



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

2013 Interim Results

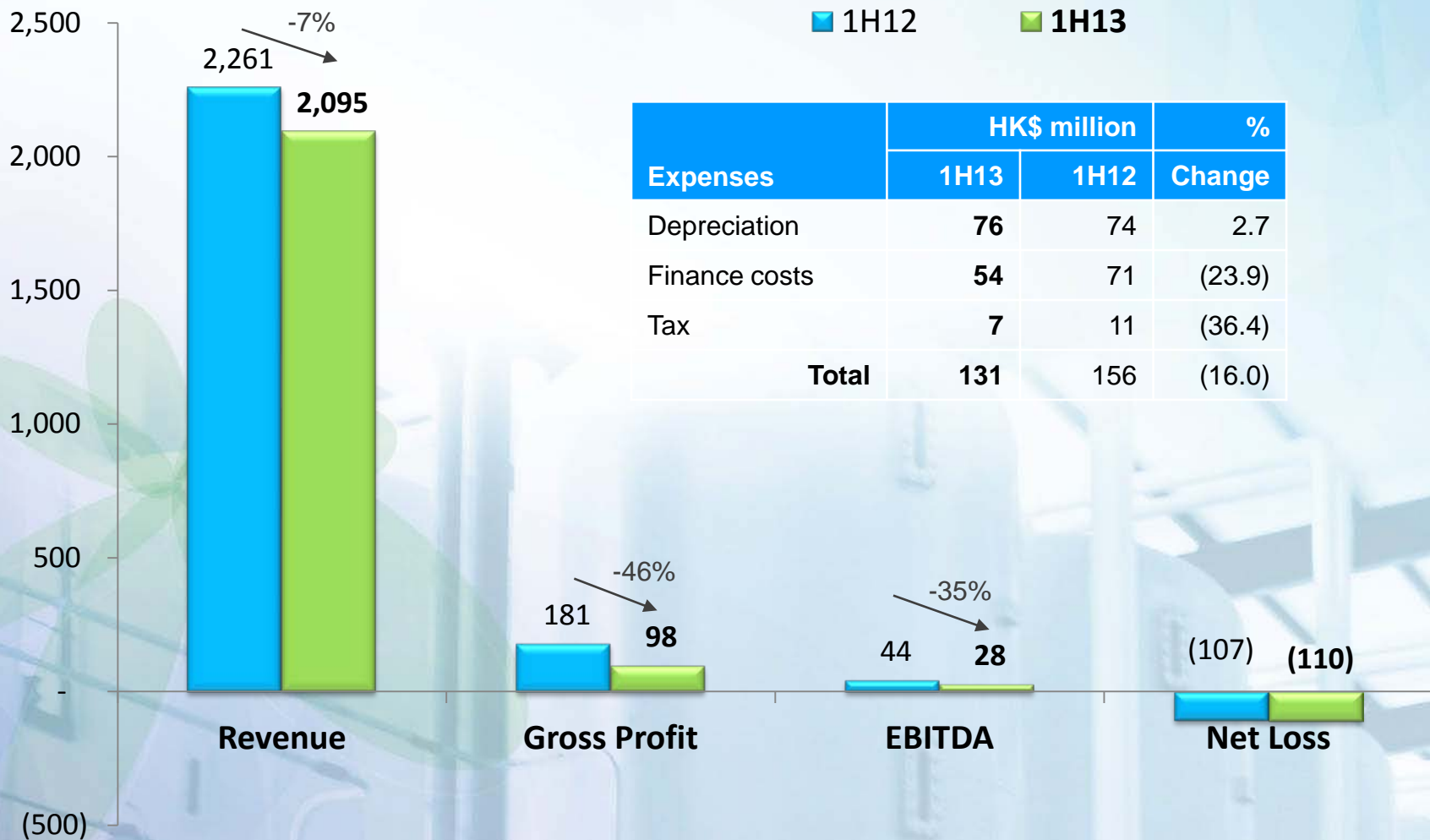
30 August 2013

AGENDA

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

RESULTS HIGHLIGHTS

HK\$ million





2013 INTERIM RESULTS

Financial Overview

OPERATING RESULTS

HK\$ million	1H13	1H12 (Restated)	% Change
Revenue	2,095	2,261	(7.3)
• Corn Refined Products & Corn Procurement	978	997	(1.9)
• Corn Sweeteners	1,117	1,264	(11.6)
Gross Profit	98	181	(45.7)
• Corn Refined Products & Corn Procurement	7	7	-
• Corn Sweeteners	91	174	(47.7)
Gross Margin (%)	4.7	8.0	(3.3)% pt
• Corn Refined Products & Corn Procurement	0.7	0.7	-
• Corn Sweeteners	8.2	13.8	(5.6)% pt
EBITDA	28	44	(75.4)
Net Loss	(110)	(107)	N/A
Net Margin (%)	(5.3)	(4.9)	N/A
Basic Loss Per Share (HK cents)	(7.2)	(7.0)	N/A
Dividend Per Share – Interim (HK cents)	-	-	N/A

FINANCIAL POSITION

HK\$ million	30 June 13	31 Dec 12	% Change
Non-current Assets	2,036	2,049	(0.6)
Current Assets	3,253	3,184	2.2
Current Liabilities	2,916	2,478	17.7
Cash and Bank Balances	530	558	(5.0)
Shareholder's Equity	2,236	2,324	(3.8)
Interest Bearing Borrowings	1,699	1,802	(5.7)

BANK BORROWINGS ANALYSIS

HK\$ million	30 June 13	31 Dec 12	% Change
Short Term Borrowings	1,673	1,479	13.1
Long Term Borrowings	26	323	(84.4)
Total	1,699	1,802	(5.7)

As announced on 27 August 2013, the Group was unable to comply with certain financial covenants of a long term bank loan of RMB200 million due August 2014 (“First Loan”) and a short term bank loan of RMB200 million (“Second Loan”).

