



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

2011 Interim Results

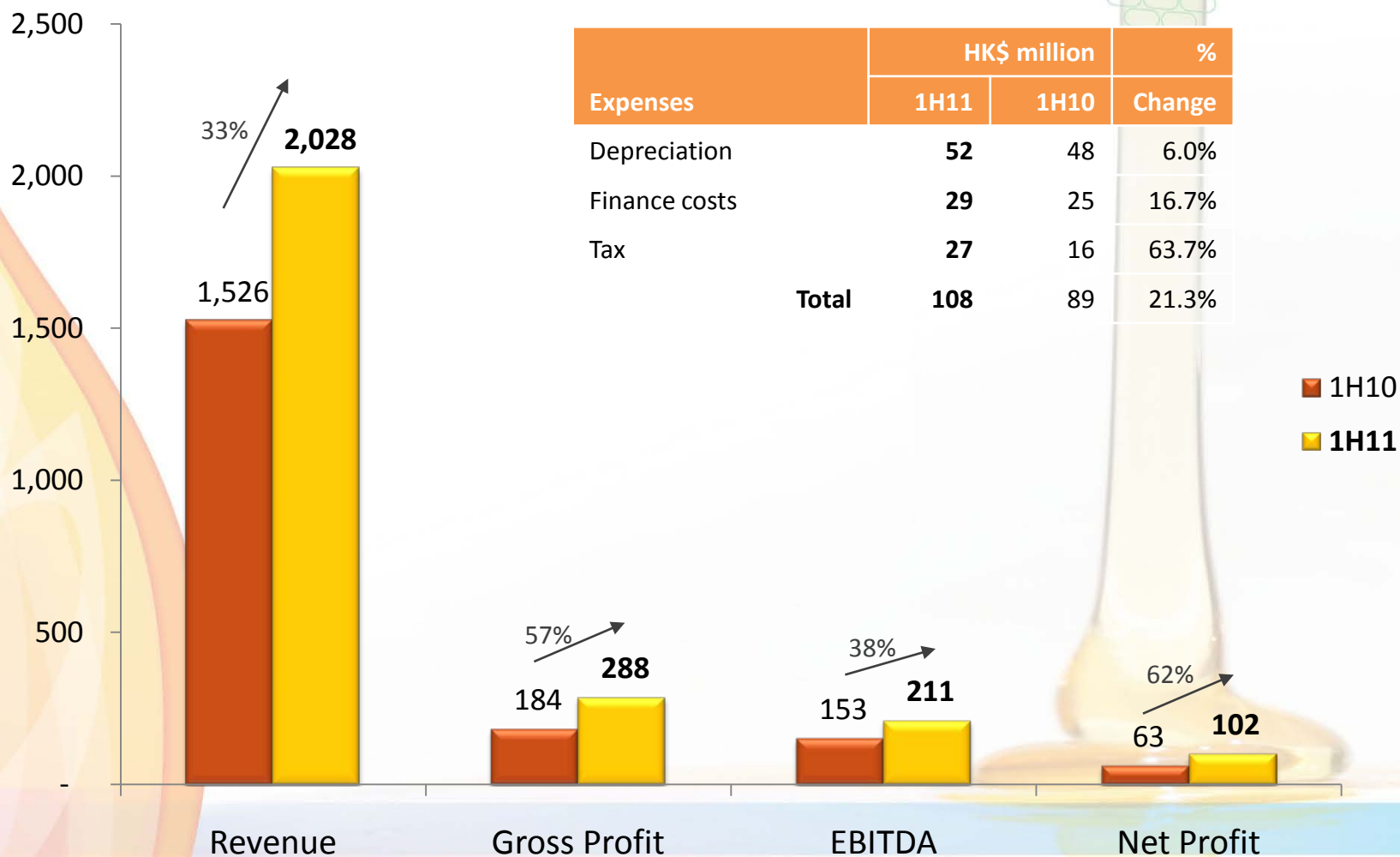
2 September 2011

AGENDA

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

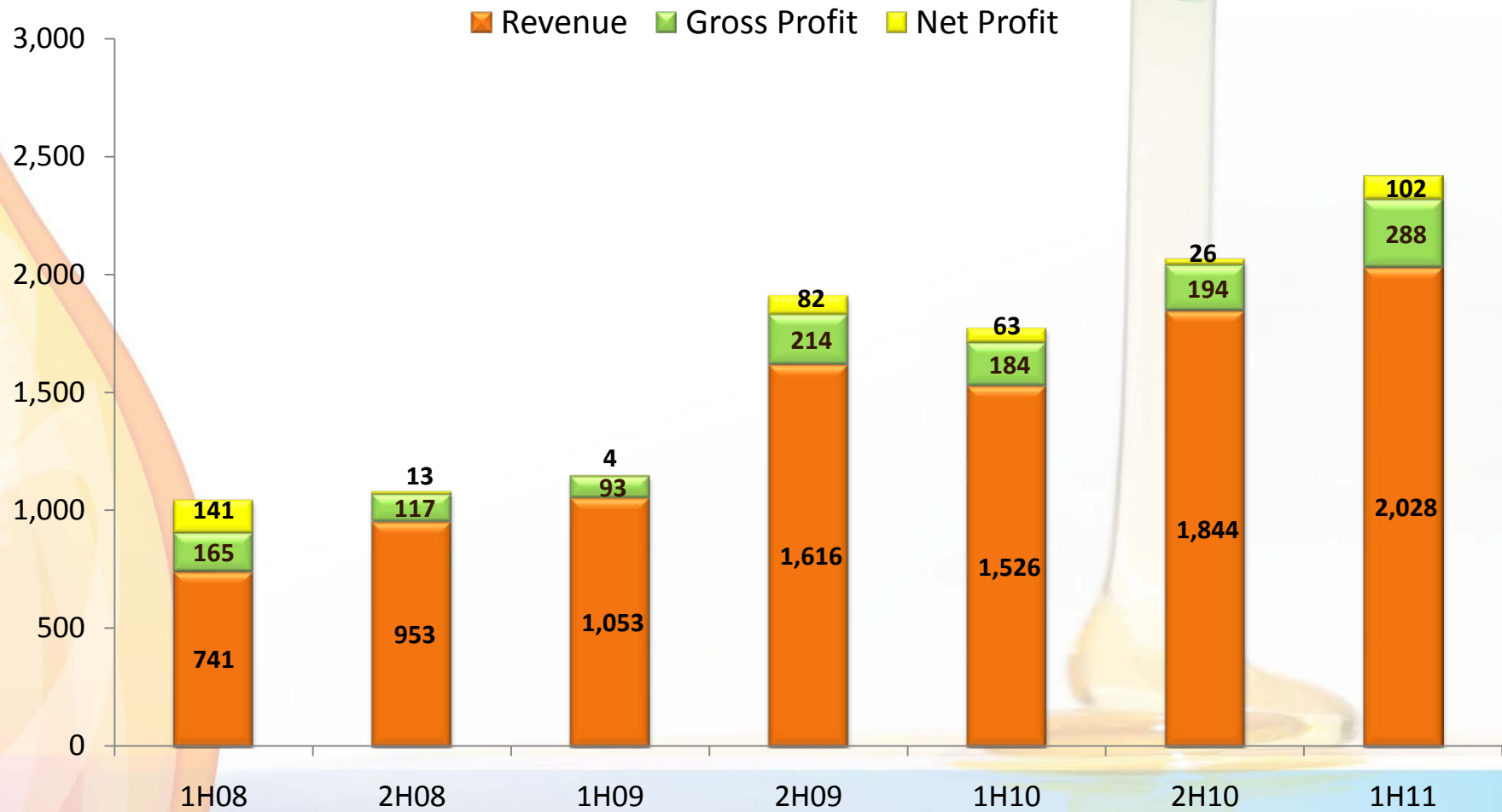
RESULTS HIGHLIGHTS

HK\$ million



STRONG GROWTH MOMENTUM

HK\$ million



The background features a stylized tree with a green trunk and a canopy of green leaves, positioned on the right side. On the left side, there are abstract, overlapping shapes in shades of yellow, orange, and red, resembling a large drop or a stylized flame. The overall aesthetic is clean and modern.

