



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

# 2010 Annual Results Presentation

30 March 2011



# AGENDA

- ◆ 2010 Annual Results
  - ◆ Financial Overview
  - ◆ Operation Overview
- ◆ Business Outlook & Development Plans
- ◆ Company Profile
- ◆ Appendix

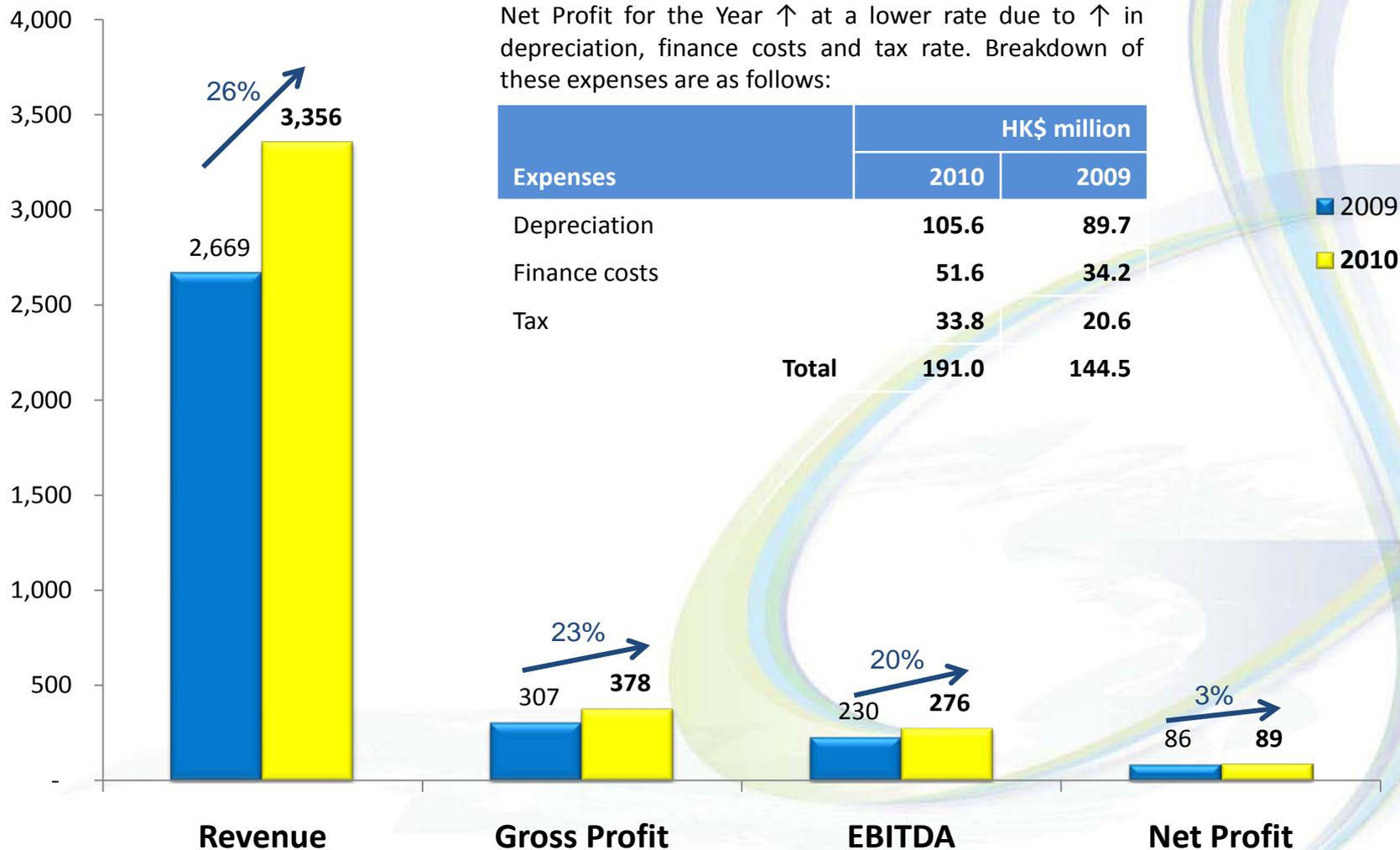
# **2010 ANNUAL RESULTS**

## **Financial Overview**



# RESULTS HIGHLIGHTS

HK\$ million



# OPERATING RESULTS

HK\$ million	2010	2009	Change
<b>Revenue</b>	<b>3,356</b>	2,669	25.7%
• Corn Refined Products	<b>1,224</b>	988	23.9%
• Corn Sweeteners	<b>1,966</b>	1,544	27.3%
• Retail Business	<b>166</b>	137	21.5%
<b>Gross Profit</b>	<b>378</b>	307	23.1%
• Corn Refined Products	<b>127</b>	97	30.9%
• Corn Sweeteners	<b>243</b>	209	16.3%
• Retail Business	<b>8</b>	2	445.7%
<b>Gross Margin</b>	<b>11.2%</b>	11.5%	(0.3%)
• Corn Refined Products	<b>10.4%</b>	9.8%	0.6%
• Corn Sweeteners	<b>12.4%</b>	13.5%	(1.1%)
• Retail Business	<b>4.8%</b>	1.1%	3.7%
<b>EBITDA</b>	<b>276</b>	230	20.0%
<b>Net Profit</b>	<b>89</b>	86	3.5%
• Net Margin	<b>2.7%</b>	3.2%	(0.5%)
<b>Basic Earnings Per Share (HK cents)</b>	<b>7.9</b>	8.2	N/A
<b>Dividend Per Share – Final (HK cents)</b>	-	1.0	N/A

# FINANCIAL POSITION

HK\$ million	31 Dec 10	31 Dec 09	Change
Non-current Assets	<b>1,558</b>	1,601	(2.7%)
Current Assets	<b>1,716</b>	1,253	37.0%
Current Liabilities	<b>1,025</b>	1,043	(1.7%)
Cash and Bank Balances	<b>378</b>	297	27.3%
Shareholder's Equity	<b>1,927</b>	1,636	17.8%
Interest Bearing Borrowings	<b>879</b>	801	9.7%

# KEY FINANCIAL RATIOS

HK\$ million	31 Dec 10	31 Dec 09
Current Ratio	<b>1.67</b>	1.20
Quick Ratio	<b>1.10</b>	0.85
Gearing Ratio (net debt/equity)	<b>26.1%</b>	30.8%
ROE	<b>4.6%</b>	5.3%
Inventories Turnover Days	<b>72 days</b>	57 days
Trade Receivables Turnover Days	<b>69 days</b>	66 days
Trade Payables Turnover Days	<b>26 days</b>	8 days