- ◆ In mid-August 2013, the Group repaid in full the “First Loan” by utilising internal resources
- ◆ For the Second Loan, the Group obtained a written confirmation from the lender for the relaxation and adjustment of the breached financial covenant in early July 2013
- ◆ Short term borrowings increased by 13.1% as approximately HK\$289 million of long term borrowings has been reclassified into short term borrowing during the Period
- ◆ Average interest rate for 1H13: 6.1% (1H12: 7.2%)

KEY FINANCIAL RATIOS

	30 Jun 13	31 Dec 12
Current Ratio	1.12	1.29
Quick Ratio	0.61	0.86
Gearing Ratio (net debt/equity)	52.3%	53.5%
ROE	N/A	N/A
Inventories Turnover Days	133 days	94 days
Trade Receivables Turnover Days	58 days	81 days
Trade Payables Turnover Days	62 days	43 days

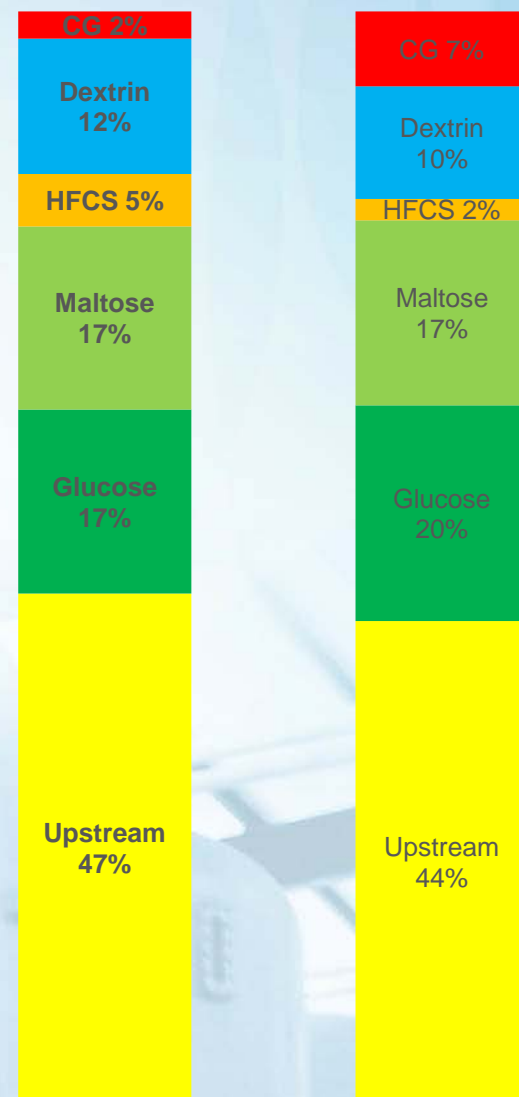


2013 INTERIM RESULTS

Operation Overview

REVENUE BREAKDOWN

Revenue (HK\$ million)	1H13	1H12 (Restated)	% Change
<u>Upstream</u>			
Corn Refined Products & Corn Procurement	978	997	(1.9)
<u>Downstream</u>			
Glucose Syrup	353	447	(21.0)
Maltose Syrup	352	384	(8.3)
HFCS	101	44	129.5
Maltodextrin	260	234	11.1
Crystallised Glucose	51	155	(66.7)
Sweeteners Sub-total	1,117	1,264	(11.6)
Total	2,095	2,261	(7.3)

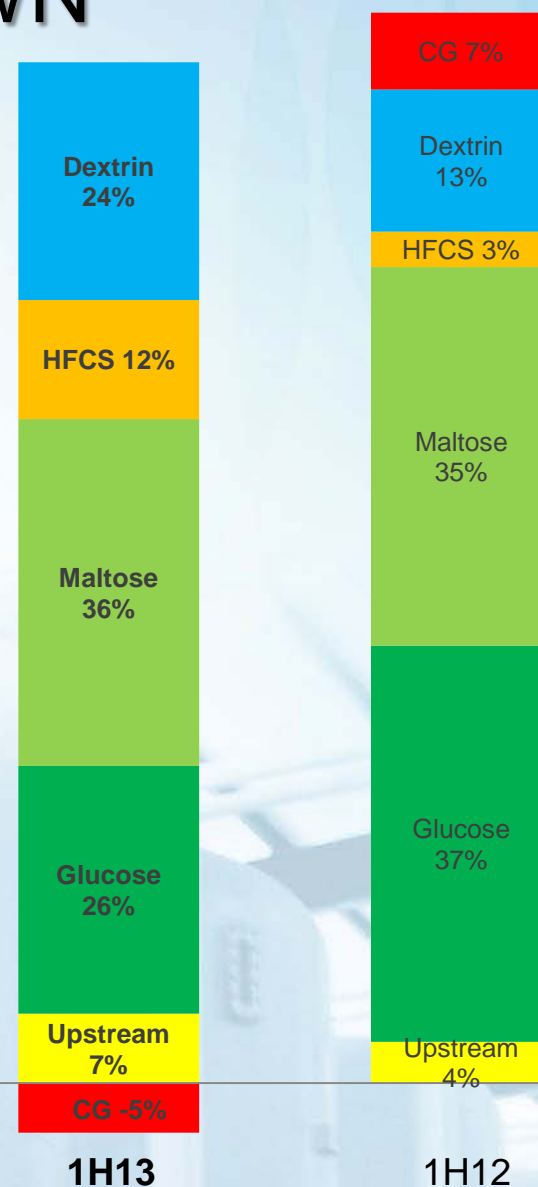


1H13

1H12

GROSS PROFIT BREAKDOWN

Gross Profit (HK\$ million)	1H13	1H12 (Restated)	% Change
<u>Upstream</u>			
Corn Refined Products & Corn Procurement	7	7	-
<u>Downstream</u>			
Glucose Syrup	25	67	(62.7)
Maltose Syrup	35	64	(45.3)
HFCS	12	6	100.0
Maltodextrin	24	24	-
Crystallised Glucose	(5)	13	N/A
Sweeteners Sub-total	91	174	(47.7)
Total	98	181	(45.7)



