



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

2013 Annual Results

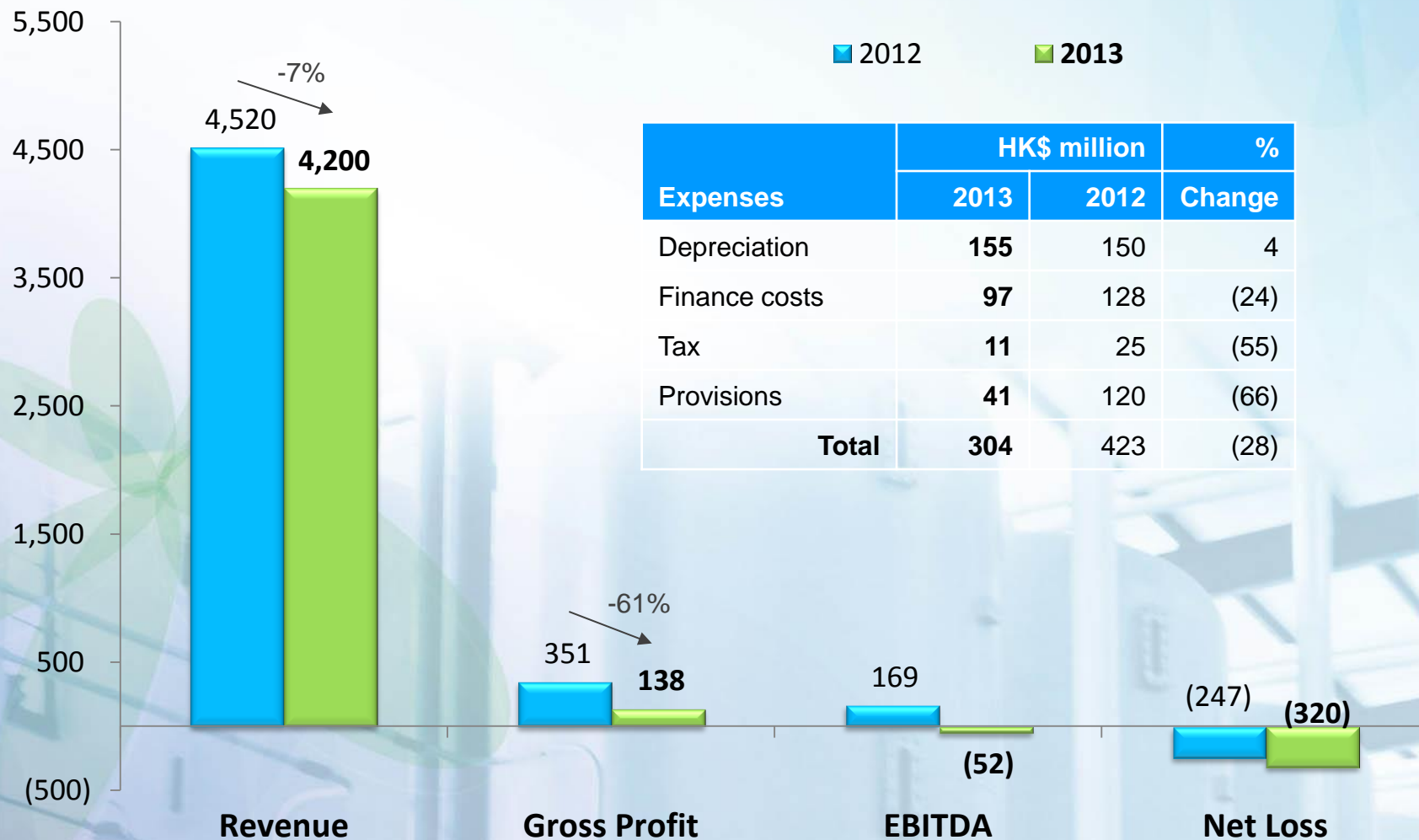
31 March 2014

AGENDA

- 2013 Annual Results
 - Financial Overview
 - Operation Overview
- Business Outlook & Development Plans
- Company Profile
- Appendix

RESULTS HIGHLIGHTS

HK\$ million





2013 ANNUAL RESULTS

Financial Overview

OPERATING RESULTS

HK\$ million	2013	2012	% Change
Revenue	4,200	4,520	(7.1)
• Corn Refined Products & Corn Procurement	2,166	1,876	15.5
• Corn Sweeteners	2,034	2,644	(23.1)
Gross Profit / (Loss)	138	351	(60.7)
• Corn Refined Products & Corn Procurement	(21)	49	N/A
• Corn Sweeteners	159	302	(47.4)
Gross Margin (%)	3.3	7.8	(4.5)% pt
• Corn Refined Products & Corn Procurement	(1.0)	2.6	N/A
• Corn Sweeteners	7.8	11.4	(3.6)% pt
EBITDA	(52)	169	N/A
Net Loss	(320)	(247)	N/A
Net Margin (%)	(7.6)	(5.6)	N/A
Loss Per Share (HK cents)	(20.9)	(16.2)	N/A
Dividend Per Share – Final (HK cents)	-	-	N/A

