



**GLOBAL
Sweeteners**

大成糖業控股有限公司

GLOBAL Sweeteners Holdings Limited

2012 Annual Results



27 March 2013

Agenda

- 2012 Annual Results
 - Financial Overview
 - Operation Overview
- Business Outlook & Development Plans
- Company Profile
- Appendix

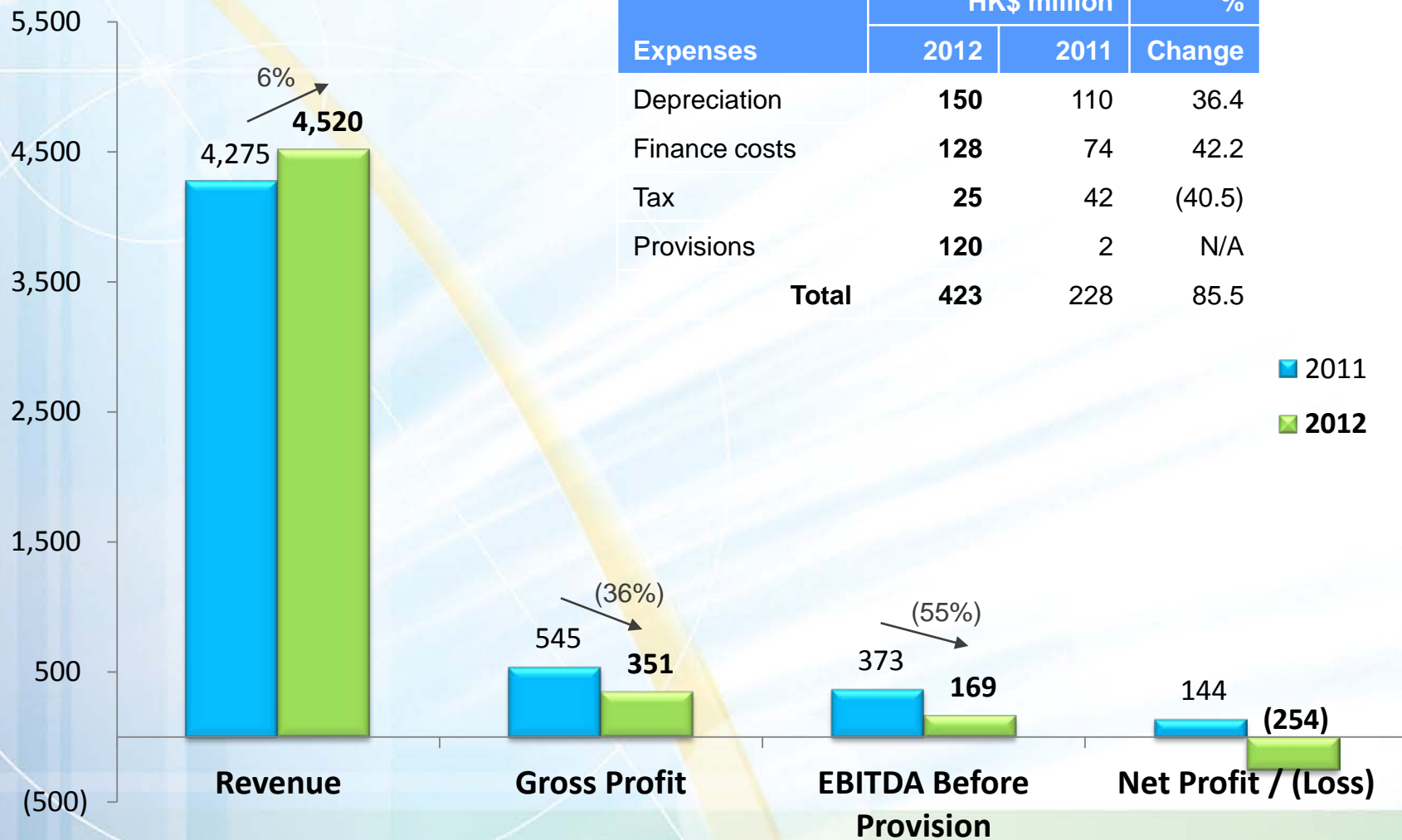
2012 Annual Results

Financial Overview



Results Highlights

HK\$ million



Expenses	HK\$ million		% Change
	2012	2011	
Depreciation	150	110	36.4
Finance costs	128	74	42.2
Tax	25	42	(40.5)
Provisions	120	2	N/A
Total	423	228	85.5

■ 2011

■ 2012

Operating Results

HK\$ million	2012	2011	% Change
Revenue	4,520	4,275	5.7
• Corn Refined Products & Corn Procurement	1,876	1,581	18.7
• Corn Sweeteners	2,644	2,694	(1.9)
Gross Profit / (Loss)	351	545	(35.6)
• Corn Refined Products & Corn Procurement	49	105	(53.3)
• Corn Sweeteners	302	440	(31.4)
Gross Margin (%)	7.8	12.6	(4.8)% pt
• Corn Refined Products & Corn Procurement	2.6	6.7	(4.1)% pt
• Corn Sweeteners	11.4	16.3	(4.9)% pt
EBITDA Before Provision	169	373	(54.7)
Net Profit / (Loss) from Continuing Operations	(134)	145	N/A
Loss from a Discontinued Operation	(120)	(2)	N/A
• Net Profit / (Loss) Margin (%)	(5.6)	3.3	N/A
Basic Earnings/ (Loss) Per Share (HK cents)	(16.2)	12.0	N/A
Dividend Per Share – Final (HK cents)	-	-	N/A

Financial Position

HK\$ million	31 Dec 12	31 Dec 11	% Change
Non-current Assets	2,049	2,171	(5.6)
Current Assets	3,184	3,167	0.5
Current Liabilities	2,478	2,598	(4.6)
Cash and Bank Balances	558	497	12.3
Shareholder's Equity	2,324	2,563	(9.3)
Interest Bearing Borrowings	1,802	1,832	(1.6)