2011 Interim Results

Financial Overview

OPERATING RESULTS

HK\$ million	1H11	1H10	Change
Revenue	2,028	1,526	32.9%
• Corn Refined Products	685	491	39.6%
• Corn Sweeteners	1,276	933	36.8%
• Retail Business	67	102	(34.8%)
Gross Profit	288	184	56.8%
• Corn Refined Products	82	45	81.0%
• Corn Sweeteners	201	136	47.8%
• Retail Business	5	3	66.7%
Gross Margin	14.2%	12.1%	2.1%
• Corn Refined Products	11.9%	9.2%	2.7%
• Corn Sweeteners	15.8%	14.6%	1.2%
• Retail Business	7.9%	2.5%	5.4%
EBITDA	211	153	37.9%
Net Profit	102	63	61.8%
• Net Margin	5.1%	4.2%	0.9%
Basic Earnings Per Share (HK cents)	8.9	5.7	56.7%
Dividend Per Share – Interim (HK cents)	-	-	N/A

FINANCIAL POSITION

HK\$ million	30 June 11	31 Dec 10	Change
Non-current Assets	1,586	1,558	1.7%
Current Assets	1,866	1,716	8.7%
Current Liabilities	1,306	1,025	27.5%
Cash and Bank Balances	463	378	22.7%
Shareholder's Equity	2,083	1,927	8.1%
Interest Bearing Borrowings	873	879	(0.7%)

KEY FINANCIAL RATIOS

HK\$ million	30 June 11	31 Dec 10
Current Ratio	1.43	1.67
Quick Ratio	0.98	1.10
Gearing Ratio (net debt/equity)	19.7%	26.1%
ROE (annualized)	9.9%	4.6%
Inventories Turnover Days	61 days	72 days
Trade Receivables Turnover Days	60 days	69 days
Trade Payables Turnover Days	23 days	26 days

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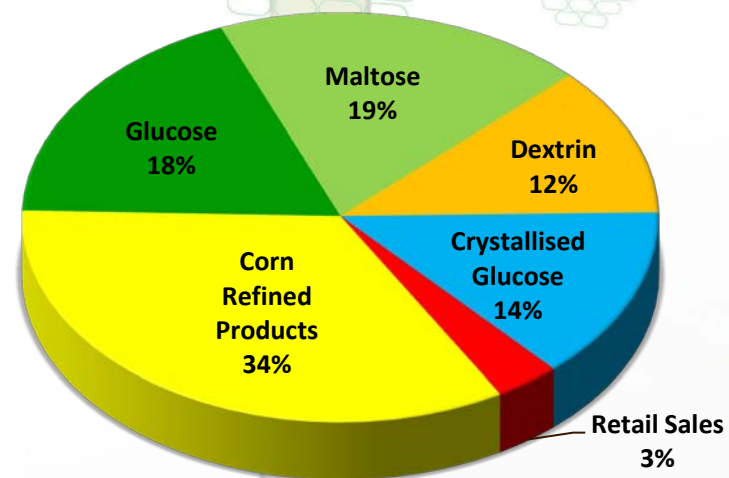
2011 Interim Results

Operation Overview

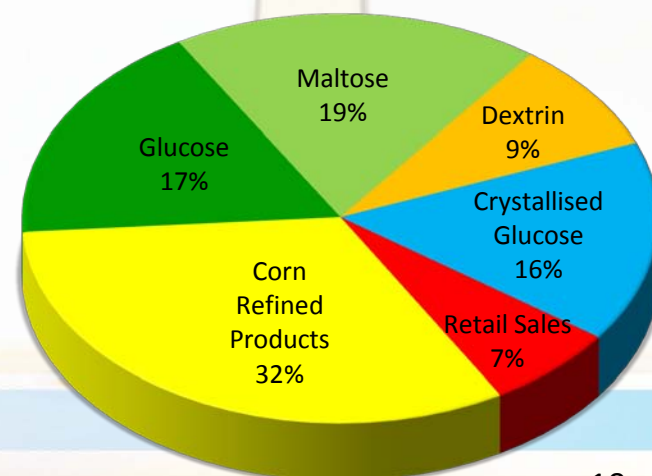
REVENUE BREAKDOWN

Revenue (HK\$ million)	1H11	1H10	Change
Upstream			
Corn Refined Products	685	491	39.6%
Downstream			
Glucose Syrup	373	269	38.6%
Maltose Syrup	386	287	34.3%
Maltodextrin	240	134	78.9%
Crystallised Glucose	277	243	14.1%
Sweeteners Sub-total	1,276	933	36.8%
Retail	67	102	(34.8%)
Total	2,028	1,526	32.9%

1H11 Revenue Breakdown

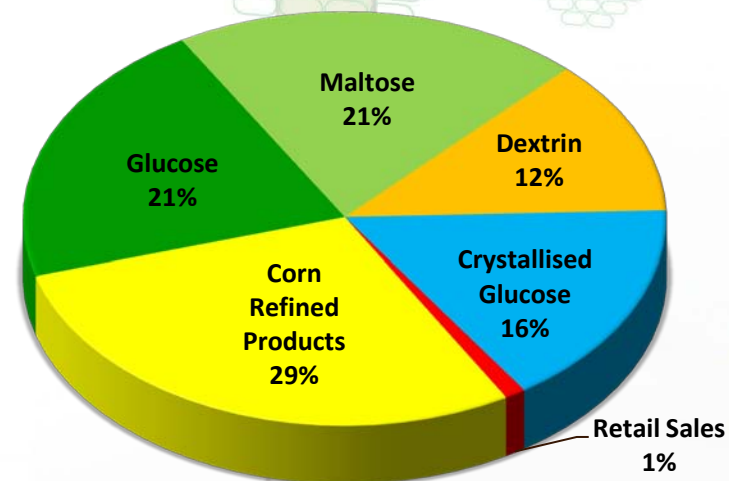


1H10 Revenue Breakdown

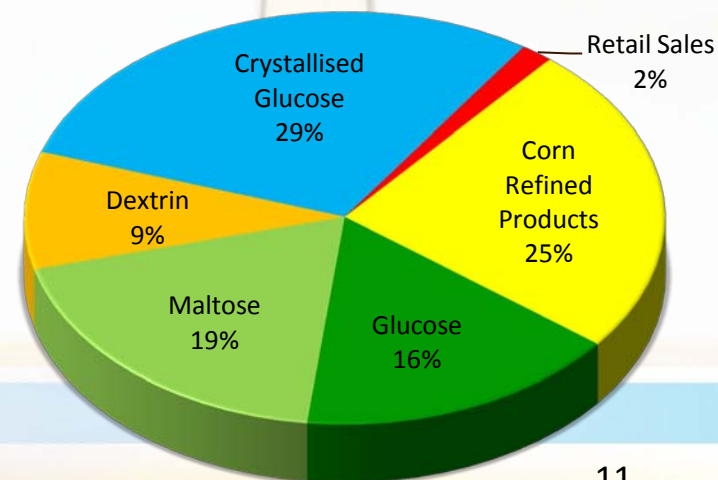


GROSS PROFIT BREAKDOWN

1H11 Gross Profit Breakdown



1H10 Gross Profit Breakdown



Gross Profit (HK\$ million)	1H11	1H10	Change
Upstream			
Corn Refined Products	82	45	81.0%
Downstream			
Glucose Syrup	61	30	103.3%
Maltose Syrup	59	35	68.6%
Maltodextrin	35	17	105.9%
Crystallised Glucose	46	54	(14.8%)
Sweeteners Sub-total	201	136	47.8%
Retail	5	3	66.7%
Total	288	184	56.8%

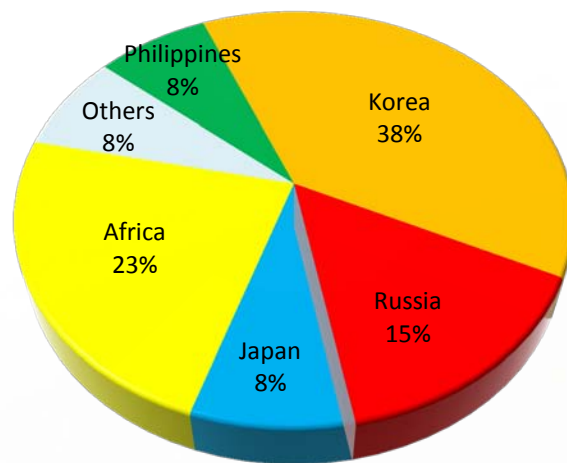
SALES ANALYSIS

	Sales Volume ('000 MT)			Gross Profit Margin		
	1H11	1H10	Change	1H11	1H10	Change
<u>Upstream</u>						
Corn Refined Products	225	199	13.1%	11.9%	9.2%	2.7%
<u>Downstream</u>						
Glucose Syrup	125	125	0.0%	16.3%	11.3%	5.0%
Maltose Syrup	113	112	0.9%	15.2%	12.3%	2.9%
Maltodextrin	67	46	43.0%	14.8%	12.6%	2.2%
Crystallised Glucose	96	119	(19.0%)	16.6%	22.1%	(5.5%)
Sweeteners Sub-total	401	402	(0.2%)	15.8%	14.6%	1.2%
<u>Retail</u>	3	5	(40.0%)	7.9%	2.5%	5.4%
TOTAL	629	606	3.8%	14.2%	12.1%	2.1%