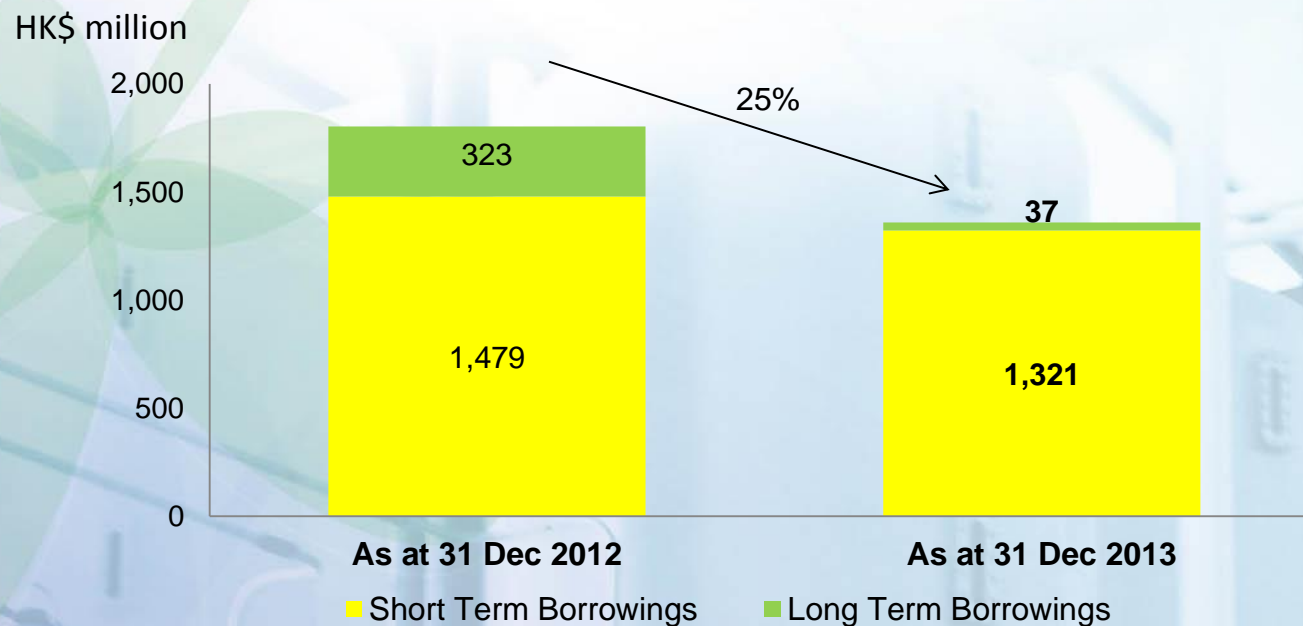
FINANCIAL POSITION

HK\$ million	31 Dec 13	31 Dec 12	% Change
Non-current Assets	1,965	2,049	(4.1)
Current Assets	2,503	3,184	(21.4)
Current Liabilities	2,286	2,478	(7.7)
Cash and Bank Balances	407	558	(27.0)
Shareholder's Equity	2,037	2,324	(12.3)
Interest Bearing Borrowings	1,358	1,802	(24.6)

BANK BORROWINGS ANALYSIS

HK\$ million	31 Dec 13	31 Dec 12	% Change
Short Term Borrowings	1,320	1,479	(10.7)
Long Term Borrowings	37	323	(88.5)
Total	1,358	1,802	(24.6)

* Average interest rate for Year 2013: 5.9% (2012: 6.3%)



KEY FINANCIAL RATIOS

	31 Dec 13	31 Dec 12
Current Ratio	1.10	1.29
Quick Ratio	0.63	0.86
Gearing Ratio (net debt/equity)	51.8%	53.5%
Inventories Turnover Days	96 days	94 days
Trade Receivables Turnover Days	61 days	81 days
Trade Payables Turnover Days	38 days	43 days

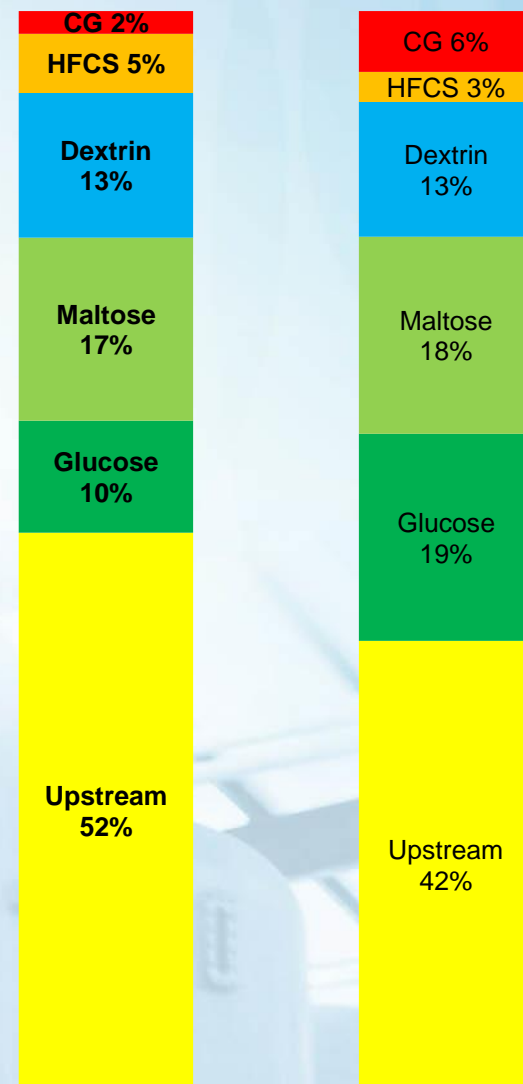


2013 ANNUAL RESULTS

Operation Overview

REVENUE BREAKDOWN

Revenue (HK\$ million)	2013	2012	% Change
Upstream			
Corn Refined Products & Corn Procurement	2,166	1,876	15.5
Downstream			
Glucose Syrup	436	870	(49.9)
Maltose Syrup	715	827	(13.5)
HFCS	229	127	80.3
Maltodextrin	565	565	-
Crystallised Glucose	89	255	(65.1)
Sweeteners Sub-total	2,034	2,644	(23.1)
Total	4,200	4,520	(7.1)

