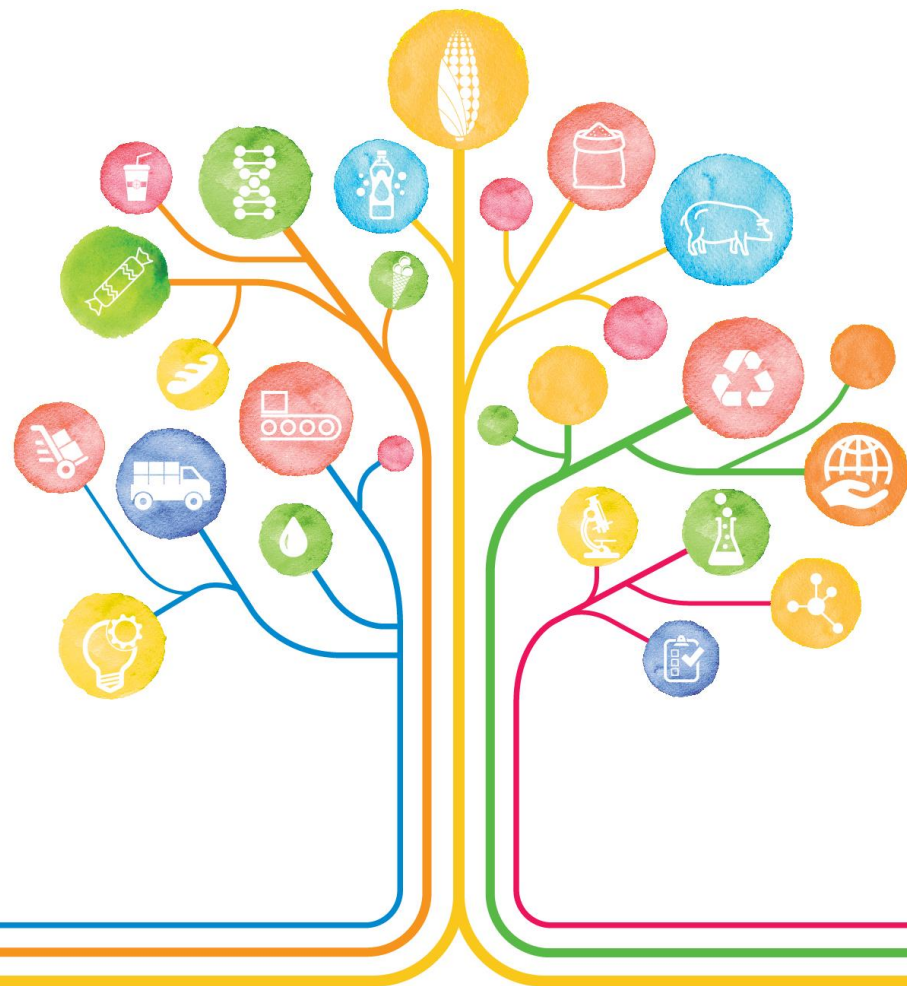




大成糖業控股有限公司\*  
**GLOBAL Sweeteners Holdings Limited**  
(incorporated in the Cayman Islands with limited liability)  
Stock Code: 03889



