



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

2015 Annual Results



April 2016

AGENDA

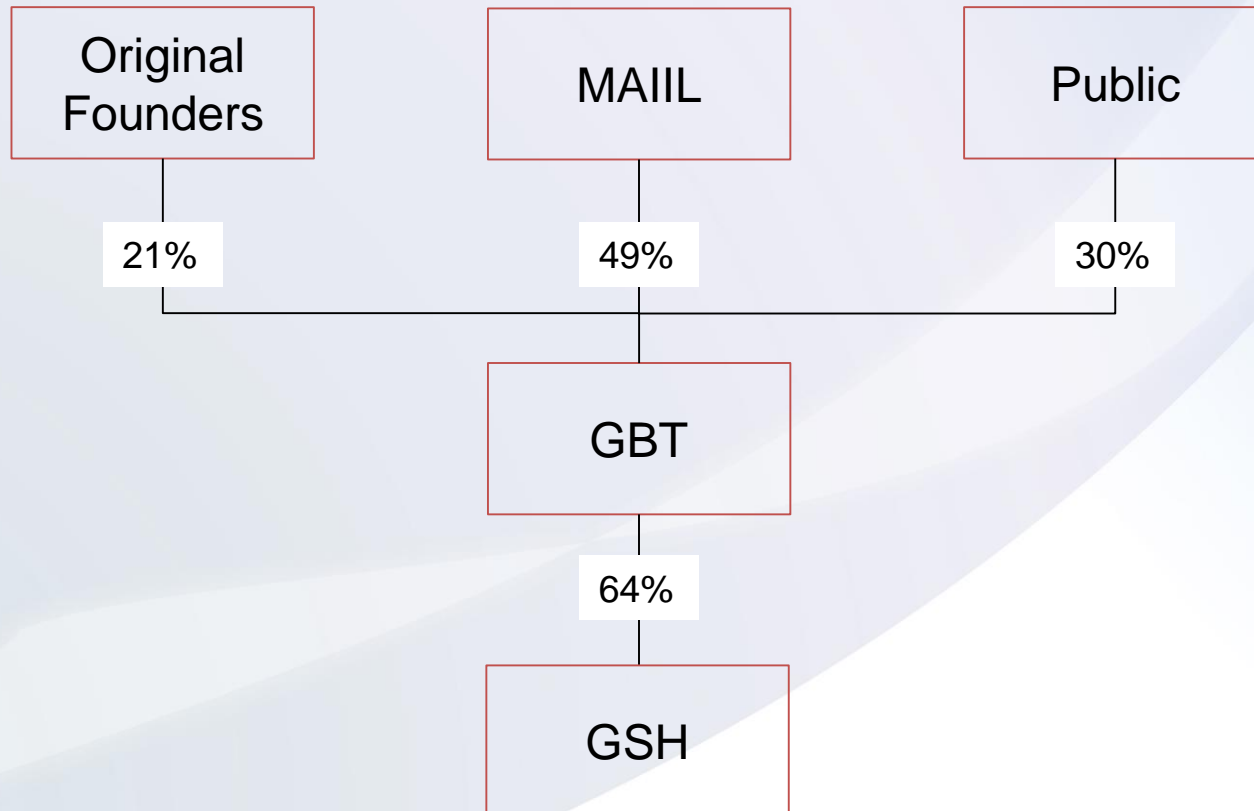
- Corporate Update
 - Completion of Subscription of GBT Shares
 - Post-Subscription Structure
 - Updates on Supplier Guarantees
- 2015 Annual Results
 - Financial Overview
 - Operation Overview
- Business Outlook & Development Plans
- Company Profile
- Appendix

CORPORATE UPDATE: COMPLETION OF SUBSCRIPTION OF GBT SHARES

- Completion of the Subscription on 15 October 2015 of which it comprised of:
 - ◆ 3,135,509,196 Subscription Shares; and
 - ◆ Convertible Bonds which could be converted into 4,722,954,631 Conversion Shares
- Modern Agricultural Industry Investment Limited (“MAIIL”) now becomes a substantial shareholder of Global Bio-chem Technology Group Company Limited (“GBT”), with 49% stake holding
- Immediately after the Completion of the Subscription, the Boards of GBT and GSH have been restructured with new Board members appointed; Mr. Wang Jian has become the Chairman of the GSH Board since 26 October 2015
- Synergistic effects: management capabilities, new capital, relationships with various stakeholders (government, bankers, etc.)

