



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

2015 Interim Results



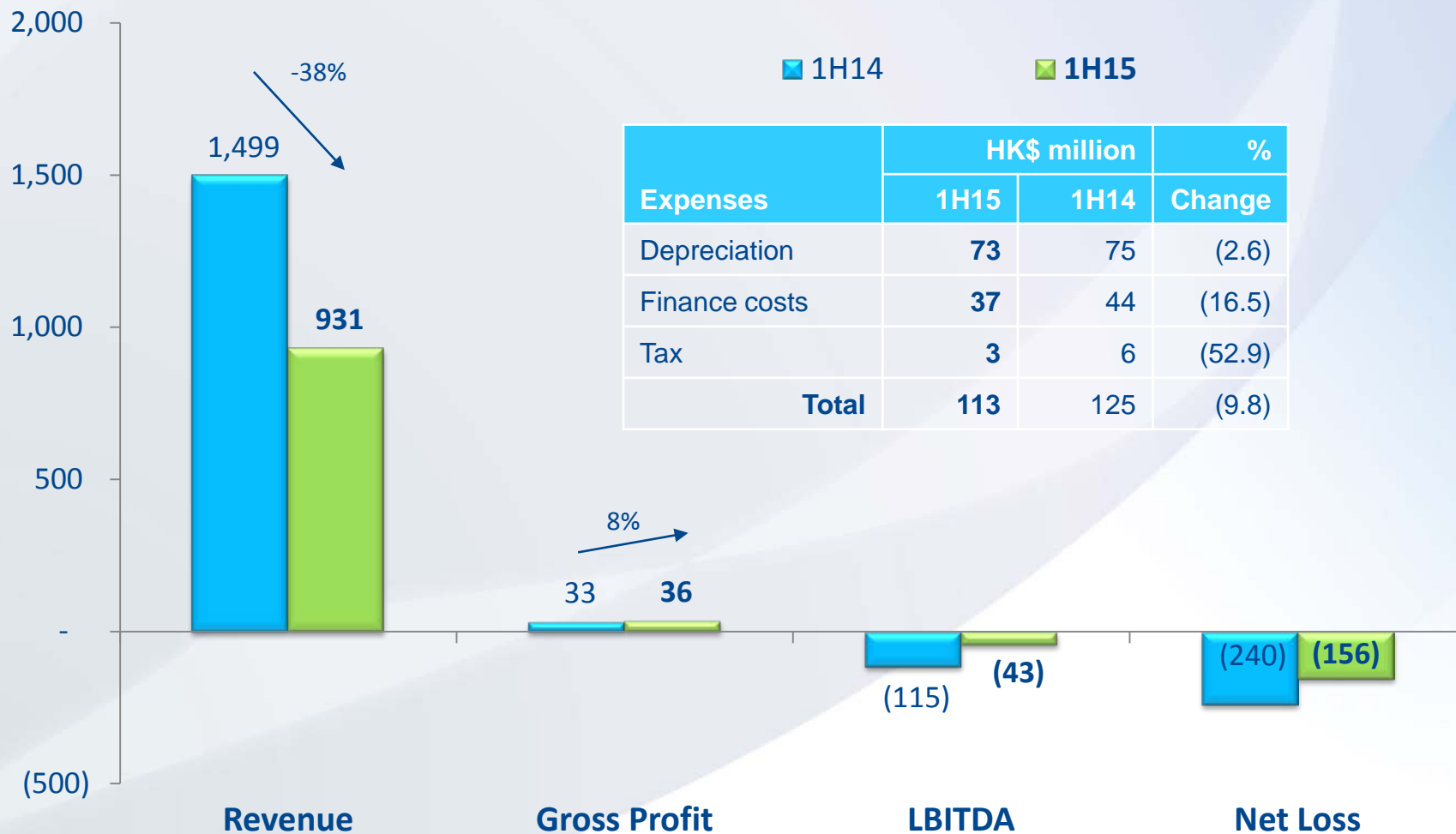
30 August 2015

AGENDA

- 2015 Interim Results
 - Financial Overview
 - Operation Overview
- Business Outlook & Development Plans
- Company Profile
- Appendix

RESULTS HIGHLIGHTS

HK\$ million



2015 INTERIM RESULTS

Financial Overview



OPERATING RESULTS

HK\$ million	1H15	1H14	% Change
Revenue*	931	1,499	(37.9)
• Corn Refined Products & Corn Procurement	482	743	(35.2)
• Corn Sweeteners	449	756	(40.5)
Gross Profit / (Loss)	36	33	8.0
• Corn Refined Products & Corn Procurement	(5)	(46)	N/A
• Corn Sweeteners	41	79	(48.6)
Gross Profit / (Loss) Margin (%)	3.8	2.2	1.6% pt
• Corn Refined Products & Corn Procurement	(1.0)	(6.2)	N/A
• Corn Sweeteners	9.0	10.4	(1.4)% pt
Loss Before Interests, Tax, Depreciation and Amortisation (LBITDA)	(43)	(115)	N/A
Net Loss	(156)	(240)	N/A
Net Margin (%)	(16.8)	(16.0)	N/A
Basic Loss Per Share (HK cents)	(10.2)	(15.7)	N/A
Dividend Per Share – Interim (HK cents)	-	-	N/A