# INTERIM RESULTS

27 August 2020

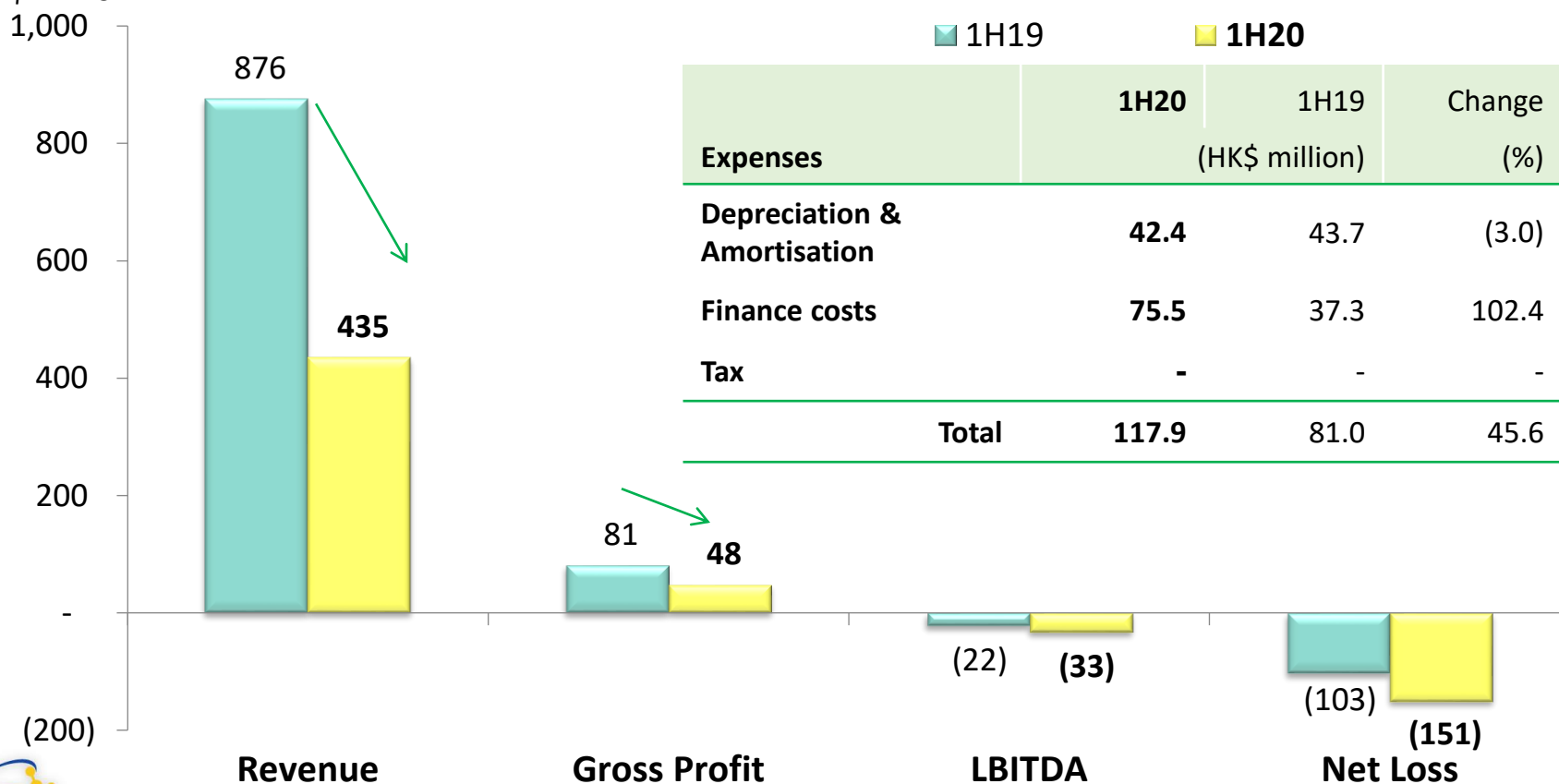
\* For identification purpose only

# RESULTS HIGHLIGHTS



Due to the COVID-19 pandemic and the suspension of most of the Group's production facilities during the Period, revenue and GP ↓ 50.4 and 40.5%, respectively as a result of decreased sales volume.

HK\$ million



# 2020 INTERIM RESULTS

## Financial Overview



# OPERATING RESULTS



HK\$ million	1H20	1H19	% Change
<b>Revenue</b>	<b>434.6</b>	876.0	(50.4)
• Upstream Products	<b>205.7</b>	410.4	(49.9)
• Corn Sweeteners	<b>228.9</b>	465.6	(50.8)
<b>Gross Profit</b>	<b>48.0</b>	80.7	(40.5)
• Upstream Products	<b>19.6</b>	29.2	(32.9)
• Corn Sweeteners	<b>28.4</b>	51.5	(44.9)
<b>Gross Profit Margin (%)</b>	<b>11.0</b>	9.2	1.8% pt
• Upstream Products	<b>9.5</b>	7.1	2.4% pt
• Corn Sweeteners	<b>12.4</b>	11.1	1.3% pt
<b>LBITDA</b>	<b>(33.3)</b>	(21.6)	N/A
<b>Loss Before Tax</b>	<b>(151.2)</b>	(102.6)	N/A
<b>Net Loss</b>	<b>(151.2)</b>	(102.6)	N/A
<b>Net Loss Margin (%)</b>	<b>(34.8)</b>	(11.7)	N/A
<b>Basic Loss Per Share (HK cents)</b>	<b>(9.9)</b>	(6.7)	N/A
<b>Dividend Per Share – Interim (HK cents)</b>	-	-	-

# FINANCIAL POSITION

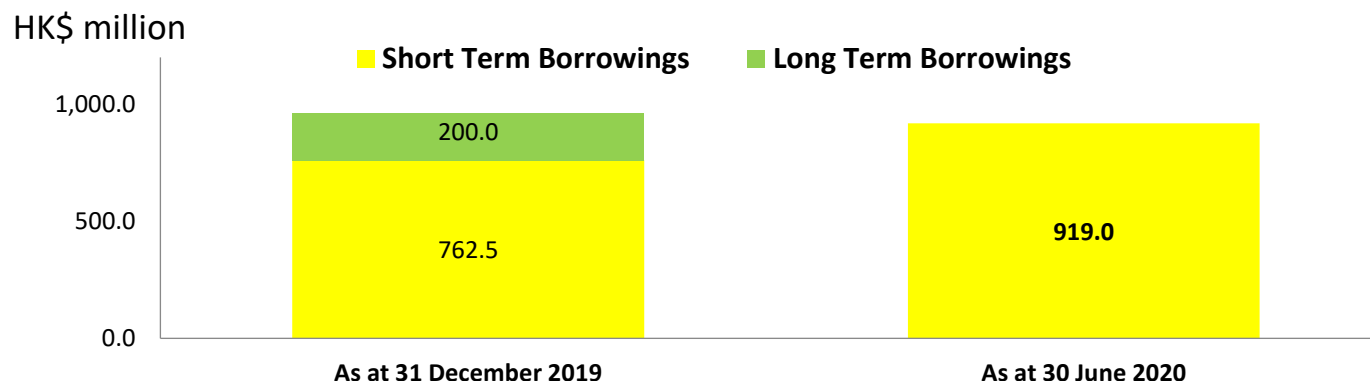


HK\$ million	30 Jun 20	31 Dec 19	% Change
Non-current Assets	<b>888.7</b>	939.4	(5.4)
Current Assets	<b>190.8</b>	459.6	(58.5)
Current Liabilities	<b>1,600.1</b>	1,570.9	1.9
Cash and Cash Equivalents	<b>18.9</b>	30.8	(38.6)
Total Deficit	<b>(557.0)</b>	(411.4)	N/A
Interest-bearing Bank and Other Borrowings	<b>919.0</b>	962.5	(4.5)

# BANK BORROWINGS ANALYSIS



HK\$ million	30 Jun 20	31 Dec 19	% Change
Short Term Borrowings	919.0	762.5	20.5
Long Term Borrowings	-	200.0	N/A
<b>Total</b>	<b>919.0</b>	<b>962.5</b>	<b>(4.5)</b>



Average interest rate for the Period was 6.1%. The change in total borrowings was due to net repayment of certain bank and other borrowings of approximately HK\$33.3 million and exchange rate adjustment which amounted to approximately HK\$10.2 million as at 30 June 2020.

