



大成糖業控股有限公司*
GLOBAL Sweeteners Holdings Limited
(incorporated in the Cayman Islands with limited liability)
Stock Code: 03889



ANNUAL RESULTS

31 March 2021

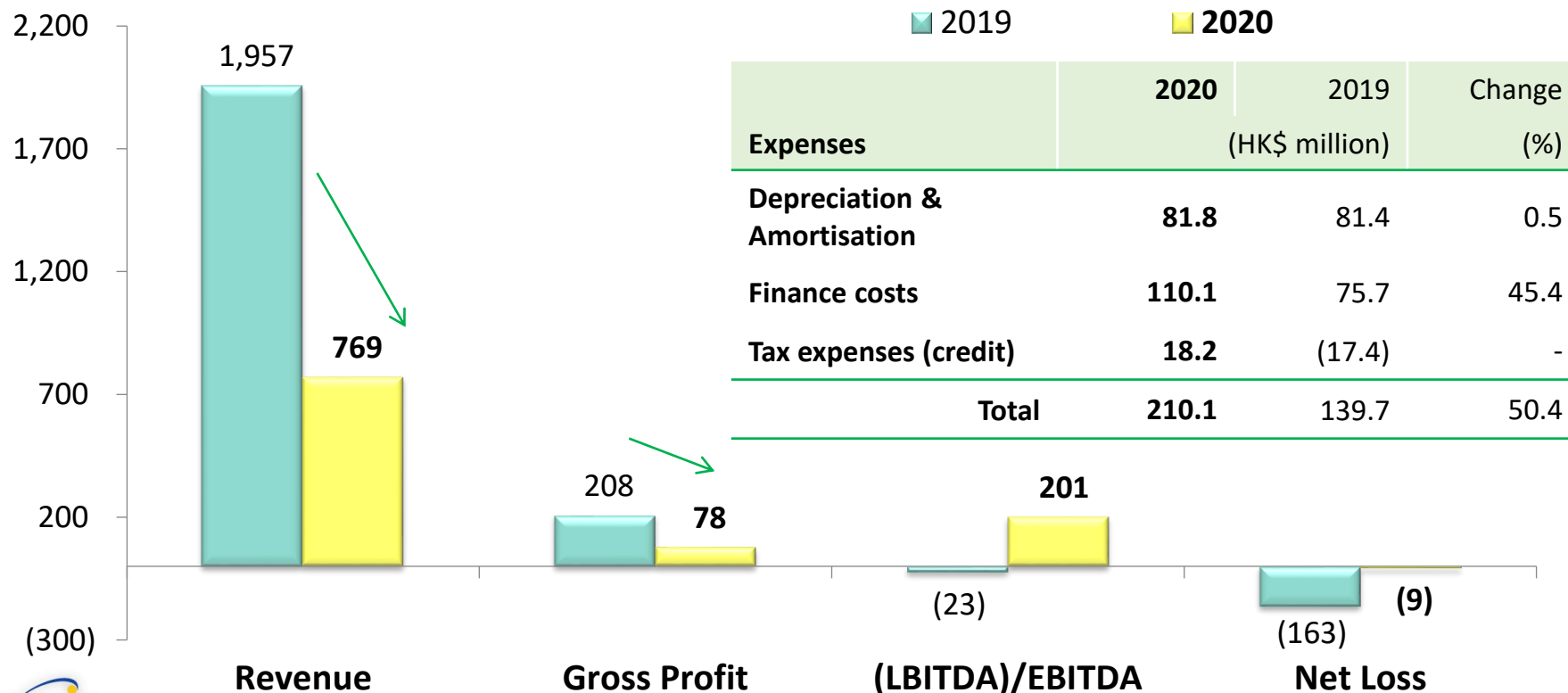
* For identification purpose only

RESULTS HIGHLIGHTS



- Suspension of most of the Group's production facilities during the Year → sales volume ↓ leading to revenue and GP ↓ 60.7% and 62.5% respectively.
- One-off gain of HK\$289.4 million from Dihao Resumption → EBITDA of HK\$201.4 million and net loss narrowed to HK\$8.7 million.

HK\$ million





2020 ANNUAL RESULTS

Financial Overview

OPERATING RESULTS



HK\$ million	2020	2019	% Change
Revenue	769.0	1,956.8	(60.7)
• Upstream Products	211.0	1,038.4	(79.7)
• Corn Sweeteners	558.0	918.4	(39.2)
Gross Profit	77.9	207.6	(62.5)
• Upstream Products	22.9	101.7	(77.5)
• Corn Sweeteners	55.0	105.9	(48.1)
Gross Profit Margin (%)	10.1	10.6	(0.5)% pt
• Upstream Products	10.9	9.8	1.1% pt
• Corn Sweeteners	9.9	11.5	(1.6)% pt
EBITDA/(LBITDA)	201.4	(22.9)	N/A
Profit (Loss) Before Tax	9.5	(180.0)	N/A
Net Loss	(8.7)	(162.6)	N/A
Net Loss Margin (%)	(1.1)	(8.3)	N/A
Basic Loss Per Share (HK cents)	(0.6)	(10.6)	N/A
Dividend Per Share – Final (HK cents)	-	-	-