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

FINANCIAL POSITION

HK\$ million	30 Jun 15	31 Dec 14	% Change
Non-current Assets	1,316	1,379	(4.6)
Current Assets	1,142	1,350	(15.4)
Current Liabilities*	1,376	1,126	22.2
Cash and Bank Balances	88	190	(53.5)
Shareholder's Equity	768	924	(16.9)
Interest Bearing Borrowings	948	1,041	(9.0)

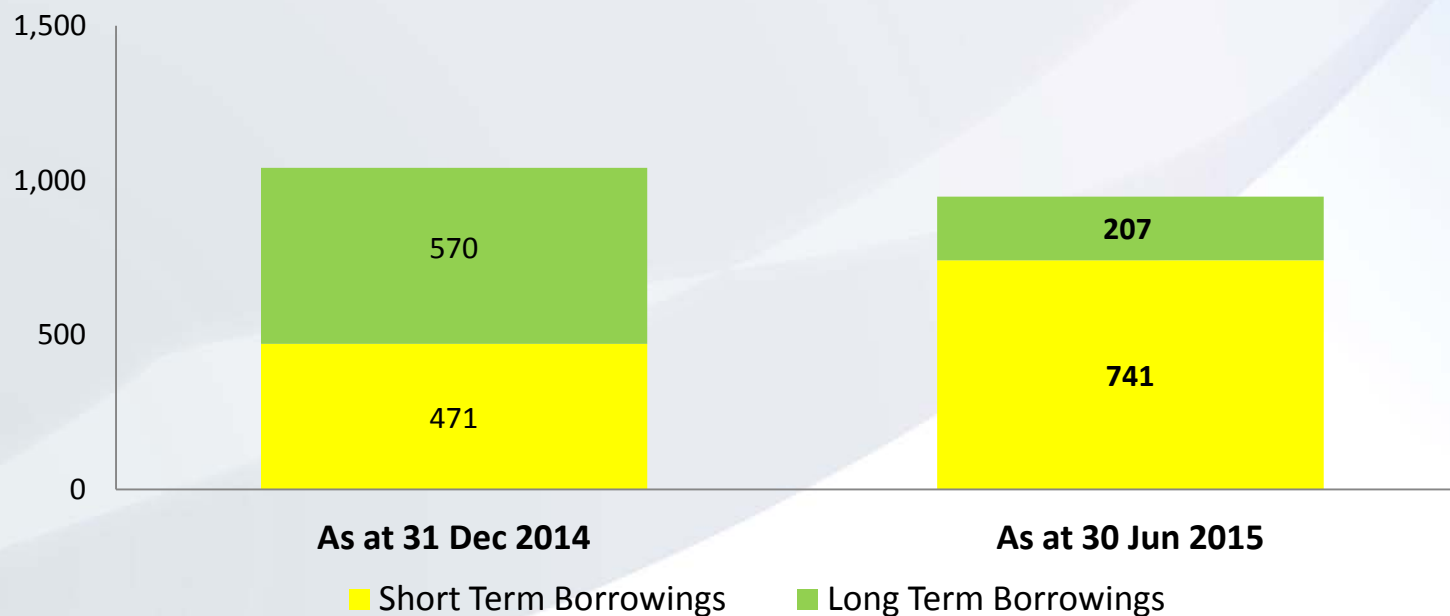
* The increase in current liabilities was mainly attributable to the reallocation of long-term borrowings to short-term ones during the Period. Please kindly refer to p.7 of this presentation for details.

BANK BORROWINGS ANALYSIS

HK\$ million	30 Jun 15	31 Dec 14	% Change
Short Term Borrowings	741	471	57.3
Long Term Borrowings	207	570	(63.8)
Total	948	1,041	(9.0)

* Average interest rate for 1H15: 7.1% (2014: 7.0%)

HK\$ million



KEY FINANCIAL RATIOS

	30 Jun 15	31 Dec 14
Current Ratio	0.83	1.20
Quick Ratio	0.73	1.01
Gearing Ratio (net debt/equity)	110.1%	92.1%
Inventories Turnover Days	29 days	25 days
Trade Receivables Turnover Days	47 days	47 days
Trade Payables Turnover Days	25 days	27 days