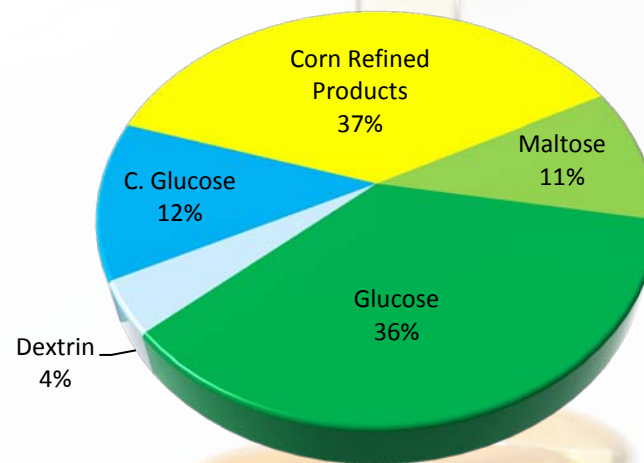
EXPORTS BREAKDOWN

	Sales Volume ('000 MT)			Revenue (HK\$ million)		
	1H11	1H10	Change	1H11	1H10	Change
Export Sales	43	33	30.3%	142	90	57.8%
Export Contribution (%)	6.9%	5.4%	1.5%	7.1%	5.8%	1.3%

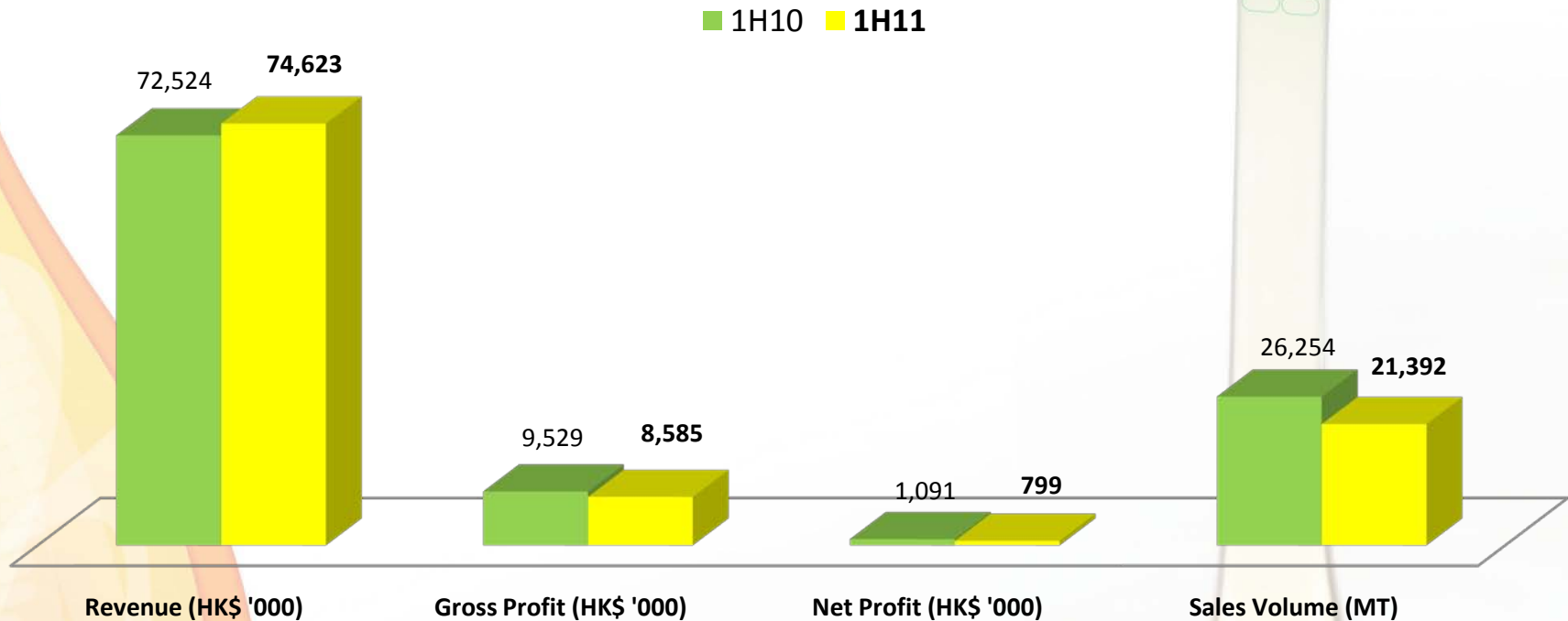
Exports Breakdown by Region 1H11



Exports Breakdown by Products 1H11

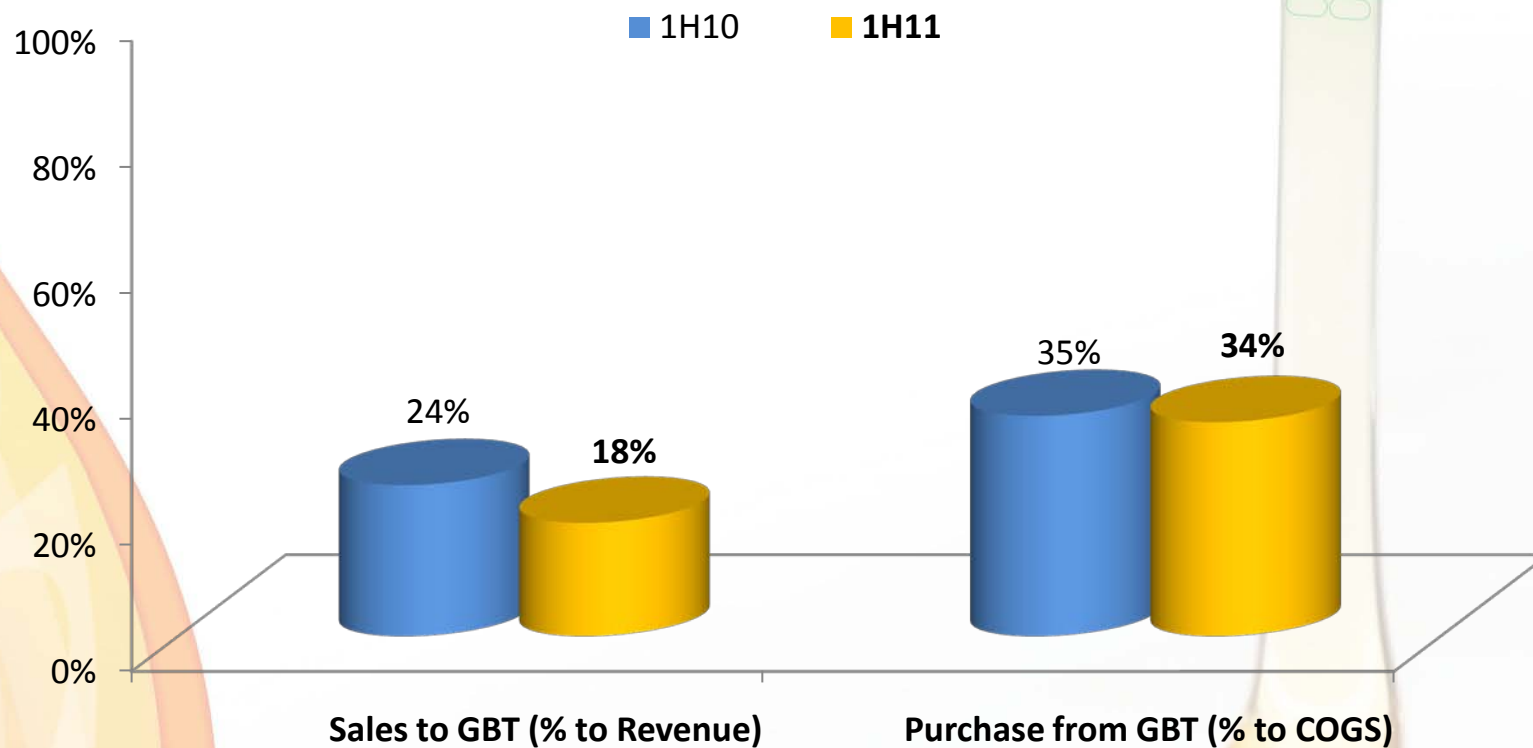


HFCS 42 PERFORMANCE UNDER JV



With increasing market acceptance of HFCS 55, HFCS 42 became an intermediate product in the market with squeezing demand