It was a common understanding between the Group and the major lending banks that the outstanding debts should be reclassified as non-performing assets in order to enable them to sell such debts to certain assets management companies at a relatively sharp discount as the first step of the debt restructuring. As a result, all of the Group's borrowings have been classified as short term borrowings as at 30 June 2020.

# KEY FINANCIAL RATIOS



	30 Jun 20	31 Dec 19
Current Ratio	0.1	0.3
Quick Ratio	0.1	0.2
Gearing Ratio*	253.9 %	174.7 %
Inventories Turnover Days	25 Days	40 Days
Trade Receivables Turnover Days	32 Days	36 Days
Trade Payables Turnover Days	121 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).



# 2020 INTERIM RESULTS

## Operation Overview

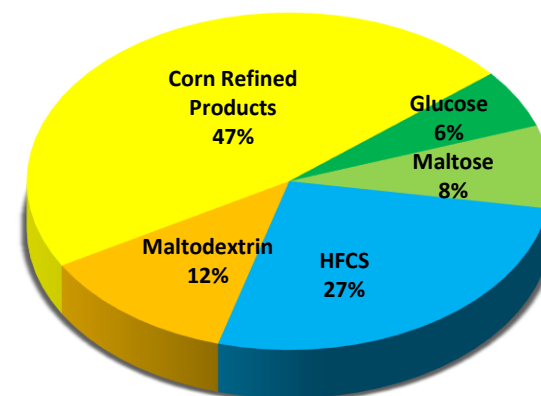


# REVENUE BREAKDOWN

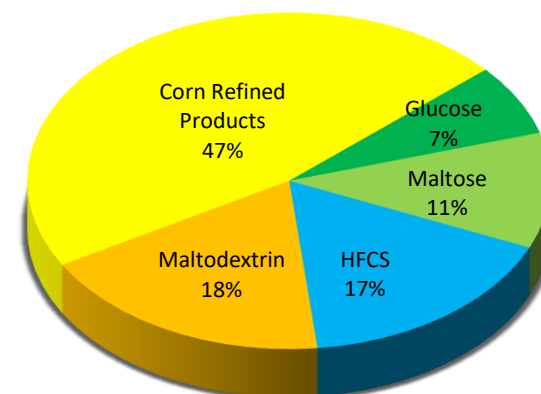


Revenue (HK\$ million)	1H20	1H19	% Change
<b>Upstream</b>			
Corn Refined Products	<b>205.7</b>	410.4	(49.9)
<b>Downstream</b>			
Glucose Syrup	<b>24.6</b>	60.2	(59.1)
Maltose Syrup	<b>34.5</b>	97.5	(64.6)
HFCS	<b>116.4</b>	146.9	(20.8)
Maltodextrin	<b>53.4</b>	161.0	(66.8)
<b>Sweeteners Sub-total</b>	<b>228.9</b>	465.6	(50.8)
<b>Total</b>	<b>434.6</b>	876.0	(50.4)

1H20 Revenue Breakdown



1H19 Revenue Breakdown

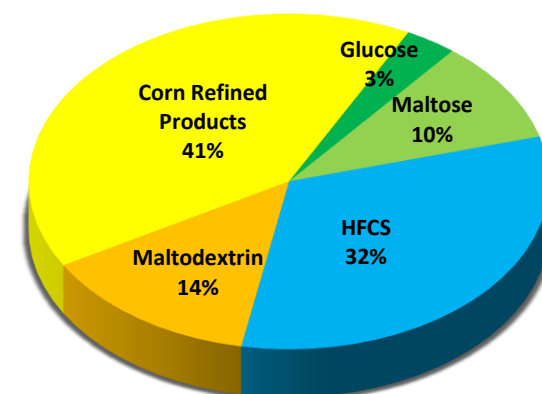


# GROSS PROFIT BREAKDOWN

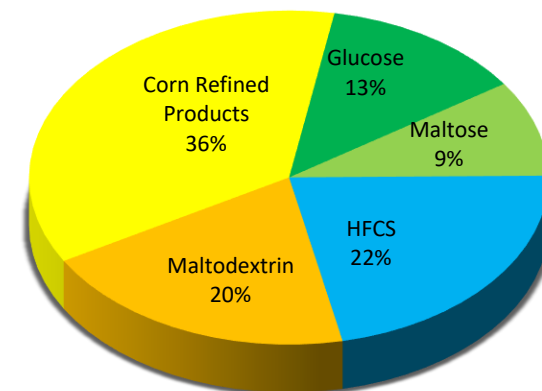


Gross Profit (HK\$ million)	1H20	1H19	% Change
<b>Upstream</b>			
Corn Refined Products	19.6	29.2	(32.9)
<b>Downstream</b>			
Glucose Syrup	1.6	10.3	(84.5)
Maltose Syrup	4.7	7.5	(37.3)
HFCS	15.5	17.7	(12.4)
Maltodextrin	6.6	16.0	(58.8)
<b>Sweeteners Sub-total</b>	<b>28.4</b>	<b>51.5</b>	<b>(44.9)</b>
<b>Total</b>	<b>48.0</b>	<b>80.7</b>	<b>(40.5)</b>