FINANCIAL POSITION

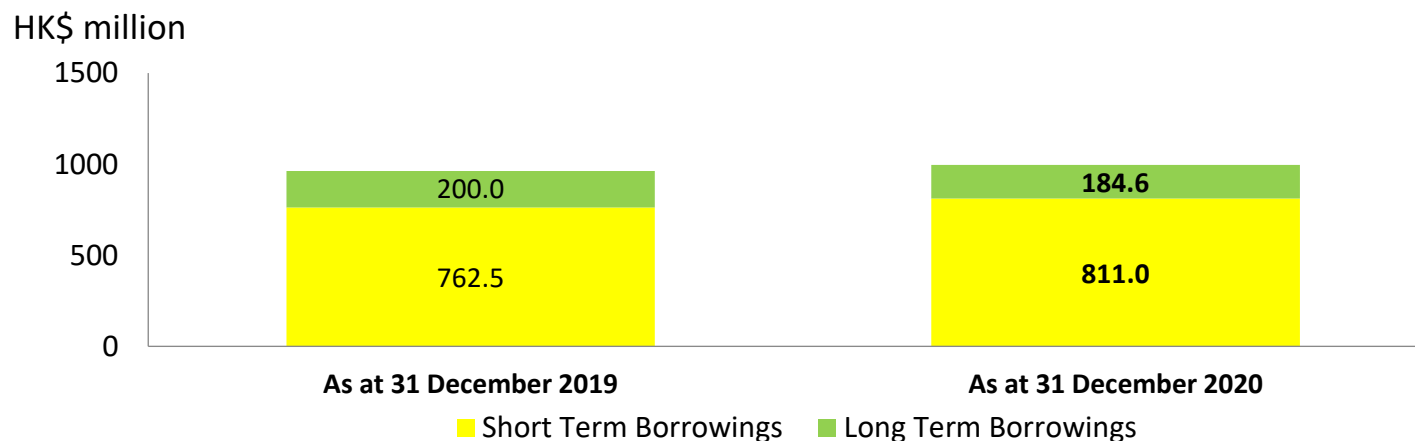


HK\$ million	31 Dec 20	31 Dec 19	% Change
Non-current Assets	692.7	939.4	(26.3)
Current Assets	611.8	459.6	33.1
Current Liabilities	1,496.9	1,570.9	(4.7)
Cash and Cash Equivalents	21.3	30.8	(30.8)
Total Deficit	(424.9)	(411.4)	N/A
Interest-bearing Bank and Other Borrowings	995.6	962.5	3.4

BANK BORROWINGS ANALYSIS



HK\$ million	31 Dec 20	31 Dec 19	% Change
Short Term Borrowings	811.0	762.5	6.4
Long Term Borrowings	184.6	200.0	(7.7)
Total	995.6	962.5	3.4



- Average interest rate for the Year was 6.5% (2019: 5.6%).
- The change in total borrowings was mainly due to exchange rate adjustment of approximately HK\$66.8 million as at 31 December 2020 and net repayment of interested-bearing bank and other borrowings of approximately HK\$33.7 million.

KEY FINANCIAL RATIOS



	31 Dec 20	31 Dec 19
Current Ratio	0.4	0.3
Quick Ratio	0.4	0.2
Gearing Ratio*	174.4 %	174.7 %
Inventories Turnover Days	33 Days	40 Days
Trade Receivables Turnover Days	46 Days	36 Days
Trade Payables Turnover Days**	134 Days	82 Days

* Gearing ratio is calculated by debt (i.e. total interest-bearing bank and other borrowings) to total deficit and debts (i.e. aggregate total of shareholders deficit, non-controlling interests and total interest-bearing bank and other borrowings).

** Trade payables turnover days increased as the Group had negotiated with its suppliers to extend the credit terms.



2020 ANNUAL RESULTS

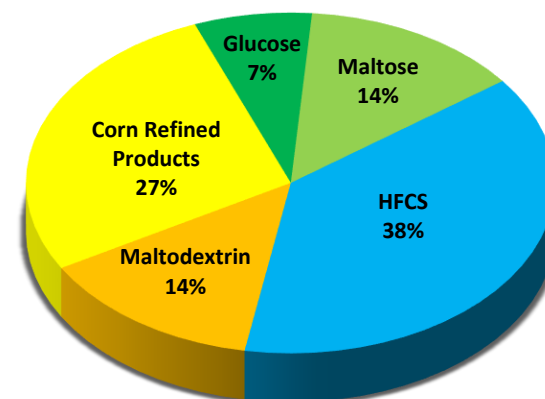
Operation Overview

REVENUE BREAKDOWN

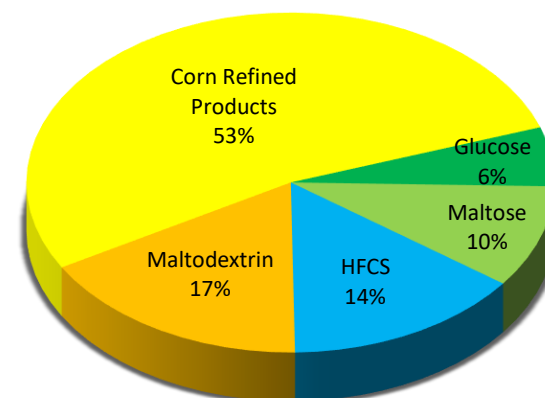


Revenue (HK\$ million)	2020	2019	% Change
Upstream*			
Corn Refined Products	211.0	1,038.4	(79.7)
Downstream**			
Glucose Syrup	55.3	110.2	(49.8)
Maltose Syrup	103.9	191.2	(45.7)
HFCS	292.2	285.9	2.2
Maltodextrin	106.6	331.1	(67.8)
Sweeteners Sub-total	558.0	918.4	(39.2)
Total	769.0	1,956.8	(60.7)

2020 Revenue Breakdown



2019 Revenue Breakdown



* All of the Group's upstream operations have been suspended since Q220.

