun to feed the corn refineries

## Cost saving from:

- Further penetrate into the source of raw material → farmers & villages
- Purchase wet corn at the lowest cost + efficient dehydration of corn → ↓cost

# Corporate Strategies

- Lingering global economy uncertainty → slow down pace of expansion
- Hold cash for raw material procurement to protect profit margins
- Lower debt level to reduce finance cost
- Leverage on the Group's highly flexible production facilities to adjust product mix according to market needs for profit maximisation
- Continue to explore high value-add products

Expansion Plans	Designed Capacity (mtpa)	Location	CAPEX (HK\$ million)	
HFCS 55	100,000	Shanghai	100	← commenced production
Corn Refinery	300,000	Jinzhou	100	← complete by end of 2H12
		<b>Total</b>	<b>200</b>	

# Capacity Overview

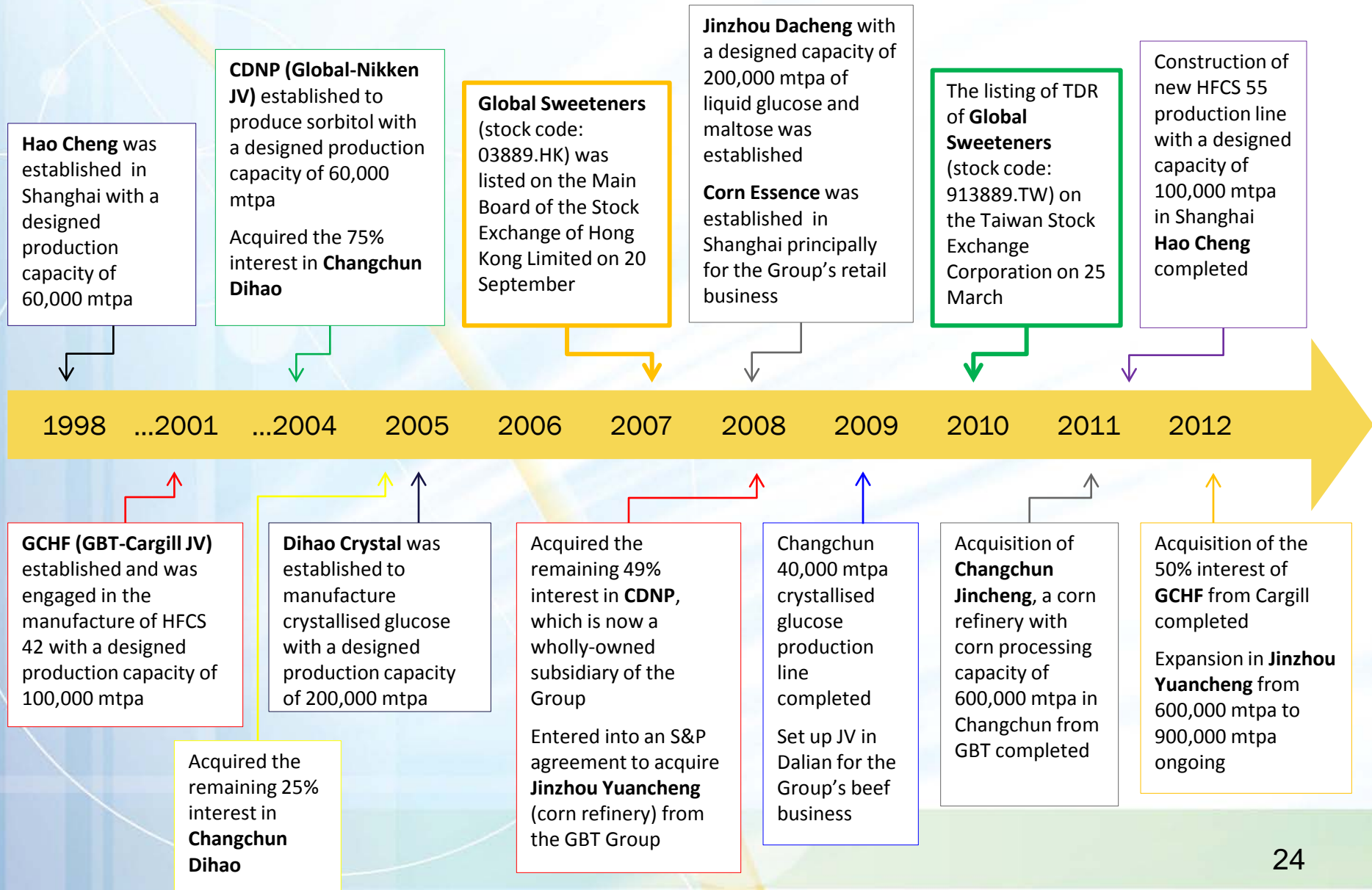
Designed Capacity (mtpa)	2011	2012	2013
<b><u>Upstream</u></b>			
Corn Starch	840,000	1,050,000	1,050,000
Corn Refined Products	360,000	450,000	450,000
<b>Upstream Sub-total</b>	<b>1,200,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b><u>Downstream</u></b>			
Glucose / Maltose Syrup	820,000	820,000	820,000
Maltodextrin	20,000	20,000	20,000
HFCS	220,000	220,000	220,000
Crystallised Glucose	300,000	300,000	300,000
<b>Downstream Sub-total</b>	<b>1,360,000</b>	<b>1,360,000</b>	<b>1,360,000</b>
<b>Total</b>	<b>2,560,000</b>	<b>2,860,000</b>	<b>2,860,000</b>