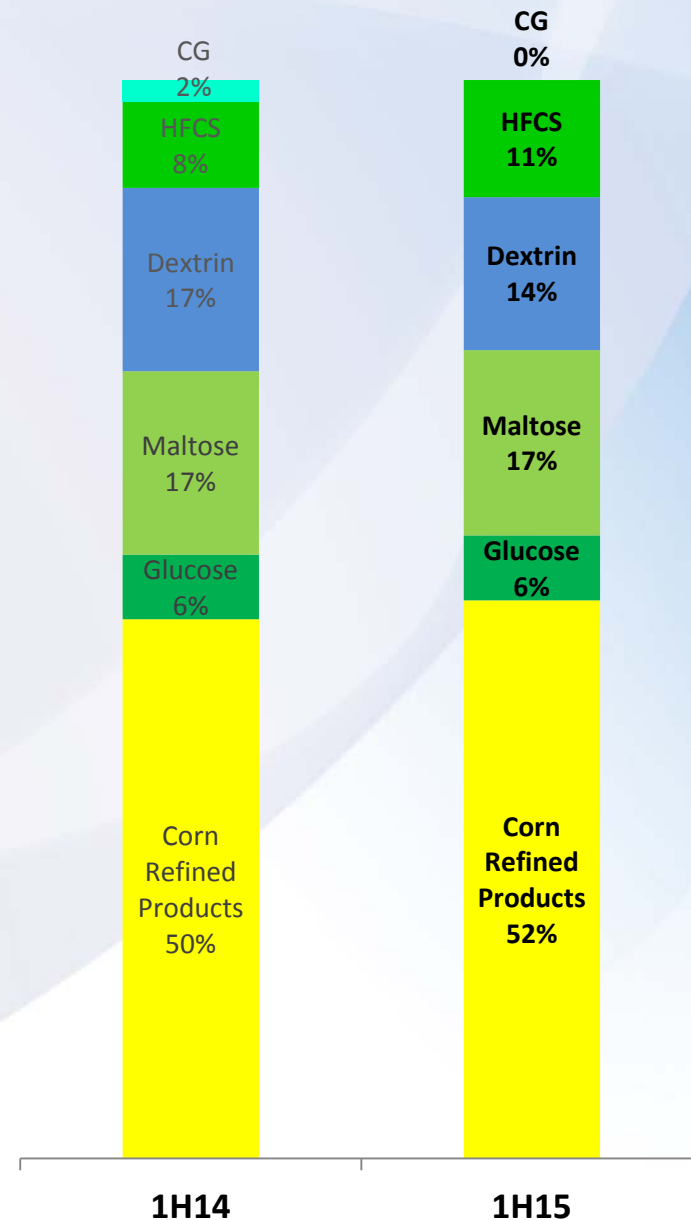
2015 INTERIM RESULTS

Operation Overview



REVENUE BREAKDOWN

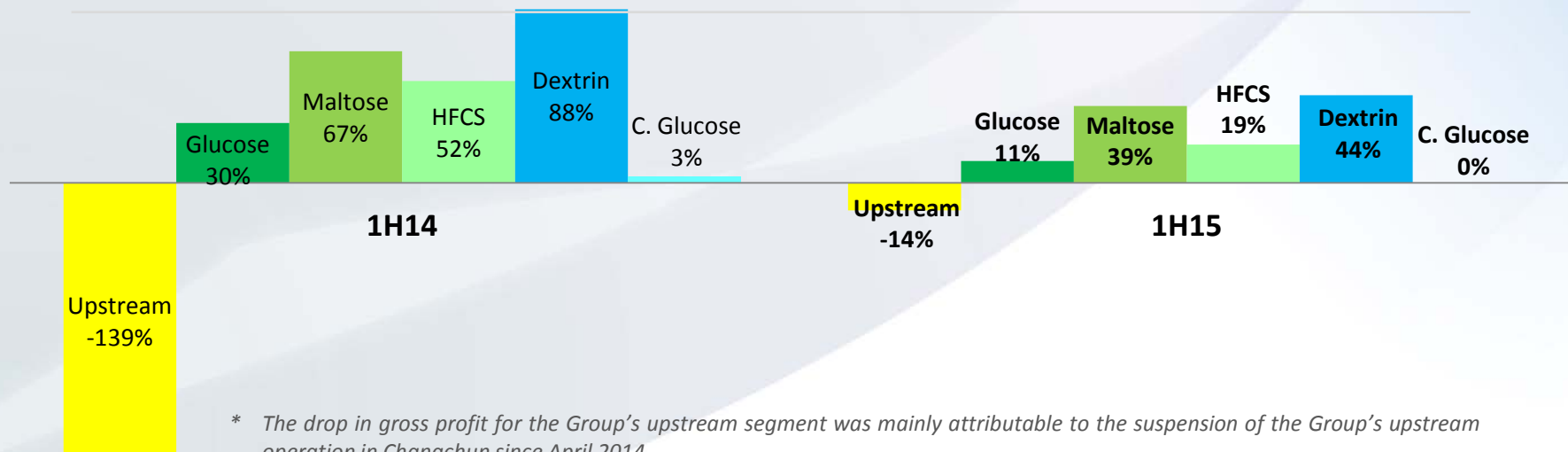
Revenue (HK\$ million)	1H15	1H14	% Change
Upstream			
Corn Refined Products & Corn Procurement	482	743	(35.2)
Downstream			
Glucose Syrup	56	91	(39.0)
Maltose Syrup	160	259	(38.1)
HFCS	101	112	(10.0)
Maltodextrin	132	260	(48.9)
Crystallised Glucose	-	34	N/A
Sweeteners Sub-total	449	756	(40.5)
Total	931	1,499	(37.9)



* 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)	1H15	1H14	% Change
Upstream			
Corn Refined Products & Corn Procurement	(5)	(46)	N/A
Downstream			
Glucose Syrup	4	10	(65.9)
Maltose Syrup	14	22	(35.2)
HFCS	7	17	(55.2)
Maltodextrin	16	29	(46.1)
Crystallised Glucose	-	1	N/A
Sweeteners Sub-total	41	79	(48.6)
Total	36	33	8.0



* 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 (%)		
1H15	1H14	% Change	1H15	1H14	% pt Change