1H20 Gross Profit Breakdown



1H19 Gross Profit Breakdown



# SALES ANALYSIS



	Sales Volume ('000 MT)			Gross Profit Margin (%)		
	1H20	1H19	% Change	1H20*	1H19	% pt Change
<b><u>Upstream</u></b>						
Corn Refined Products	<b>87</b>	168	(48.2)	<b>9.5</b>	7.1	2.4
<b><u>Downstream</u></b>						
Corn Syrup	<b>55</b>	97	(43.3)	<b>12.4</b>	11.7	0.7
Corn Syrup Solid	<b>19</b>	53	(64.2)	<b>12.4</b>	9.9	2.5
<b>Sweeteners Sub-total</b>	<b>74</b>	150	(50.7)	<b>12.4</b>	11.1	1.3
<b>Total</b>	<b>161</b>	318	(49.4)	<b>11.0</b>	9.2	1.8

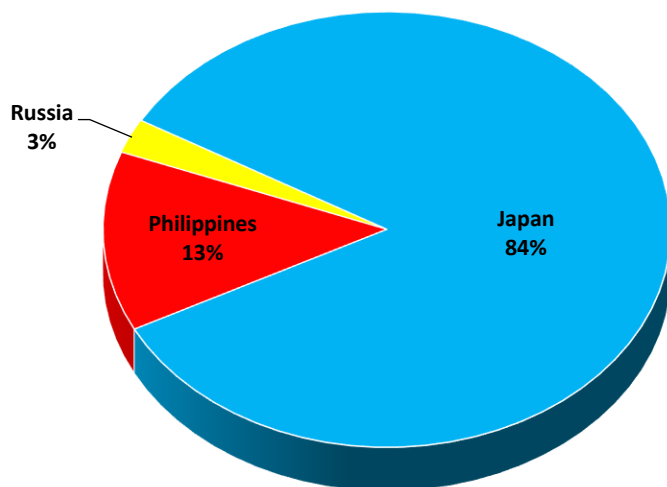
\* As most of the Group's facilities were suspended during the Period, the Group has been consuming mainly the inventory produced in the last quarter of 2019 when the price of corn kernels was lower than the Period. In addition, the portion of expenses in relation to the suspension has been allocated to other expenses. The average cost of sales decreased as a result and the overall GP margin of the Group improved.

# EXPORT BREAKDOWN

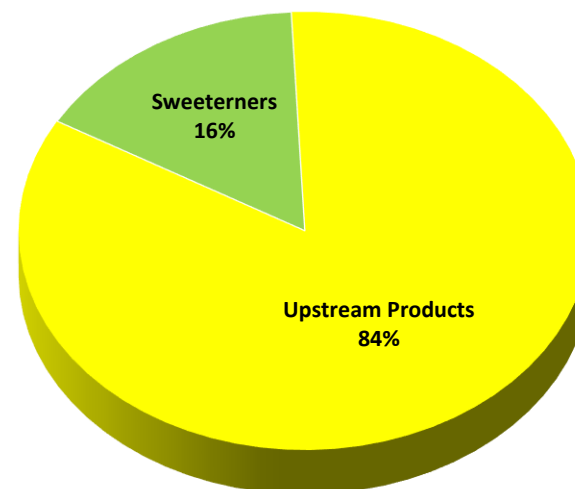


	1H20	1H19	% Change
Export Sales Revenue (HK\$ Million)	18.9	65.6	(71.2)
Exports Sales Volume ('000 MT)	8.0	26.0	(69.2)
Export Contribution (%)	4.3	7.5	(3.2) % pt