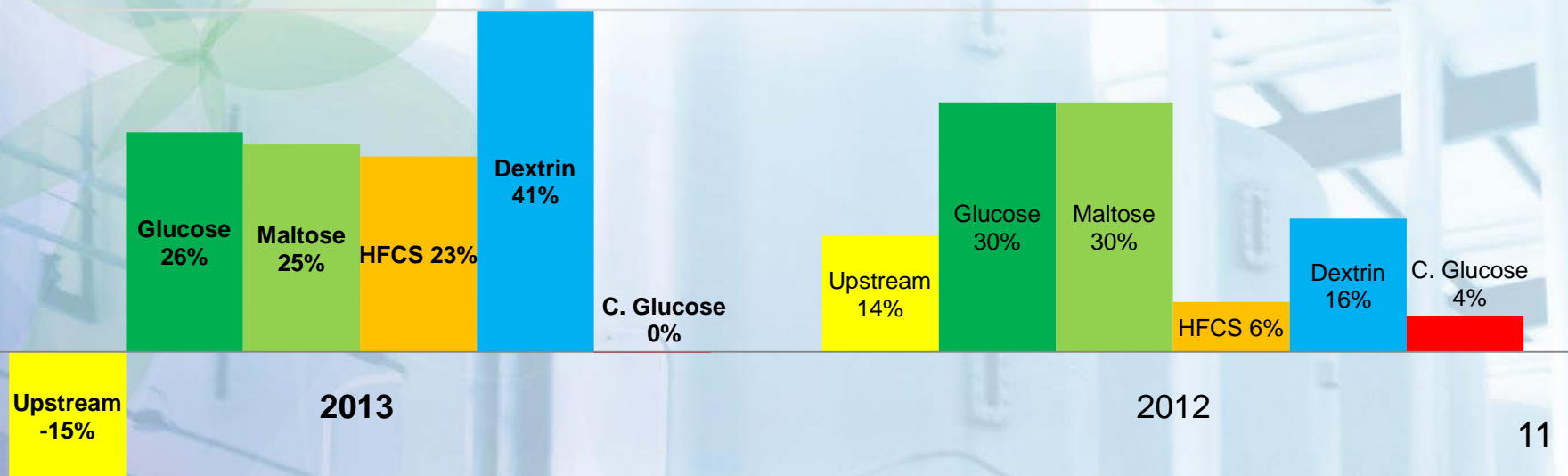


2013

2012

GROSS PROFIT BREAKDOWN

Gross Profit (HK\$ million)	2013	2012	% Change
Upstream			
Corn Refined Products & Corn Procurement	(21)	49	N/A
Downstream			
Glucose Syrup	36	105	(65.7)
Maltose Syrup	35	105	(66.7)
HFCS	32	21	52.4
Maltodextrin	56	56	-
Crystallised Glucose	0	15	(93.3)
Sweeteners Sub-total	159	302	(47.4)
Total	138	351	(60.7)



SALES ANALYSIS

Sales Volume ('000 MT)			Gross Margin (%)		
2013	2012	% Change	2013	2012	% pt Change

Upstream

Corn Refined Products & Corn Procurement	721	615	17.2	(1.0)	2.6	N/A
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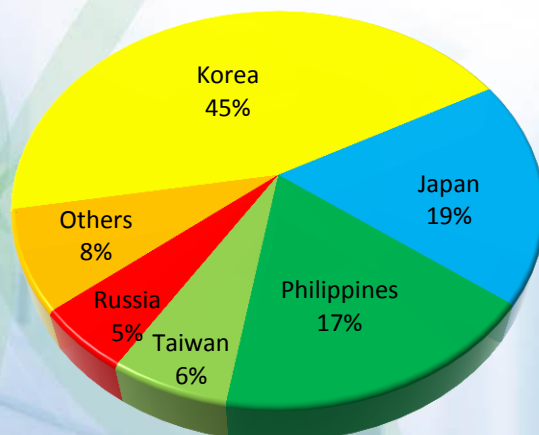
Downstream

Glucose Syrup	158	302	(47.7)	8.3	12.1	(3.8)
Maltose Syrup	202	234	(13.7)	4.8	12.7	(7.9)
HFCS	59	32	84.4	14.0	16.4	(2.4)
Maltodextrin	156	156	-	10.0	10.0	-
Crystallised Glucose	22	65	(66.2)	0.2	5.8	(5.6)
Sweeteners Sub-total	597	789	(24.3)	7.8	11.4	(3.6)
TOTAL	1,318	1,404	(6.1)	3.3	7.8	(4.5)

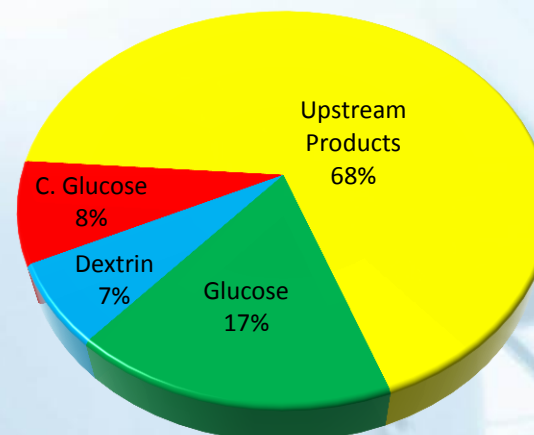
EXPORTS BREAKDOWN

	2013	2012	Change
Export Sales Revenue (HK\$ Million)	252	230	9.6%
Exports Sales Volume ('000 MT)	95	88	8.0%
Export Contribution (%)	6.0	5.1	0.9% pt