Upstream

Corn Refined Products
& Corn Procurement

168	259	(34.8)	(1.1)	(6.2)	N/A
------------	-----	--------	--------------	-------	-----

Downstream

Corn Syrup

89	133	(33.3)	7.9	10.5	(2.6)
-----------	-----	--------	-----	------	-------

Corn Syrup Solid

39	84	(54.1)	11.8	10.4	1.4
-----------	----	--------	------	------	-----

**Sweeteners
Sub-total**

128	217	(41.4)	9.0	10.4	(1.4)
------------	-----	--------	-----	------	-------

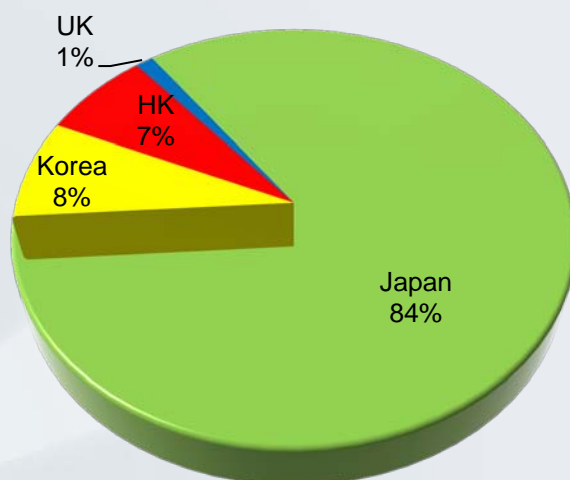
TOTAL

296	476	(37.8)	3.8	2.2	1.6
------------	-----	--------	-----	-----	-----

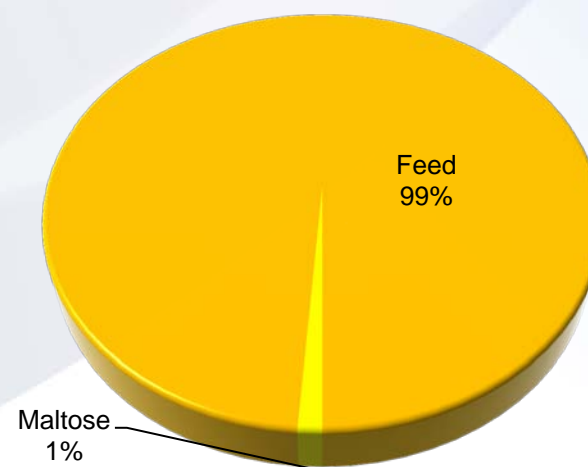
EXPORTS BREAKDOWN

	1H15	1H14	Change
Export Sales Revenue (HK\$ Million)	47	85	(45.2)%
Exports Sales Volume ('000 MT)	24	28	(13.9)%
Export Contribution (%)	5.0	5.7	(0.7)% pt