Key Financial Ratios

	31 Dec 12	31 Dec 11
Current Ratio	1.29	1.22
Quick Ratio	0.86	0.77
Gearing Ratio (net debt/equity)	53.5%	52.1%
ROE	N/A	5.8%
Inventories Turnover Days	94 days	114 days
Trade Receivables Turnover Days	81 days	103 days
Trade Payables Turnover Days	43 days	50 days

2012 Annual Results

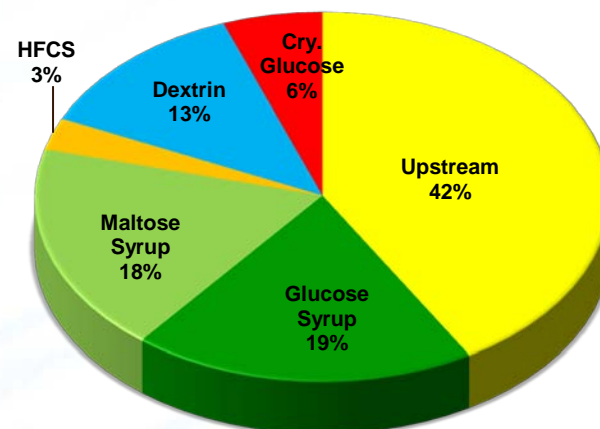
Operation Overview



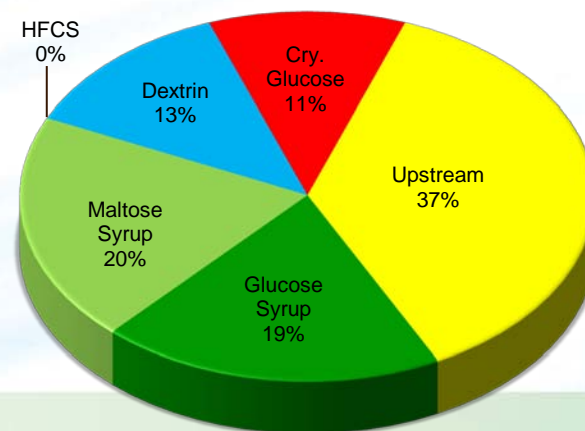
Revenue Breakdown

Revenue (HK\$ million)	2012	2011	% Change
Upstream			
Corn Refined Products & Corn Procurement	1,876	1,581	18.7
Downstream			
Glucose Syrup	870	824	5.6
Maltose Syrup	827	858	(3.6)
HFCS	127	-	N/A
Maltodextrin	565	535	5.6
Crystallised Glucose	255	477	(46.5)
Sweeteners Sub-total	2,644	2,694	(1.8)
Total	4,520	4,275	5.7

2012 Revenue Breakdown



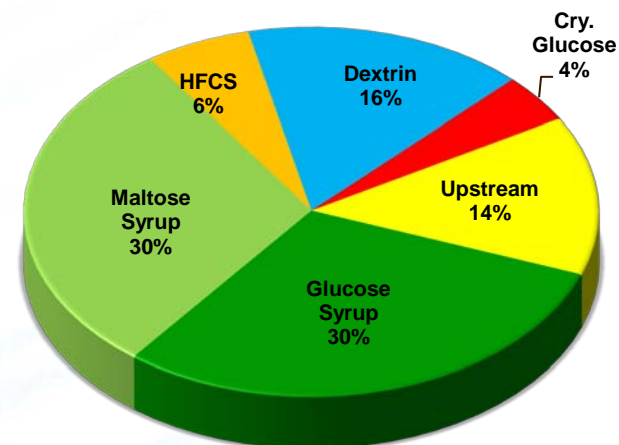
2011 Revenue Breakdown



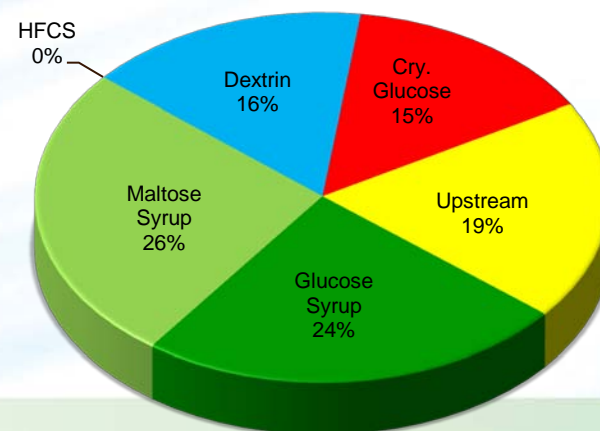
Gross Profit Breakdown

Gross Profit (HK\$ million)	2012	2011	% Change
Upstream			
Corn Refined Products & Corn Procurement	49	105	(53.3)
Downstream			
Glucose Syrup	105	132	(20.5)
Maltose Syrup	105	142	(26.1)
HFCS	21	-	N/A
Maltodextrin	56	87	(35.6)
Crystallised Glucose	15	79	(81.0)
Sweeteners Sub-total	302	440	(31.4)
Total	351	545	(35.6)

2012 Gross Profit Breakdown



2011 Gross Profit Breakdown



Sales Analysis

Sales Volume ('000 MT)			Gross Profit Margin (%)		
2012	2011	% Change	2012	2011	% pt Change

Upstream

Corn Refined Products & Corn Procurement	615	508	21.1	2.6	6.7	(4.1)
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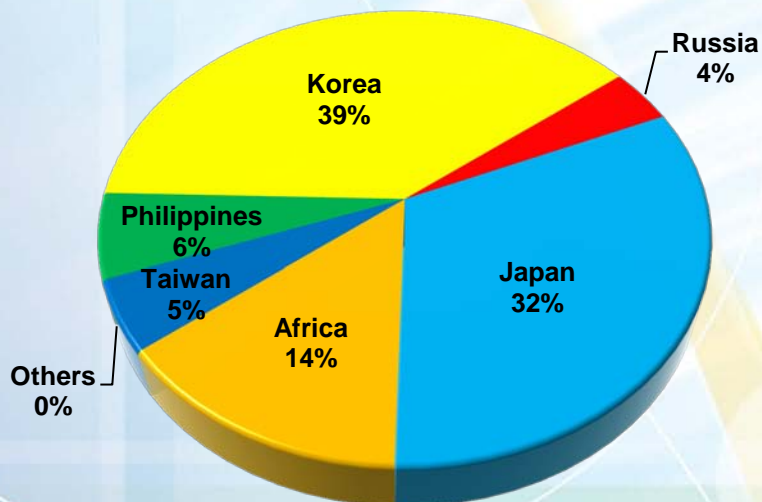
Downstream