Exports Breakdown by Region
2013

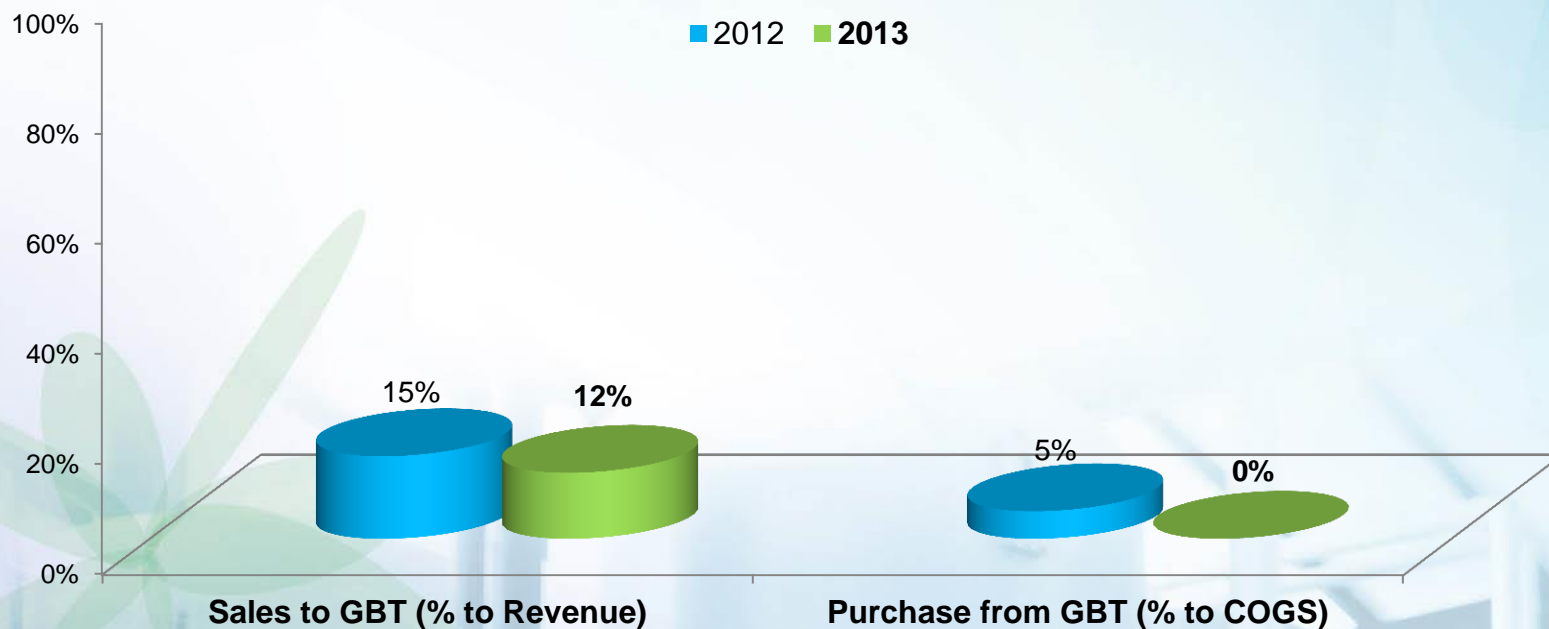


Exports Breakdown by Product
2013



* As announced on 6 June 2013, the Group has entered into a distribution agreement with Archer Daniels Midland Company ("ADM") in which ADM has been appointed as the exclusive distributor for certain sweetener products manufactured by the Group to various Asian countries, Australia and New Zealand for a term of one year.

CCT – SALES TO & PURCHASE FROM GBT



Sales agency fee to GBT for the sales of the Group's upstream products for the year 2013: HK\$7.3 million (2012: HK\$9.7 million)

OPERATING COST STRUCTURE

	2013	2012
Raw Material (Corn / Corn Starch)	73.2%	76.5%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	7.0%	7.8%
Labour	1.8%	1.0%
Depreciation	3.5%	3.3%
Production Overhead (Consumable and Packaging)	6.7%	3.4%
Selling and Distribution Expenses	5.3%	5.6%
Administrative Expenses	2.4%	2.4%

BUSINESS OUTLOOK & DEVELOPMENT PLANS

UPSTREAM RAW MATERIAL – CORN

Corn Price Movement in China (Jan 07 – Mar 14)