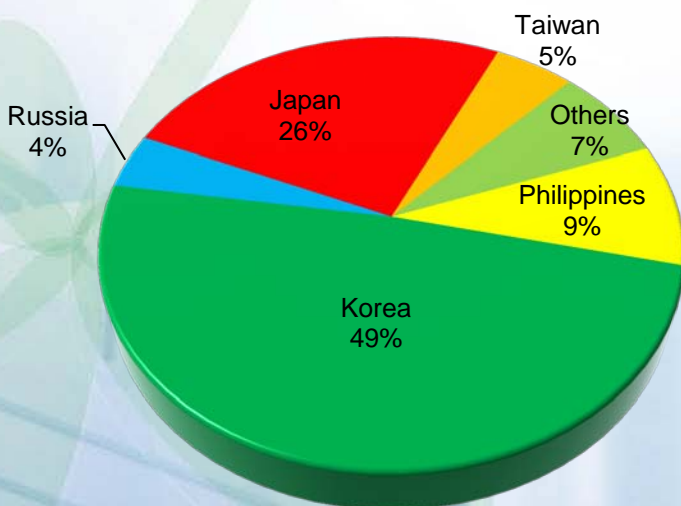
SALES ANALYSIS

	Sales Volume ('000 MT)			Gross Profit Margin (%)		
	1H13	1H12	% Change	1H13	1H12	% pt Change
<u>Upstream</u>						
Corn Refined Products & Corn Procurement	329	330	(0.3)	0.7	0.7	-
<u>Downstream</u>						
Glucose Syrup	131	158	(17.1)	7.1	15.1	(8.0)
Maltose Syrup	98	110	(10.9)	9.8	16.8	(7.0)
HFCS	26	11	136.4	12.9	14.0	(1.1)
Maltodextrin	72	65	10.8	9.5	10.3	(0.8)
Crystallised Glucose	13	39	(66.7)	(10.6)	8.1	N/A
Sweeteners Sub-total	340	382	(11.0)	8.2	13.8	(5.6)
TOTAL	669	712	(6.0)	4.7	7.3	(2.6)

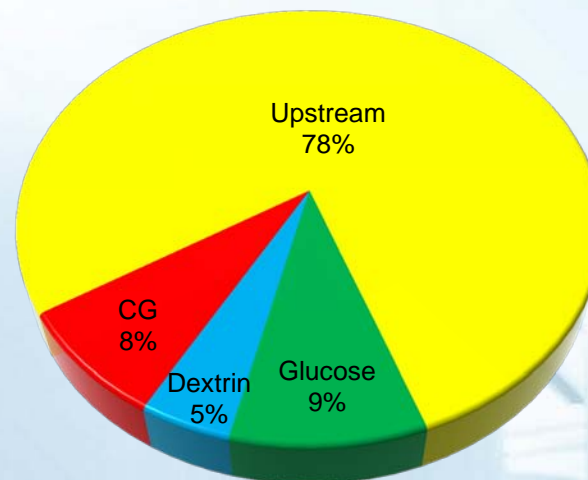
EXPORTS BREAKDOWN

	1H13	1H12	Change
Export Sales Revenue (HK\$ Million)	134	96	39.6%
Exports Sales Volume ('000 MT)	52	43	20.9%
Export Contribution (%)	6.4	4.3	2.1% pt