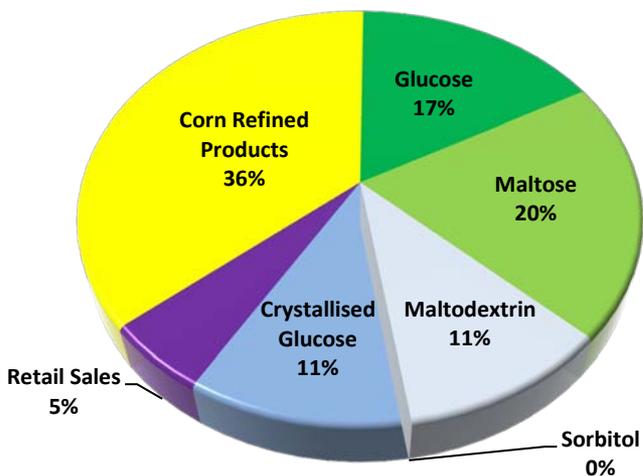
# **2010 ANNUAL RESULTS**

## **Operation Overview**

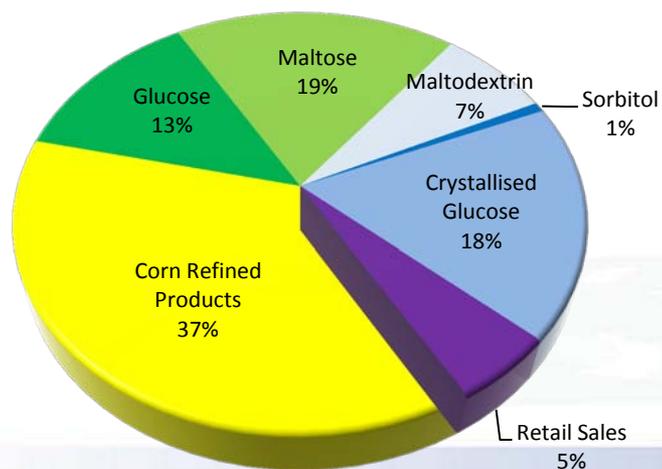


# REVENUE BREAKDOWN

## 2010 Revenue Breakdown



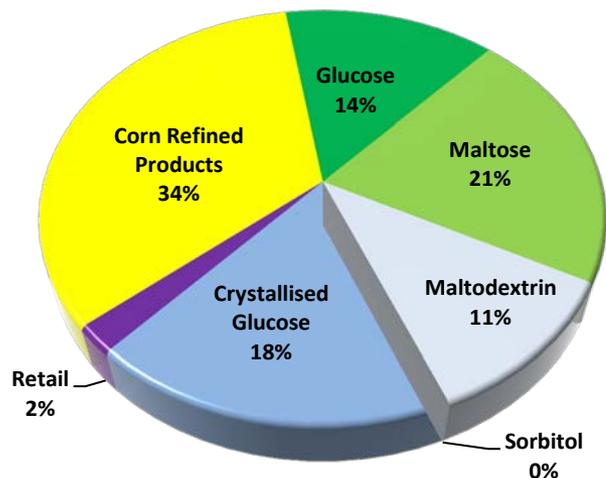
## 2009 Revenue Breakdown



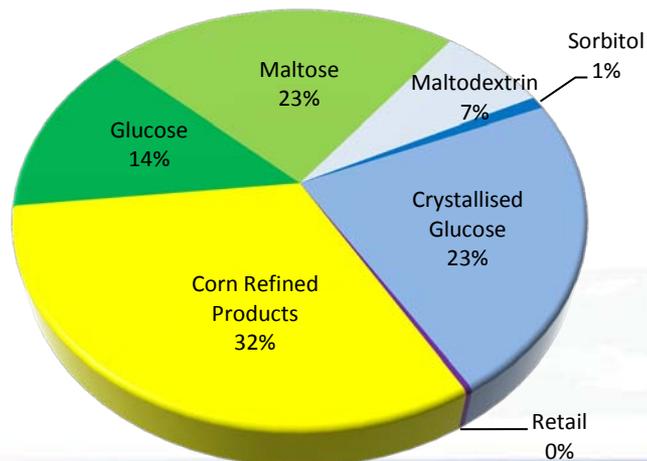
Revenue (HK\$ million)	2010	2009	Change
<b>Upstream</b>			
Corn Refined Products	<b>1,224</b>	988	23.9%
<b>Downstream</b>			
Glucose Syrup	<b>561</b>	347	61.5%
Maltose Syrup	<b>678</b>	500	35.7%
Maltodextrin	<b>356</b>	197	80.9%
Sorbitol	<b>0</b>	20	N/A
Crystallised Glucose	<b>371</b>	480	(22.7%)
<b>Sweeteners Sub-total</b>	<b>1,966</b>	1,544	27.3%
<b>Retail</b>	<b>166</b>	137	21.5%
<b>Total</b>	<b>3,356</b>	2,669	25.7%

# GROSS PROFIT BREAKDOWN

## 2010 Gross Profit Breakdown



## 2009 Gross Profit Breakdown



Gross Profit (HK\$ million)	2010	2009	Change
<b>Upstream</b>			
Corn Refined Products	127	97	30.9%
<b>Downstream</b>			
Glucose Syrup	54	42	28.6%
Maltose Syrup	79	72	9.7%
Maltodextrin	42	22	90.9%
Sorbitol	0	3	N/A
Crystallised Glucose	68	70	(2.9%)
<b>Sweeteners Sub-total</b>	<b>243</b>	<b>209</b>	<b>16.3%</b>
<b>Retail</b>	<b>8</b>	<b>2</b>	<b>445.7%</b>
<b>Total</b>	<b>378</b>	<b>307</b>	<b>23.1%</b>

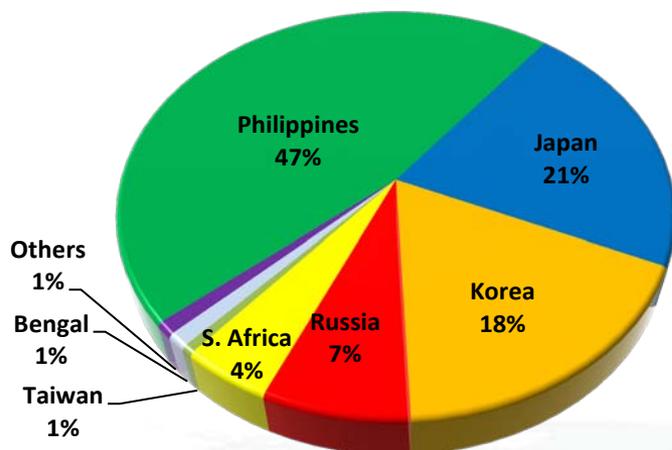
# SALES ANALYSIS

	Sales Volume ('000 MT)			Gross Profit Margin		
	2010	2009	Change	2010	2009	Change
<b><u>Upstream</u></b>						
Corn Refined Products	<b>464</b>	462	0.4%	<b>10.4%</b>	9.8%	0.6%
<b><u>Downstream</u></b>						
Glucose Syrup	<b>246</b>	178	38.2%	<b>9.6%</b>	12.0%	(2.4%)
Maltose Syrup	<b>244</b>	225	8.6%	<b>11.7%</b>	14.4%	(2.7%)
Maltodextrin	<b>113</b>	79	44.1%	<b>11.8%</b>	11.1%	0.7%
Sorbitol	<b>0</b>	6	N/A	<b>N/A</b>	16.7%	N/A
Crystallised Glucose	<b>168</b>	298	(43.6%)	<b>18.3%</b>	14.6%	3.7%
<b>Sweeteners Sub-total</b>	<b>771</b>	786	(1.8%)	<b>12.4%</b>	13.5%	(1.1%)
<b><u>Retail</u></b>	<b>7</b>	8	(12.5%)	<b>4.8%</b>	1.1%	3.7%
<b>TOTAL</b>	<b>1,242</b>	1,256	(1.0%)	<b>11.2%</b>	11.5%	(0.3%)