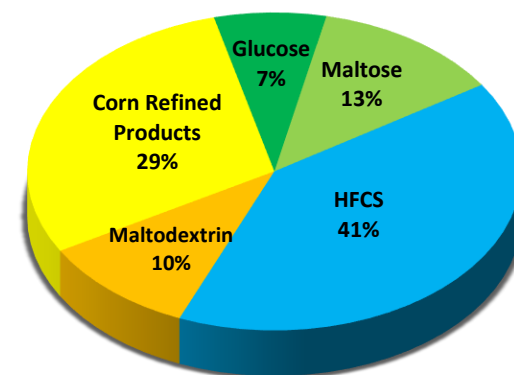
** During the Year, except for the Group's Shanghai site, all of the other downstream operations have been suspended.

GROSS PROFIT BREAKDOWN

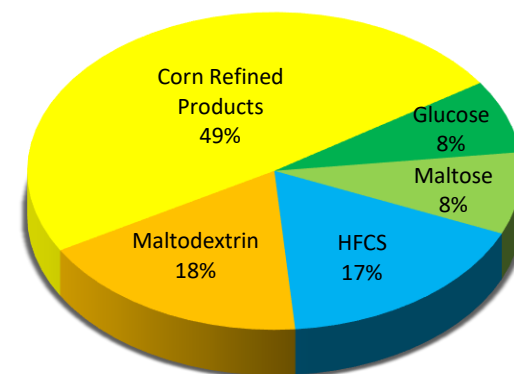


Gross Profit (HK\$ million)	2020	2019	% Change
Upstream*			
Corn Refined Products	22.9	101.7	(77.5)
Downstream**			
Glucose Syrup	5.7	15.5	(63.2)
Maltose Syrup	9.7	17.3	(43.9)
HFCS	31.5	35.7	(11.8)
Maltodextrin	8.1	37.4	(78.3)
Sweeteners Sub-total	55.0	105.9	(48.1)
Total	77.9	207.6	(62.5)

2020 Gross Profit Breakdown



2019 Gross Profit Breakdown



* All of the Group's upstream operations have been suspended since Q220.

** During the Year, except for the Group's Shanghai site, all of the other downstream operations have been suspended.

SALES ANALYSIS



	Sales Volume ('000 MT)			Gross Profit Margin (%)		
	2020	2019	% Change	2020	2019	% pt Change
<u>Upstream</u>						
Corn Refined Products	87	423	(79.4)	*10.9	9.8	1.1
<u>Downstream</u>						
Corn Syrup	136	186	(26.9)	10.4	11.7	(1.3)
Corn Syrup Solid	38	113	(66.4)	7.6	11.3	(3.7)
Sweeteners Sub-total	174	299	(41.8)	9.9	11.5	(1.6)
Total	261	722	(63.9)	10.1	10.6	(0.5)

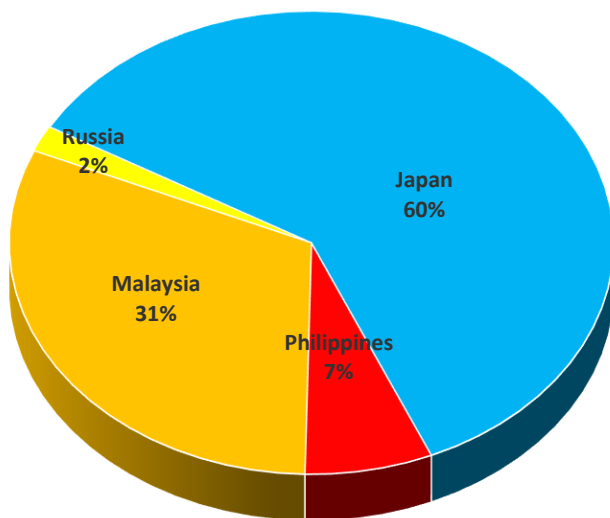
* GP margin of the upstream segment improved as the average selling price of other corn refined products improved following the recovery in the husbandry industry in the second half of the Year.

EXPORT BREAKDOWN

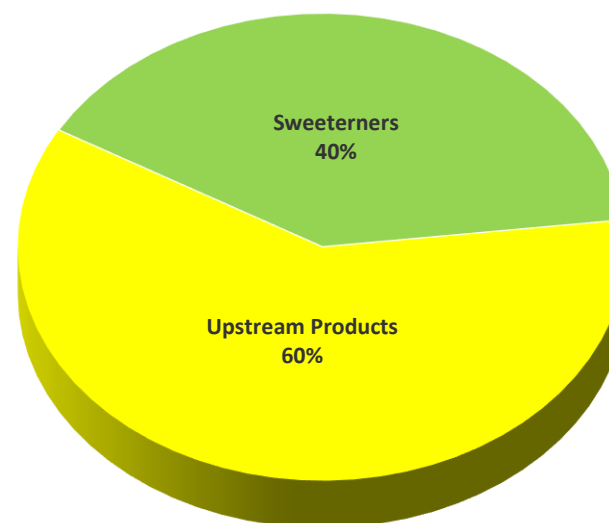


	2020	2019	% Change
Export Sales Revenue (HK\$ Million)	26.9	145.6	(81.5)
Exports Sales Volume ('000 MT)	10.7	56.0	(80.9)
Export Contribution (%)	3.5	7.4	(3.9) % pt