Exports Breakdown by Region 1H13

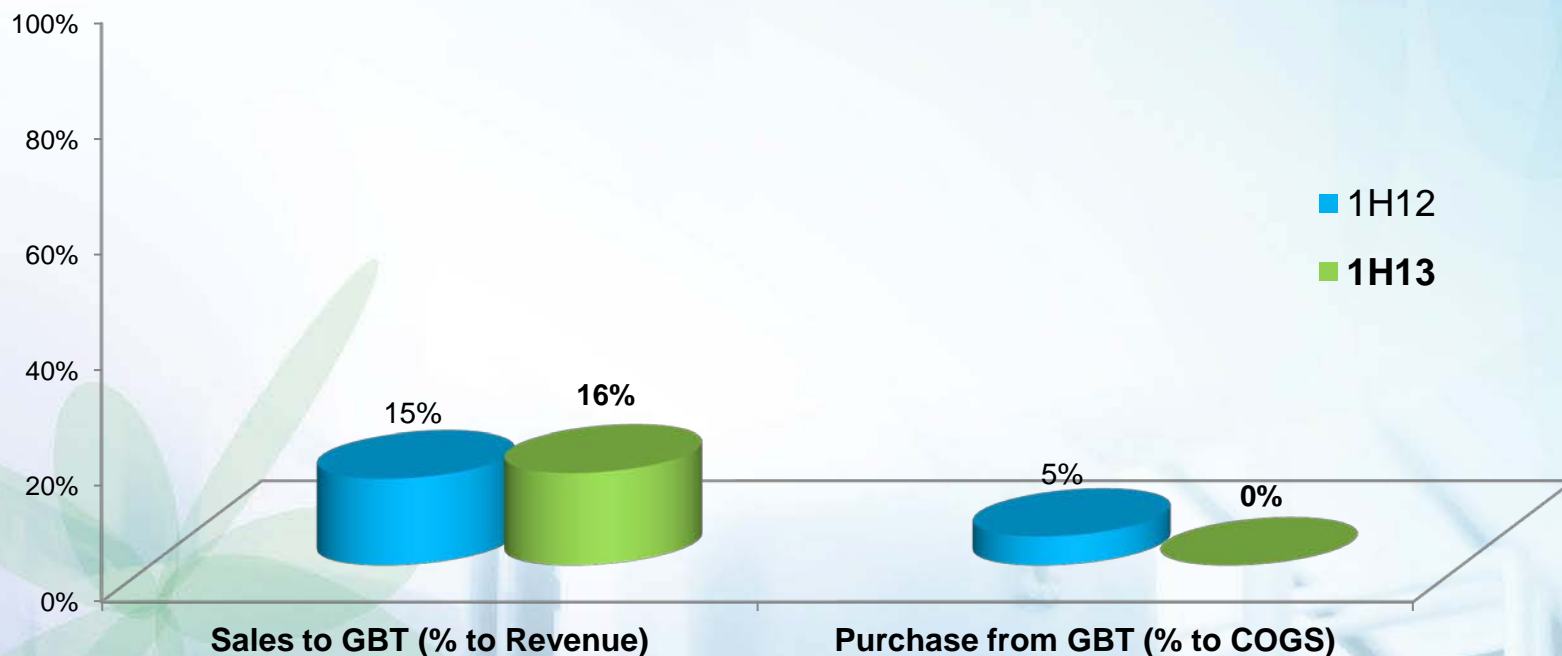


Exports Breakdown by Product 1H13



* 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
1H13: HK\$1.9 million (1H12: HK\$5.4 million)

OPERATING COST STRUCTURE

	1H13	1H12
Raw Material (Corn / Corn Starch)	77.1%	76.1%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	7.2%	8.2%
Labour	1.1%	0.9%
Depreciation	3.5%	3.3%
Production Overhead (Consumable and Packaging)	4.1%	4.5%
Selling and Distribution Expenses	4.8%	5.1%
Administrative Expenses	2.2%	1.9%

BUSINESS OUTLOOK & DEVELOPMENT PLANS

UPSTREAM RAW MATERIAL – CORN

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

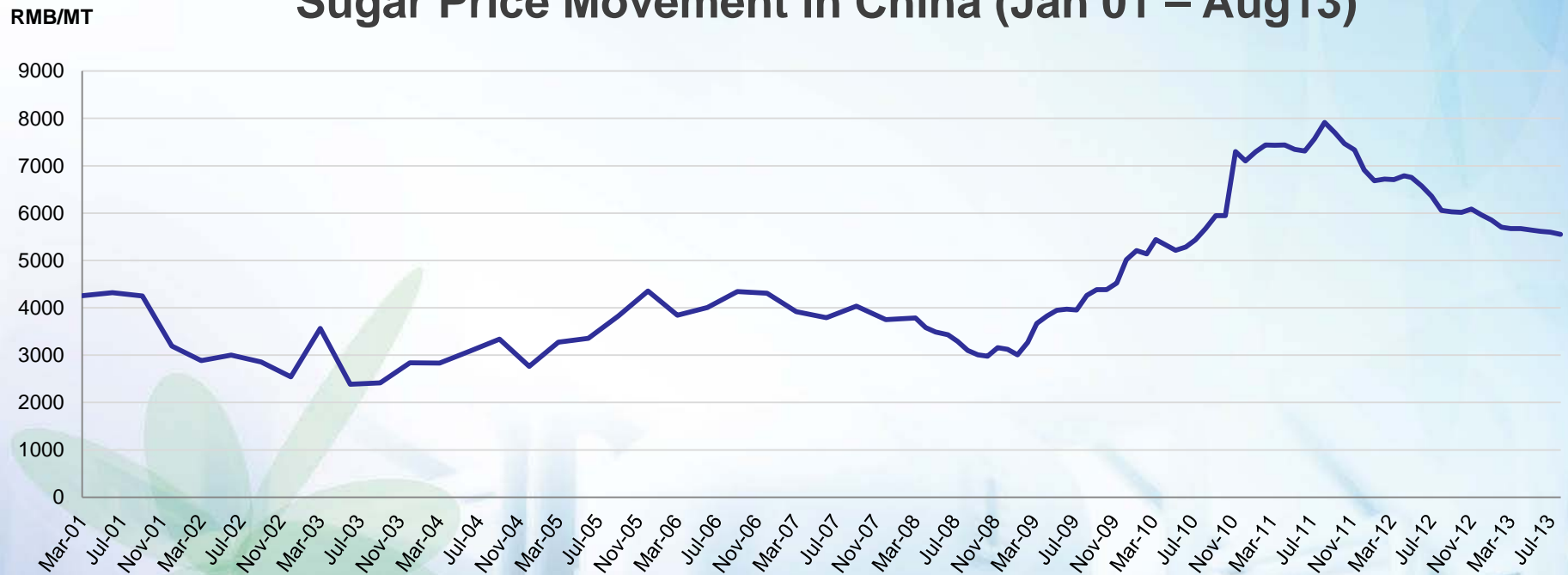


Source: eFeedlink. Based on average price from Northeast China (Jilin, Liaoning and Shandong)

- Corn harvest for 2012/13: approx. 208 million MT (2011/12 harvest: 192 million MT)
- The Group's corn purchasing cost for 1H13 maintained at RMB2,004/MT, VAT excl. (1H12: RMB2,008/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 – Aug13)