CCT – SALES TO & PURCHASE FROM GBT



Sales agency fee to GBT for the sales of the Group's upstream products for 1H11: HK\$2.3 million (1H10: HK\$1.6 million)

OPERATING COST STRUCTURE

	1H11	1H10
Raw Material (Corn / Corn Starch)	77.6%	76.6%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	8.9%	9.8%
Labour	0.7%	0.9%
Depreciation	3.0%	3.4%
Production Overhead	1.7%	2.7%
Selling and Distribution Expenses	5.9%	4.4%
Administrative Expenses	2.2%	2.2%



Business Outlook & Development Plans

UPSTREAM RAW MATERIAL – CORN

Corn Price Movement in China (Jan 07 – Aug 11)



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
- Corn harvest for 2010/2011: approx. 177 million MT
- The Group's corn purchasing price for 2011 increased by 15% (2010: RMB1,650/MT, VAT excl.)
- Outlook on upstream business: stable business with sustainable price and demand

DOWNSTREAM – SUGAR PRICE MOVEMENT

Sugar Price Movement in China (Jan 01 – Aug 11)



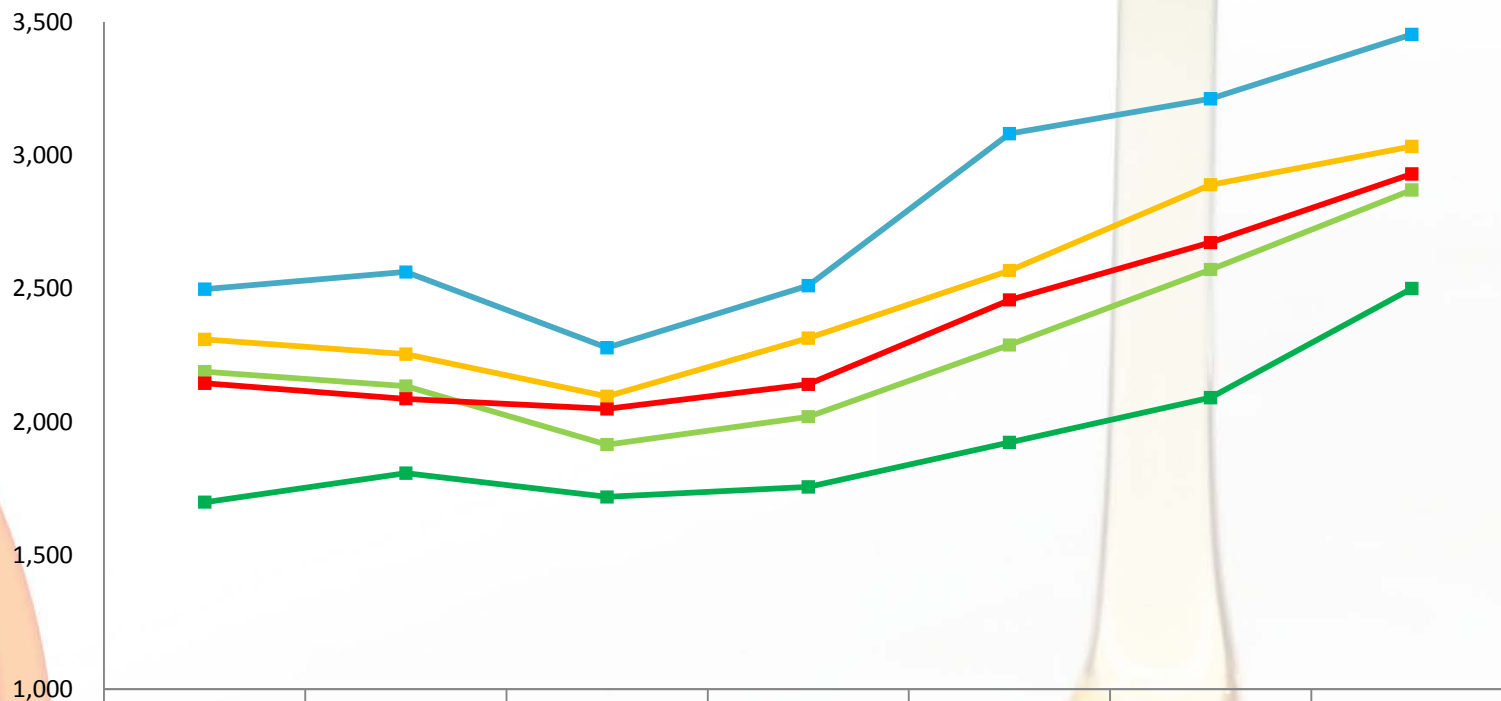
Source: www.ec-sugar.com

- Due to unfavourable climate conditions in major sugarcane production regions, sugar production dropped for 3 consecutive years → sugar price ↑
- Current China sugar price exceeds RMB7,800/MT, with some regions' exceeding RMB8,000/MT
- High sugar price continues to support sweeteners prices

DOWNSTREAM PRODUCTS ASP TRENDS

ASP Trends of the Group's Downstream Products (1H08 – 1H11)

RMB/MT

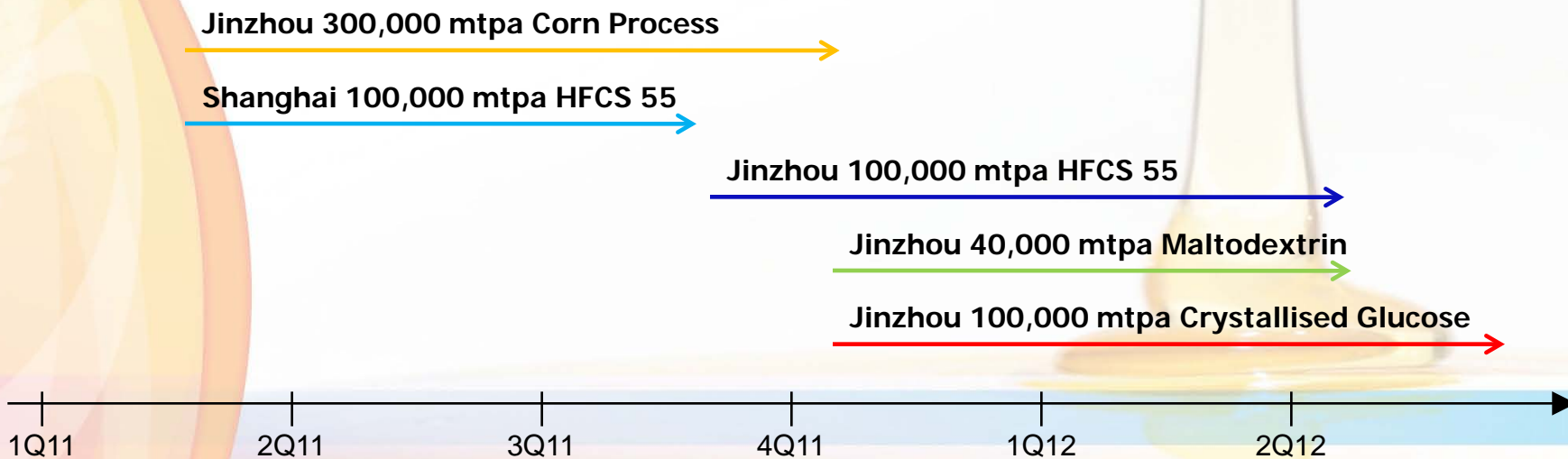


	1H08	2H08	1H09	2H09	1H10	2H10	1H11
Glucose	1,701	1,809	1,720	1,757	1,924	2,092	2,501
Maltose	2,189	2,135	1,917	2,021	2,290	2,572	2,871
Maltodextrin	2,310	2,256	2,098	2,316	2,569	2,890	3,033
HFCS	2,146	2,088	2,050	2,142	2,459	2,673	2,930
Crystallised Glucose	2,499	2,563	2,280	2,512	3,082	3,212	3,453