POST-SUBSCRIPTION STRUCTURE

The shareholding structure of GSH immediately after the completion of the Subscription:



UPDATES ON SUPPLIER GUARANTEES

As announced in the Company's joint announcement with GBT dated 31 March 2015, certain members of the Group entered into the guarantees for the benefit of Dajincang, a major supplier of the Company's subsidiaries in Changchun since 2010, which were discovered during the audit of 2014 financial statement.

In view of this, the Boards and management teams of the Company and GBT have:

- engaged an internal control ("IC") expert to review the Group's internal controls and systems (the "IC Review"), which has been completed.
- established an IC team to implement the recommendations from the IC expert. This process is still in progress.
- Initiated a negotiation process with the Lender Bank, with the assistance of the new management subsequent to the Subscription Completion. The Lender Bank has expressed an intent to release the Group and the GBT Group from the Dajincang Financial Guarantees by the end of 2016.

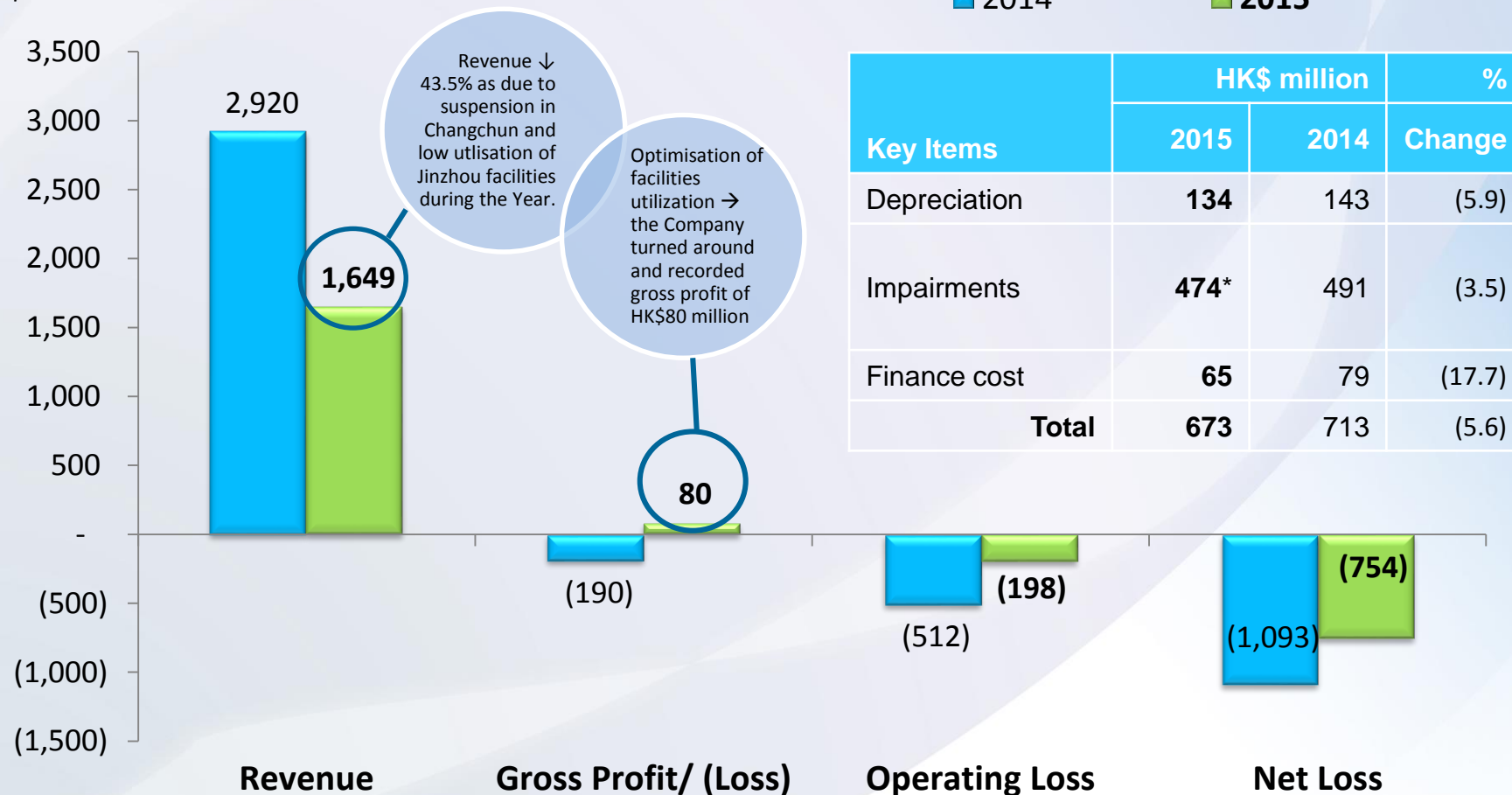


2015 ANNUAL RESULTS

Financial Overview

RESULTS HIGHLIGHTS

HK\$ million



* Include impairments of property, plant and equipment; prepaid land lease payment; trade and bills receivables; and impairment loss in respect of the receivable from Dajincang (a major supplier) in preparation for the Second Assets Disposal as announced in the Company's announcement on 14 April 2016. Details of impairments could be found on p.8 of this presentation.

OPERATING RESULTS

HK\$ million	2015	2014	% Change
Revenue	1,649	2,920	(43.5)