Glucose Syrup	302	278	8.6	12.1	15.9	(3.8)
Maltose Syrup	234	242	(3.3)	12.7	16.6	(3.9)
HFCS	32	-	N/A	16.5	-	N/A
Maltodextrin	156	146	6.8	10.0	16.3	(6.3)
Crystallised Glucose	65	146	(55.5)	5.8	16.5	(10.7)
Sweeteners Sub-total	789	812	(2.8)	11.4	16.3	(4.9)
Total	1,404	1,320	6.4	7.8	12.6	(4.8)

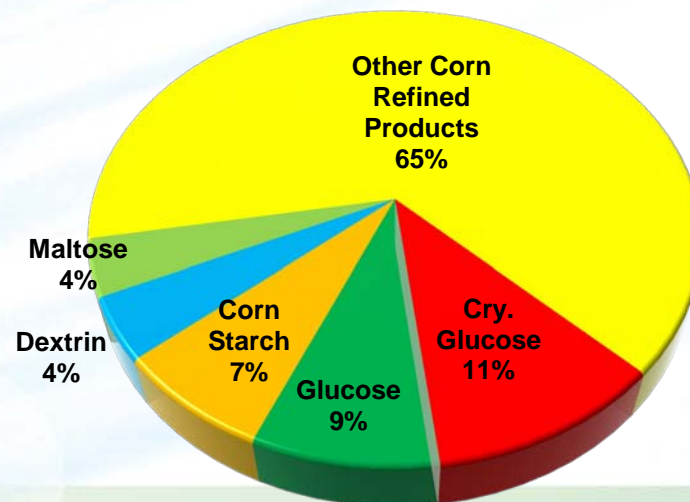
Exports Breakdown

	2012	2011	Change
Export Sales Revenue (HK\$ Million)	230	222	3.6%
Exports Sales Volume ('000 MT)	88	76	15.8%
Export Contribution (%)	5.1%	5.2%	(0.1)% pt

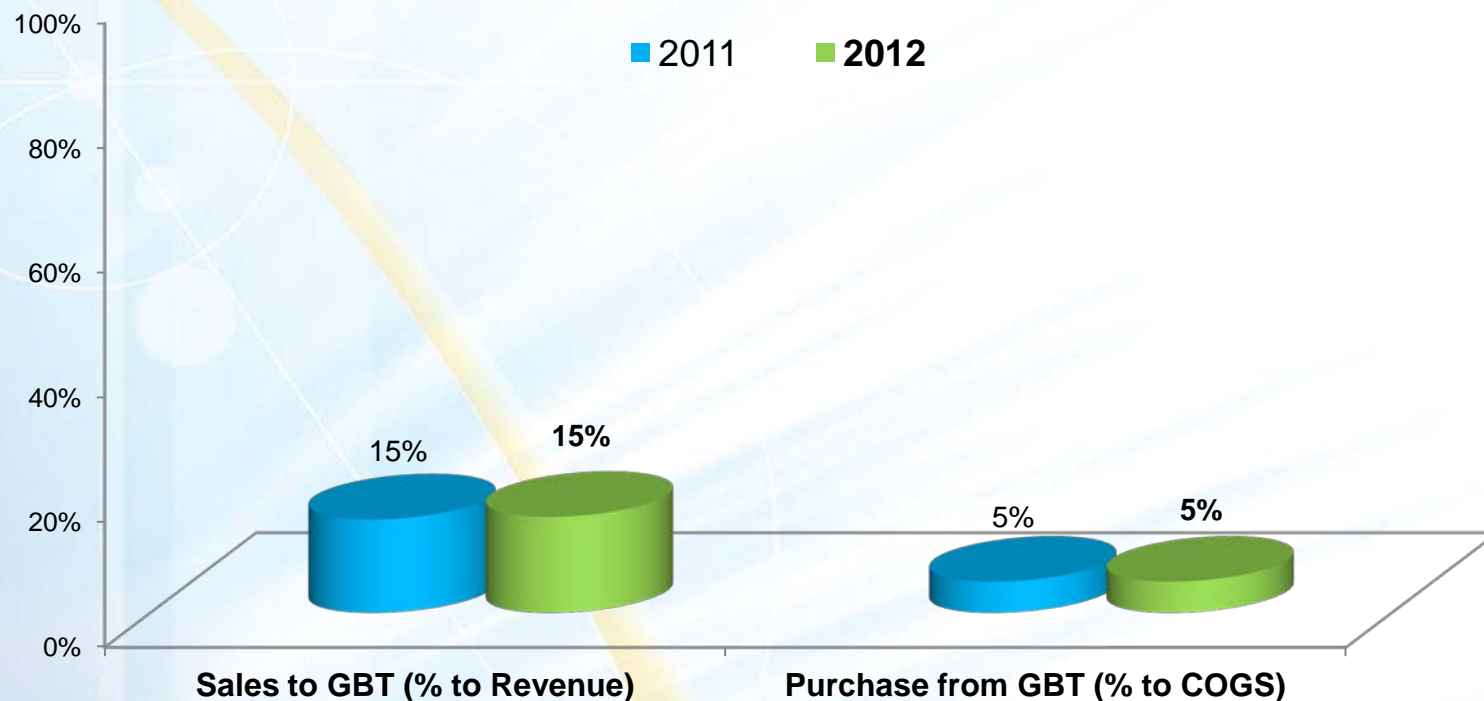
Exports Breakdown by Region 2012



Exports Breakdown by Products 2012



CCT – Sales to & Purchase from GBT



Sales agency fee to GBT for the sales of the Group's upstream products for 2012: HK\$9.7 million (2011: HK\$6.0 million)