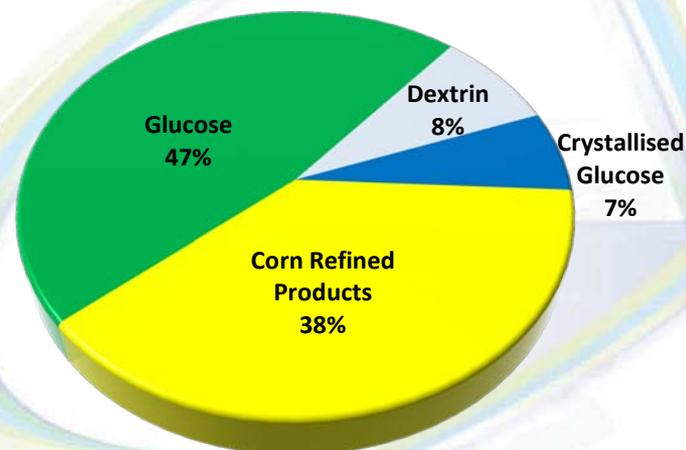
# EXPORTS BREAKDOWN

	Sales Volume ('000 MT)			Revenue (HK\$ million)		
	2010	2009	Change	2010	2009	Change
Export Sales	<b>94,000</b>	75,000	25.3%	<b>269</b>	163	65.0%
Export to Revenue (%)	<b>7.6%</b>	6.0%	1.6%	<b>8.0%</b>	6.1%	1.9%

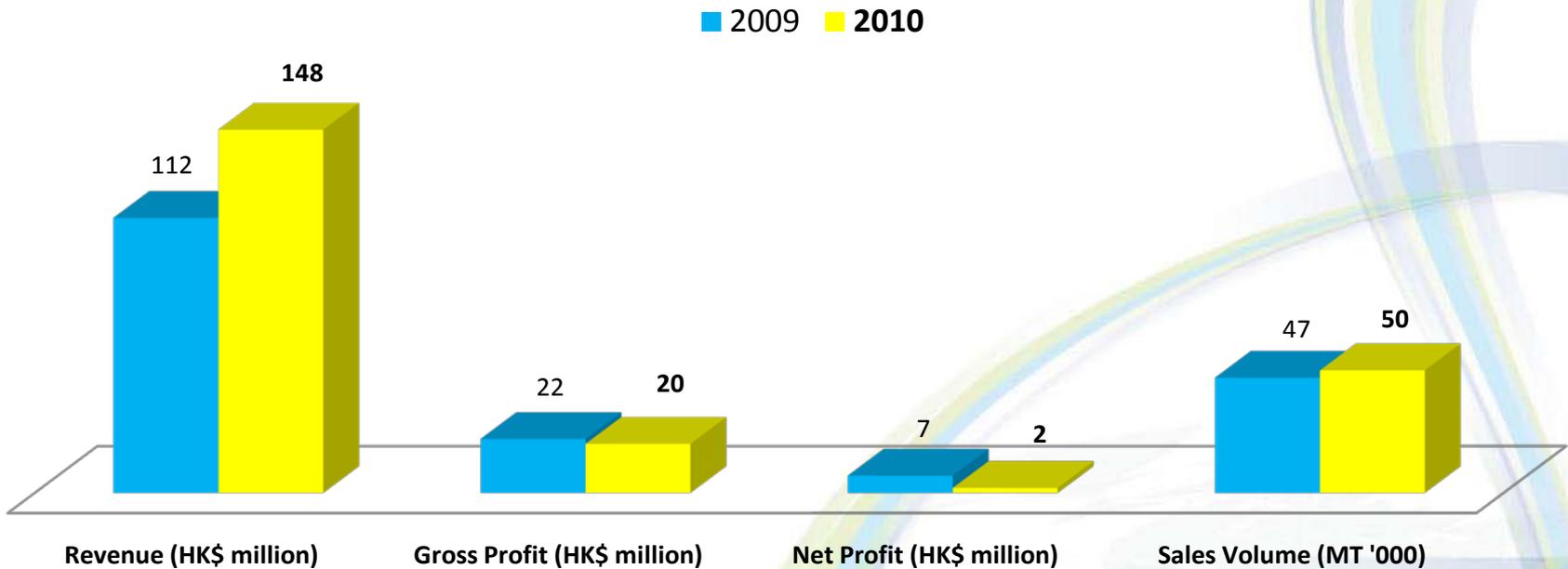
Exports Breakdown by Region 2010



Exports Breakdown by Product 2010



# HFCS PERFORMANCE UNDER JV



- ◆ ASP ↑ → turnover ↑
- ◆ Sales volume ↑ with raw material price ↑ & low utilization rate → gross profit and net profit ↓
- ◆ HFCS market: users are more inclined to use HFCS 55 which is a closer substitute of cane sugar. The JV is producing HFCS 42 which is only an intermediate product.