# Company Profile





# Corporate Milestones



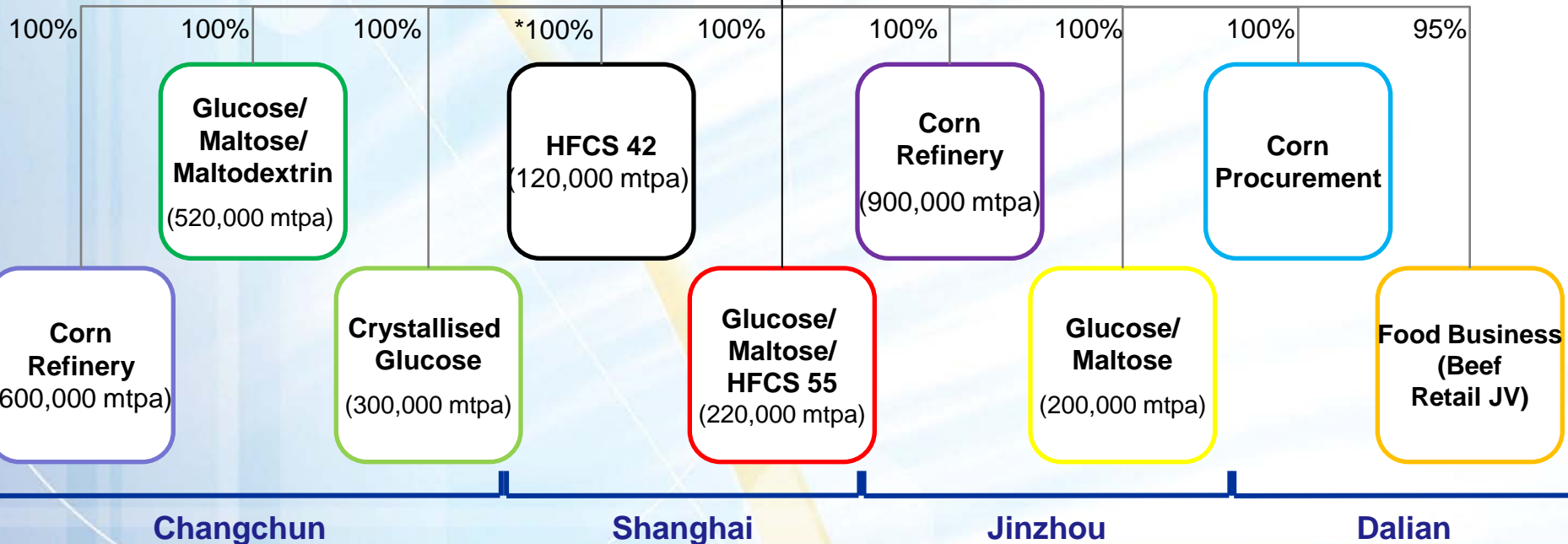
# Corporate Structure



Public

64%

36%

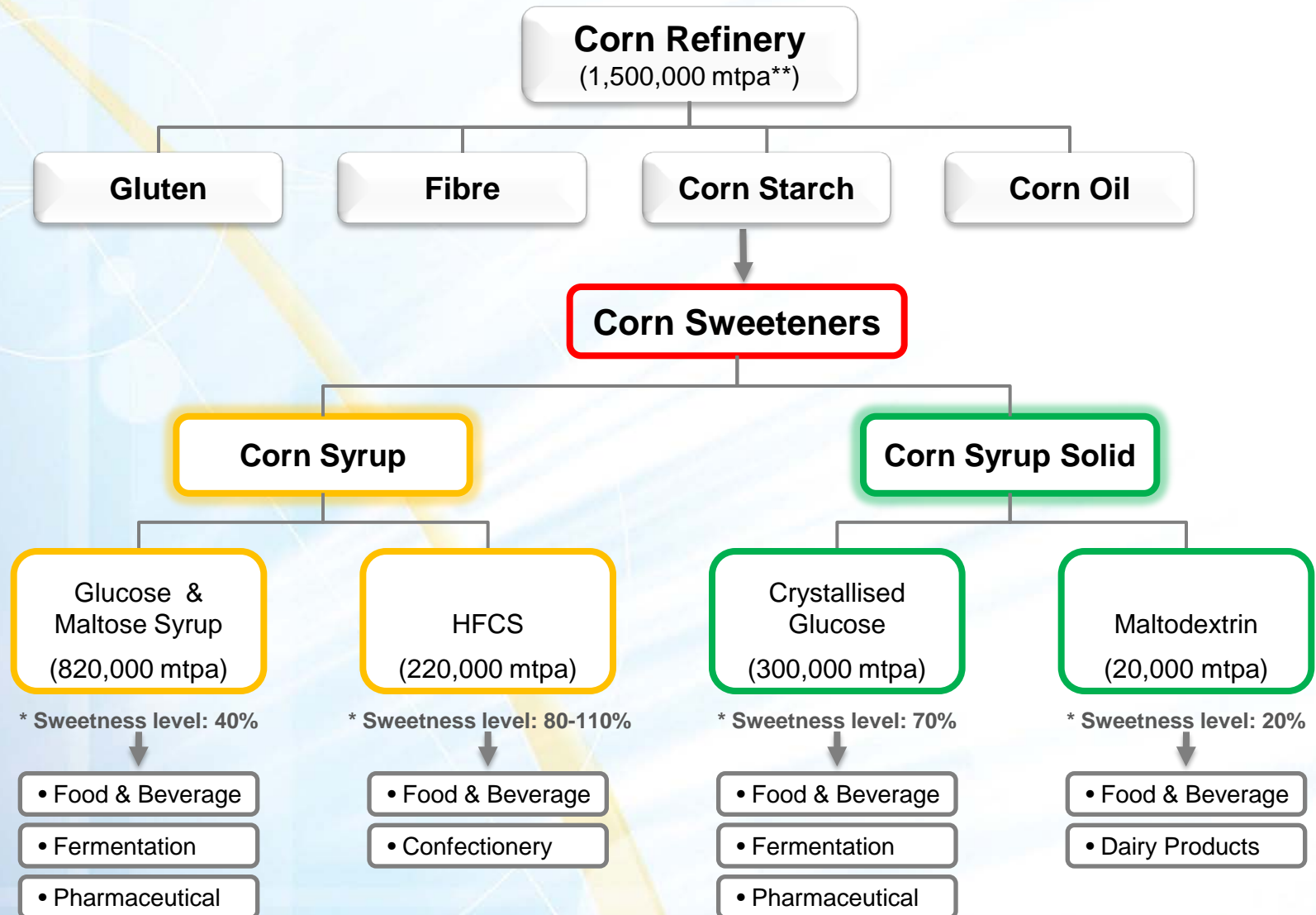


\* The Group's current shareholding in the HFCS 42 production line is 90%. The transfer of the remaining 10% interest in the PRC is subject to the approval from the PRC authorities which is expected to complete by 2H12.