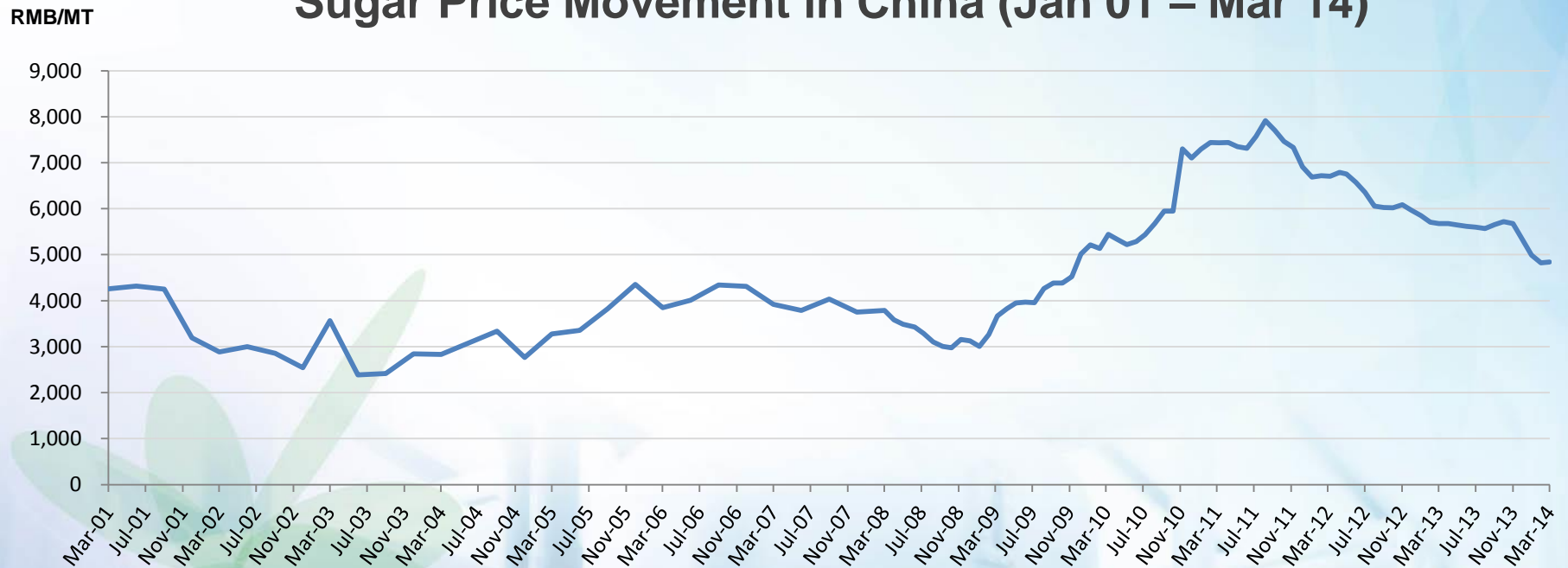


Source: eFeedlink. Based on average price from Northeast China (Jilin, Liaoning and Shandong)

- ◆ Estimated corn harvest for 2013/14: exceeds 215 million MT (2012/13: 208 million MT) (Source: CNGOIC)
- ◆ GSH purchasing cost for 2013 maintained at RMB2,029/MT; excl. VAT (2012: RMB2,027/MT)
- ◆ In view of the slowdown of PRC economic growth and low international corn price → corn price in China is expected to stabilise
- ◆ Outlook on upstream business: continue to be challenging with weak starch and other corn refined products prices

DOWNSTREAM SUBSTITUTE – SUGAR

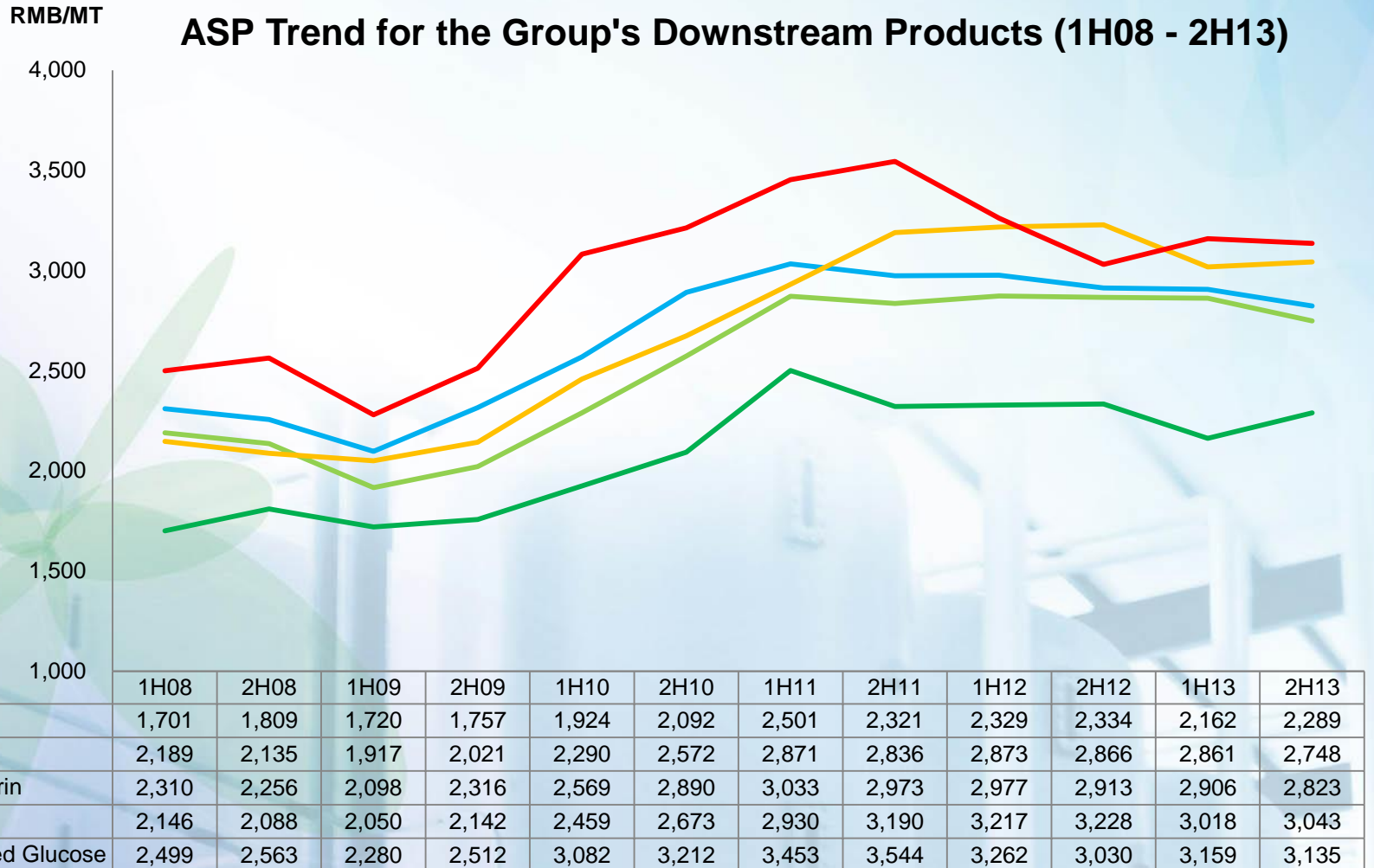
Sugar Price Movement in China (Jan 01 – Mar 14)