# OPERATING COST STRUCTURE

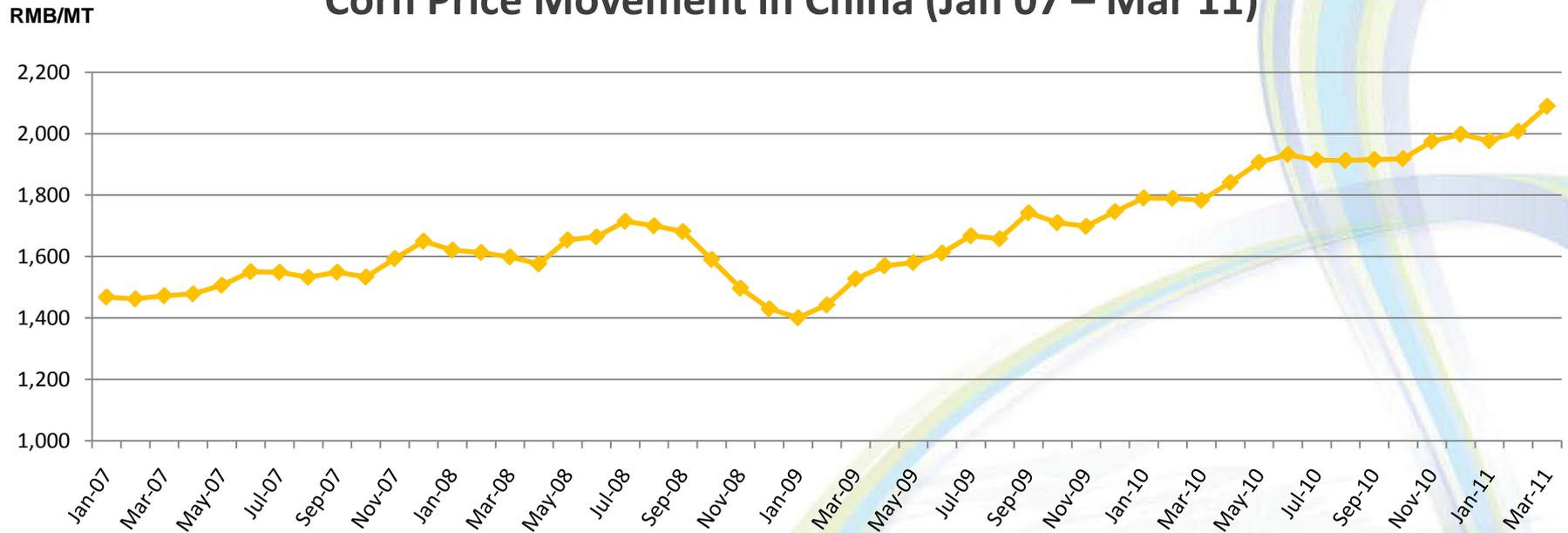
	2010	2009
Raw Material	<b>77.0%</b>	74.3%
Utilities	<b>8.9%</b>	10.9%
Labour	<b>0.6%</b>	0.6%
Depreciation	<b>3.3%</b>	4.7%
Production Overhead	<b>2.5%</b>	2.5%
Selling and Distribution Expenses	<b>5.3%</b>	4.3%
Administrative Expenses	<b>2.4%</b>	2.7%

# **Business Outlook & Development Plans**



# UPSTREAM: RAW MATERIAL – CORN

## Corn Price Movement in China (Jan 07 – Mar 11)

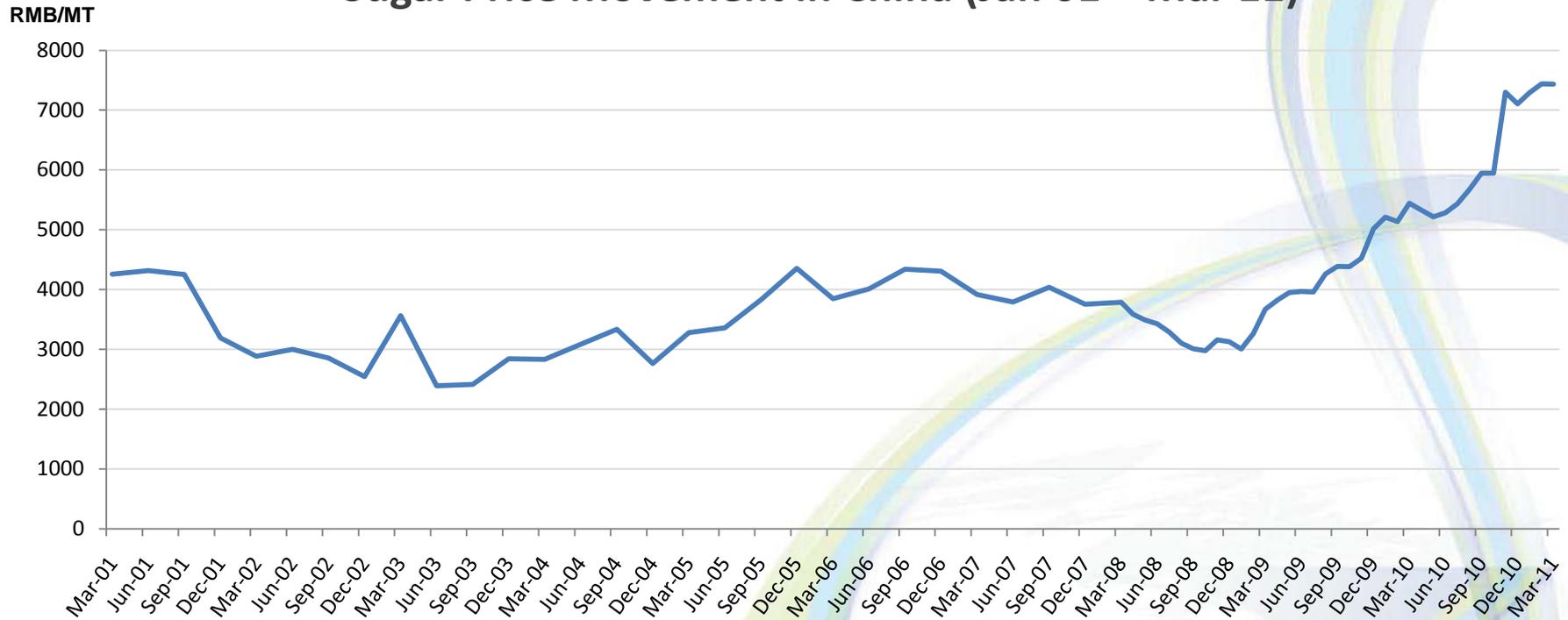


Source: eFeedlink. Based on average price from Northeast China (Jilin, Liaoning and Shandong)

- Grain prices remain high in China as a result of natural disasters
- Good corn harvest in 2010/2011 : approx. 172 million MT
- The Group's corn purchasing price for 2011 expects to rise by approx. 15% (2010: RMB1,650/MT, VAT excl.)
- Outlook on upstream corn refinery: stable business with sustainable price and demand