• Corn Refined Products & Corn Procurement	848	1,504	(43.6)
• Corn Sweeteners	801	1,416	(43.4)
Gross Profit / (Loss)	80	(190)	N/A
• Corn Refined Products & Corn Procurement	6	(348)	N/A
• Corn Sweeteners	74	158	(53.2)
Gross Profit / (Loss) Margin (%)	4.9	(6.5)	N/A
• Corn Refined Products & Corn Procurement	0.7	(23.1)	N/A
• Corn Sweeteners	9.2	11.2	(2.0)
Impairments of:			
- property, plant and equipment	(359)	(263)	N/A
- prepaid land lease payment	(5)	-	N/A
- goodwill	-	(184)	N/A
- trade & bills receivables	(0)	(45)	N/A
- other receivables (Dajincang)*	(109)	-	N/A
Operating Loss	(198)	(512)	N/A
Net Loss	(754)	(1,093)	N/A
Net Margin (%)	(45.7)	(37.4)	N/A
Basic Loss Per Share (HK cents)	(49.3)	(71.6)	N/A
Dividend Per Share – Final (HK cents)	-	-	N/A

* Impairment of receivable from Dajincang is the net amount of the net book value of receivable from Dajincang less its sales price pursuant to the Second Assets Disposal Agreement as per announcement dated 14 April 2016.

FINANCIAL POSITION

HK\$ million	31 Dec 15	31 Dec 14	% Change
Non-current Assets ⁽¹⁾	604	1,379	(56.2)
Current Assets	1,013	1,350	(23.6)
Current Liabilities	1,141	1,126	1.4
Cash and Bank Balances	61	190	(67.8)
Shareholder's Equity ⁽²⁾	178	924	(80.7)
Interest Bearing Borrowings	894	1,041	(14.1)

(1) The decrease in non-current assets was mainly attributable to (i) the impairment of property, plant and equipment amounted to HK\$359 million for the Group's operation in Changchun and Jinzhou, and (ii) the re-classification of certain non-current assets held for sale in Changchun pursuant to the Second Property Disposal Agreement to current assets.