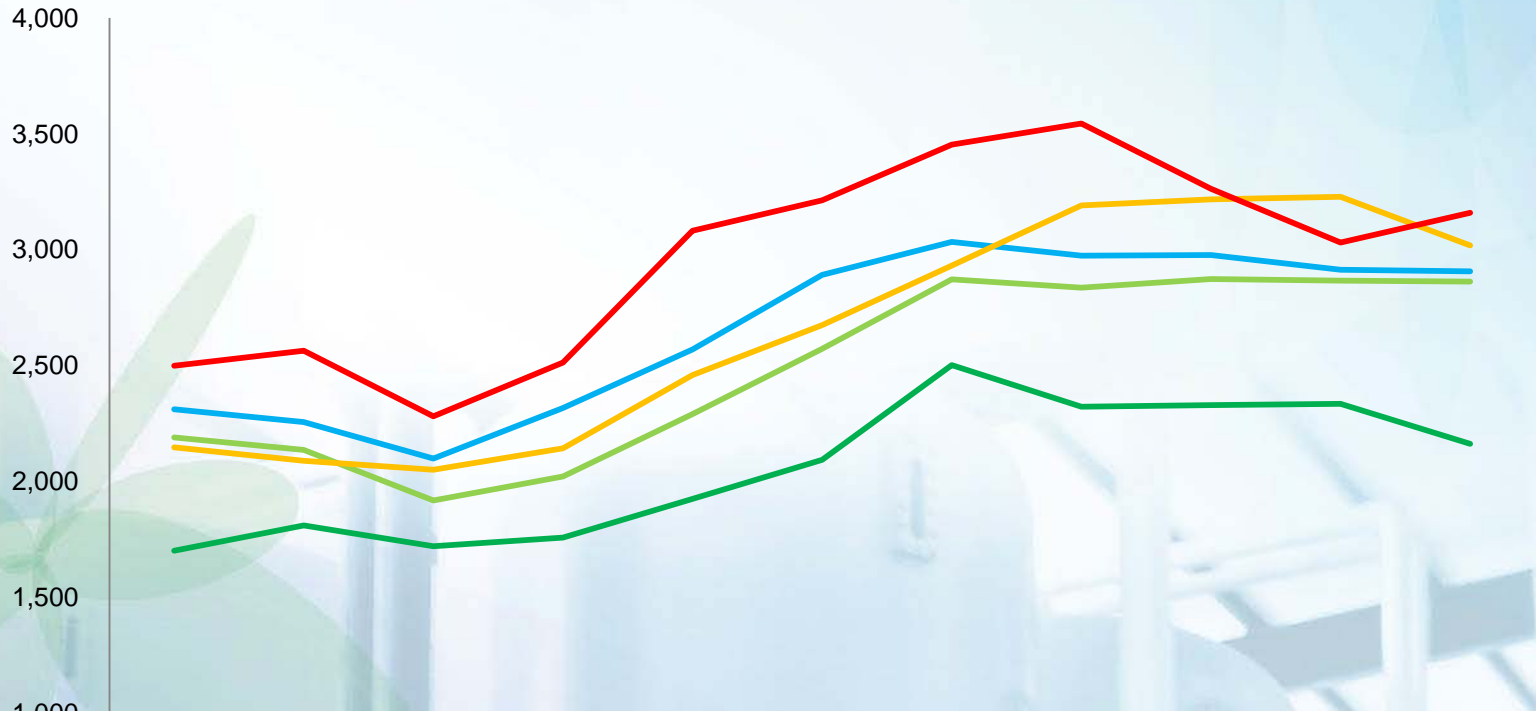


Source: www.sugarinfo.net

- ◆ PRC sugar production for 2012/13: approx. 13 million MT; ↑13% YOY
→ current PRC sugar price at approx. RMB5,400/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

RMB/MT **ASP Trend for the Group's Downstream Products (1H08 - 1H13)**



	1H08	2H08	1H09	2H09	1H10	2H10	1H11	2H11	1H12	2H12	1H13
Glucose	1,701	1,809	1,720	1,757	1,924	2,092	2,501	2,321	2,329	2,334	2,162
Maltose	2,189	2,135	1,917	2,021	2,290	2,572	2,871	2,836	2,873	2,866	2,861
Maltodextrin	2,310	2,256	2,098	2,316	2,569	2,890	3,033	2,973	2,977	2,913	2,906
HFCS	2,146	2,088	2,050	2,142	2,459	2,673	2,930	3,190	3,217	3,228	3,018
Crystallised Glucose	2,499	2,563	2,280	2,512	3,082	3,212	3,453	3,544	3,262	3,030	3,159