Operating Cost Structure

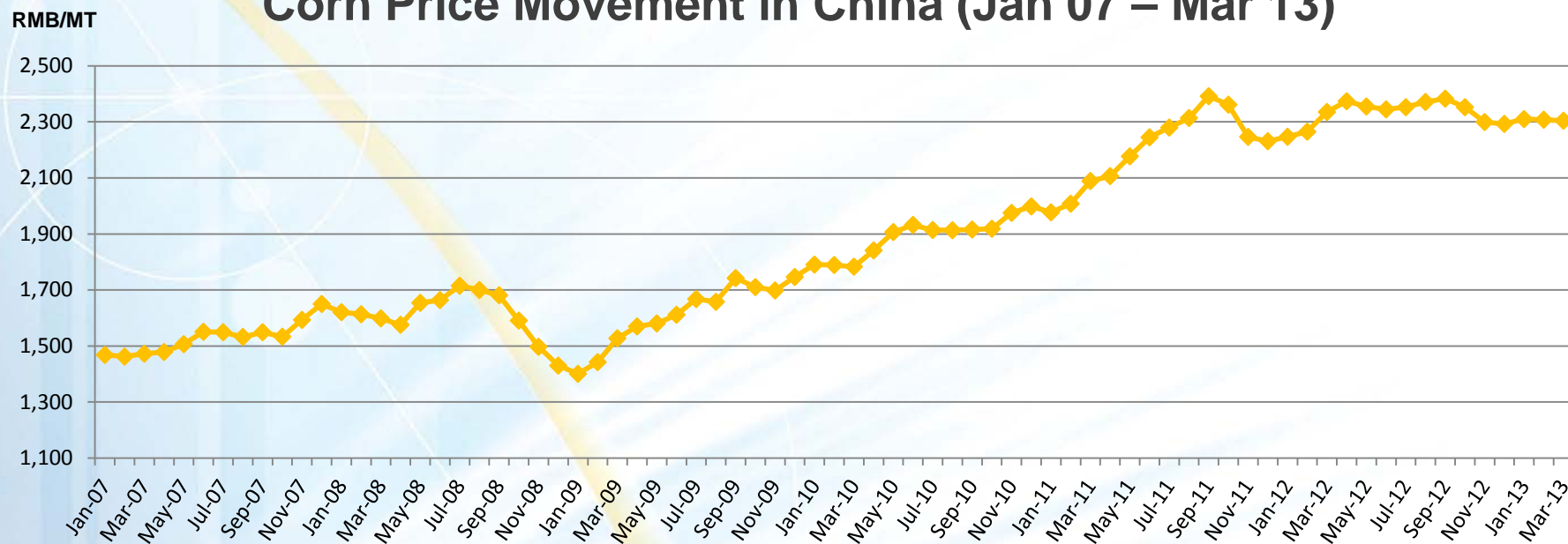
	2012	2011
Raw Material (Corn / Corn Starch)	76.5%	76.7%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	7.8%	8.7%
Labour	1.0%	0.7%
Depreciation	3.3%	2.9%
Production Overhead (Consumable and Packaging)	3.4%	2.2%
Selling and Distribution Expenses	5.6%	6.0%
Administrative Expenses	2.4%	2.8%

Business Outlook & Development Plans



Upstream Raw Material – Corn

Corn Price Movement in China (Jan 07 – Mar 13)



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

- ◆ Corn harvest for 2012/13: approx. 208 million MT
- ◆ The Group's corn purchasing cost for 2012 increased by 6.3% YOY to RMB2,027/MT (excl. VAT)
- ◆ In view of the slowdown of PRC economic growth, corn price is expected to stabilise with increased production volume and relatively stable demand
- ◆ Outlook on upstream business: continue to be challenging in 1H2013 with weak starch and other corn refined products prices

Downstream – Sugar Price Movement

Sugar Price Movement in China (Jan 01 – Mar 13)



Source: www.sugarinfo.net

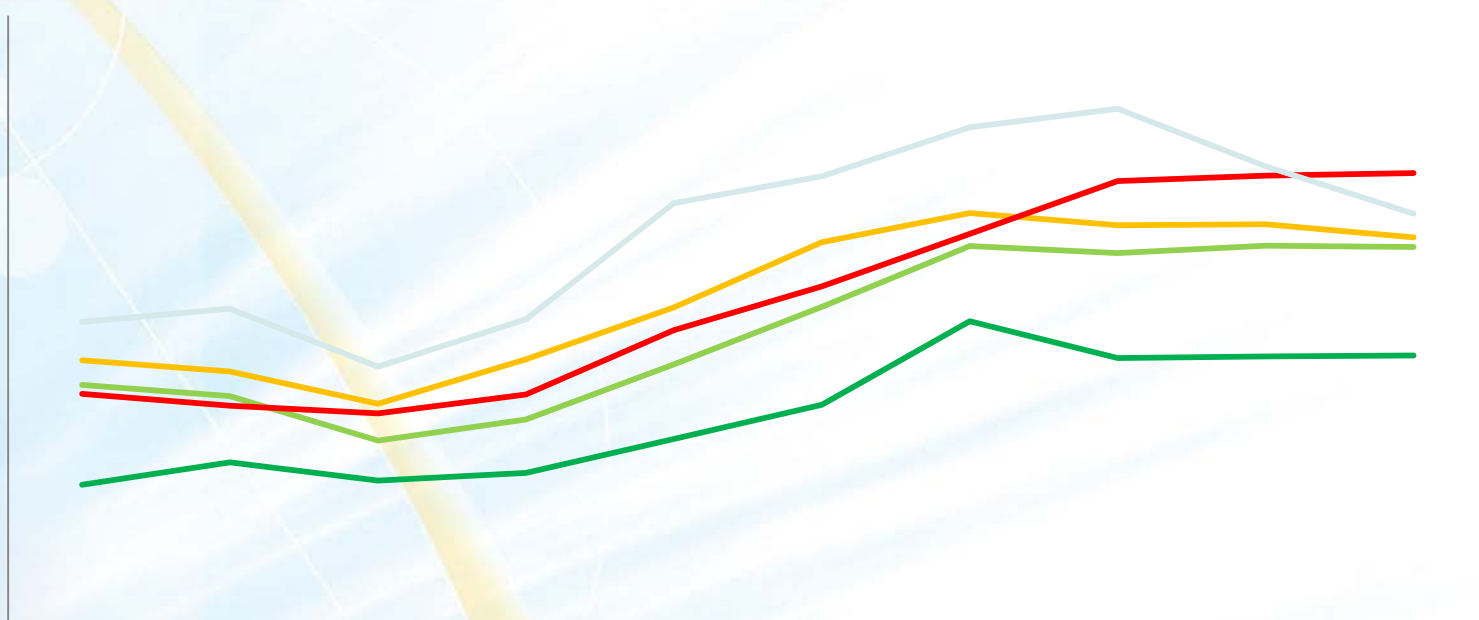
- ◆ PRC sugar production for 2012/13: approx. 13.5 million MT; ↑ 17% YOY
→ current PRC sugar price at approx. RMB5,600/MT
- ◆ Slowdown of PRC economic growth + ↑ cane sugar production volume + weak international sugar price → pressure on PRC sugar price
- ◆ Strategy on corn sweeteners business: continues to focus on high value-add products