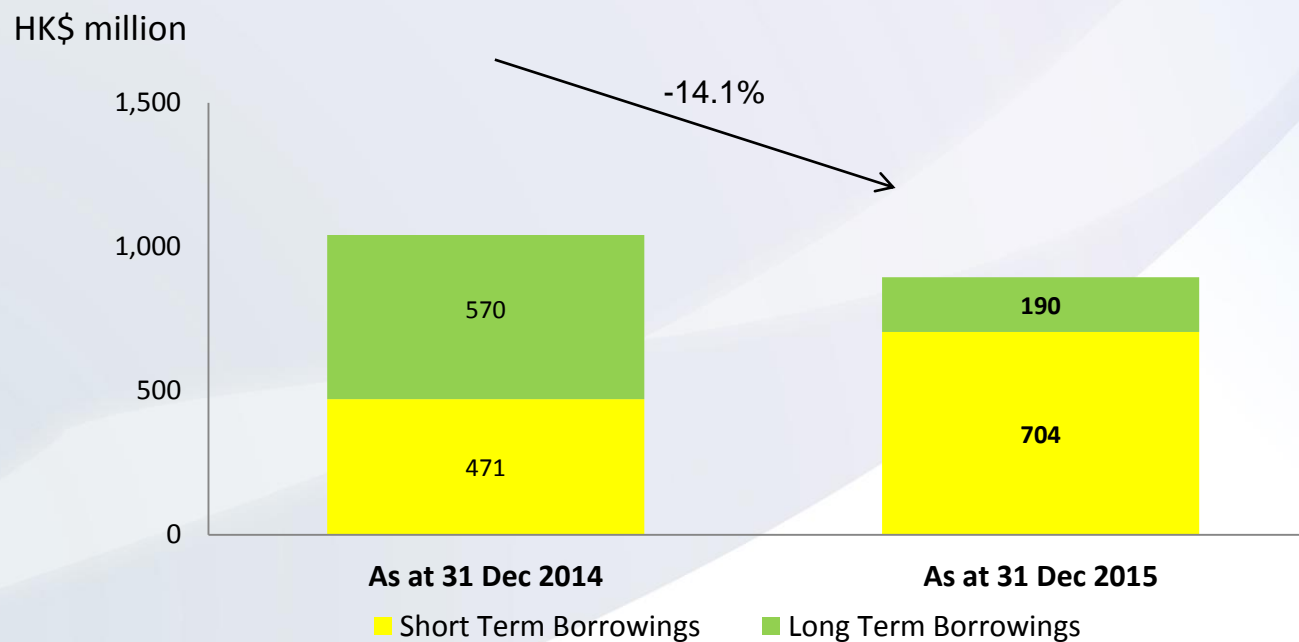
(2) The Company recorded net current liabilities of approx. HK\$128 million as at 31 December 2015. In view of the Group's liquidity and solvency position, the Directors and the management :

- a) obtained support by major banks to lower interest rate, not to withdraw any banking facilities and ensure renewal of current facilities for a period of three years;
- b) expect the Group's operating cash flow to improve with (i) optimisation of facilities utilisation; and (ii) the proposed S&P as disclosed in the Company's announcement dated 14 April 2016;
- c) obtained financial support from the ultimate holding company of a major shareholder of GBT.