Source: www.sugarinfo.net

- ◆ Estimated sugar production in China for 2013/14: exceeds 13.3 million MT; ↑2% YOY (Source: *China Sugar Association*) → current PRC sugar price at approx. RMB4,800/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 and streamlining/ improving production flow for further cost saving

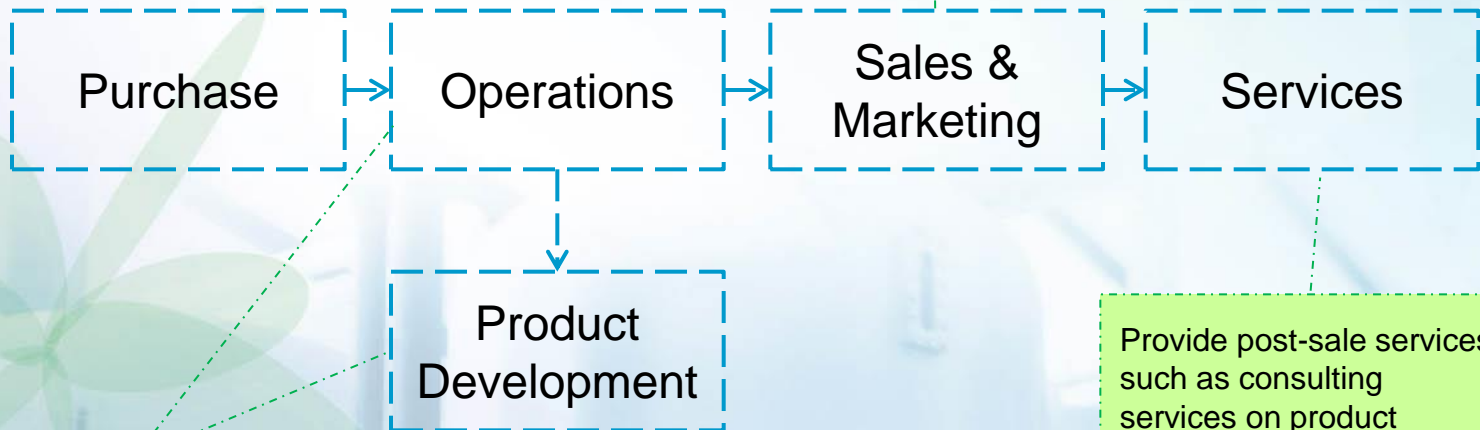
DOWNSTREAM PRODUCTS ASP



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:

- March 2014 → suspension of Changchun upstream and part of downstream operation
- April 2014 → relocation to Xinglongshan commences
- 1H 2015 → downstream production in Xinglongshan commences

* Depends on upstream corn refinery market sentiment, the Group may either resume upstream production or continue to purchase corn starch from market

➤ 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)	2013	2014	2015
<u>Upstream</u>			
Corn Starch	840,000	1,050,000	1,050,000
Corn Refined By-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