# SUGAR PRICE IN CHINA

## Sugar Price Movement in China (Jan 01 – Mar 11)



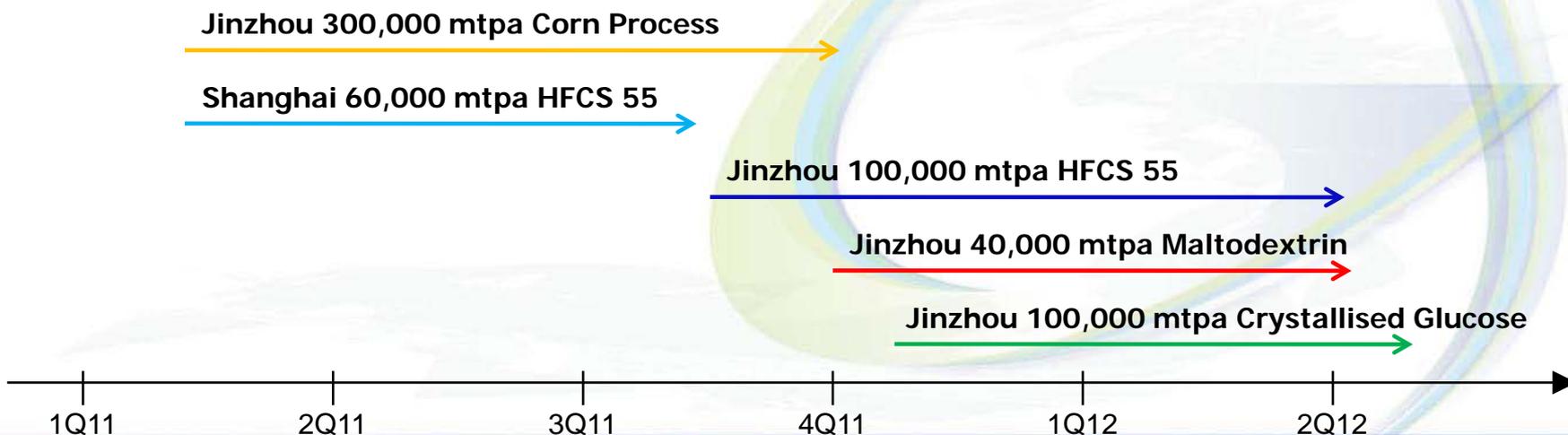
Source: [www.ec-sugar.com](http://www.ec-sugar.com)

- ◆ Due to extreme climate conditions in major sugarcane production regions, sugar production dropped by 15% this year
- ◆ Sugar price remain high in China (currently at approx. RMB 7,300/MT)
- ◆ Positive outlook on sweeteners demand and prices

# CAPACITY EXPANSION

Expansion Plans	Designed Capacity (mtpa)	Location	CAPEX (HK\$ million)
Corn Refinery	300,000	Jinzhou	100
HFCS 55	60,000	Shanghai	100
HFCS 55	100,000	Jinzhou	200
Maltodextrin	40,000	Jinzhou	50
Crystallised Glucose	100,000	Jinzhou	150
		<b>Total</b>	<b>600</b>

## Expansion Timetable:

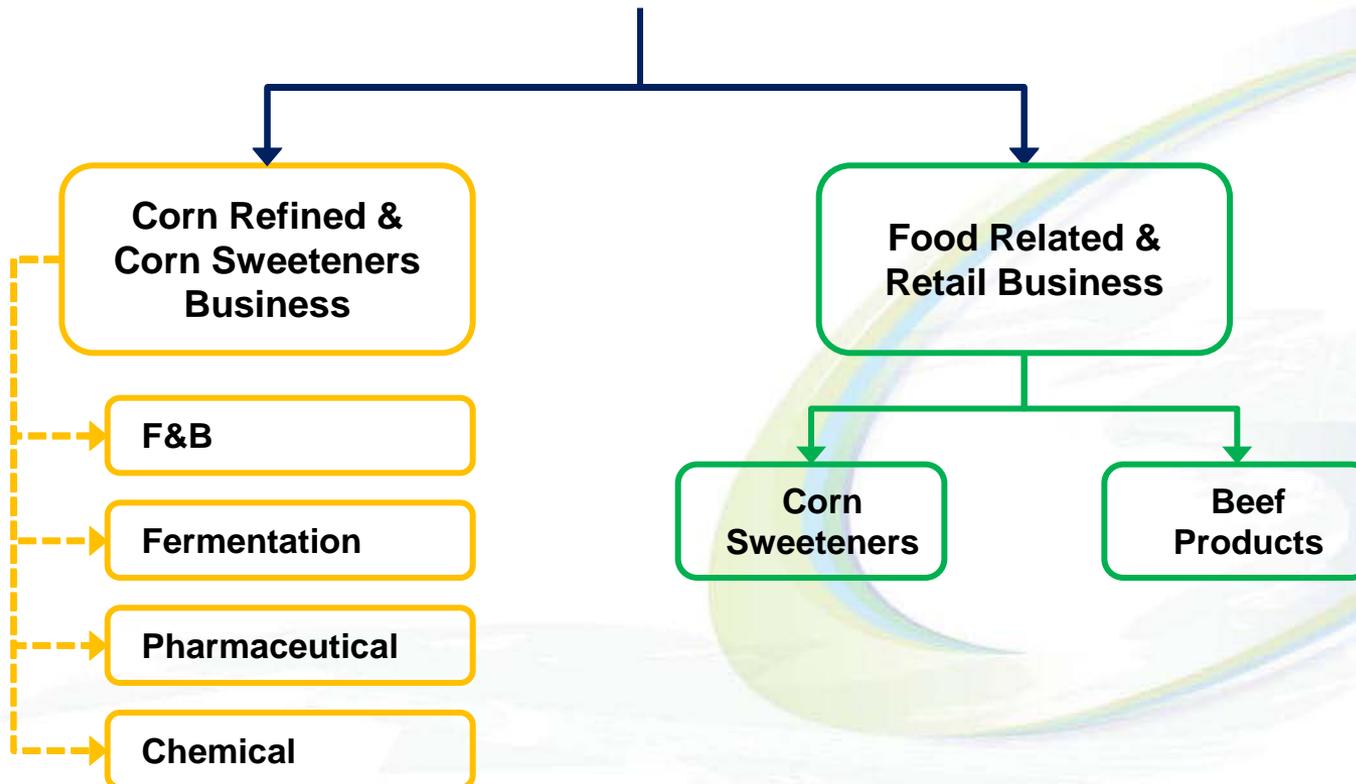


# CAPACITY OVERVIEW

Designed Capacity (mtpa)	2011	2012	2013
<b><u>Upstream</u></b>			
Corn Starch	630,000	630,000	1,050,000
Corn Refined Products	270,000	270,000	450,000
<b>Upstream Sub-total</b>	<b>900,000</b>	<b>900,000</b>	<b>1,500,000</b>
<b><u>Downstream</u></b>			
Glucose / Maltose Syrup	820,000	820,000	820,000
Maltodextrin	20,000	60,000	60,000
HFCS*	180,000	280,000	480,000
Sorbitol	60,000	60,000	60,000
Crystallised Glucose	240,000	340,000	340,000
<b>Downstream Sub-total</b>	<b>1,320,000</b>	<b>1,560,000</b>	<b>1,760,000</b>
<b>Total</b>	<b>2,220,000</b>	<b>2,460,000</b>	<b>3,260,000</b>