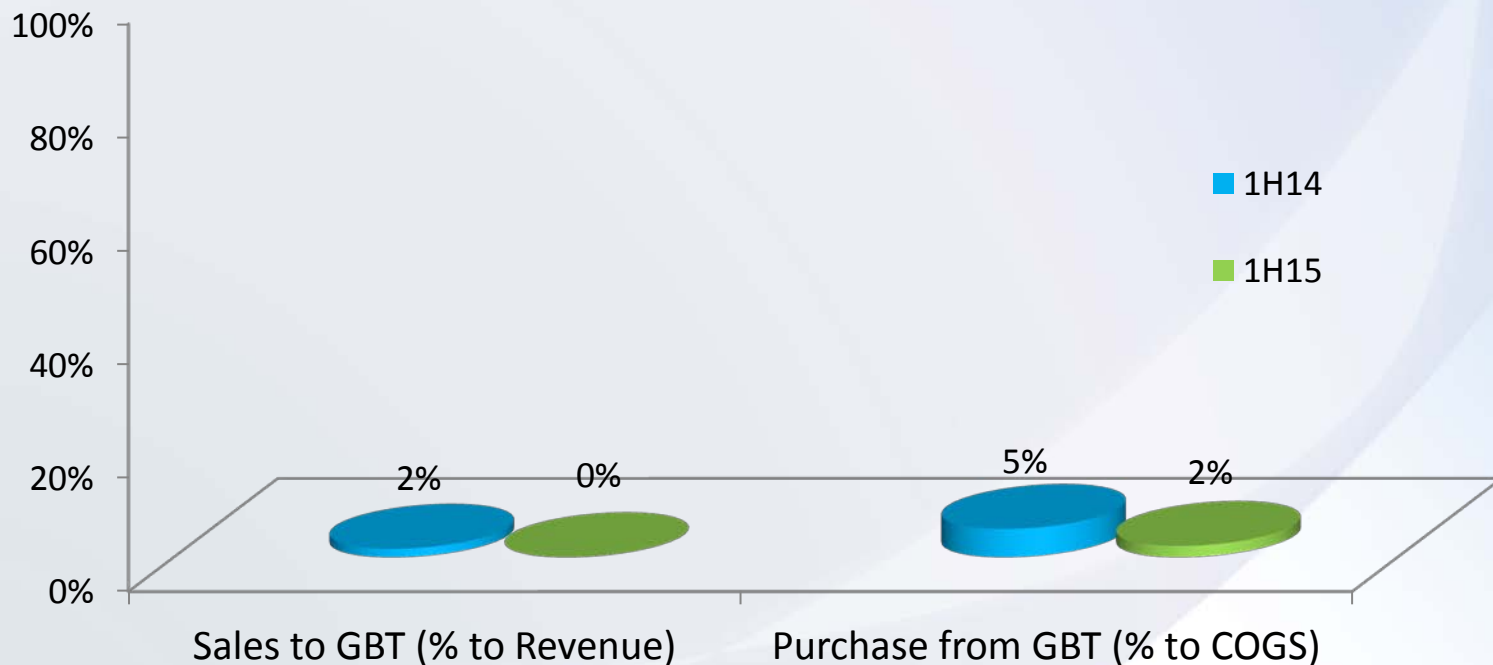
Exports Breakdown by Region 1H15



Exports Breakdown by Product 1H15



CCT – SALES TO & PURCHASE FROM GBT



No sales agency fee to GBT for the sales of the Group's upstream products was incurred for 1H15 (1H14: HK\$3.4 million).

OPERATING COST STRUCTURE

	1H15	1H14
Raw Material (Corn / Corn Starch)	71.4%	71.2%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	6.6%	8.3%
Labour	1.4%	1.3%
Depreciation	2.6%	2.0%
Production Overhead (Consumable and Packaging)	5.7%	5.8%
Selling and Distribution Expenses	6.2%	7.7%
Administrative Expenses	6.1%	3.8%

BUSINESS OUTLOOK & DEVELOPMENT PLANS



UPSTREAM RAW MATERIAL – CORN

Corn Price Movement in China (Jan 07 – Aug 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 1H15: RMB2,067/MT; excl. VAT (1H14: RMB1,985/MT)
- The PRC government's protectionist agricultural policy → expect corn price to sustain at current level
- Outlook on upstream business: continue to be challenging with upstream product prices

DOWNSTREAM SUBSTITUTE – SUGAR

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



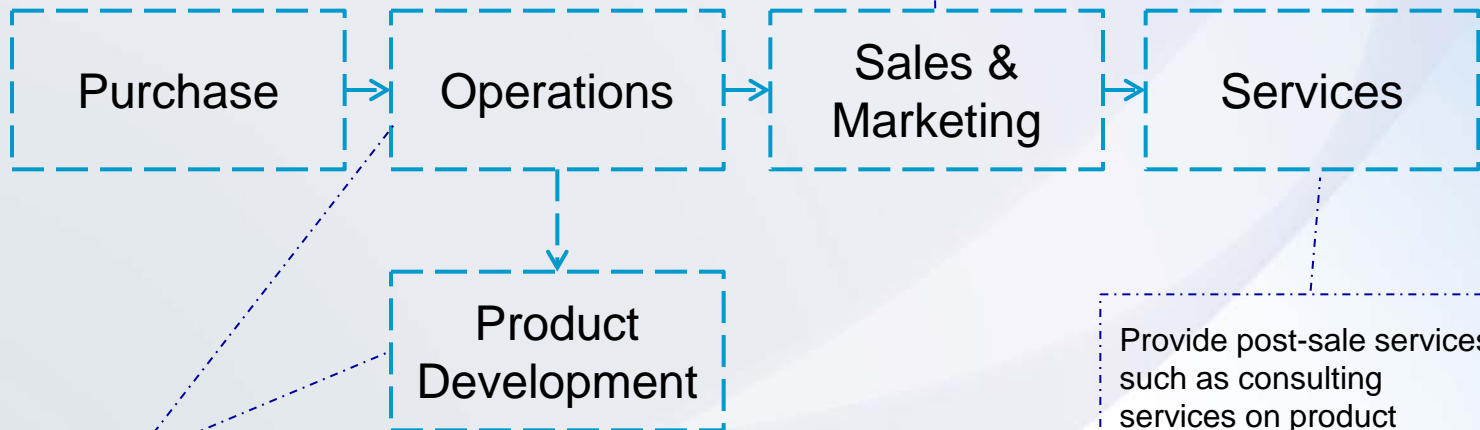
Source: www.sugarinfo.net

- Sugar production in China for 2014/15 dropped to 10.8 million MT (2013/14: 13.3 million MT)
- Drop in production → current PRC sugar price stabilises at approx. RMB5,300/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



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

- 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

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	2016
<u>Upstream*</u>			
Corn Starch	1,050,000	630,000	630,000
Corn Refined By-products	450,000	270,000	270,000
Upstream Sub-total	1,500,000	900,000	900,000
<u>Downstream</u>			
Glucose / Maltose Syrup*	820,000	300,000	300,000
HFCS	220,000	220,000	220,000
Maltodextrin*	20,000	Nil	Nil
Crystallised Glucose*	300,000	Nil	Nil
Downstream Sub-total	1,360,000	520,000	520,000
Total	2,860,000	1,420,000	1,420,000