# Diversified Product Mix

UPSTREAM

DOWNSTREAM



\* Sweetness level base on cane sugar sweetness

\*\* Designed capacity of upstream corn refinery is 1,500,000 mtpa, based on 300 days of operation. Actual output can be raised through facilities adjustment and increasing operation days

# Geographic Advantage

## Changchun

- Production area of about 107,500 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

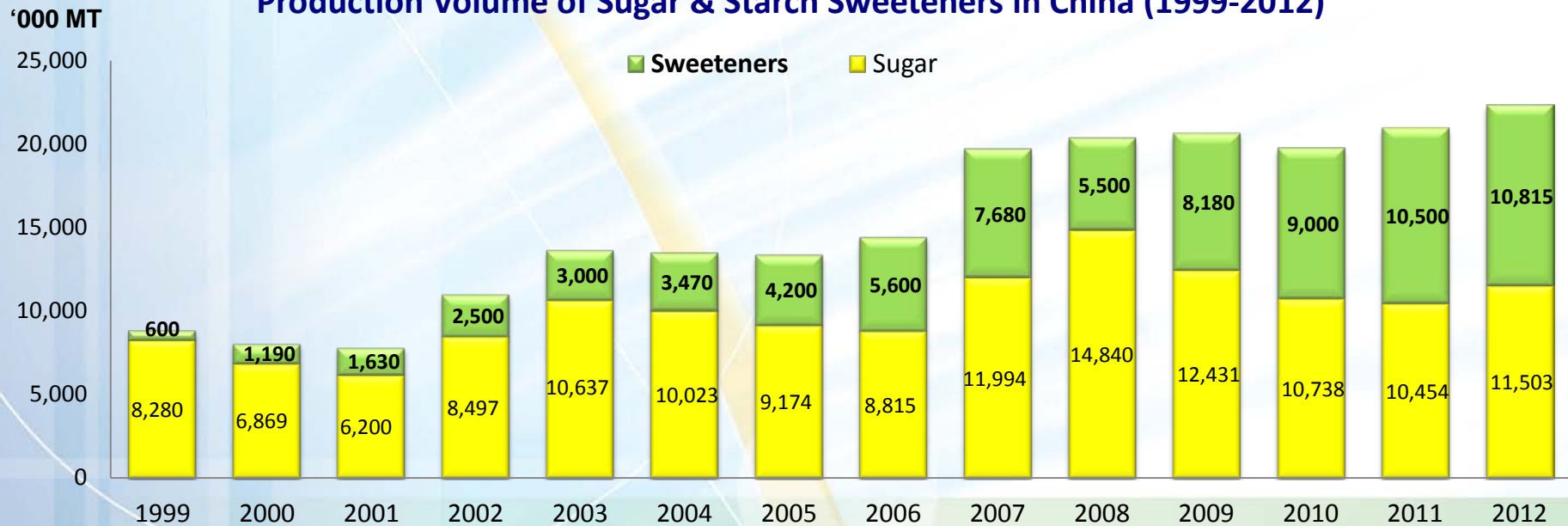
**Raw Material:**

Corn, Potatoes, Tapioca