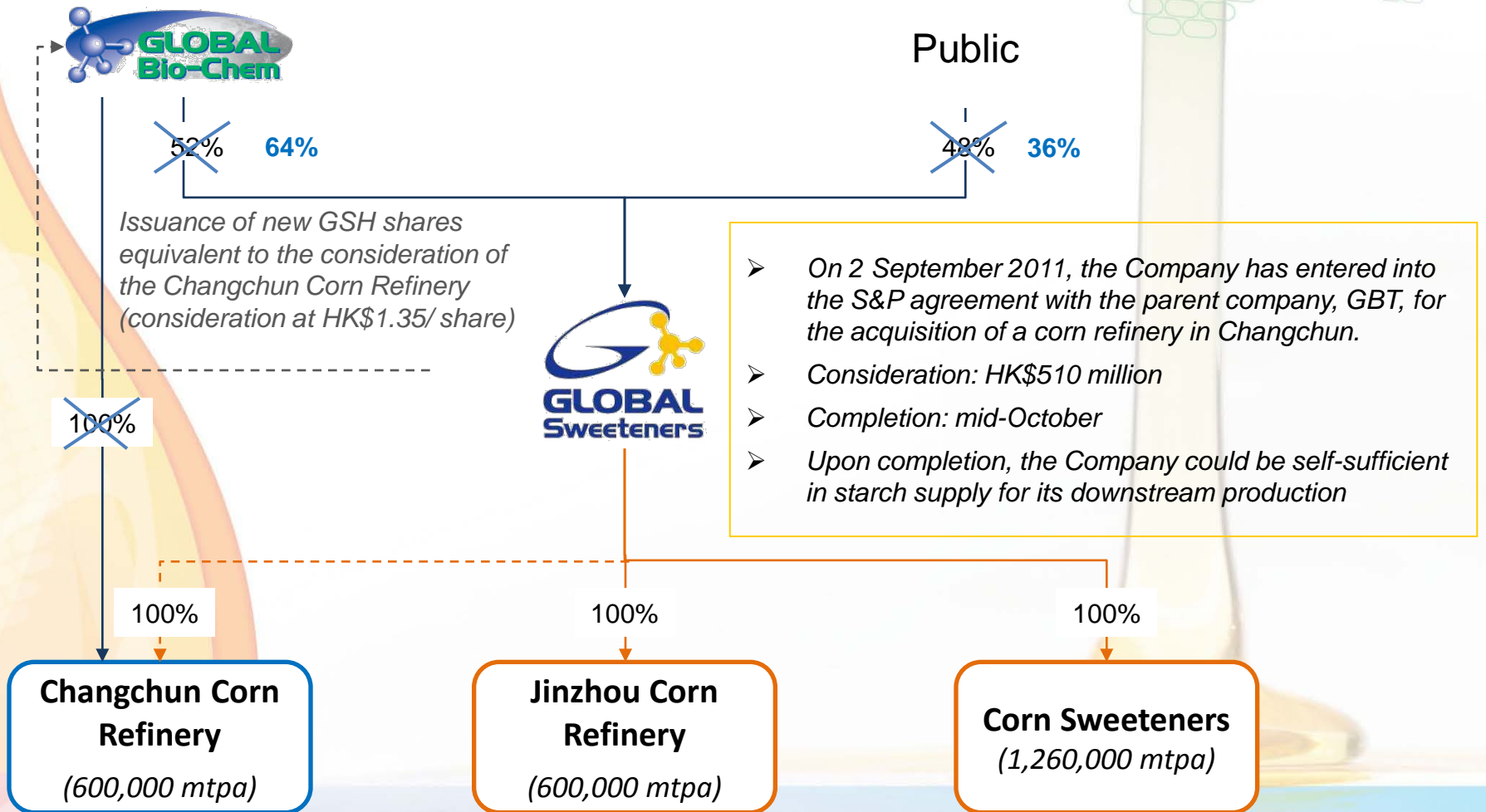
CAPACITY EXPANSION PLANS

Expansion Plans	Designed Capacity (mtpa)	Location	CAPEX (HK\$ million)
Corn Refinery	300,000	Jinzhou	100
HFCS 55	100,000	Shanghai	100
HFCS 55	100,000	Jinzhou	200
Maltodextrin	40,000	Jinzhou	50
Crystallised Glucose	100,000	Jinzhou	150
		Total	600

Expansion Timetable:



ACQUISITION OF CORN REFINERY



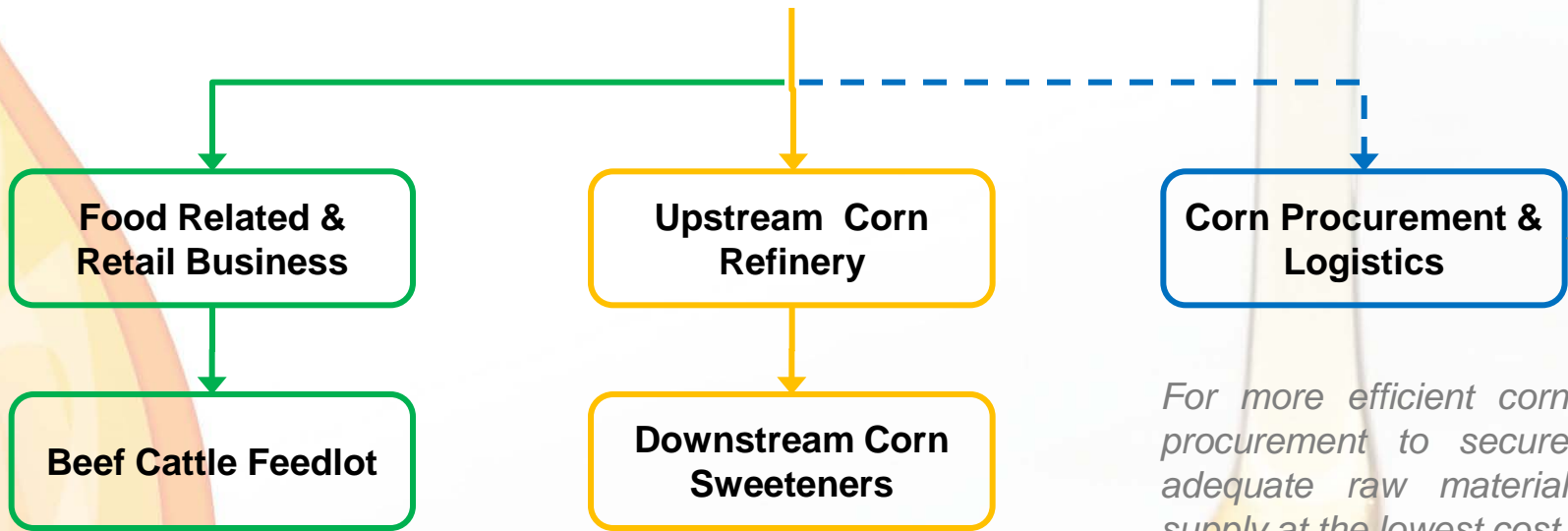
CAPACITY OVERVIEW

Designed Capacity (mtpa)	2010	2011	2012	2013
<u>Upstream</u>				
Corn Starch	420,000	1,050,000	1,050,000	1,050,000
Corn Refined Products	180,000	450,000	450,000	450,000
Upstream Sub-total	600,000	1,500,000	1,500,000	1,500,000
<u>Downstream</u>				
Glucose / Maltose Syrup	820,000	820,000	820,000	820,000
Maltodextrin	20,000	20,000	60,000	60,000
HFCS*	120,000	220,000	320,000	480,000
Crystallised Glucose	300,000**	300,000**	400,000	400,000
Downstream Sub-total	1,260,000	1,360,000	1,600,000	1,760,000
Total	1,860,000	2,860,000	3,100,000	3,260,000

* JV total capacity: 120,000 mtpa

** The sorbitol production line has been switched to produce crystallised glucose (CG) with a capacity of 60,000 mtpa, adding up a total of 300,000 mtpa CG capacity for the Group