BANK BORROWINGS ANALYSIS

HK\$ million	31 Dec 15	31 Dec 14	% Change
Short Term Borrowings	704	471	49.5
Long Term Borrowings	190	570	(66.7)
Total	894	1,041	(14.1)

* Average interest rate for 2015: 6.8% (2014: 7.0%)



KEY FINANCIAL RATIOS

	31 Dec 15	31 Dec 14
Current Ratio	0.9	1.2
Quick Ratio	0.8	1.0
Gearing Ratio (net debt/equity) ⁽¹⁾	450.9%	92.1%
Inventories Turnover Days ⁽²⁾	37 days	25 days
Trade Receivables Turnover Days	37 days	47 days
Trade Payables Turnover Days	46 days	27 days

(1) The substantial increase in gearing ratio was mainly due to the net loss incurred by the Group during the Year and the decrease in equity from HK\$924 million to HK\$178 million. In view of the Group's financial position, the Directors and the management of the Group have adopted strategic measures as described in note (2) on p.8 of this presentation.

(2) Although inventory level decreased by 23.9%, as cost of sales decreased at a larger rate by 49.6%, inventory turnover days increased to 37 days as a result.



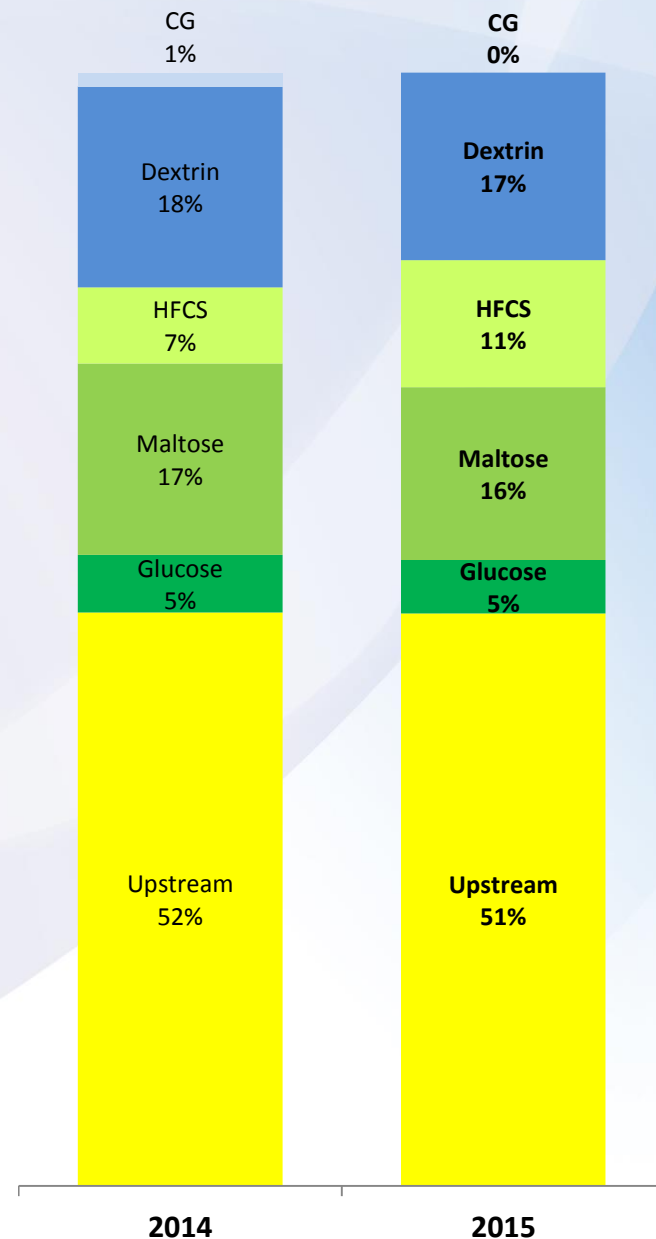
2015 ANNUAL RESULTS

Operation Overview

REVENUE BREAKDOWN

Revenue (HK\$ million)	2015*	2014	% Change
Upstream			
Corn Refined Products & Corn Procurement	848	1,504	(43.6)
Downstream			
Glucose Syrup	79	151	(48.0)
Maltose Syrup	256	502	(49.0)
HFCS	188	200	(6.0)
Maltodextrin	278	527	(47.1)
Crystallised Glucose	-	36	N/A
Sweeteners Sub-total	801	1,416	(43.4)
Total	1,649	2,920	(43.5)