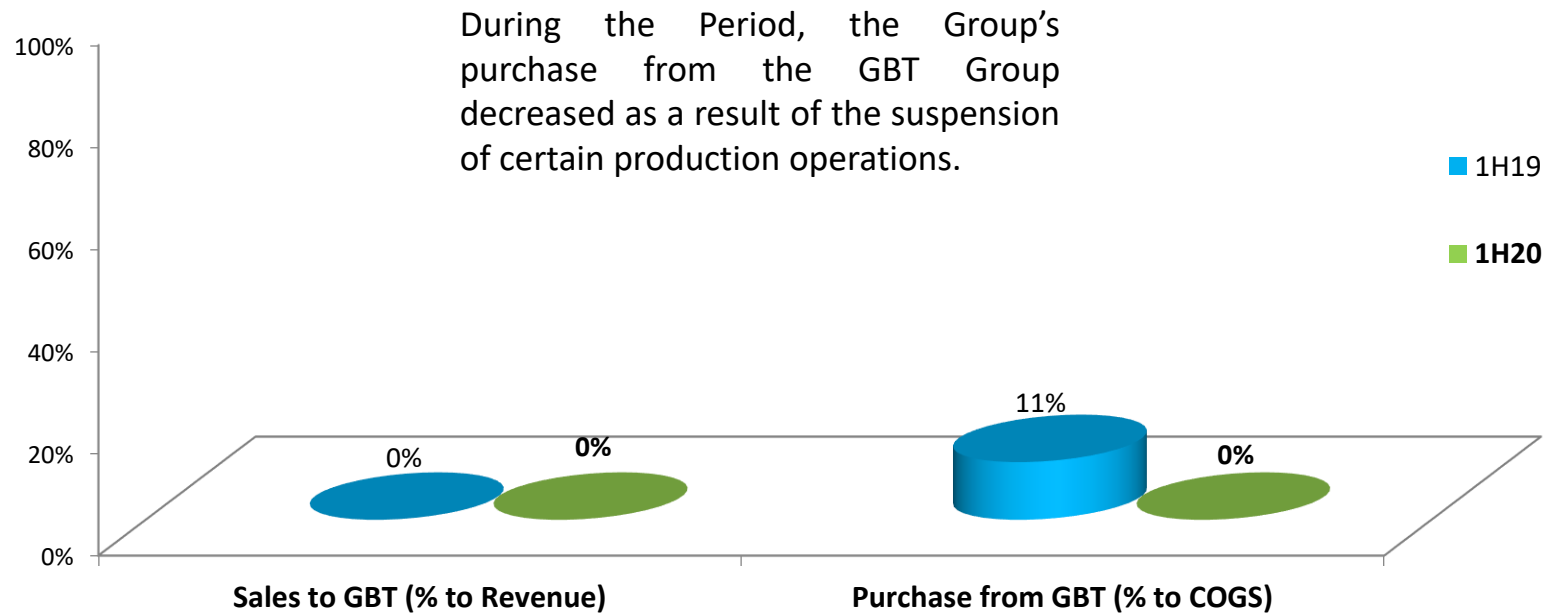
Export Sales by Region 1H20



Export Sales by Product 1H20



# CCT – SAELS TO & PURCHASE FROM GBT



# OPERATING COST STRUCTURE



	1H20	1H19
Raw Material (Corn / Corn Starch)	64.4 %	58.2 %
Utilities (Water, Electricity, Steam & Wastewater Treatment)	4.9 %	9.4 %
Wages and Salaries	8.1 %	6.7 %
Depreciation	7.3 %	3.9 %
Production Overhead (Consumable and Packaging)	2.4 %	12.7 %
Selling, Administrative and Other Expenses	12.9 %	9.1 %



# UPSTREAM RAW MATERIAL – CORN



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

- 2019/20 corn harvest in China: approx. 266.5 million MT (2018/19: 260.8 million MT) (Source: Ministry of Agriculture of China) with consumption estimated at 285.5 million MT
- COVID-19 outbreak → lockdown + delayed corn auction → temporary shortage → PRC corn price ↑
- Downstream demand shrank → the Group has suspended the upstream operation in the 2<sup>nd</sup> quarter of 2020 to minimise cash outflow
- Operating environment is expected to be very challenging going forward with the COVID-19 outbreak and economic slowdown → the Group will closely monitor market conditions, development of the COVID-19 outbreak and the financial resources of the Group to resume the upstream operation ASAP to the extent practicable



# DOWNSTREAM SUBSTITUTE -- SUGAR



## Sugar Price Movement in China (Jan 01 – Aug 20)



Source: [www.msweet.com.cn](http://www.msweet.com.cn)

- 2020/21 PRC sugar production: approx. 10.7 million MT (2019/20: 10.8 million MT) (source: USDA)
- As at end of August: PRC sugar price at approx. RMB5,568/MT vs. International sugar price at US12.91 cents/lb (equiv. RMB2,020/MT) → huge difference still exists between international and PRC sugar prices
- Economic slowdown + market consolidation → demand shrunk and competition intensified
- Suspended most downstream operations and focus on operation of the Shanghai site during the Period
- 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) Continued efforts to materialise the debt restructuring plan and secure existing banking facilities during the transitional period

During the Period, the principal lending banks continued their support to the Group while continuing the negotiation on the debt-restructuring plan.

Subsequent to the transfer of the Transferred Loans (which included the Dajincang Loans guaranteed by the Guarantor Subsidiaries) 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.\*) (the “New Creditor”) in mid-February 2020, the Group and the GBT Group continue to explore the next step of the debt restructuring plan.

The debt-restructuring plan is well-supported by the government and other major lending banks of the Group were encouraged to take part in and follow similar arrangement as the Transferred Loans. During the Period, the management of the Group and the GBT Group has also been working on facilitating similar arrangement as the Transferred Loans for the indebtedness owed to other major lending banks.

It is currently expected that all the amounts due and owing under the Transferred Loans will be resolved by the end of 2020.

# 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. Subsequently, in October 2019, the Changchun Municipal Government issued an execution announcement for the redevelopment of among others, the Relevant Properties under the PRC's Slum Redevelopment Policy.

As disclosed by the Company and GBT on 24 August 2020, the Local Government announced its decision to resume the Relevant Properties and the first phase of resumption involved the Dihao Properties. As required by the Local Government, Dihao Foodstuff is required to surrender the Dihao Properties by the third quarter of 2020. The Group is expected to received a total compensation of approximately RMB443.0 million from the Dihao Resumption. 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

The relocation of the 60,000 mtpa glucose/maltose production facilities and the 30,000 mtpa maltodextrin production facilities were completed in April 2017 and January 2018 respectively.