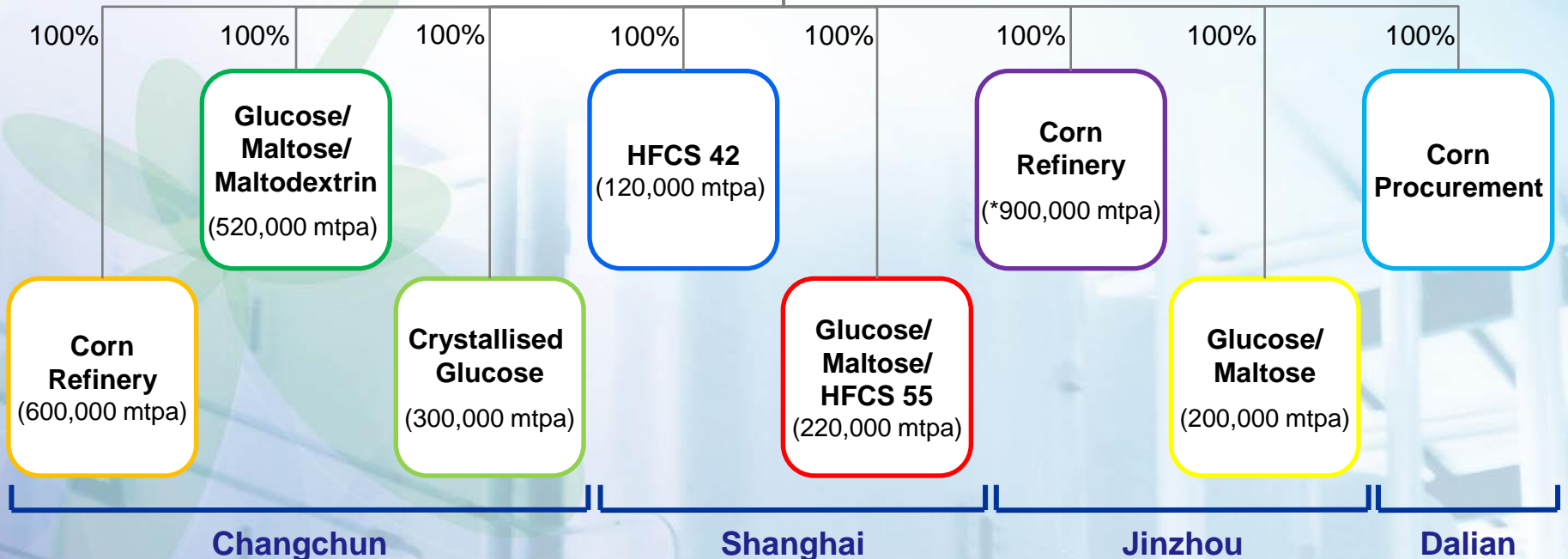
CORPORATE STRUCTURE



Public

64%

36%

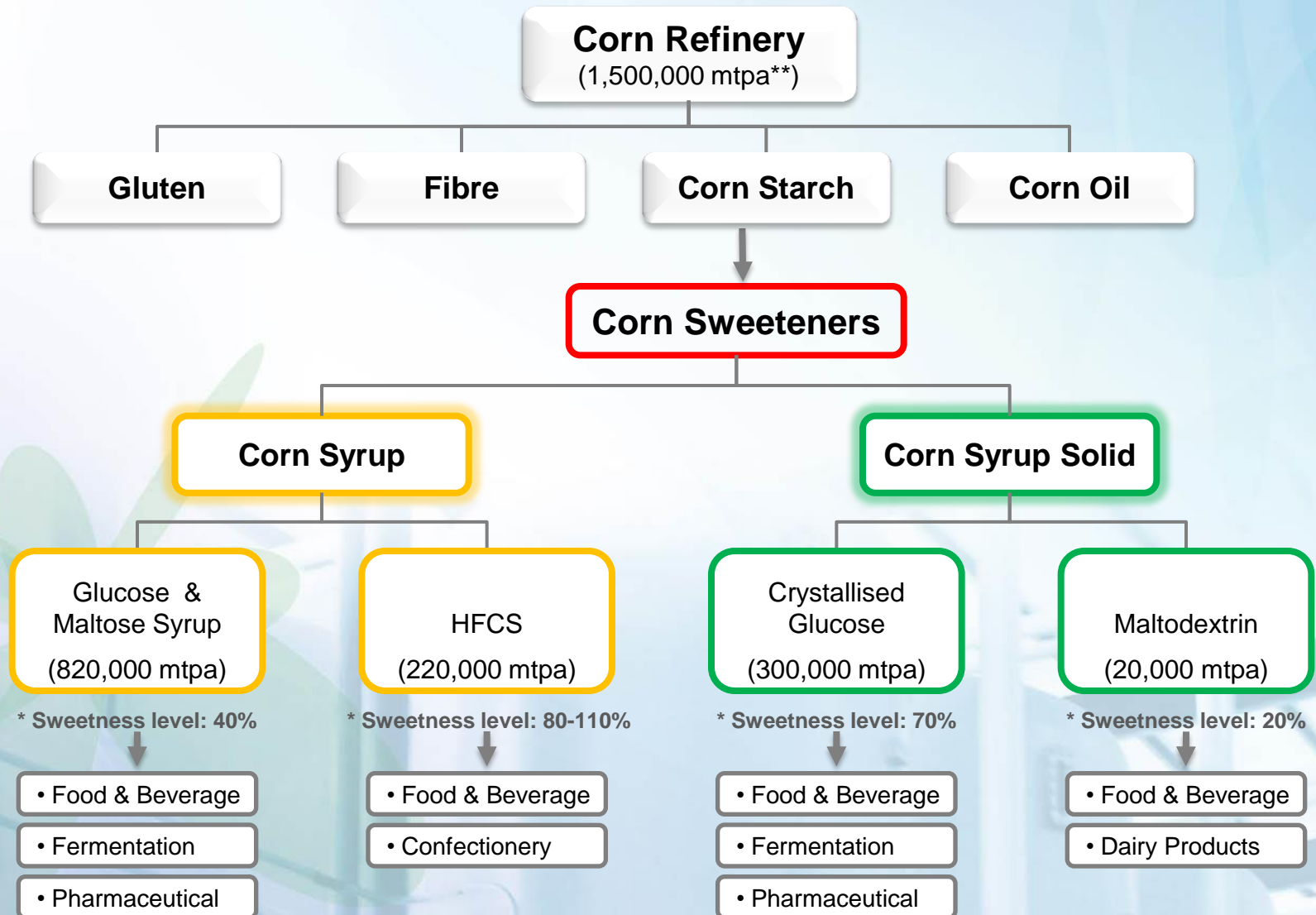


* Current corn processing capacity of Jinzhou Yuancheng is 600,000 mtpa, with an additional 300,000 mtpa capacity under construction.