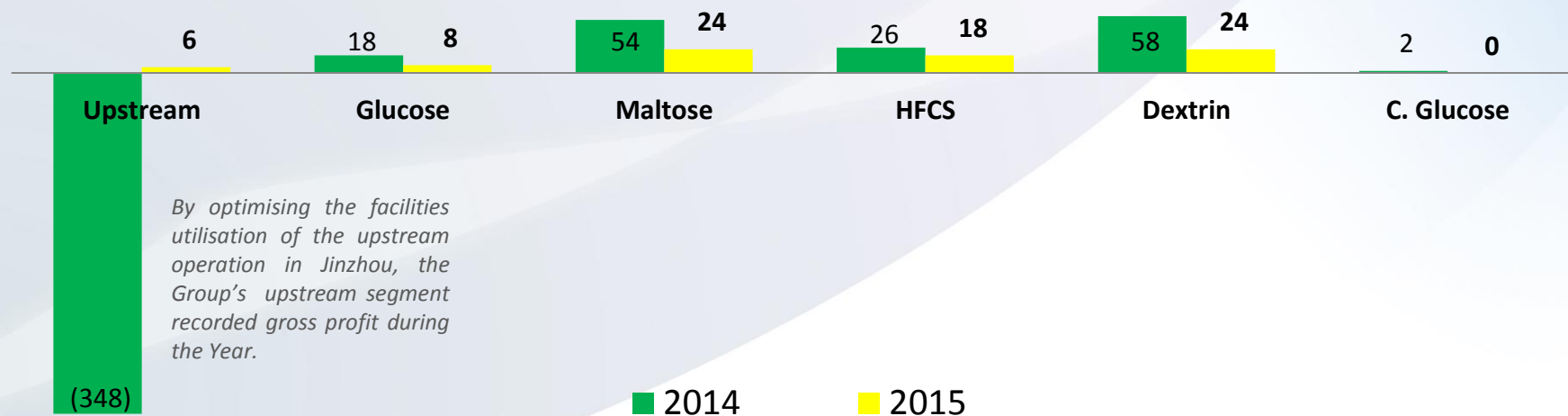
* The drop in revenue was mainly due to the suspension of certain operations in Changchun and the low facilities utilisation in Jinzhou



GROSS PROFIT BREAKDOWN

Gross Profit / (Loss) (HK\$ million)	2015	2014	% Change
Upstream			
Corn Refined Products & Corn Procurement	6	(348)	N/A
Downstream			
Glucose Syrup	8	18	(50.0)
Maltose Syrup	24	54	(55.6)
HFCS	18	26	(30.8)
Maltodextrin	24	58	(59.3)
Crystallised Glucose	-	2	N/A
Sweeteners Sub-total	74	158	(53.2)
Total	80	(190)	N/A

HK\$ million



SALES ANALYSIS

Sales Volume ('000 MT)			Gross Profit / (Loss) Margin (%)		
2015	2014	% Change	2015	2014	% pt Change

Upstream

Corn Refined Products &
Corn Procurement

321	500	(35.8)	0.7	(23.1)	N/A
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Downstream

Corn Syrup

143	242	(40.9)	9.5	11.4	(1.9)
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Corn Syrup Solid

86	159	(45.9)	8.7	10.8	(2.1)
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**Sweeteners
Sub-total**