BUSINESS STRUCTURE

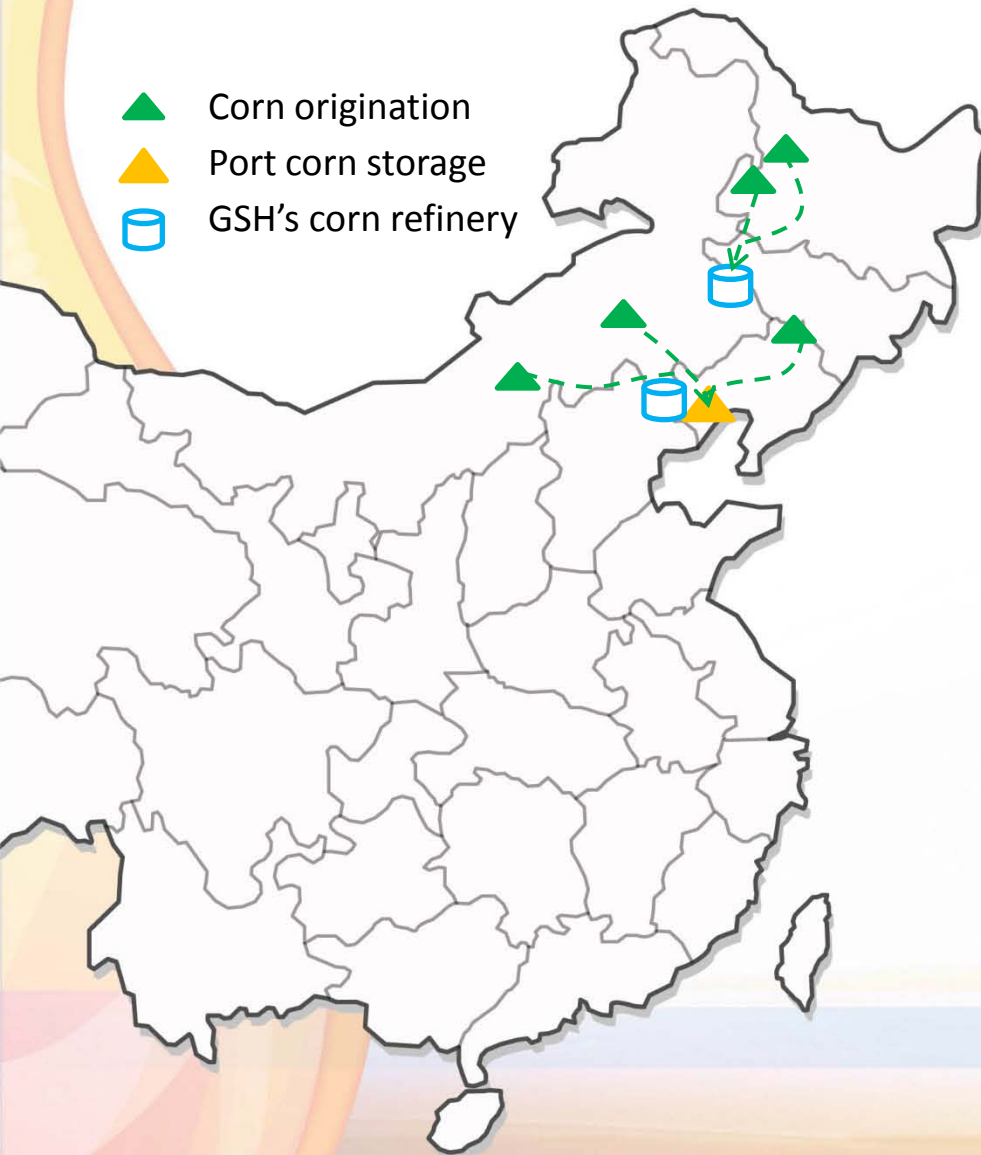


For more efficient corn procurement to secure adequate raw material supply at the lowest cost

- - - New business
- Existing business

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

RETAIL BUSINESS – CATTLE FEEDLOT & PROCESSING



Angus



Local Breeds

Cattle Farm / Feedlot

	Angus	Local Breeds	
Origin	Imported from Australia (~400 heads Angus cow for breeding)	Raised by local farmers	
Entry Age	Breeding → calf → raise till it reaches entry weight	12-15 months old	Below 30 months old
Entry Weight	300kg	300kg	450-500 kg
Duration in Feedlot	3-6 months	3-6 months	N/A

Highest GP, accounts for <5% of total sales

Moderate GP, accounts for <20% of total sales

Lowest GP, accounts for 75% of total sales

Slaughtering

Slaughterhouse (contracted)

Finished beef products ready for sales

Sales Channels

Supermarkets

- Nationwide sales network
- Covered over 400 stores in the PRC

Hotels

Quality beef steak products with high GP margins

Wholesaler

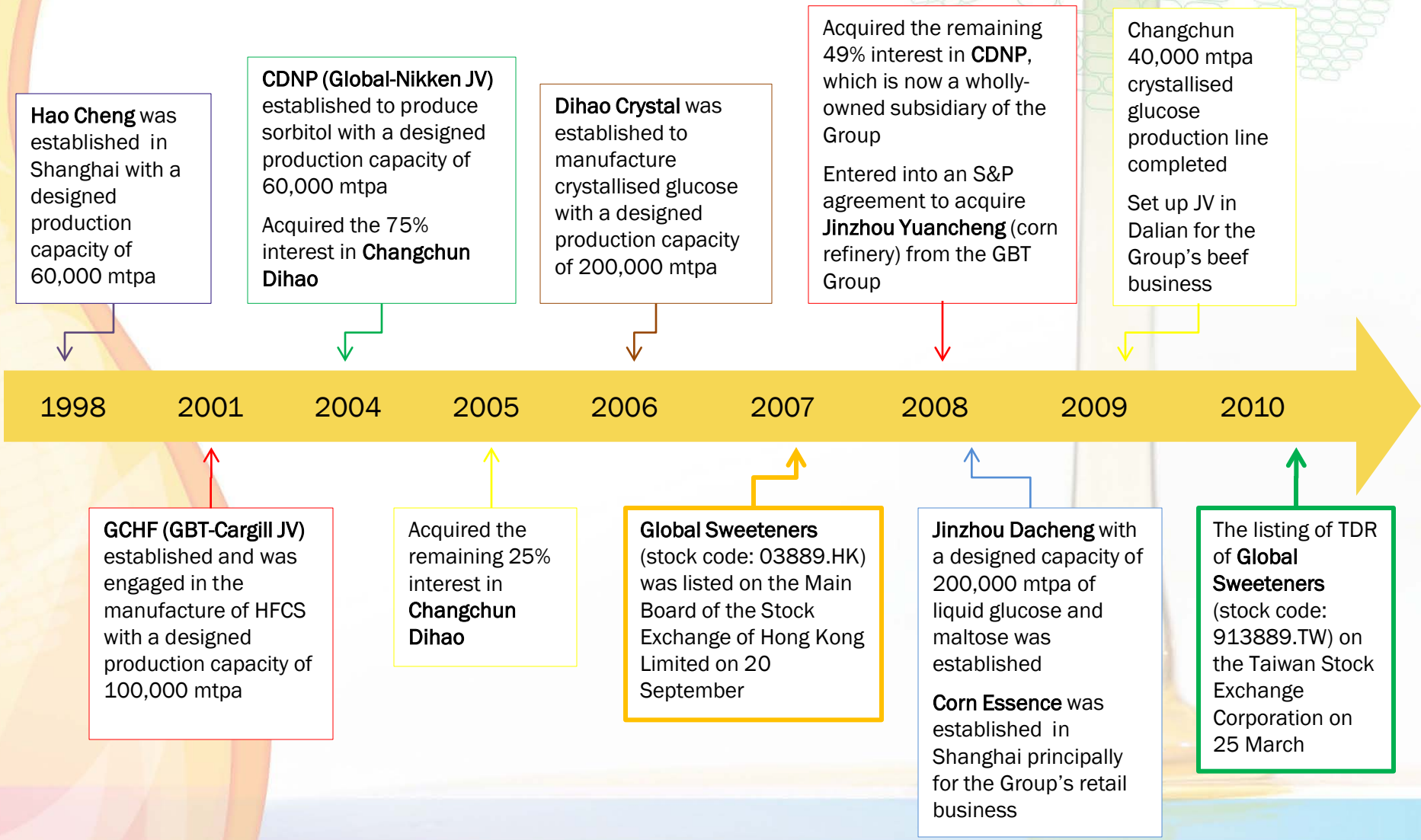
Lower margin beef products and by products are so to food processors via wholesaler

- GP margin improves to 7.9% in 1H2011 (1H2010: 2.5%; FY2010: 4.8%)
- Continue to ↑ GP margin by increasing the sales of fattened cattle and sales to supermarket