CORPORATE STRATEGIES

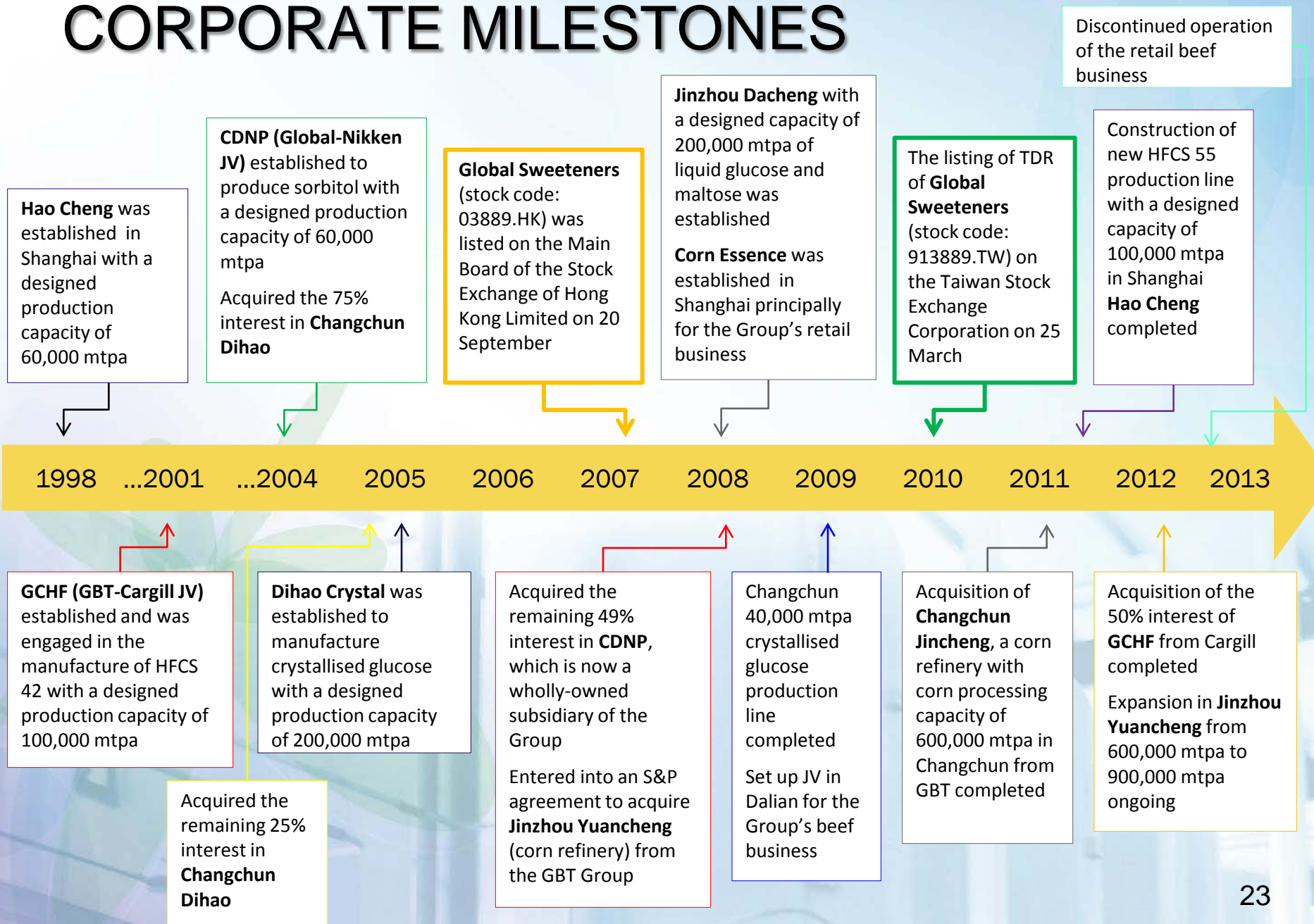
- ◆ Lingered global economy uncertainty → slow down pace of expansion
- ◆ Leverage on the Group's highly flexible production facilities to adjust product mix according to market needs for profit maximisation
- ◆ Proposed relocation of the Group's facilities from Changchun site to Xinglongshan site by phases – an opportunity to
 - upgrade facilities and equipments
 - reduce cost of production further through streamlining and improving production flow
 - re-structure product mix (targeting high-end users) and production capacity
- ◆ Fortify R&D to introduce more high value add products and increase product mix → enhance profit margin
- ◆ Seek opportunities for collaboration with market players → enhance market share and profitability