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

COMPANY PROFILE



CORPORATE MILESTONES



CORPORATE STRUCTURE

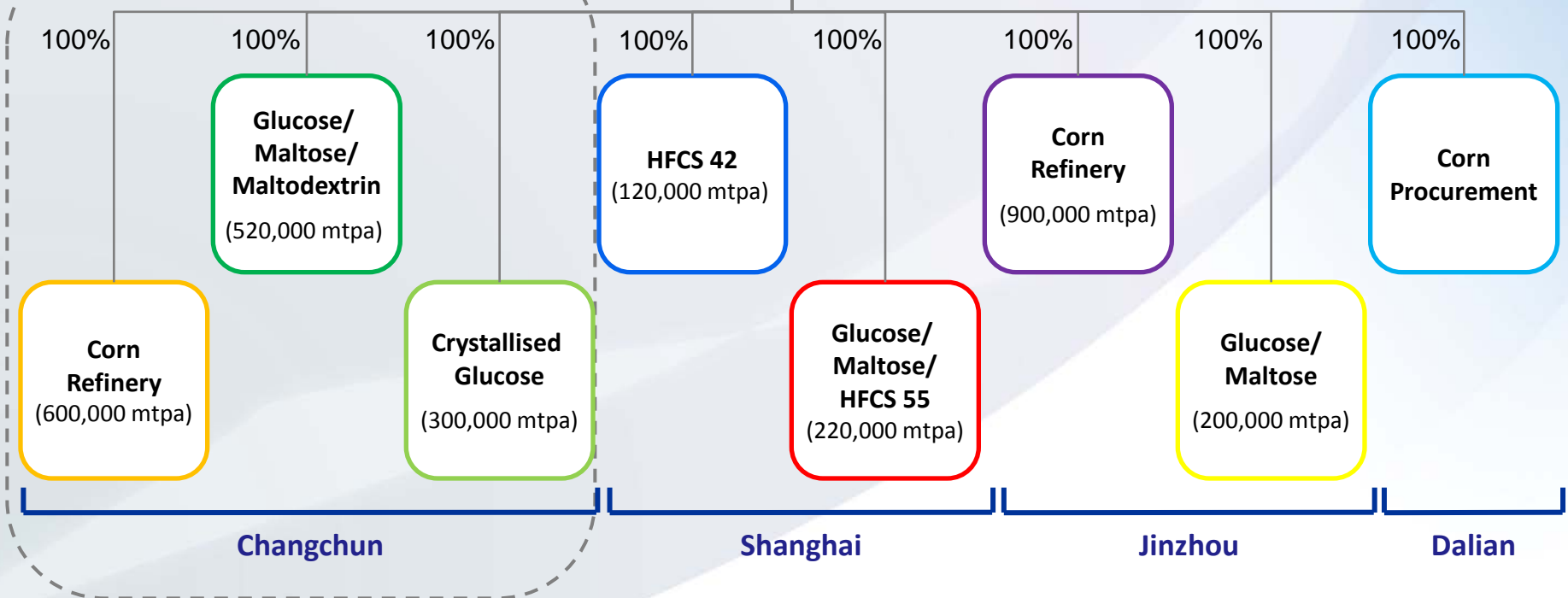


Public

64%

36%

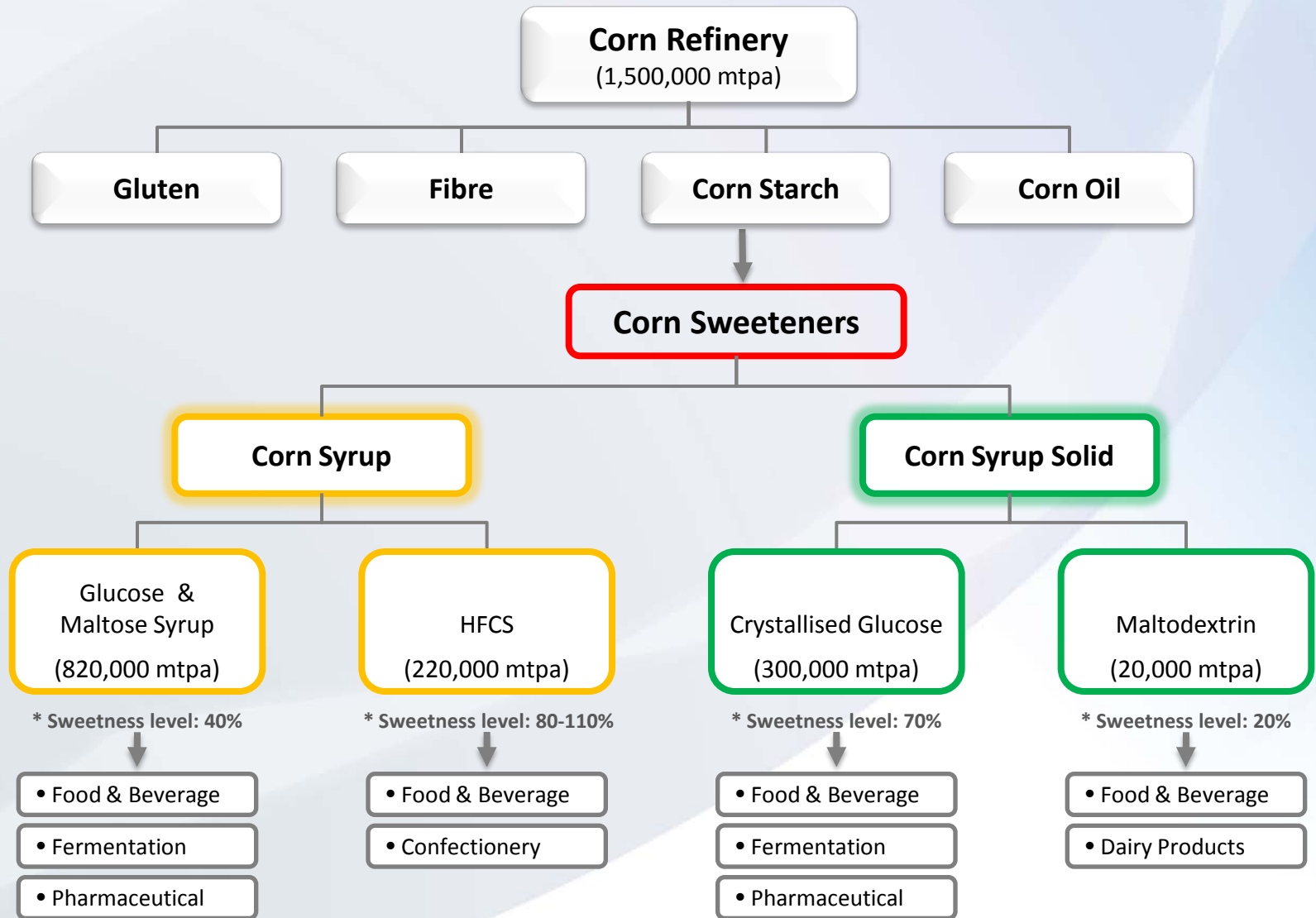
Suspended pending for relocation



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)