Downstream Products ASP Trends

ASP Trend for the Group's Downstream Products (1H08 - 2H12)

RMB/MT

4,000
3,500
3,000
2,500
2,000
1,500
1,000



	1H08	2H08	1H09	2H09	1H10	2H10	1H11	2H11	1H12	2H12
Glucose	1,701	1,809	1,720	1,757	1,924	2,092	2,501	2,321	2,329	2,334
Maltose	2,189	2,135	1,917	2,021	2,290	2,572	2,871	2,836	2,873	2,866
Maltodextrin	2,310	2,256	2,098	2,316	2,569	2,890	3,033	2,973	2,977	2,913
HFCS	2,146	2,088	2,050	2,142	2,459	2,673	2,930	3,190	3,217	3,228
Crystallised Glucose	2,499	2,563	2,280	2,512	3,082	3,212	3,453	3,544	3,262	3,030

Corporate Strategies

- ◆ Lingering global economy uncertainty → slow down pace of expansion
- ◆ Leverage on the Group's highly flexible production facilities to adjust product mix according to market needs for profit maximisation
- ◆ Proposed relocation of the Group's facilities from Changchun site to Xinglongshan site by phases – an opportunity to
 - upgrade facilities and equipments
 - re-structure product mix (targeting high-end users) and production capacity

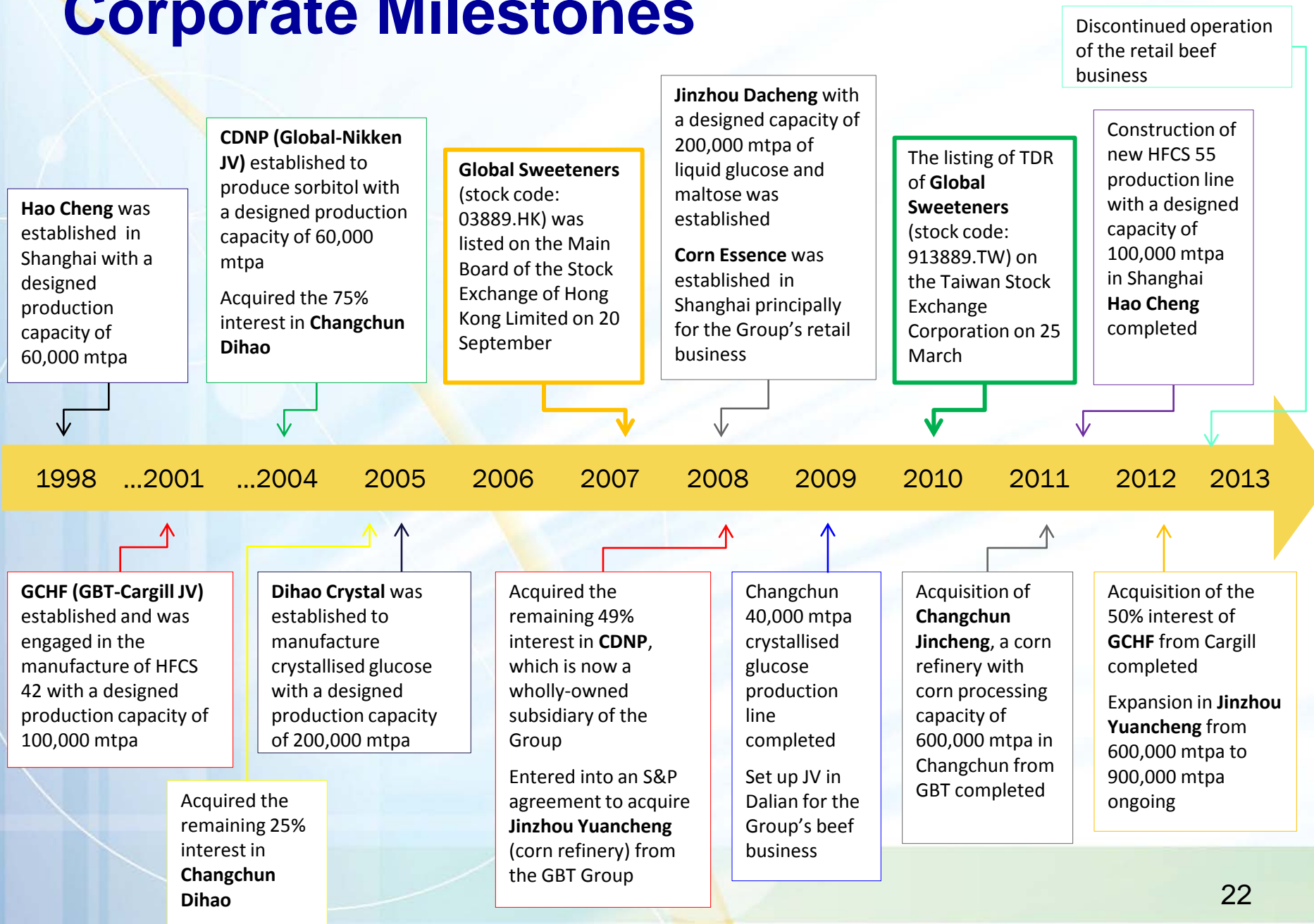
Capacity Overview

Designed Capacity (mtpa)	2012	2013	2014
<u>Upstream</u>			
Corn Starch	840,000	1,050,000	1,050,000
Corn Refined Products	360,000	450,000	450,000
Upstream Sub-total	1,200,000	1,500,000	1,500,000
<u>Downstream</u>			
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
Downstream Sub-total	1,360,000	1,360,000	1,360,000
Total	2,560,000	2,860,000	2,860,000