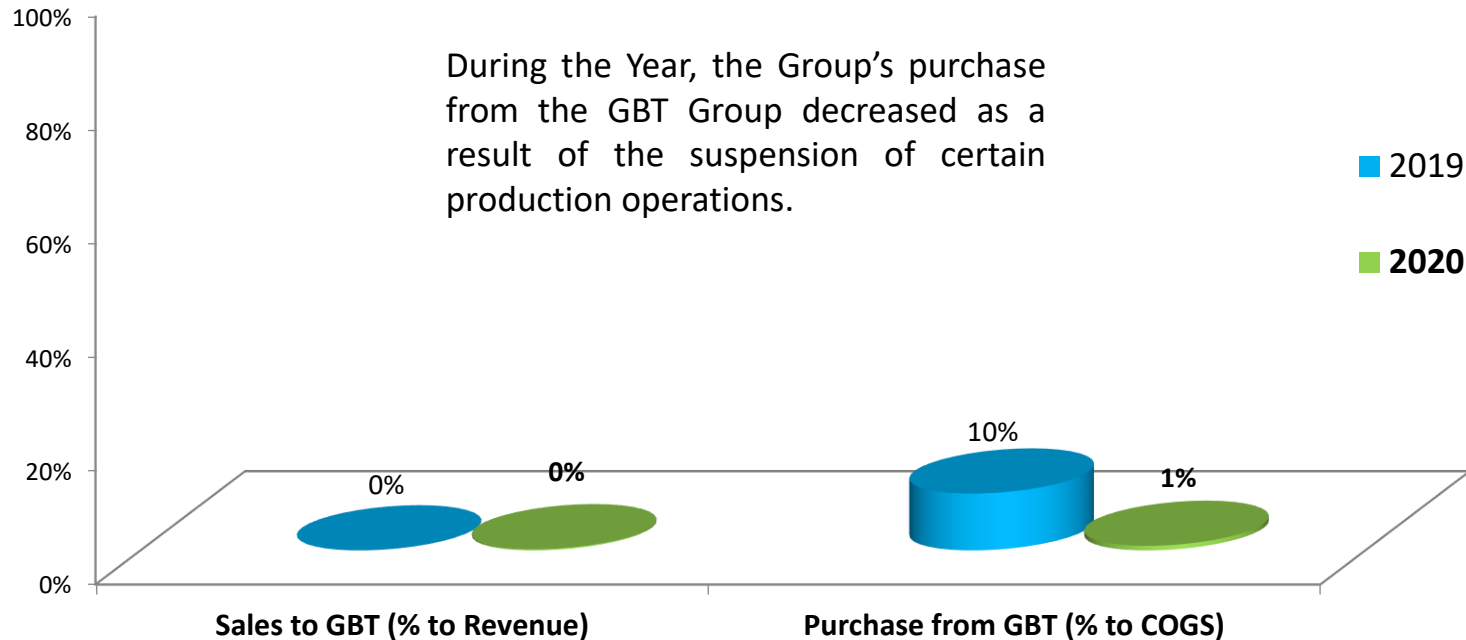
Export Sales by Region 2020



Export Sales by Product 2020



CCT – SAELS TO & PURCHASE FROM GBT



OPERATING COST STRUCTURE



	2020	2019
Raw Material (Corn / Corn Starch)	57.5 %	63.4 %
Utilities (Water, Electricity, Steam & Wastewater Treatment)	3.3 %	8.3 %
Wages and Salaries	8.9 %	5.9 %
Depreciation	8.4 %	3.9 %
Production Overhead (Consumable and Packaging)	7.7 %	9.8 %
Selling, Administrative and Other Expenses	14.2 %	8.7 %

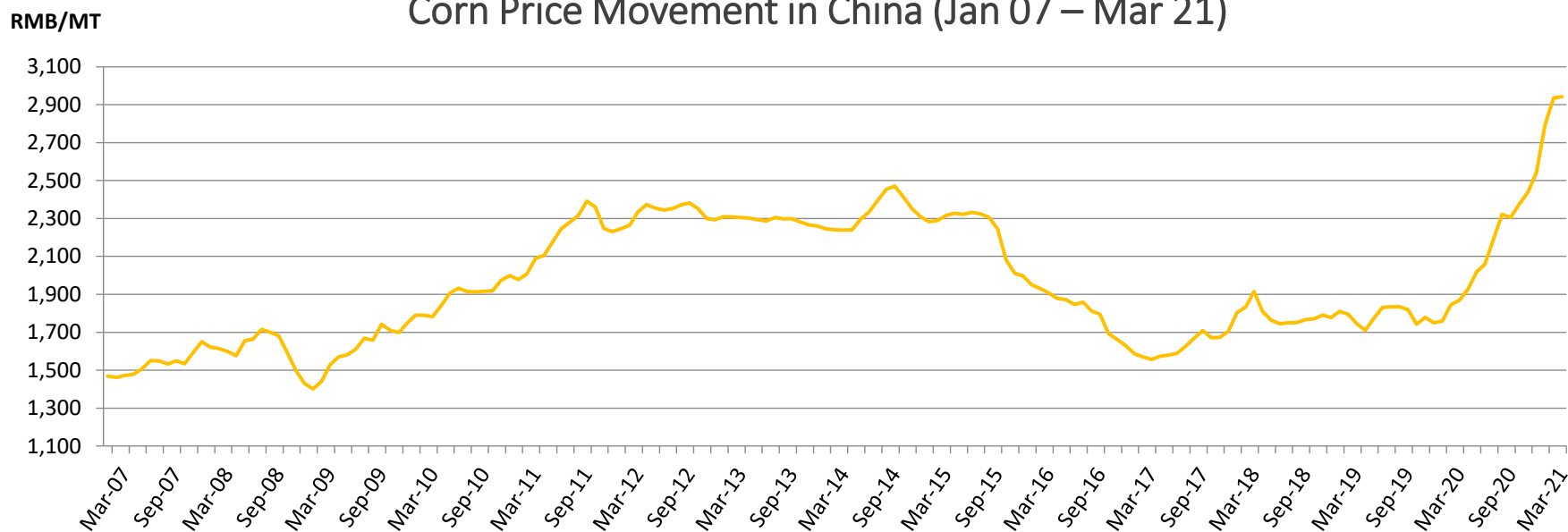
BUSINESS OUTLOOK & DEVELOPMENT PLANS



UPSTREAM RAW MATERIAL – CORN



Corn Price Movement in China (Jan 07 – Mar 21)