DIVERSIFIED PRODUCT MIX

UPSTREAM

DOWNSTREAM

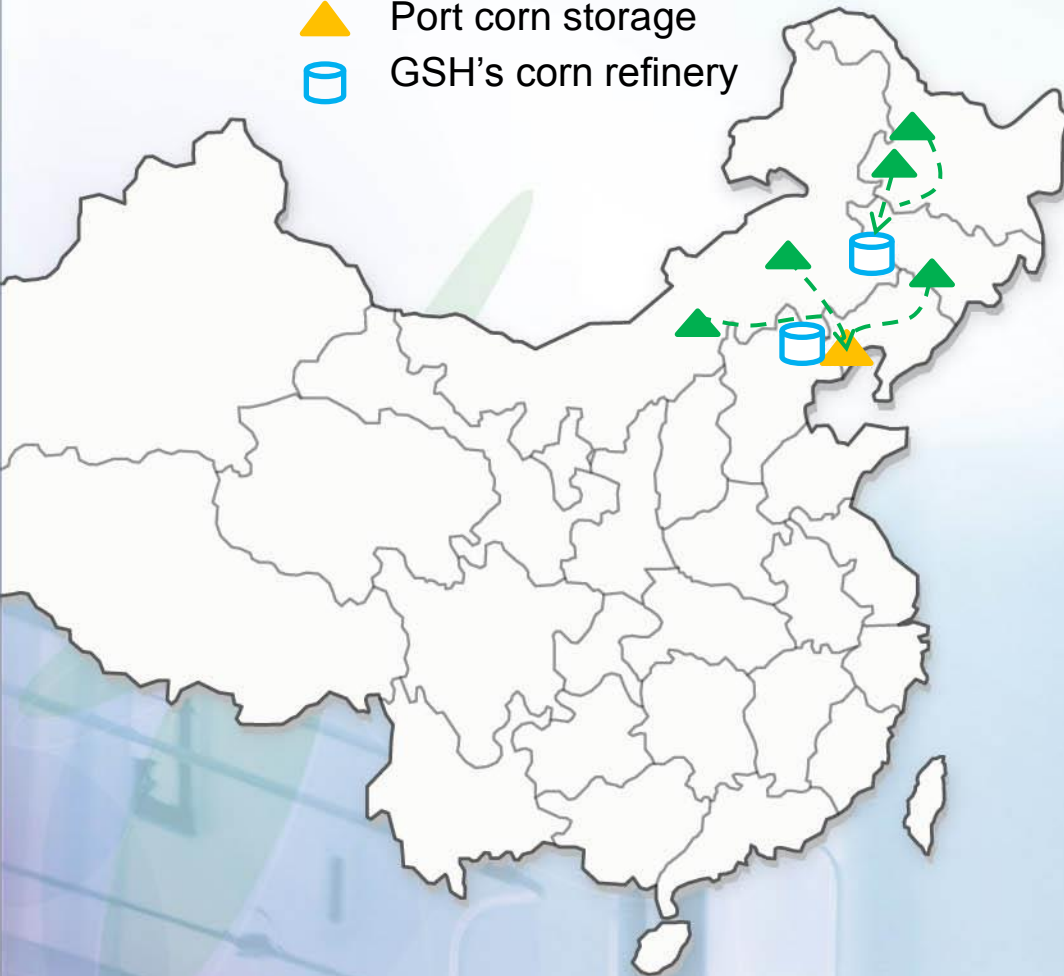


* Sweetness level base on cane sugar sweetness

** 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 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:

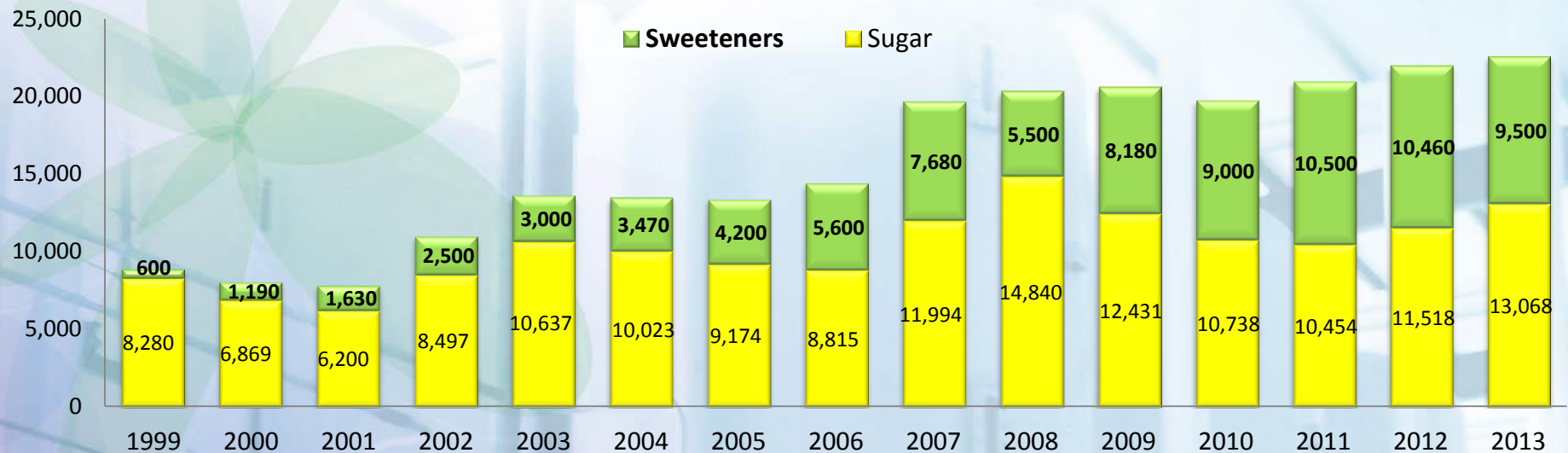
Corn, Potatoes, Tapioca

Regions:

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

'000 MT

Production Volume of Sugar & Starch Sweeteners in China (1999-2013)



Source: China Sugar Association, DNCNET and USDA

OIL & SUGAR PRICE CORRELATION

Sugar & Crude Oil Price Movement (Jan 2000 – Feb 2014)



Source: USDA & OPEC



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

THANK YOU

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