Company Profile



Corporate Milestones



Hao Cheng was established in Shanghai with a designed production capacity of 60,000 mtpa

CDNP (Global-Nikken JV) established to produce sorbitol with a designed production capacity of 60,000 mtpa
Acquired the 75% interest in **Changchun Dihao**

Global Sweeteners (stock code: 03889.HK) was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 20 September

Jinzhou Dacheng with a designed capacity of 200,000 mtpa of liquid glucose and maltose was established
Corn Essence was established in Shanghai principally for the Group's retail business

The listing of TDR of **Global Sweeteners** (stock code: 913889.TW) on the Taiwan Stock Exchange Corporation on 25 March

Construction of new HFCS 55 production line with a designed capacity of 100,000 mtpa in Shanghai **Hao Cheng** completed

Discontinued operation of the retail beef business

1998 ...2001 ...2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

GCHF (GBT-Cargill JV) established and was engaged in the manufacture of HFCS 42 with a designed production capacity of 100,000 mtpa

Dihao Crystal was established to manufacture crystallised glucose with a designed production capacity of 200,000 mtpa

Acquired the remaining 25% interest in **Changchun Dihao**

Acquired the remaining 49% interest in **CDNP**, which is now a wholly-owned subsidiary of the Group
Entered into an S&P agreement to acquire **Jinzhou Yuancheng** (corn refinery) from the GBT Group

Changchun 40,000 mtpa crystallised glucose production line completed
Set up JV in Dalian for the Group's beef business

Acquisition of **Changchun Jincheng**, a corn refinery with corn processing capacity of 600,000 mtpa in Changchun from GBT completed

Acquisition of the 50% interest of **GCHF** from Cargill completed
Expansion in **Jinzhou Yuancheng** from 600,000 mtpa to 900,000 mtpa ongoing