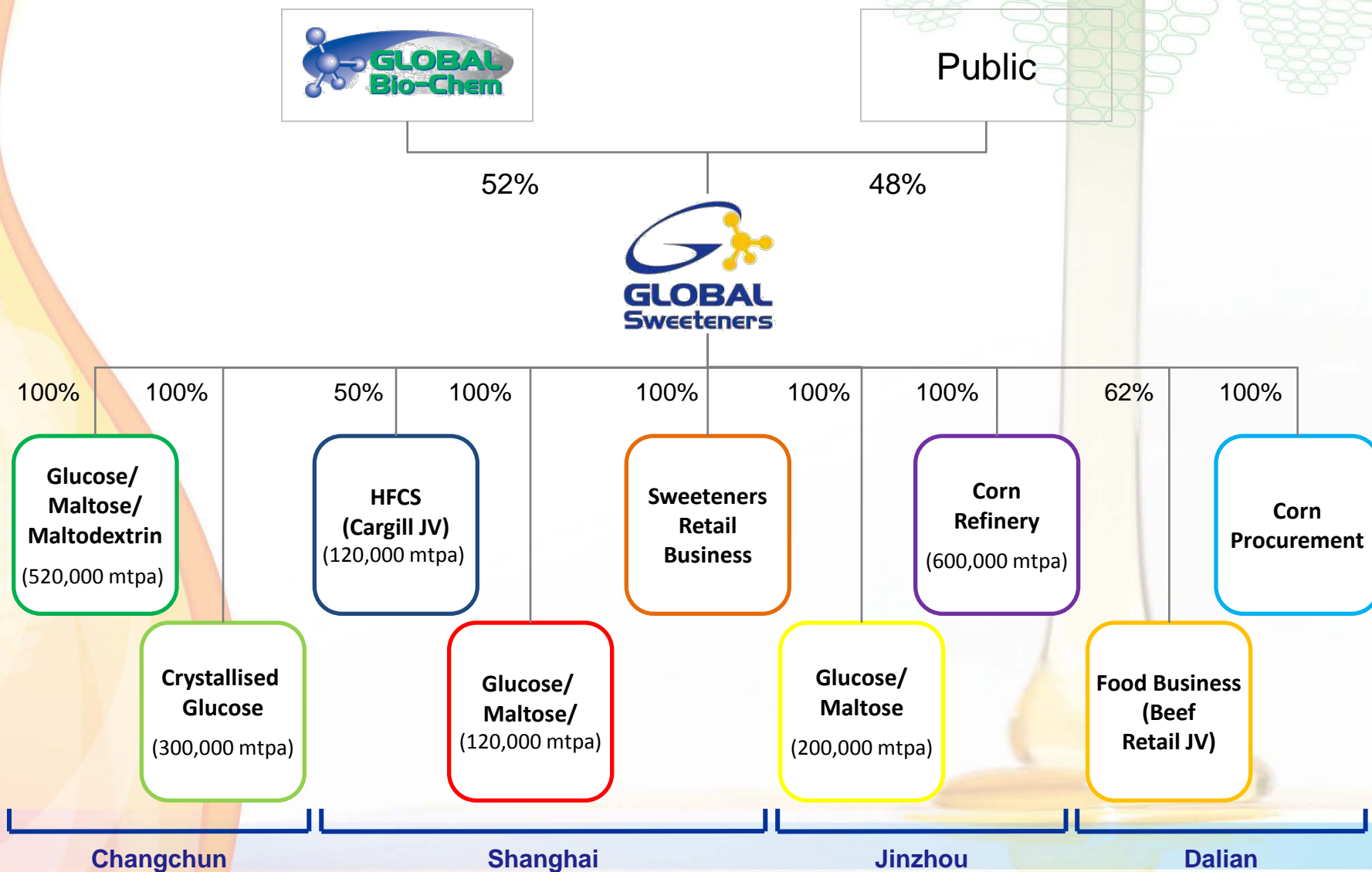


Company Profile

CORPORATE MILESTONES



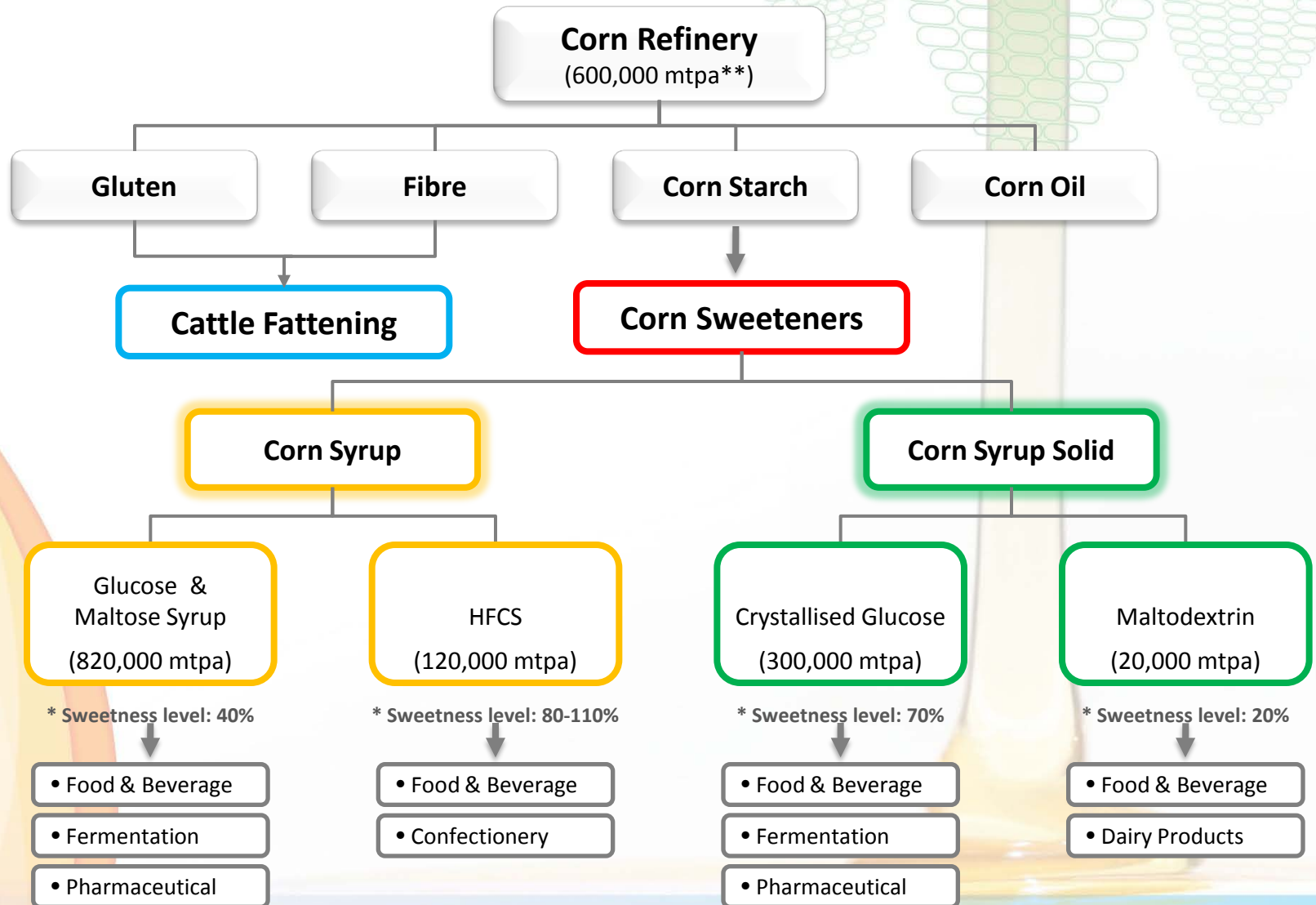
CORPORATE STRUCTURE



DIVERSIFIED PRODUCT MIX

UPSTREAM

DOWNSTREAM



* Sweetness level base on cane sugar sweetness

** Designed capacity of upstream corn refinery is 600,000 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)

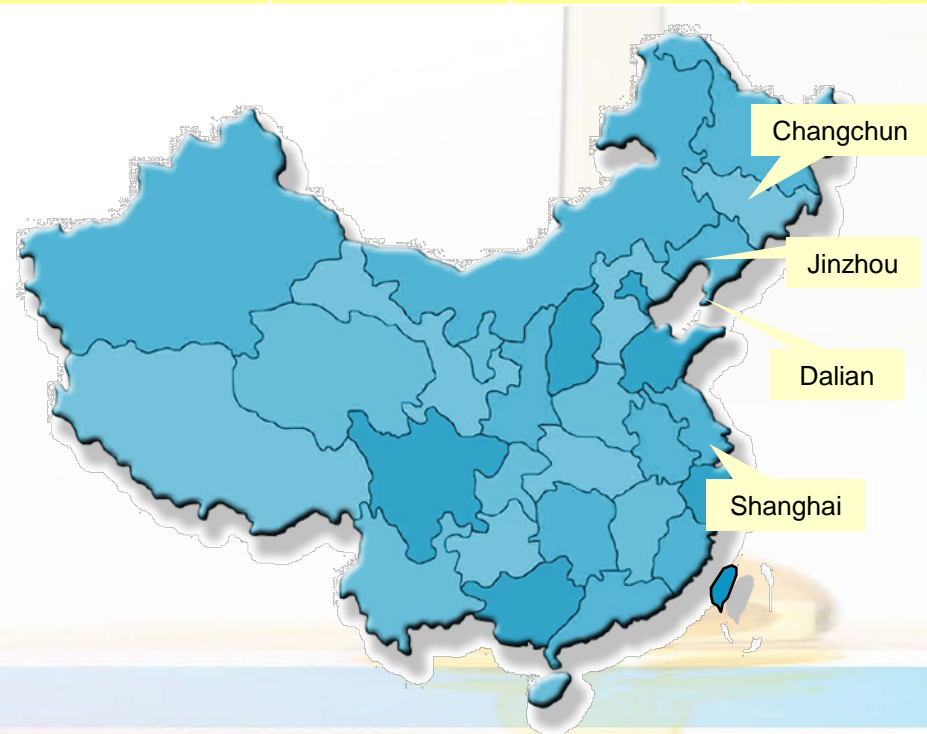
Dalian

- **MATERIAL** advantage → in proximity to nearby cattle farm
- Well-established infrastructure → nearby slaughterhouses
- A major traffic hub