**Regions:**

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

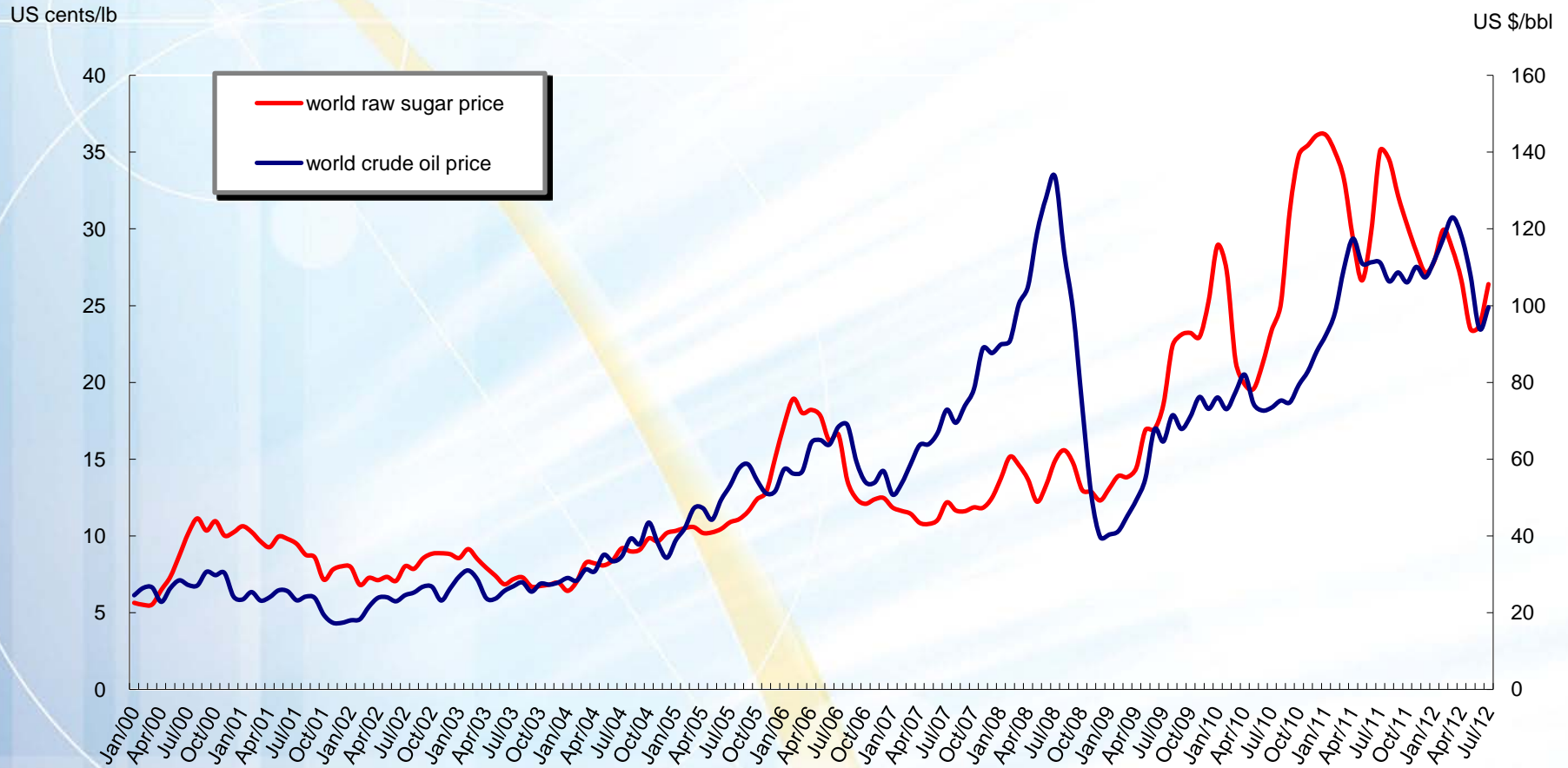
**Production Volume of Sugar & Starch Sweeteners in China (1999-2012)**



資料來源：China Sugar Association, DNCNET and USDA

# Sugar & Oil Price Correlation

## Sugar & Crude Oil Price Movement (Jan 2000 – Jul 2012)



Source: USDA & OPEC



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**Thank you**



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