In respect of the other 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:

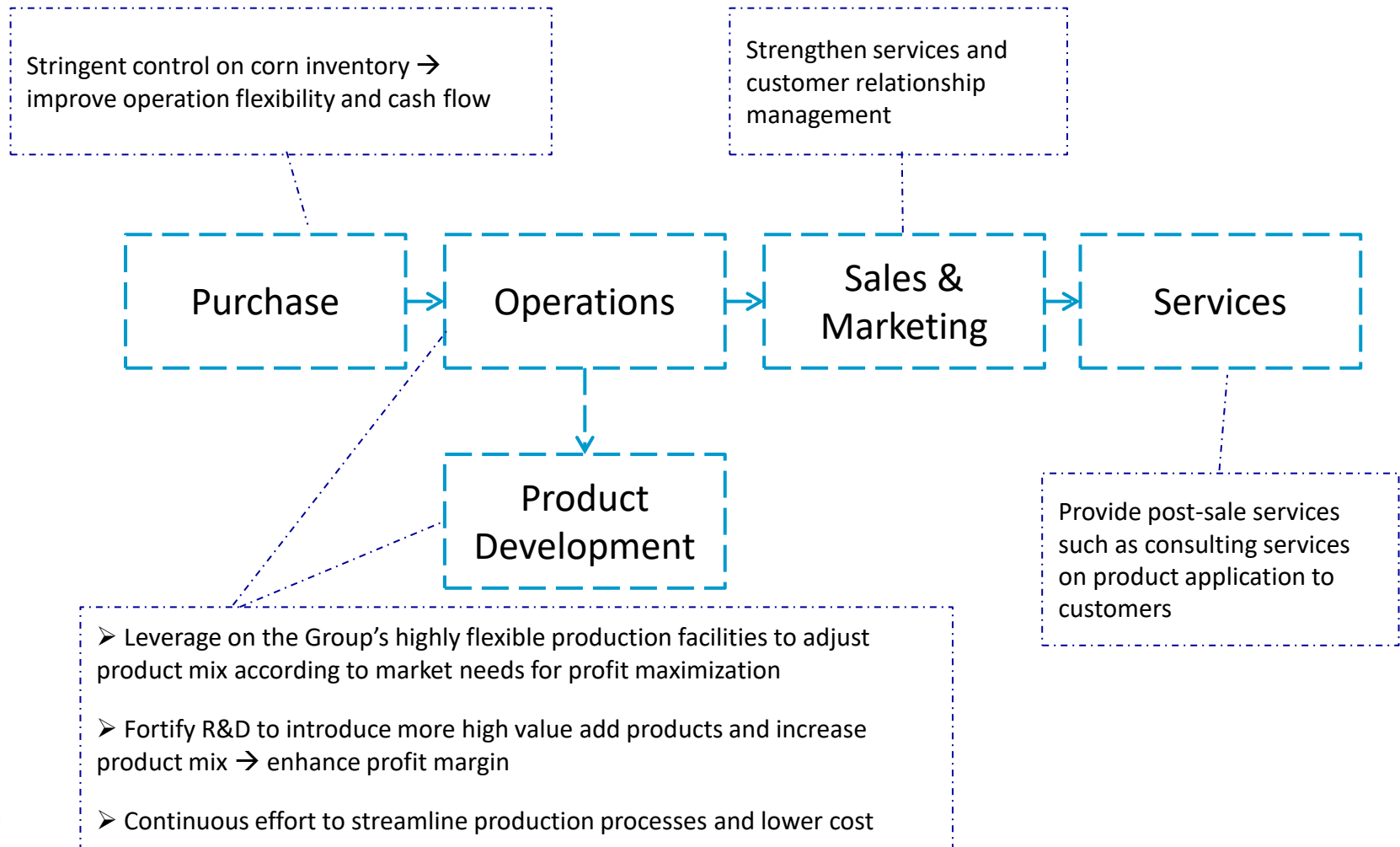
Projects/ Products	Designed Capacity	*Expected time for the relocation of the production facilities
Crystallised Glucose	100,000 mtpa	Pending the availability of capital and favourable market condition
Corn Refinery	600,000 mtpa	Pending the availability of capital and favourable market condition