\* JV total capacity: 120,000 mtpa

# FOOD RELATED & RETAIL BUSINESS



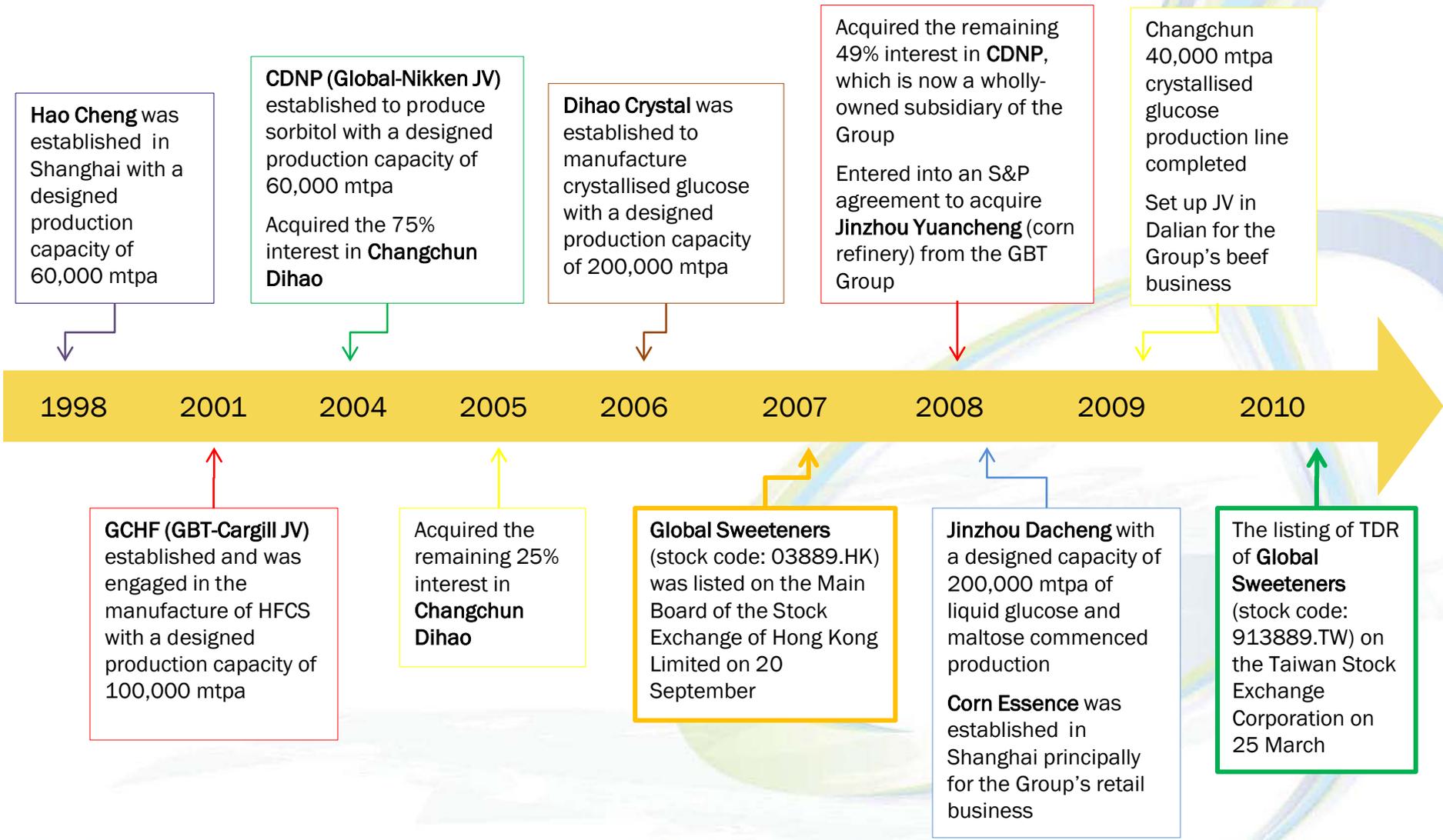
# INVESTMENT HIGHLIGHTS

- ◆ Supported by sustainable international oil price, sugar price is expected to stay at high level
- ◆ Foreign investment in China's agricultural sector ↑ → reflects the market value of the industry
- ◆ ↑ flexibility in product mix adjustment → captures the opportunity of sugar price increase
  - HFCS 42 → HFCS 55
  - Liquid glucose → crystallised glucose
- ◆ ↑ upstream corn processing capacity → secures raw material supply further in response to market changes