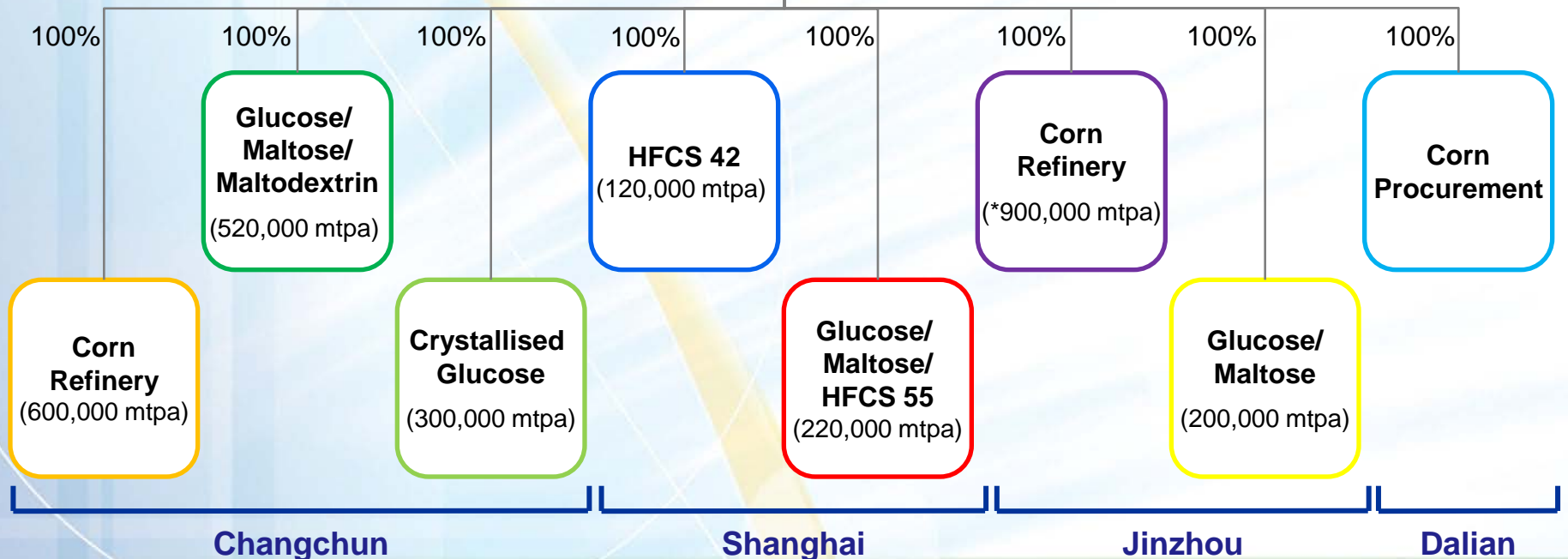
Corporate Structure



Public

64%

36%

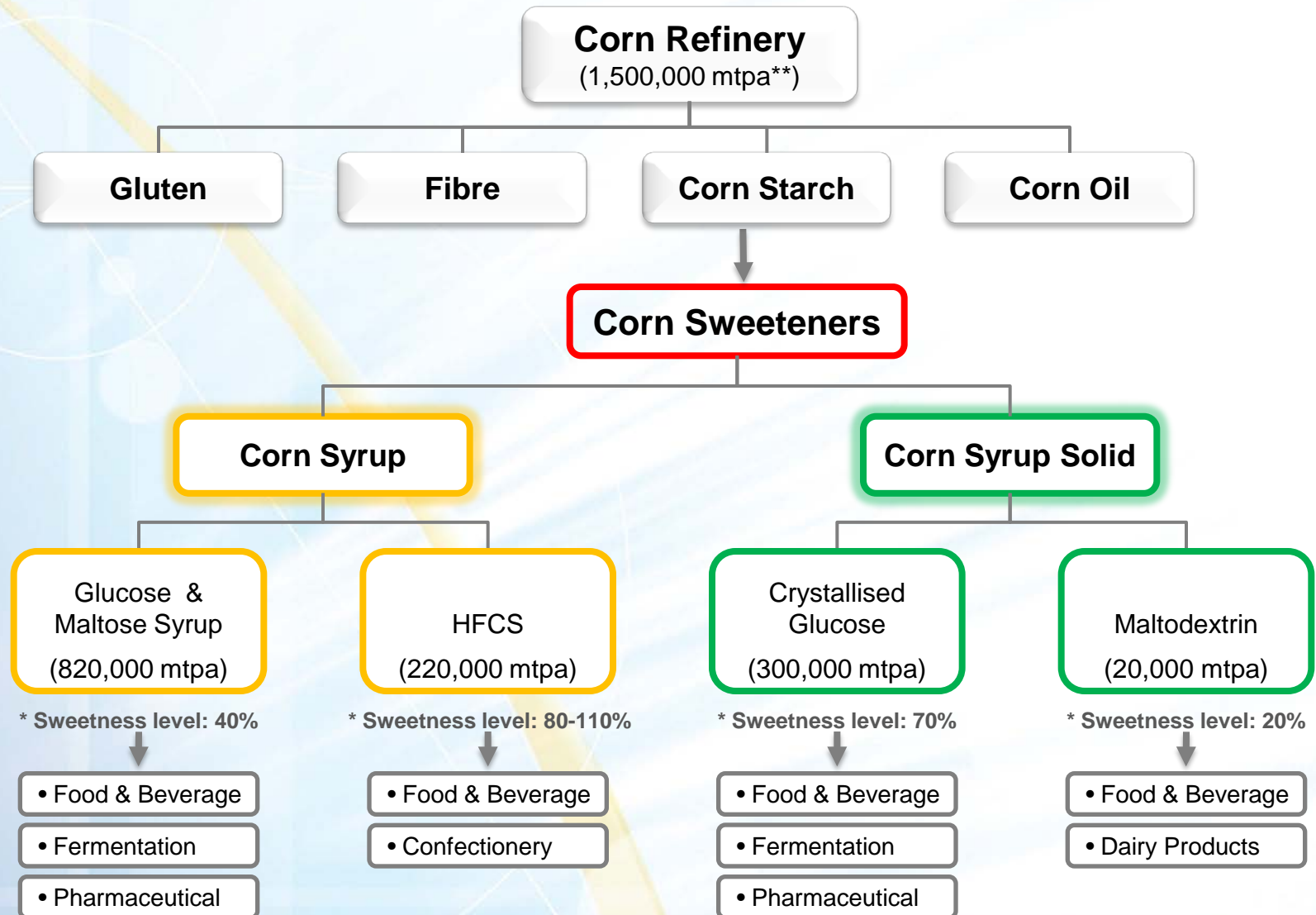


* Current corn processing capacity of Jinzhou Yuancheng is 600,000 mtpa, with an additional 300,000 mtpa capacity under construction.

Diversified Product Mix

UPSTREAM

DOWNSTREAM



* Sweetness level base on cane sugar sweetness

** Designed capacity of upstream corn refinery is calculated based on 300 days of operation. Actual output can be raised through facilities adjustment and increasing operation days

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

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)