\* *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

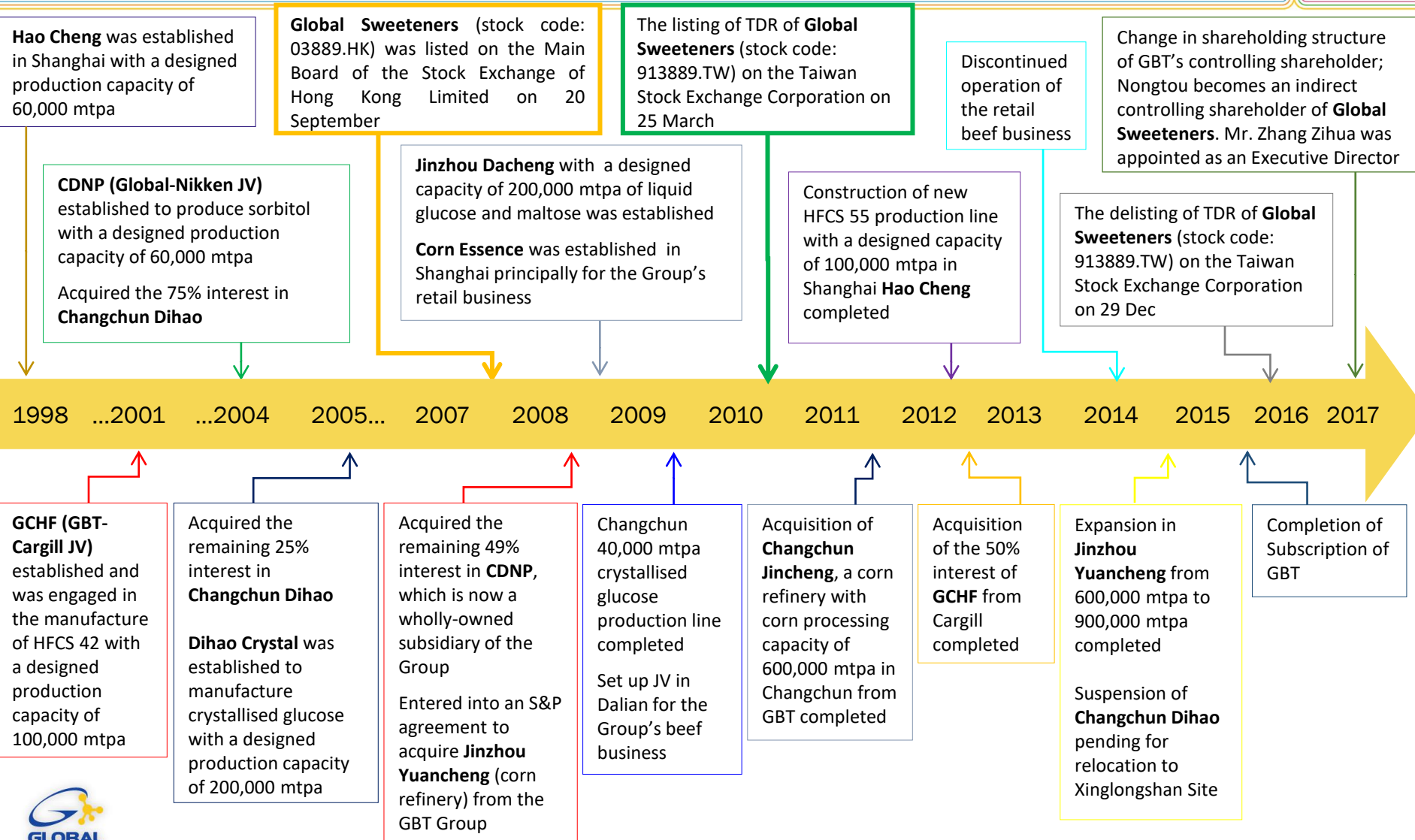


Designed Capacity (mtpa)	2019	2020
<b><u>Upstream</u></b>		
Corn Starch	560,000	560,000
Other Corn Refined Products	240,000	240,000
<b>Upstream Sub-total</b>	<b>800,000</b>	<b>800,000</b>
<b><u>Downstream</u></b>		
Glucose / Maltose Syrup	360,000	360,000
HFCS	220,000	220,000
Maltodextrin	30,000	30,000
Crystallised Glucose	-	-
<b>Downstream Sub-total</b>	<b>610,000</b>	<b>610,000</b>
<b>Total</b>	<b>1,410,000</b>	<b>1,410,000</b>