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

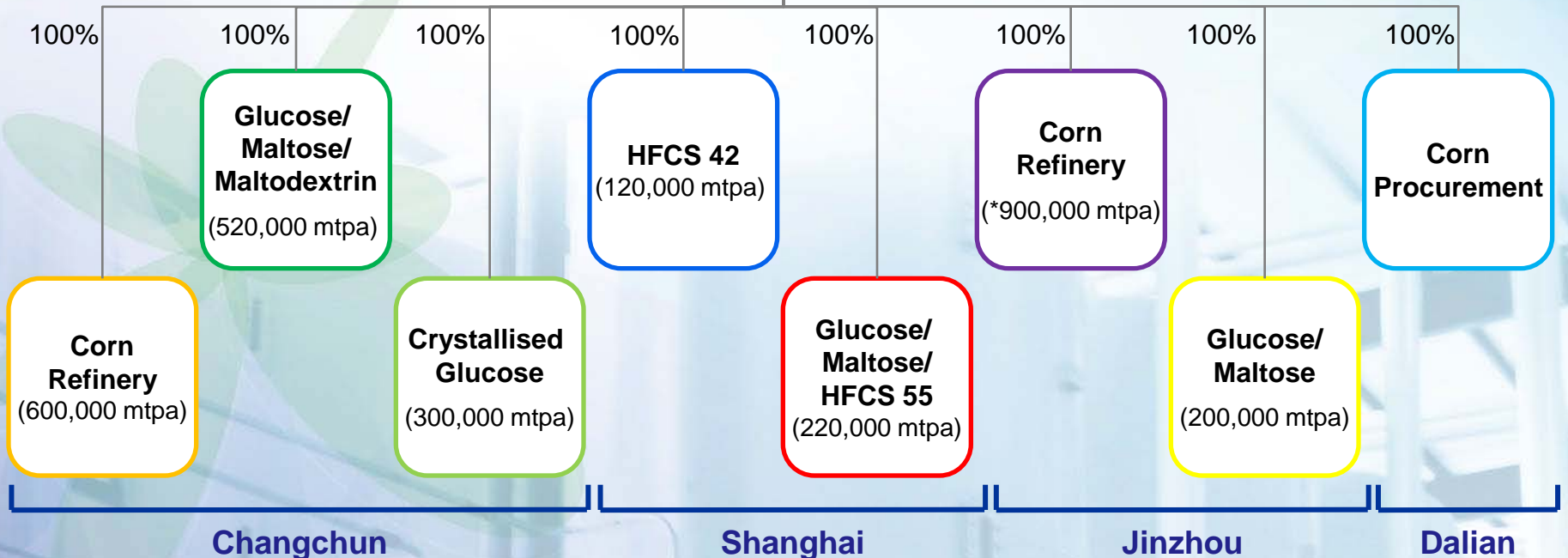
CORPORATE STRUCTURE



Public

64%

36%

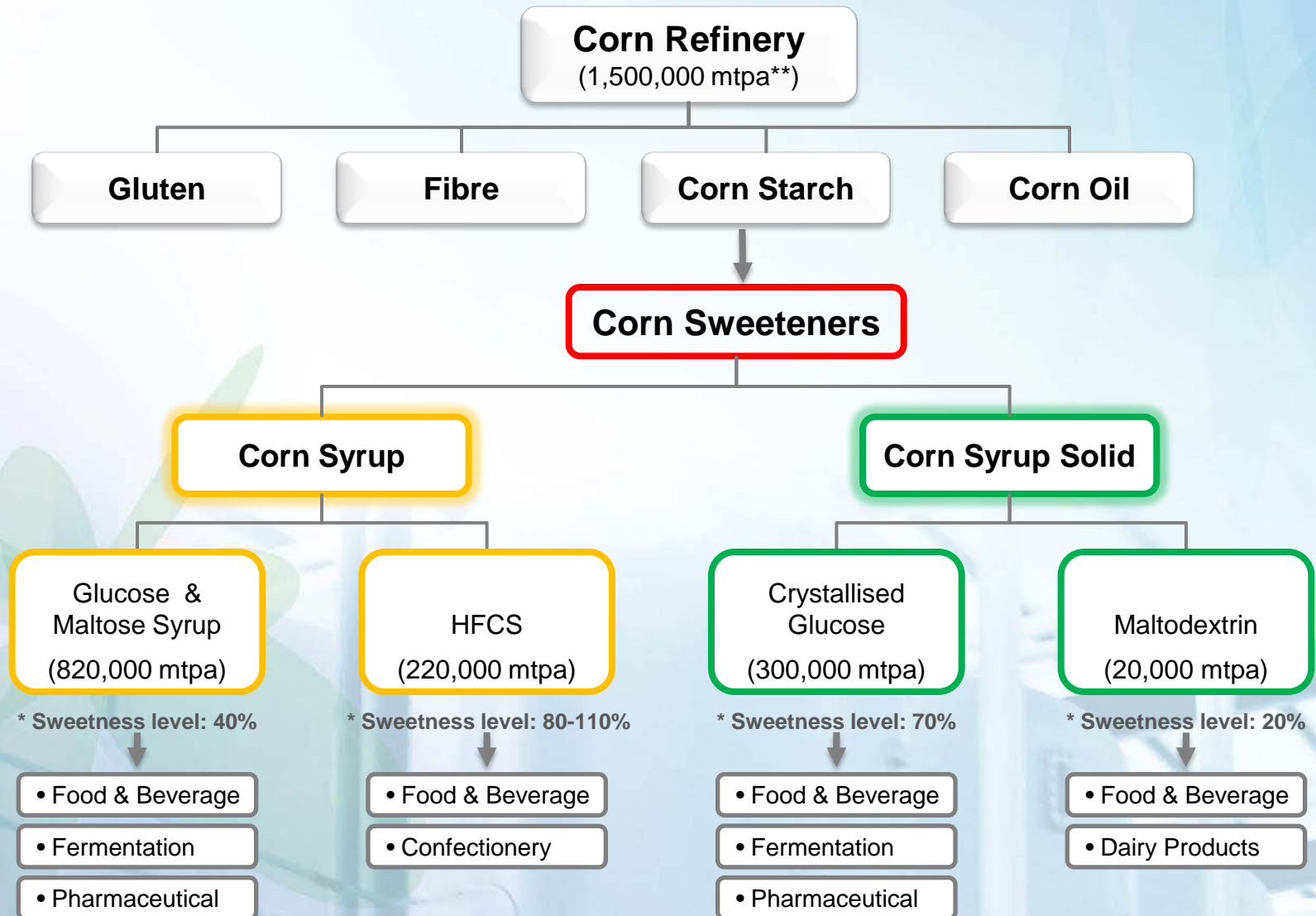


* Current corn processing capacity of Jinzhou Yuancheng is 600,000 mtpa, with an additional 300,000 mtpa capacity under construction.