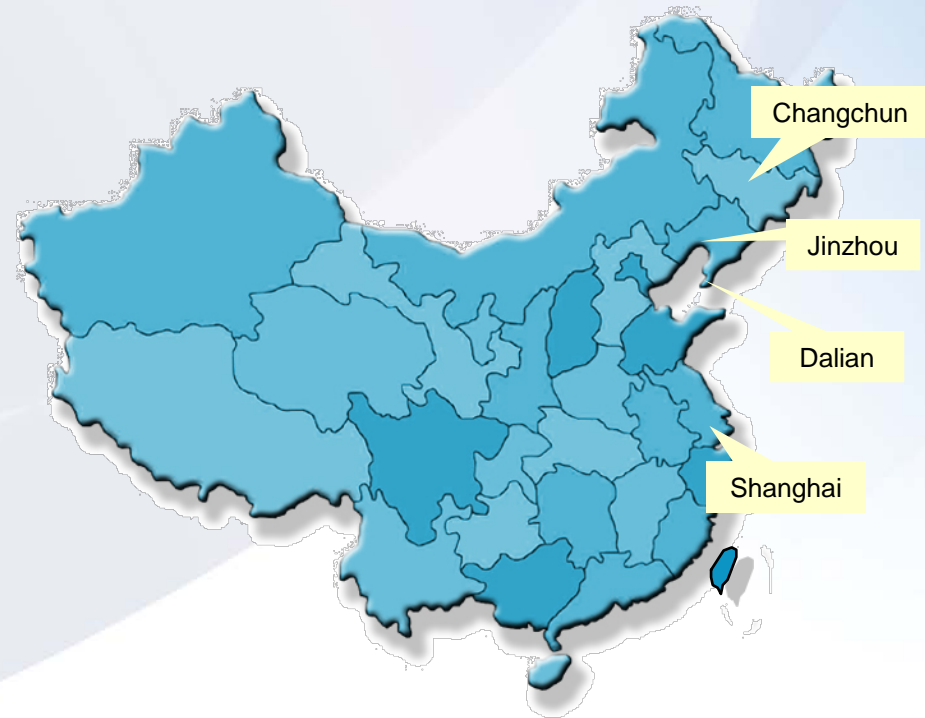
Dalian

- A major traffic 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

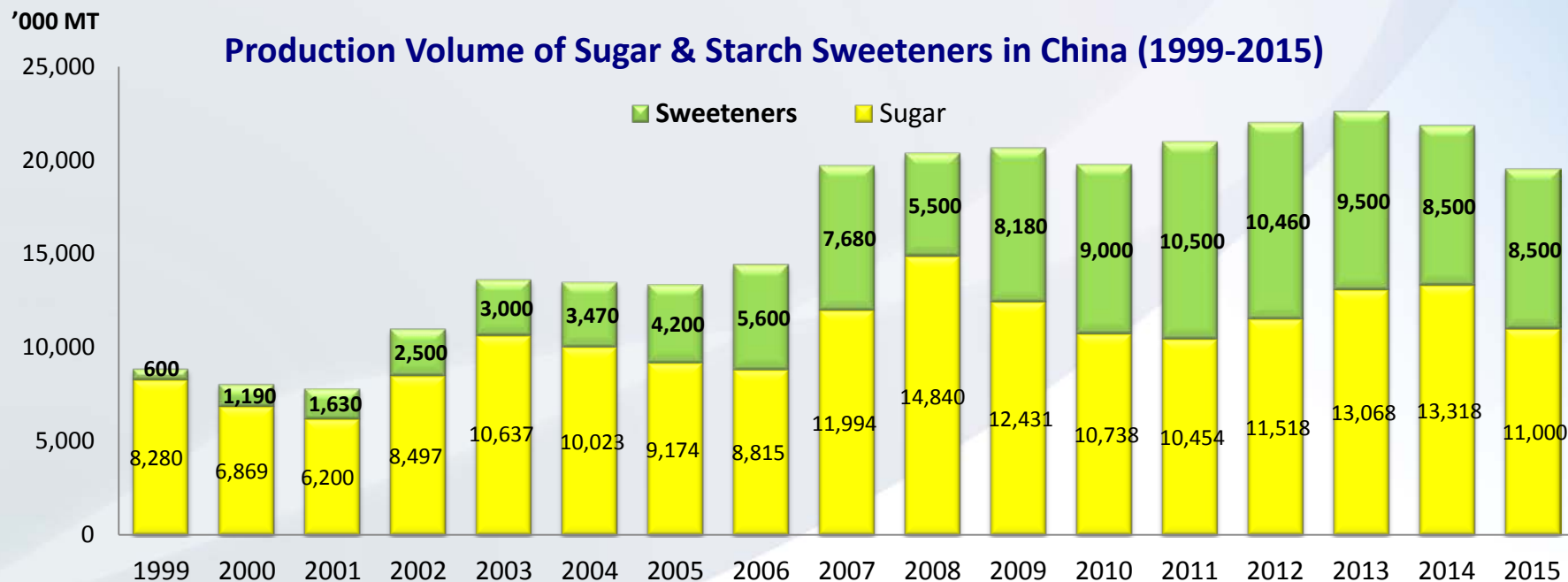
Starch Sweeteners

Raw Material:

Corn, Potatoes, Tapioca

Regions:

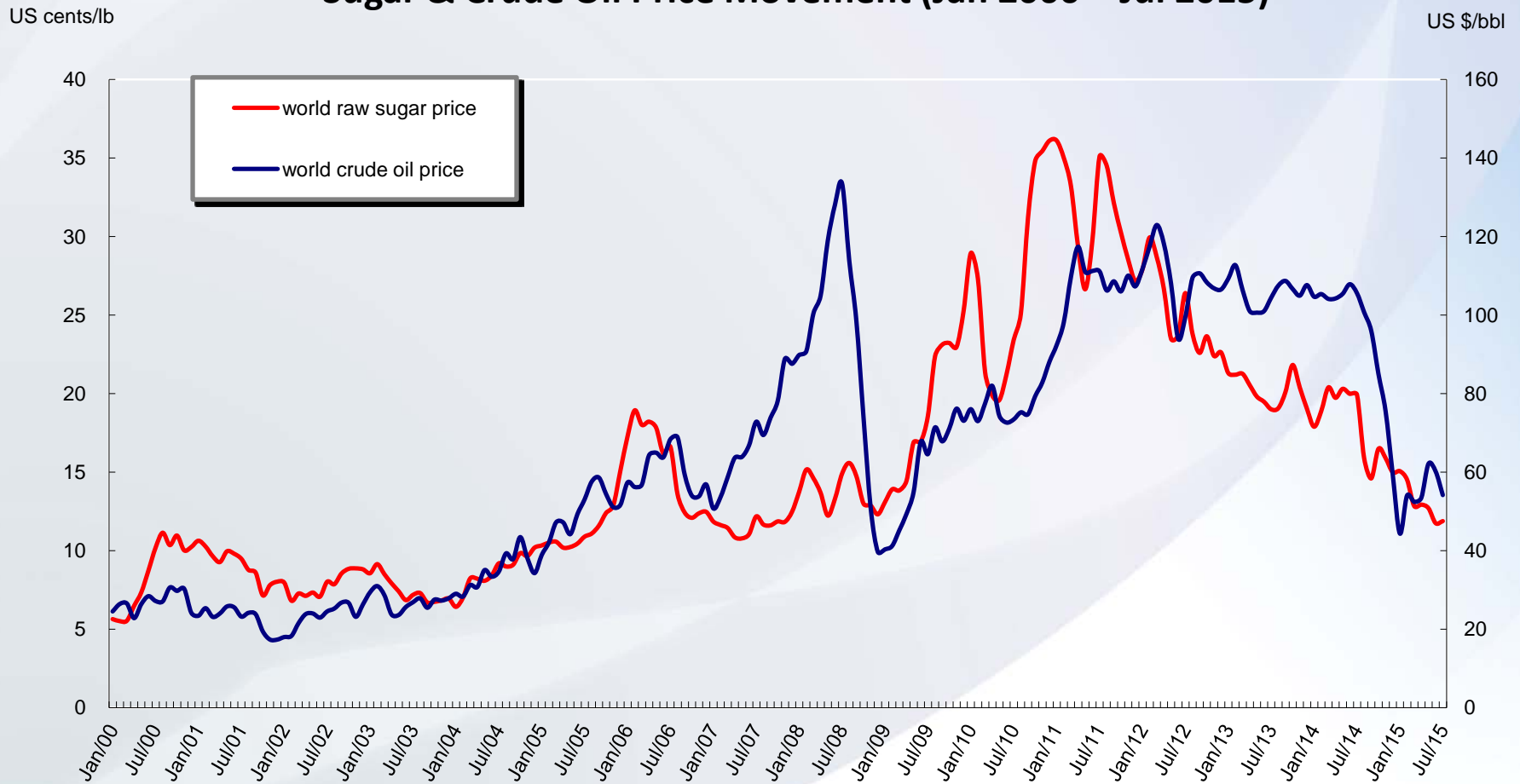
Corn is produced mainly in Northern China: Jilin, Shandong & Hebei



Source: China Sugar Association

OIL & SUGAR PRICE CORRELATION

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



Source: USDA & OPEC

THANK YOU

- The End -