Source: Feedtrade.com - Based on average price from Northern China (Jilin, Liaoning and Shandong)

- 2020/21 corn harvest in China: approx. 264.7 million MT (2019/20: 260.8 million MT) (Source: S&P Global) with consumption estimated at 288.2 million MT → demand > supply → PRC corn price ↑
- Poor market sentiment + high corn price → the Group suspended all its upstream operation since Q220
- Second half of 2020 → Swine husbandry recovered → demand for feed products ↑
- Operating environment is expected to improve slowly for feed related corn refined products in 2021 → the Group will be prudent regarding its decision to resume upstream operation, taking into account its financial condition and pace of market recovery

DOWNSTREAM SUBSTITUTE -- SUGAR



Sugar Price Movement in China (Jan 01 – Mar 21)



Source: www.msweet.com.cn

- 2019/20 PRC sugar production: approx. 10.7 million MT (source: USDA)
- Huge difference between PRC and international sugar prices continued (As at end of 2020: PRC sugar price: RMB5,356/MT vs. International sugar price: US15.49 cents/lb (equiv. RMB2,232/MT)) + Expiry of extra tariff on out-of-quota imports
→ sugar imports to China ↑ → dragged down domestic sugar price
- Short-term strategies: Suspended most downstream operations and focused resources in Shanghai operation
- Long-term strategies: focus on high value-add products and markets, streamlining/ improving production flow to lower costs and continuous R&D efforts to develop new products to cope with changing market needs

CORPORATE STRATEGIES



1) Active negotiations with banks and creditors for the debt restructuring plan of the Group to improve its financial position

- Subsequent to the transfer of the BOC Transferred Loans (which included the Dajincang Indebtedness) from BOC Jilin Branch to 中國信達資產管理股份有限公司吉林省分公司 (Jilin Branch of China Cinda Asset Management Co., Ltd.*) (“China Cinda”), the Company and GBT continued to explore the next step of the restructuring plan with China Cinda.
- In December 2020, Jilin Branch ABC and Jilin Branch CCB have each reached transfer agreement with China Cinda to transfer the ABC Transferred Loans and the CCB Transfer Loans to China Cinda.
- China Cinda transferred the BOC Transferred Loans to 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*) (“Changchun Rudder”) as disclosed in January 2021.
- Each of the Group, the GBT Group and Dajincang (“the BOC Borrowers”) entered into a Repurchase Agreement with Changchun Rudder on 26 March 2021, pursuant to which Changchun Rudder had agreed transfer all of the rights and benefits of the respective portion of the BOC Transferred Loans each of the BOC Borrowers owed. The consideration of the GSH Indebtedness (in an aggregate outstanding principal amount of RMB198,600,000 together with outstanding interest) amounted to RMB113,510,000. Completion took place on 31 March 2021.
- The Group’s obligations under the GSH Indebtedness and the Financial Guarantees have been discharged upon the completion of the Repurchase Agreements on 31 March 2021.
- The Company and GBT will endeavour to facilitate the implementation of the debt restructuring plan for the ABC Transferred Loans and the CCB Transferred Loans by entering into arrangement similar to the Repurchase Agreements.

CORPORATE STRATEGIES (CON'T)



2) Resumption of the Relevant Properties

As disclosed previously, in 2018, the Relevant Properties have been confirmed as part of the subject properties for redevelopment under the PRC's Slum Redevelopment Policy which could shorten procedures and exempt certain taxes.

On 30 September 2020, Dihao Foodstuff has entered into a compensation agreement with the Luyuan Government in relation to the Dihao Resumption. The Group has received a total compensation of approximately RMB443.0 million from the Dihao Resumption as at 31 March 2021. The proceeds from the Dihao Resumption will provide additional funds to relieve the financial and cashflow pressure of the Group during period of suspension and provide part of the funding for the capital expenditure for the relocation of the Group's production facilities in Changchun.

It is expected that the resumption of the remaining part of the Relevant Properties will take place in the similar manner as the Dihao Resumption.

CORPORATE STRATEGIES (CON'T)



3) Relocation opportunities

- facilities upgrade
- further cost reduction through streamlining and improving production flow
- product mix and production capacity re-structure targeting high-end users

In respect of the relocation projects, in view of changes in the operating environment, the Group is in the process of reviewing the relocation projects and revising the feasibility studies for submission to, among others, the relevant government parties for approval. As such, the updated time frame is revised as follows:

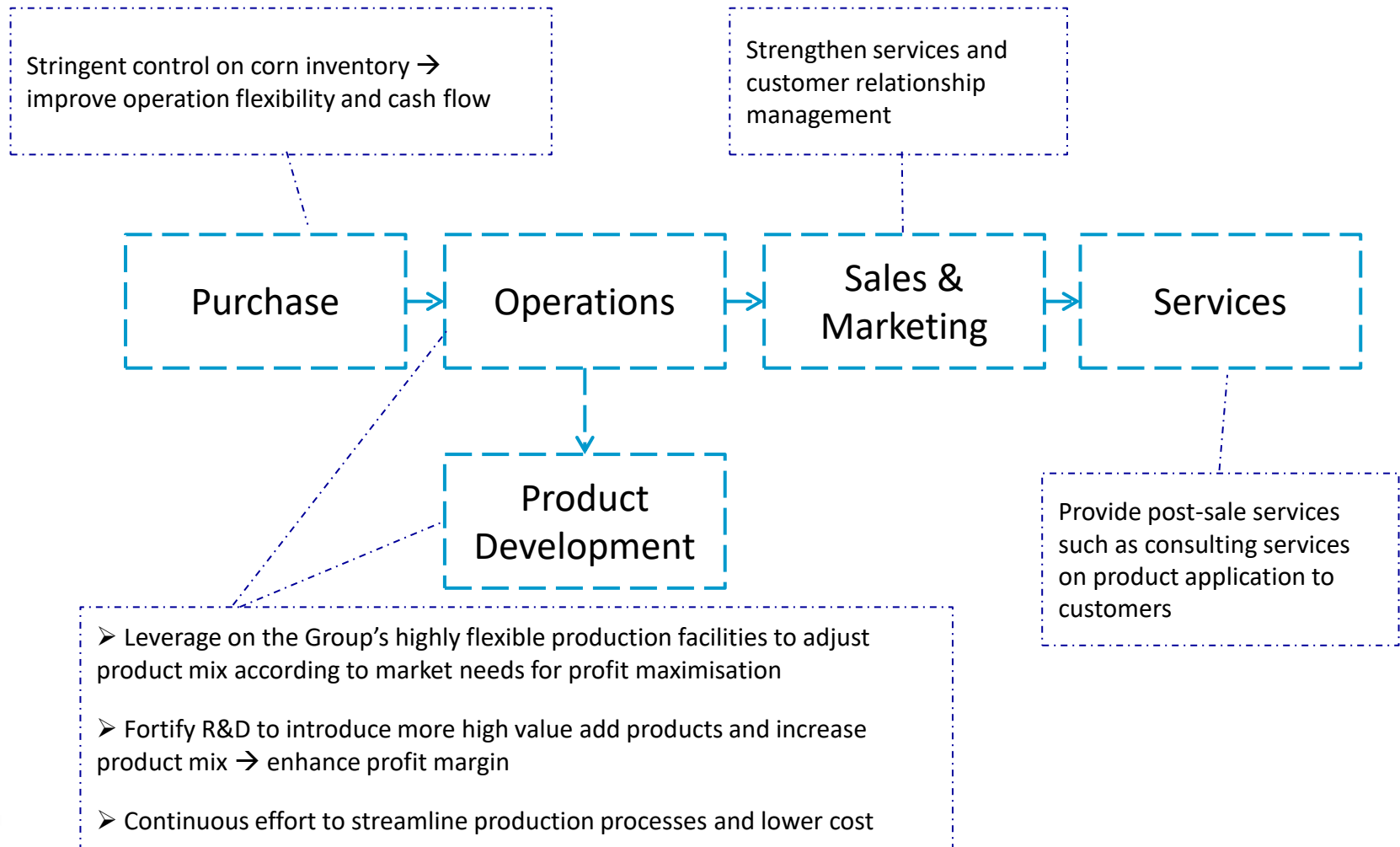
Projects/ Products	Designed Capacity	*Expected time for the relocation of production facilities
Crystallised Glucose	100,000 mpta	Pending the availability of capital and favourable market condition
Corn Refinery	600,000 mpta	Pending the availability of capital and favourable market condition

* *The expected time of relocation is dependent on availability of the relevant approval documents, finalisation of facilities designs and capital. Thus, the relocation schedule will be adjusted accordingly as and when appropriate.*

CORPORATE STRATEGIES (CON'T)