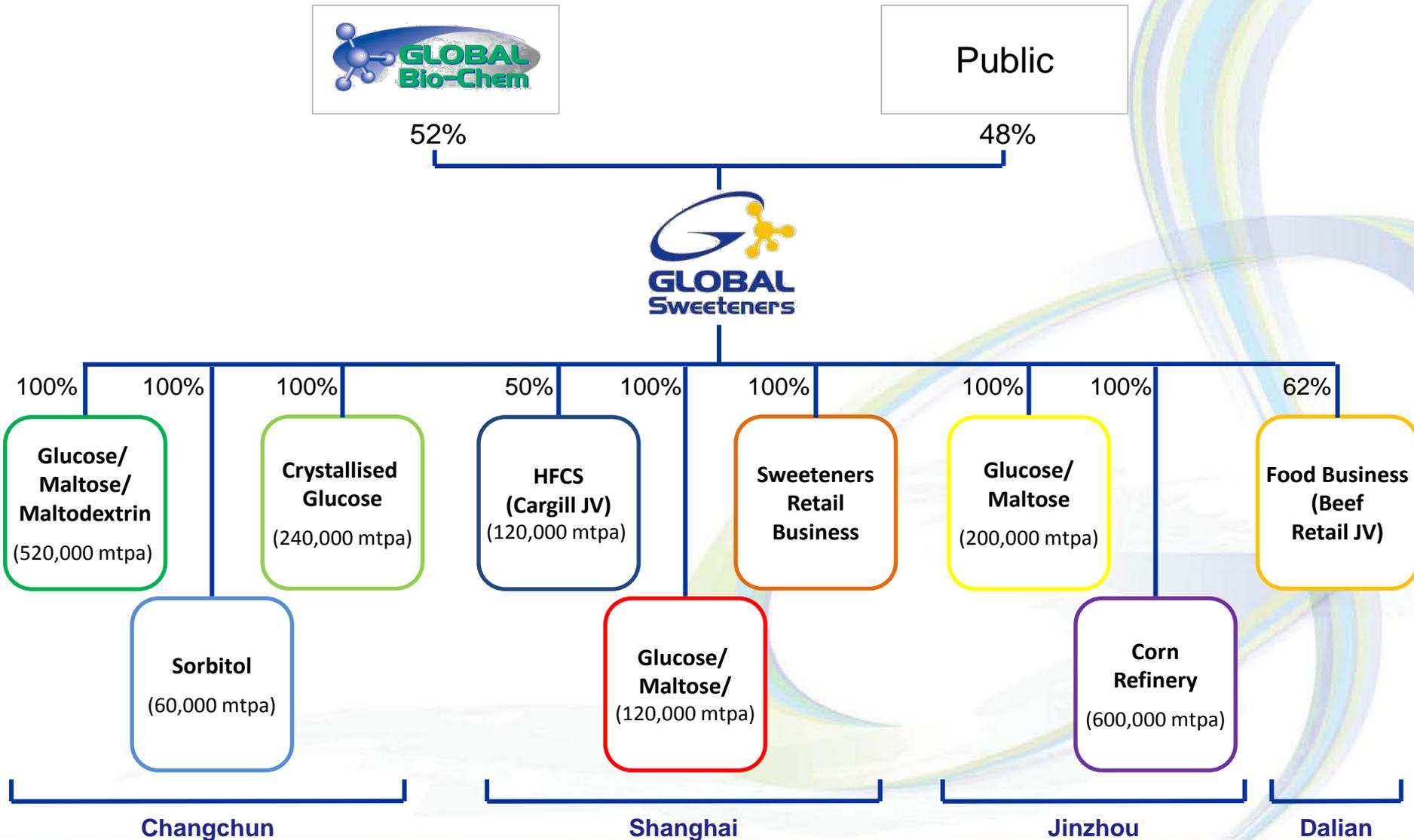
# Company Profile



# CORPORATE MILESTONES



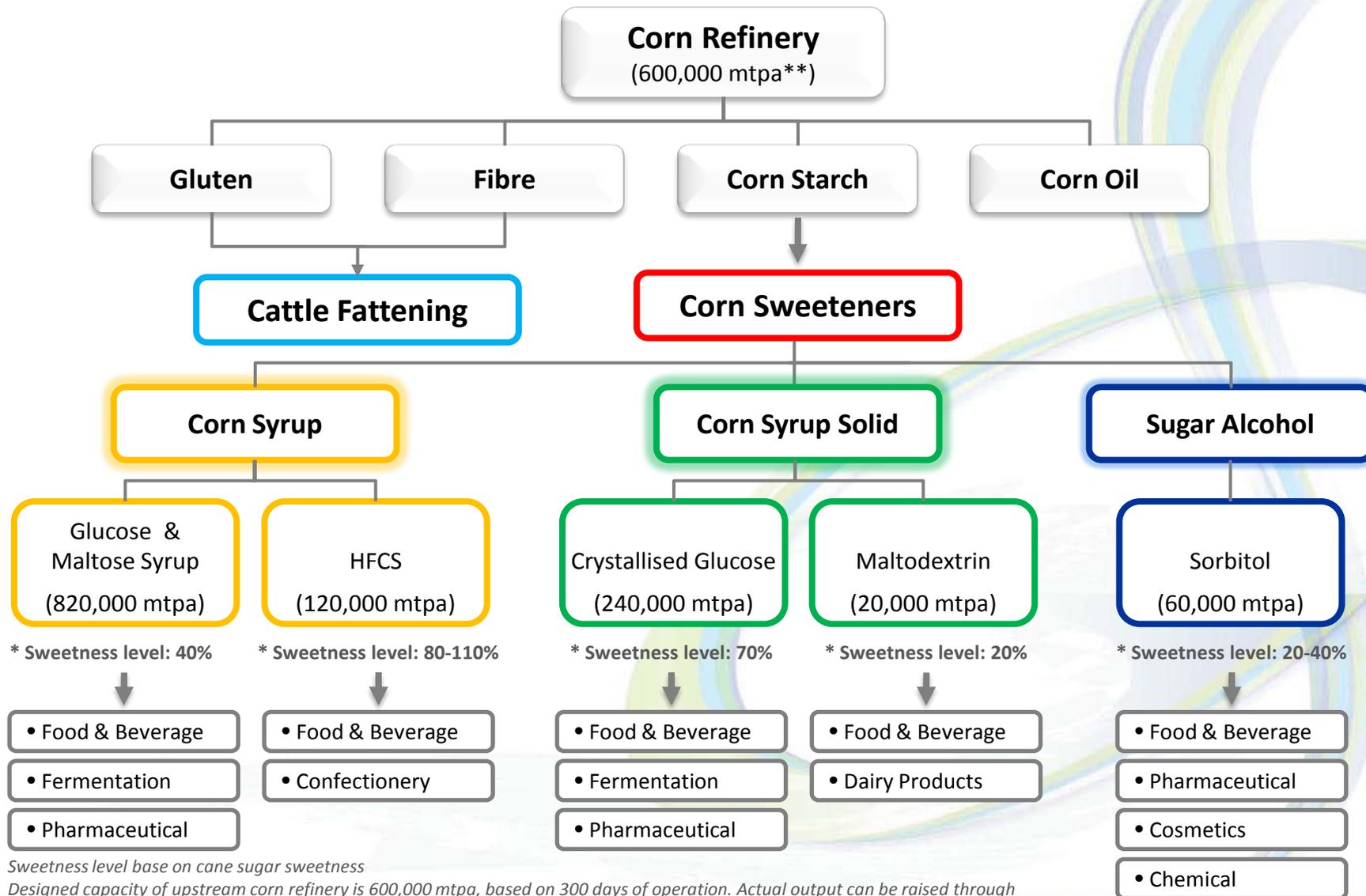
# CORPORATE STRUCTURE



# 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)

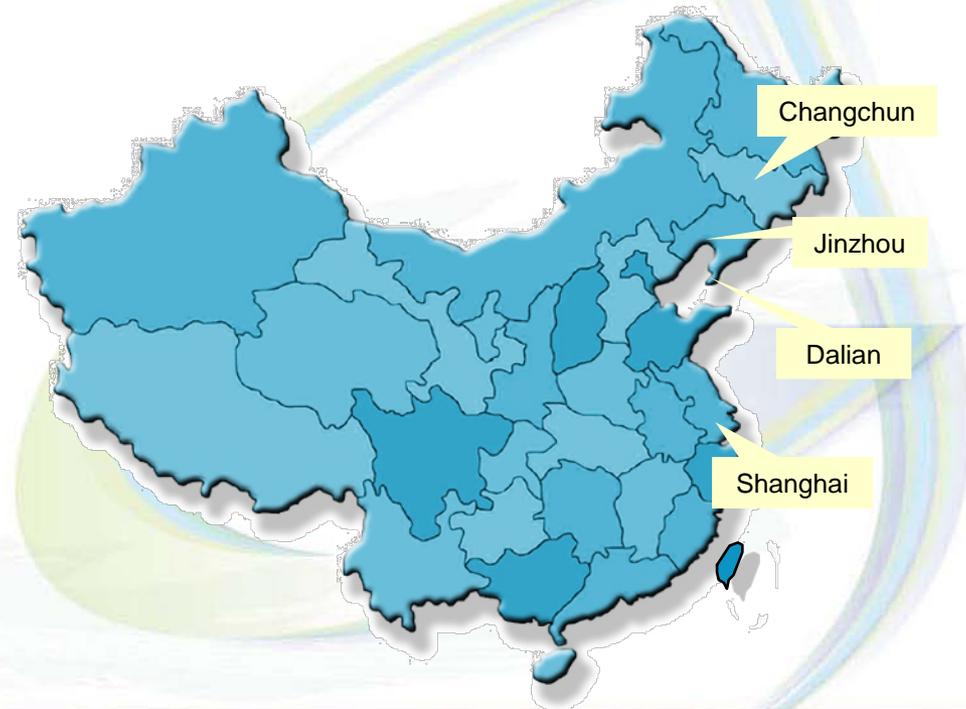
## Dalian

- **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

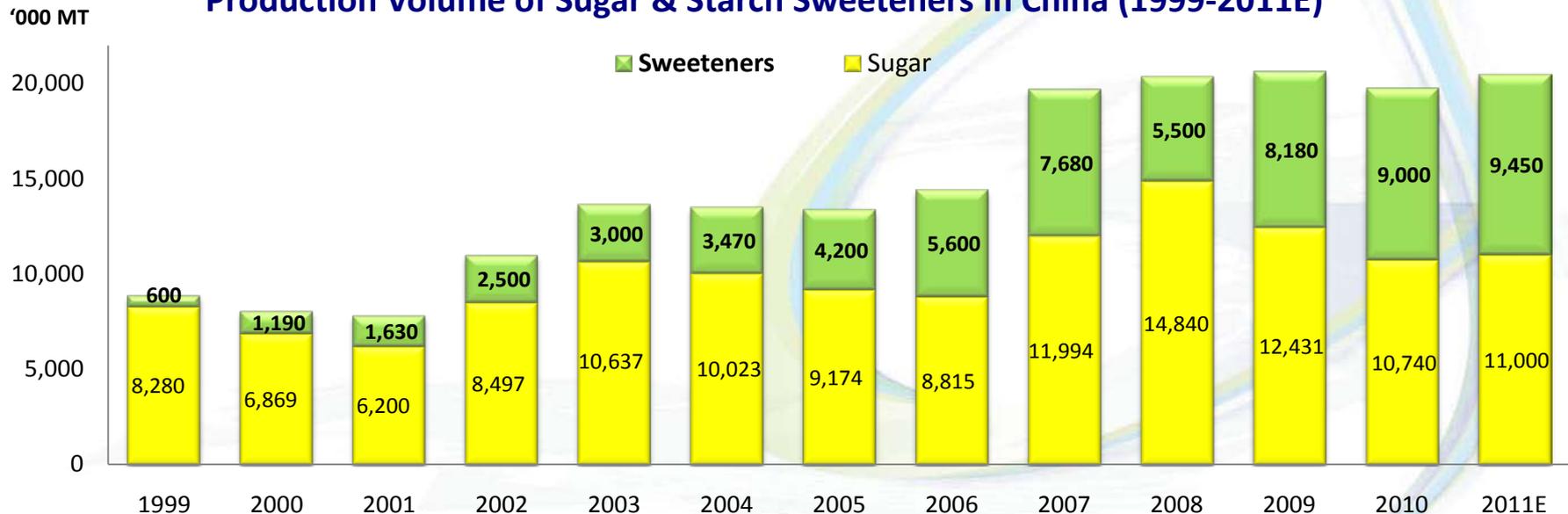
**Raw Material:**

Corn, Potatoes, Tapioca

**Regions:**

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