# 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**

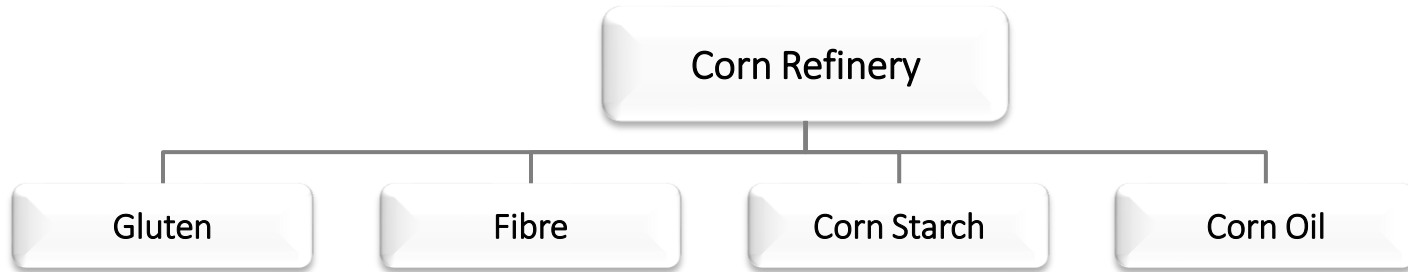
**Jinzhou**



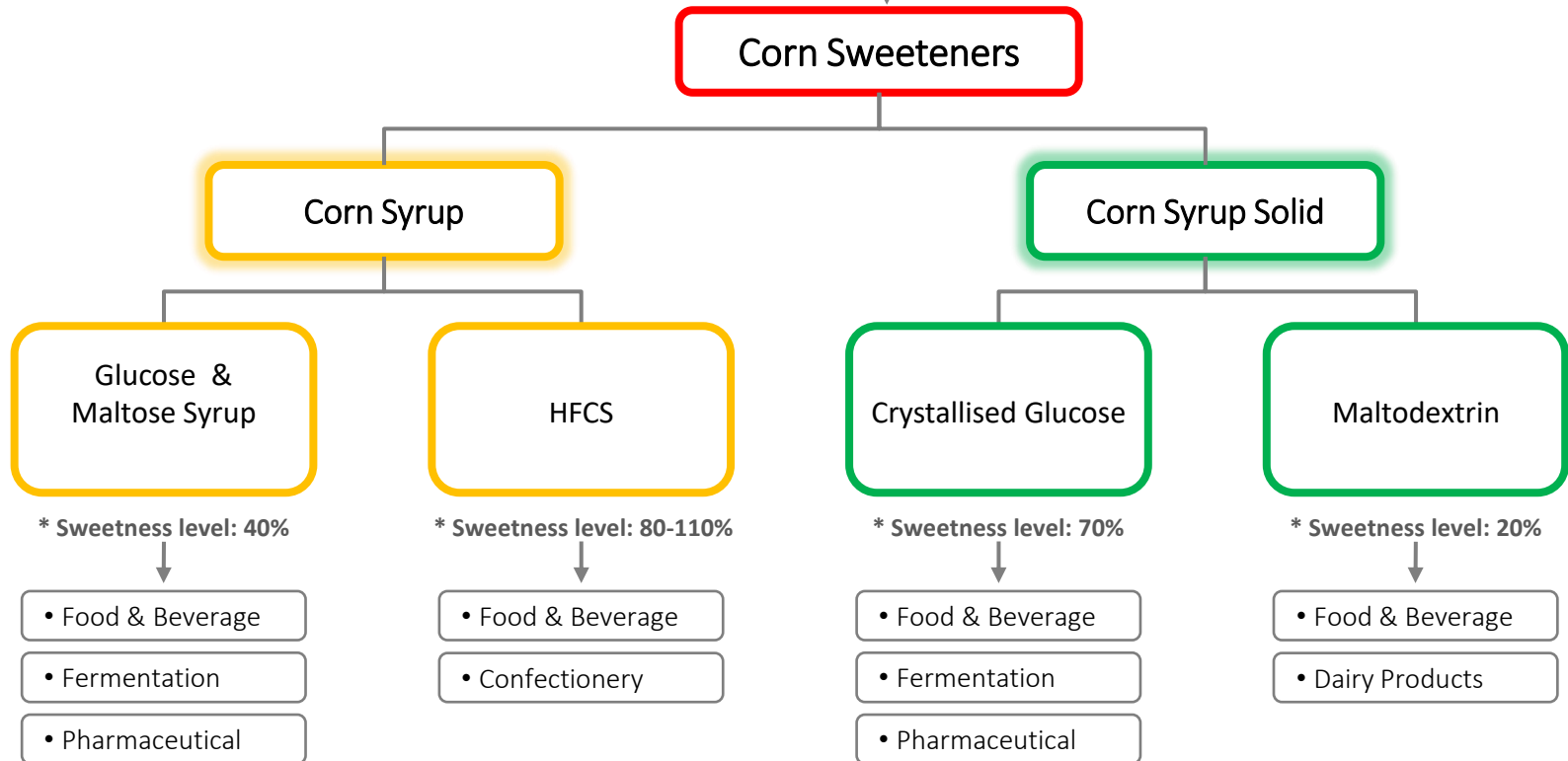
# DIVERSIFIED PRODUCT MIX



UPSTREAM



DOWNSTREAM



# 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

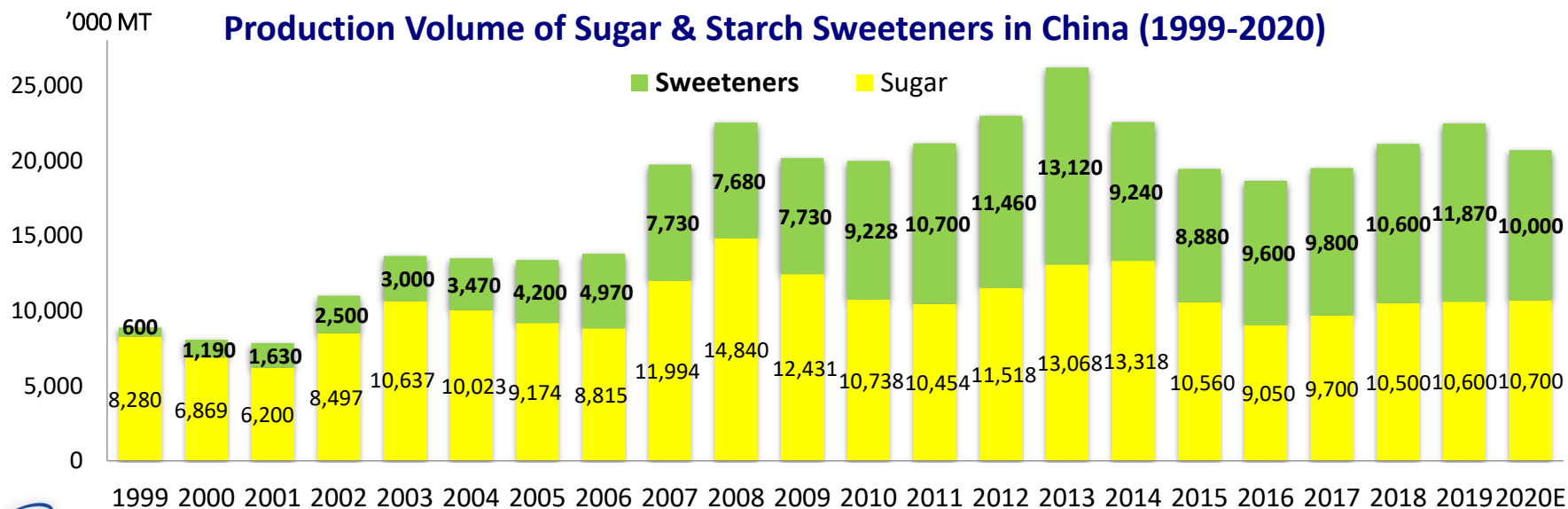
### Starch Sweeteners

**Raw Material:**

Corn, Potatoes, Tapioca

**Regions:**

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



Source: China Sugar Association / USDA /Cofeed



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THANK YOU  
-- The End --



\* For identification purpose only