229	401	(42.9)	9.2	11.2	(2.0)
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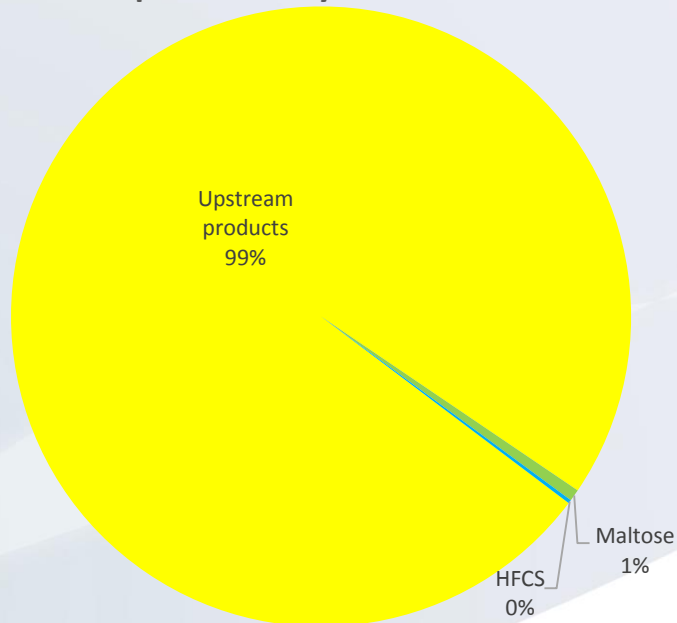
TOTAL

550	901	(39.0)	4.9	(6.5)	N/A
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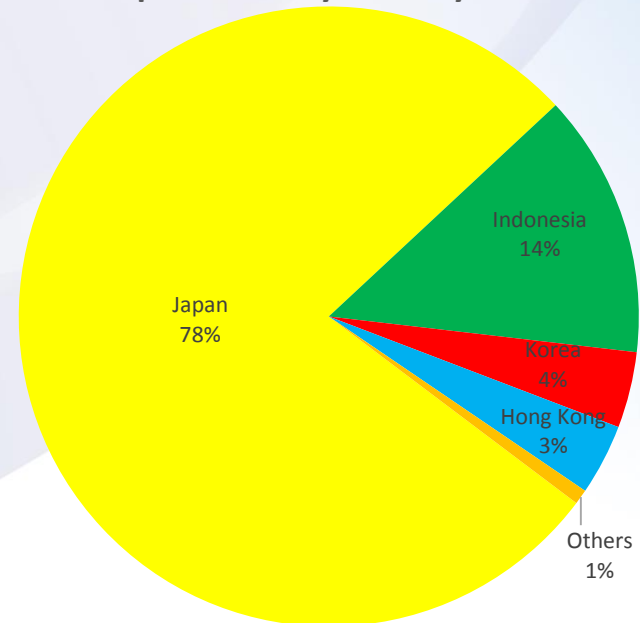
EXPORTS BREAKDOWN

	2015	2014	Change
Export Sales Revenue (HK\$ Million)	91	127	(28.3%)
Exports Sales Volume ('000 MT)	41	49	(16.3%)
Export Contribution (%)	5.5	4.3	1.2% pt