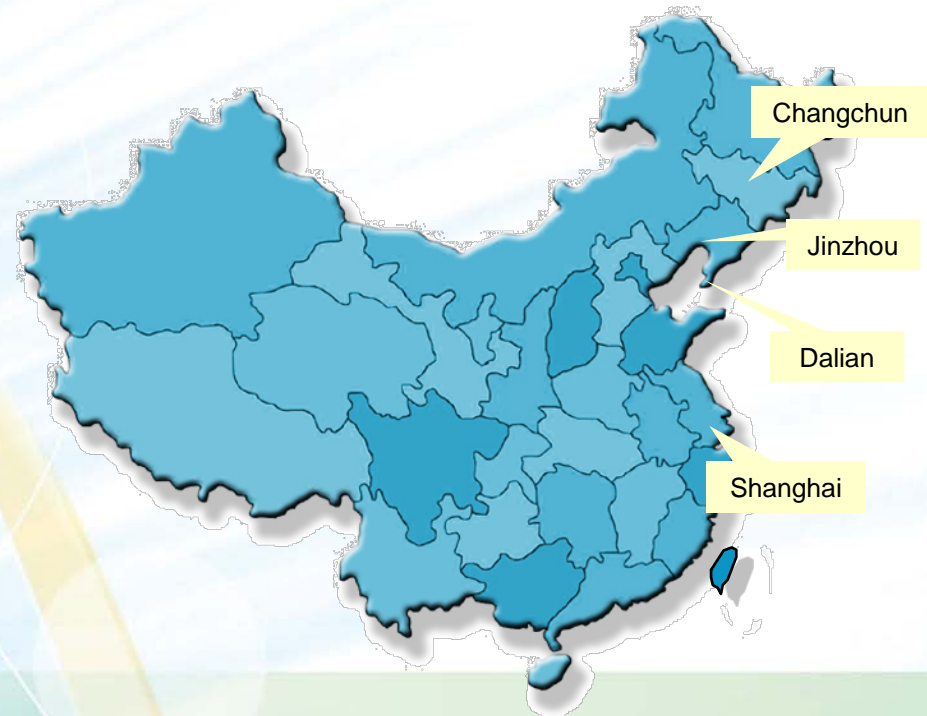
Dalian

- 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

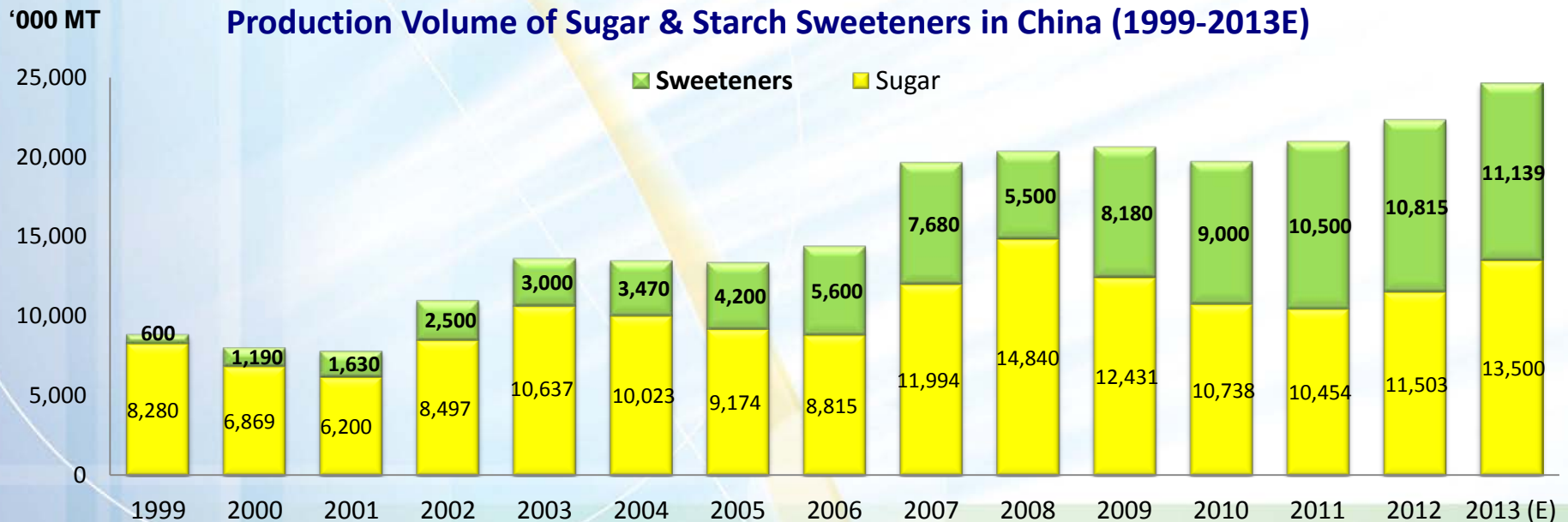
Starch Sweeteners

Raw Material:

Corn, Potatoes, Tapioca

Regions:

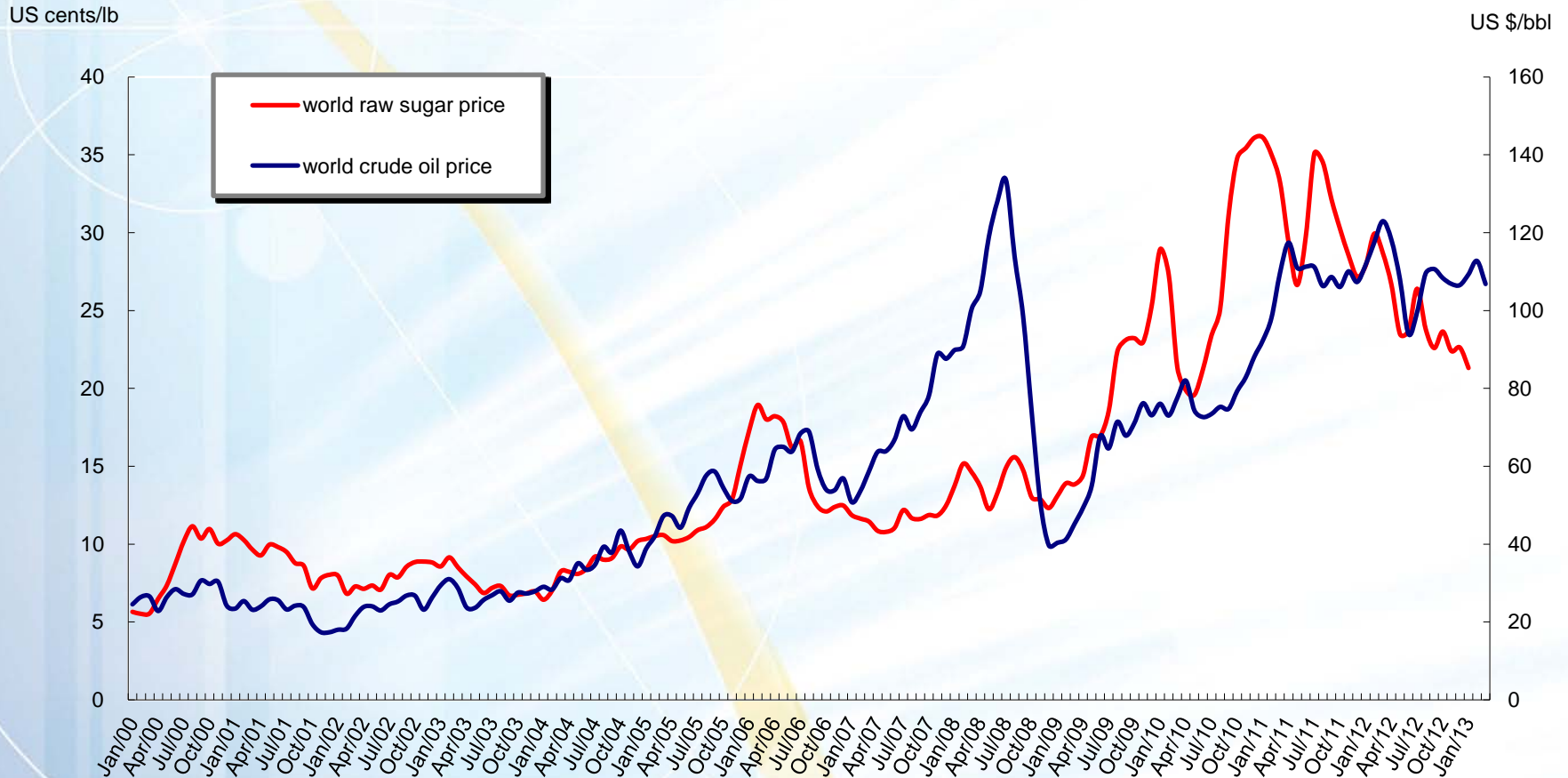
Corn is produced mainly in NE China: Jilin, Shandong & Hebei



Source: China Sugar Association, DNCNET and USDA

Sugar & Oil Price Correlation

Sugar & Crude Oil Price Movement (Jan 2000 – Feb 2013)



Source: USDA & OPEC



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Thank you



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