DIVERSIFIED PRODUCT MIX

UPSTREAM

DOWNSTREAM

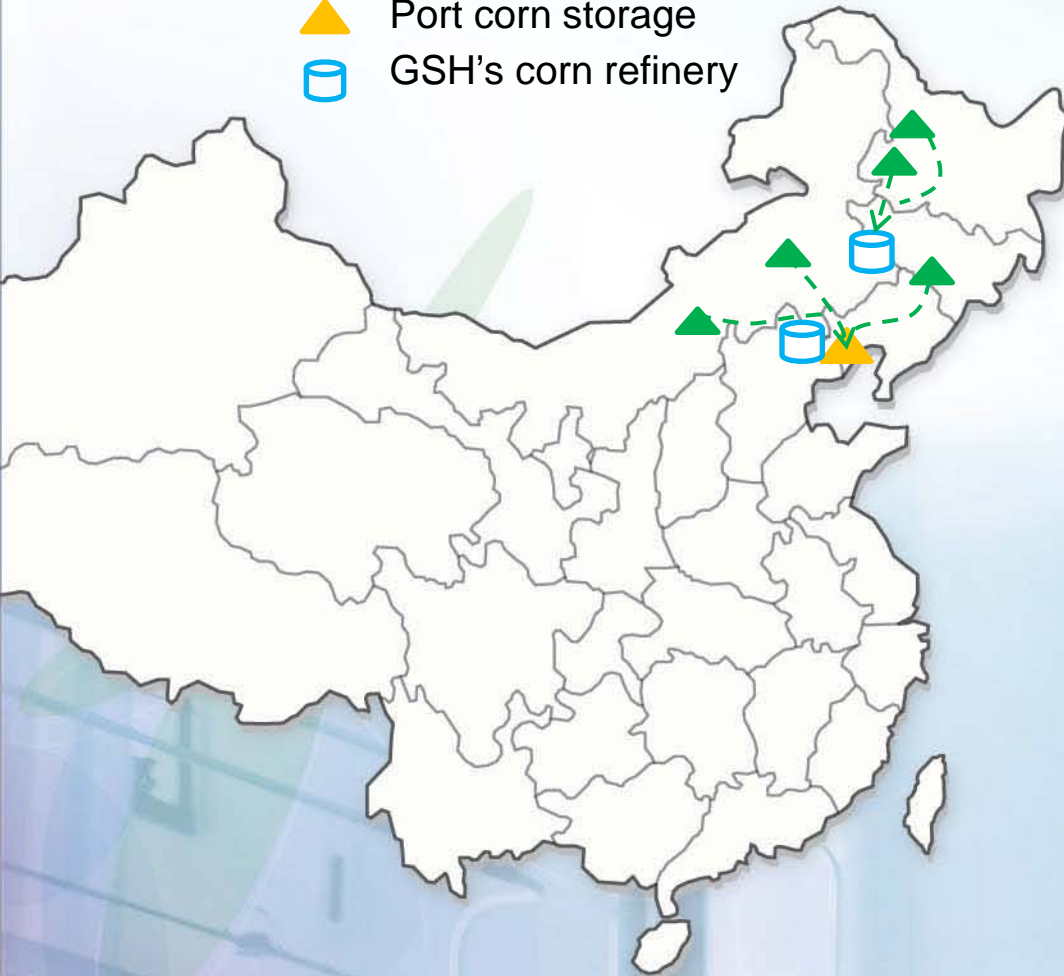


* Sweetness level base on cane sugar sweetness

** 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 327,513 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)

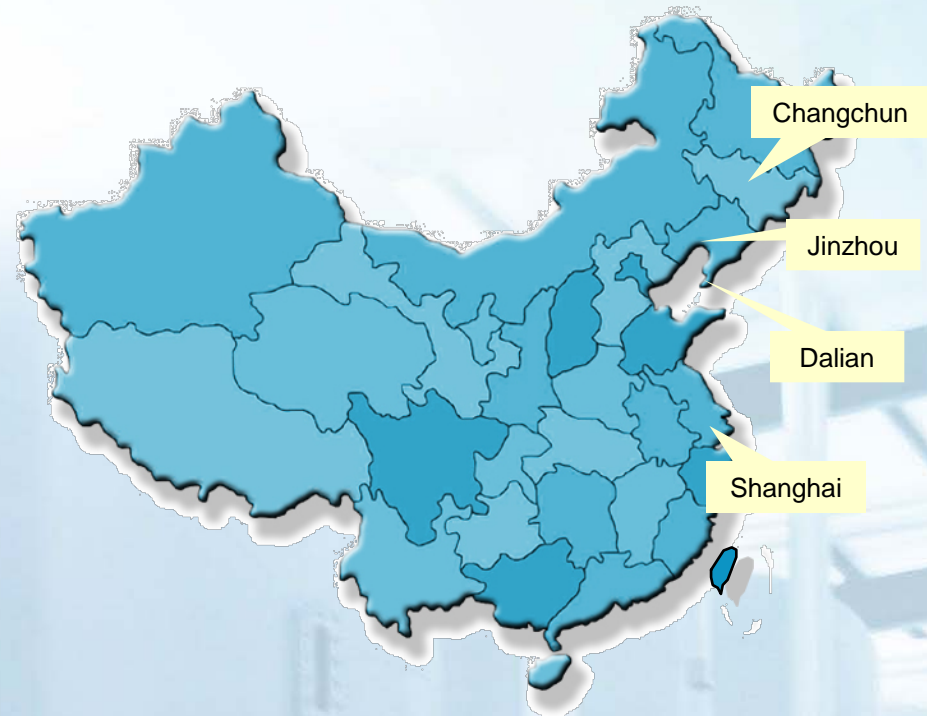
Dalian

- 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:

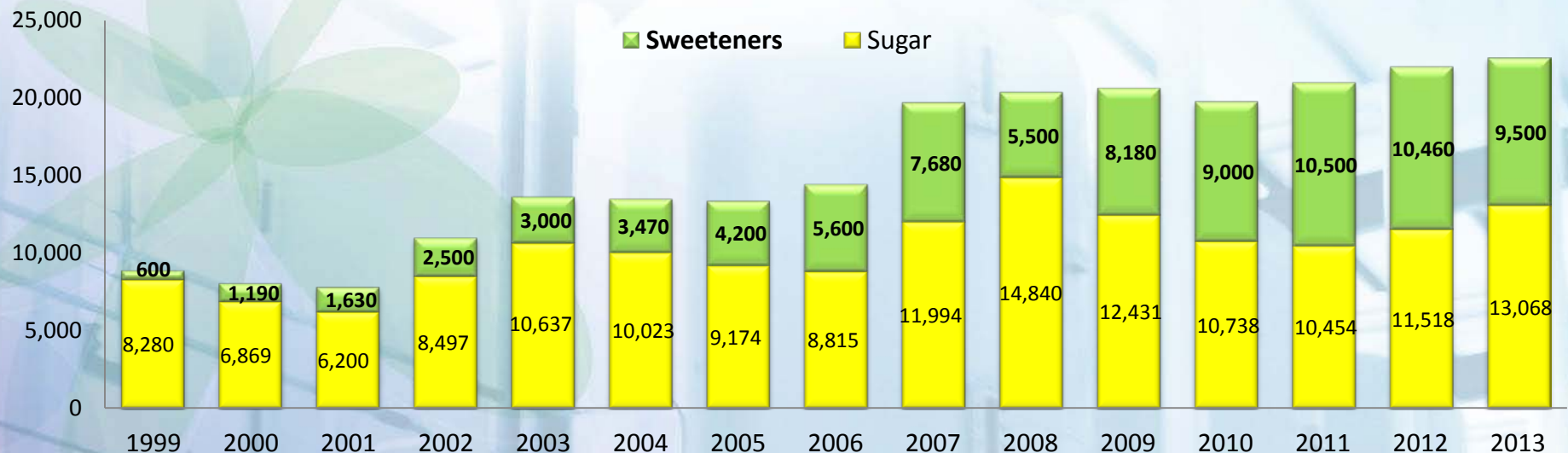
Corn, Potatoes, Tapioca

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 – Jul 2013)



Source: USDA & OPEC

THANK YOU