4) GSH's value chain



CAPACITY OVERVIEW

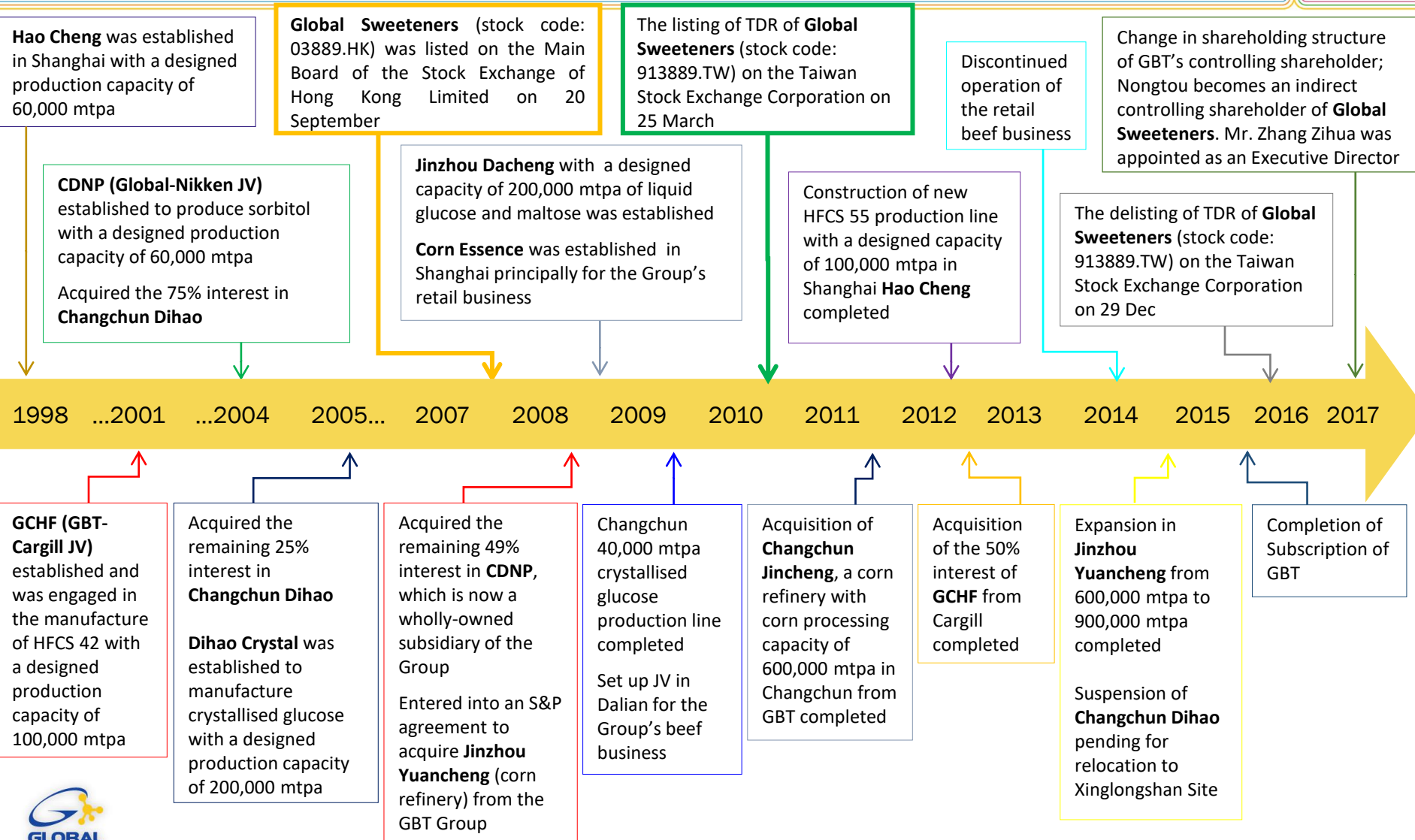


Designed Capacity (mtpa)	2021	2020
<u>Upstream</u>		
Corn Starch	560,000	560,000
Other Corn Refined Products	240,000	240,000
Upstream Sub-total	800,000	800,000
<u>Downstream</u>		
Glucose / Maltose Syrup	360,000	360,000
HFCS	220,000	220,000
Maltodextrin	30,000	30,000
Crystallised Glucose	-	-
Downstream Sub-total	610,000	610,000
Total	1,410,000	1,410,000

COMPANY PROFILE



CORPORATE MILESTONES



CORPORATE STRUCTURE



Public

64%

36%



100%

100%

100%

100%

100%

100%

**Glucose/
Maltose**
(60,000 mtpa)

HFCS 42
(120,000 mtpa)

**Corn
Refinery**
(800,000 mtpa)

Maltodextrin
(30,000 mtpa)