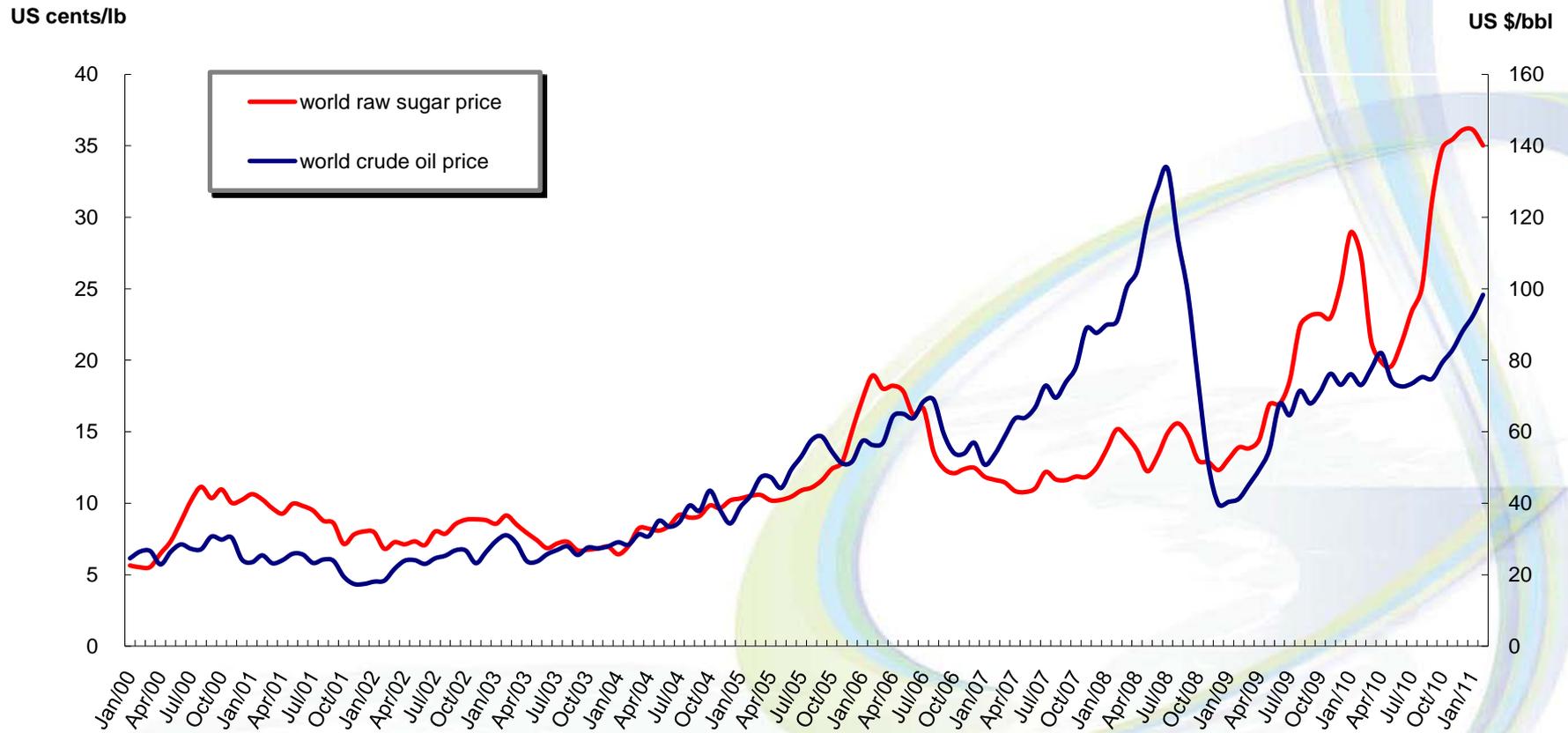
**Production Volume of Sugar & Starch Sweeteners in China (1999-2011E)**



Source DNCNET, Guangxi Sugar Association (GSA) and USDA

# SUGAR & OIL PRICES CORRELATIONS

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



Source: New York Board of Trade and Energy Information Administration



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

## 2010 Annual Results Presentation

- END -