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

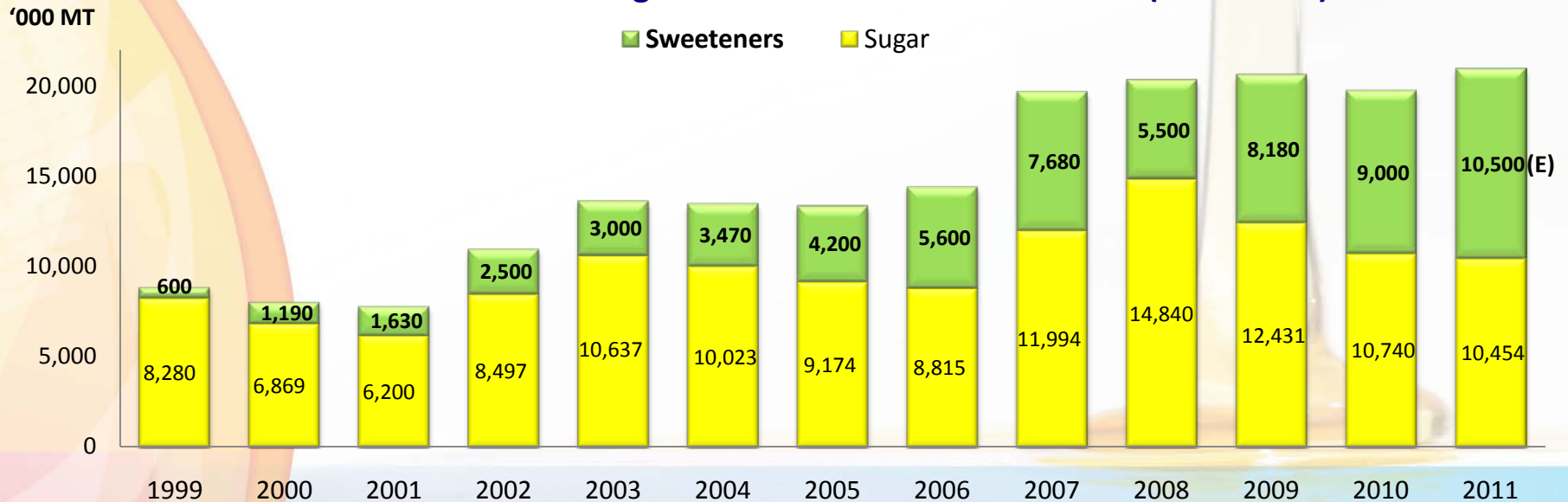
Raw Material:

Corn, Potatoes, Tapioca

Regions:

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

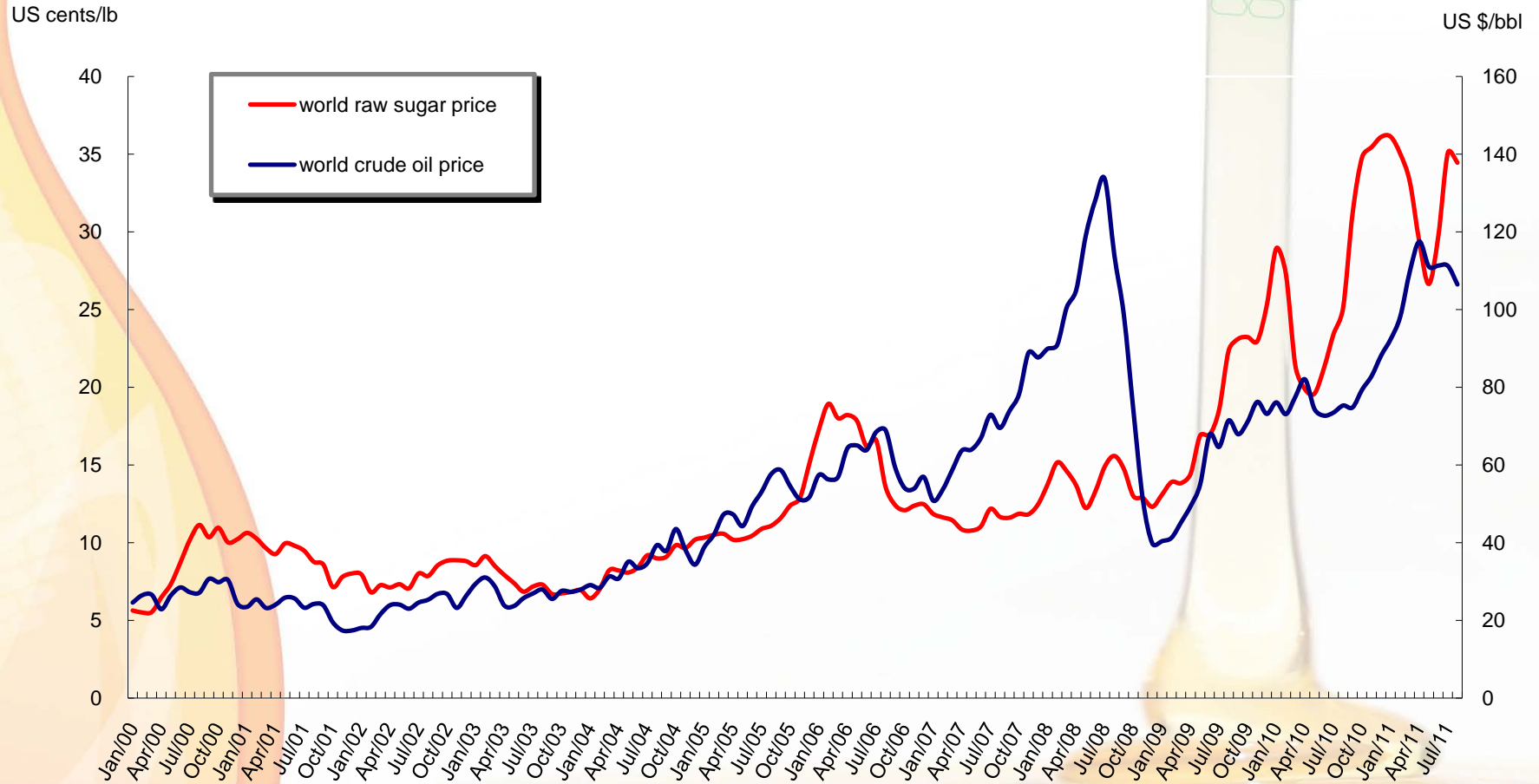
Production Volume of Sugar & Starch Sweeteners in China (1999-2011)



Source DNCNET, Guangxi Sugar Association (GSA) and USDA

SUGAR & OIL PRICE CORRELATION

Sugar & Crude Oil Price Movement (Jan 2000 – Aug 2011)



Source: New York Board of Trade and Energy Information Administration



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- End -