**Glucose/
Maltose/
HFCS 55**
(220,000 mtpa)

**Glucose/
Maltose**
(200,000 mtpa)

Xinglongshan

Shanghai

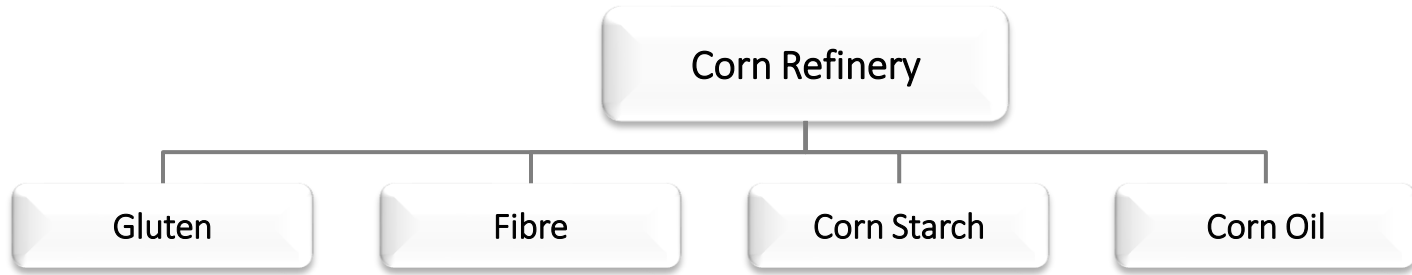
Jinzhou



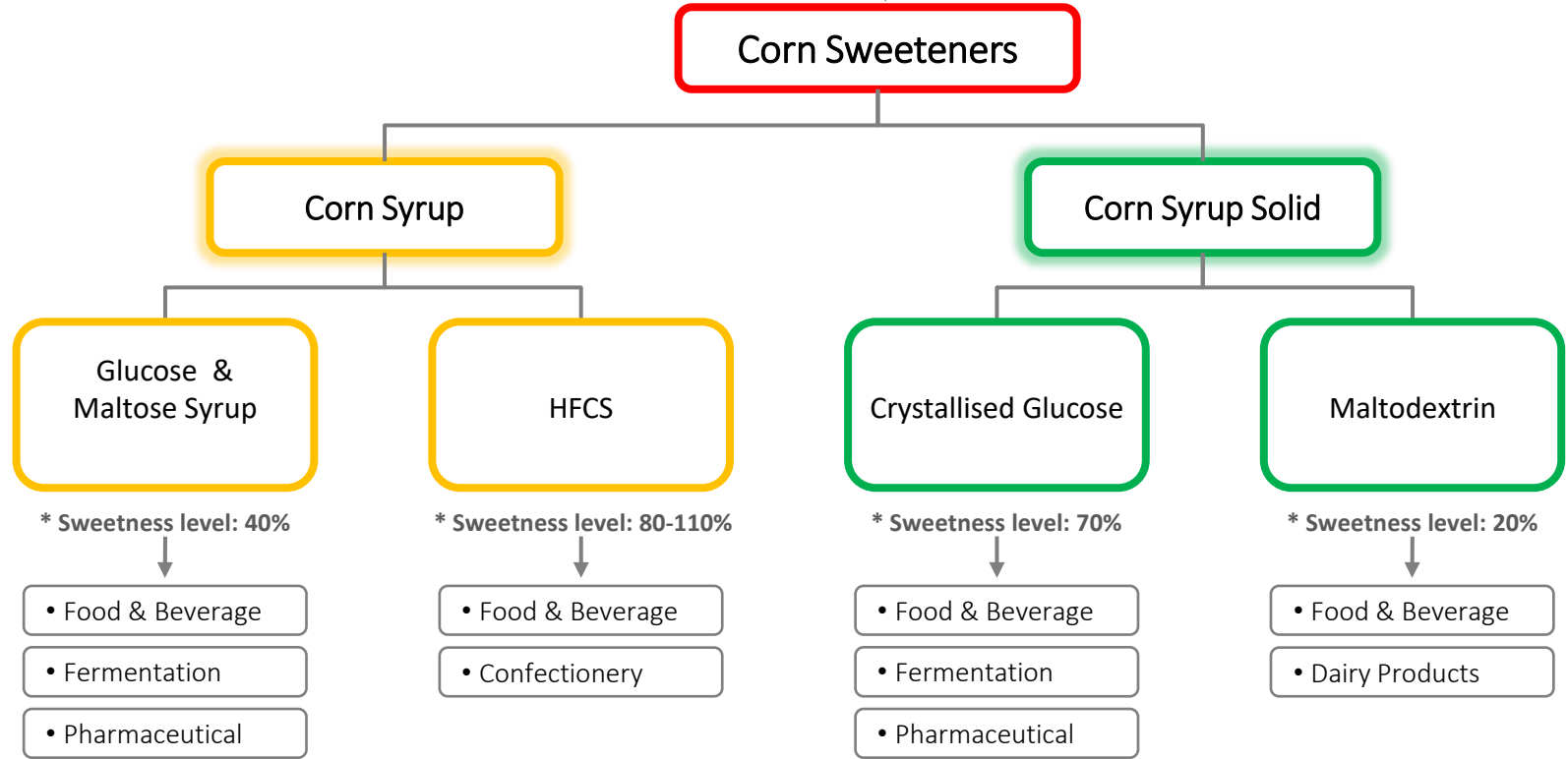
DIVERSIFIED PRODUCT MIX



UPSTREAM



DOWNSTREAM



* Sweetness level: 40%

* Sweetness level: 80-110%

* Sweetness level: 70%

* Sweetness level: 20%



* Sweetness level base on cane sugar sweetness

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:

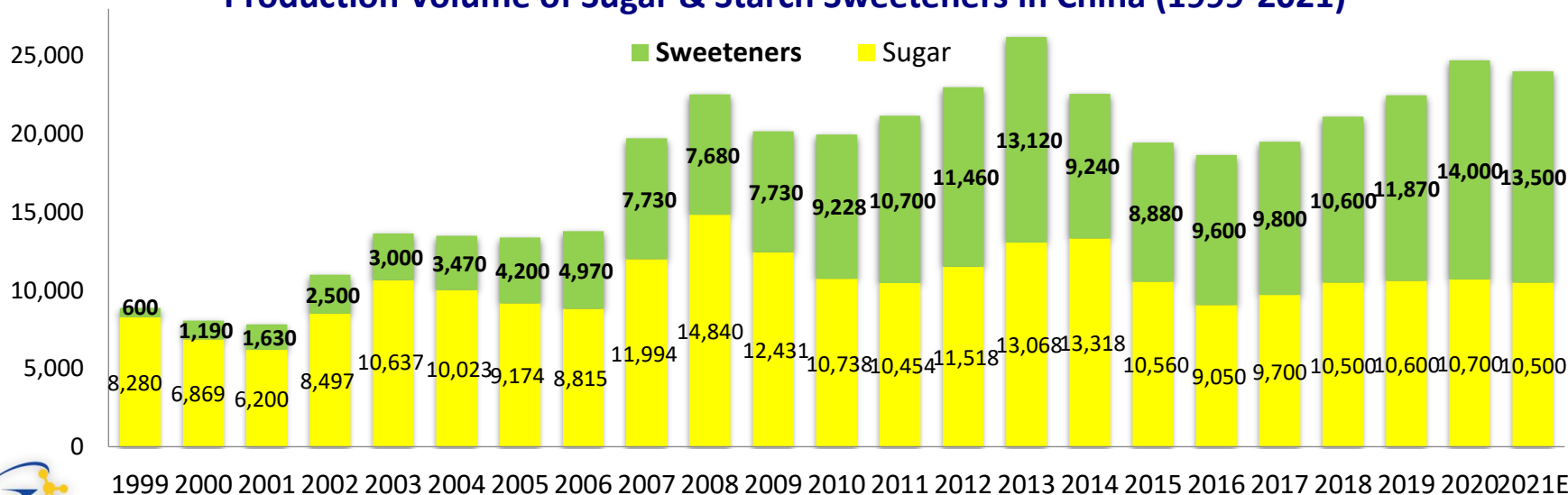
Corn, Potatoes, Tapioca

Regions:

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

'000 MT

Production Volume of Sugar & Starch Sweeteners in China (1999-2021)



Source: China Sugar Association / USDA / Msweet



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THANK YOU
-- The End --



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