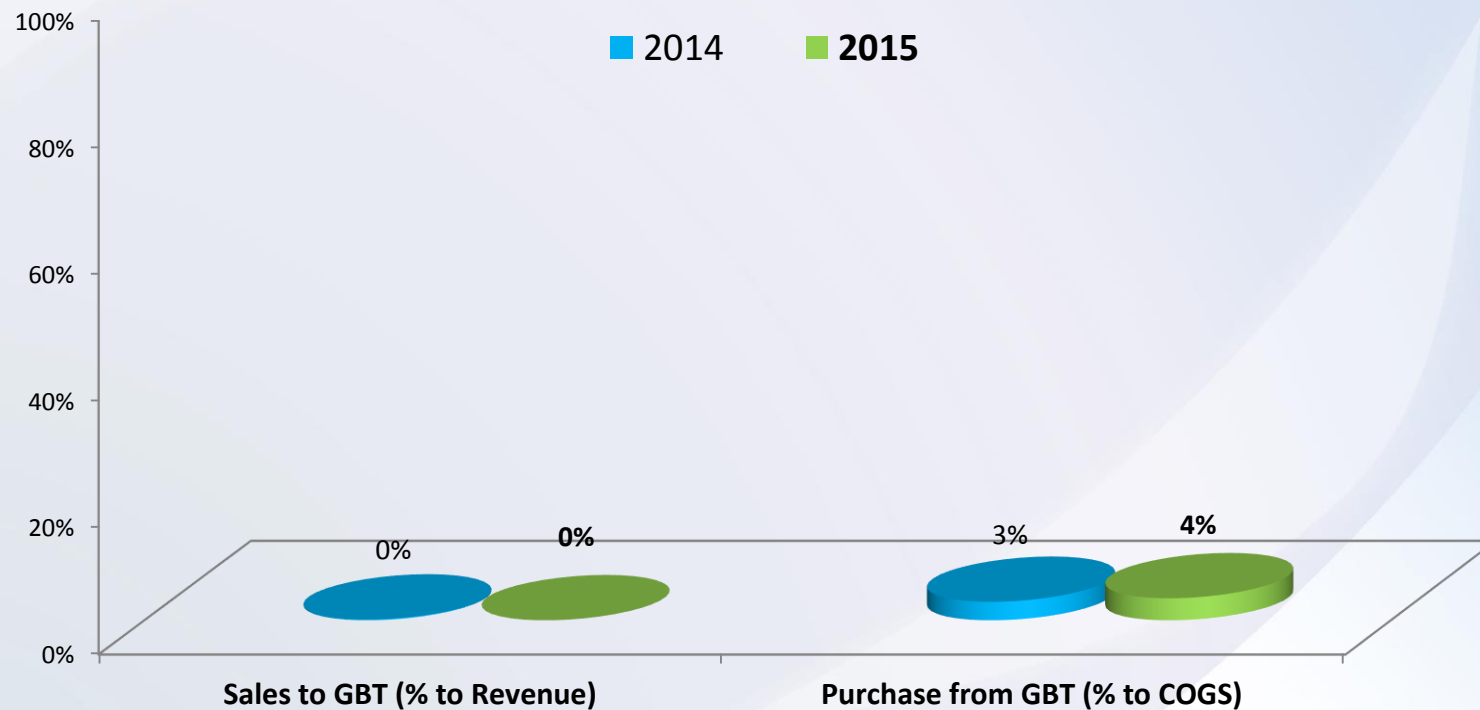
Export Sales by Product



Export Sales by Country



CCT – SALES TO & PURCHASE FROM GBT



Sales agency fee to GBT for the sales of the Group's upstream products for 2015: HK\$Nil (2014: HK\$3.8 million).

OPERATING COST STRUCTURE

	2015	2014
Raw Material (Corn / Corn Starch)	69.1%	72.9%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	9.2%	8.0%
Labour	1.9%	1.3%
Depreciation	2.2%	1.6%
Production Overhead (Consumable and Packaging)	1.5%	4.9%
Selling and Distribution Expenses	7.5%	7.6%
Administrative Expenses	8.6%	3.7%



BUSINESS OUTLOOK & DEVELOPMENT PLANS

UPSTREAM RAW MATERIAL – CORN

Corn Price Movement in China (Jan 07 – Apr 16)



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

- Corn harvest for 2015/16: approx. 225 million MT (2014/15: 215 million MT)
- Sluggish market + substantial difference between international and domestic corn prices sustained → PRC corn price started to drop since the harvest in October 2015
- National corn reserves exceeded 200 million MT by end of 2015 → the government is under pressure to digest its corn reserves
- The PRC government expressed intention to subsidise directly to farmers + floor price removed in March 2016 → expect PRC corn price will continue to drop in foreseeable future
- Corn refinery has strategic value serving as a feedstock → prudent approach to optimise scale

DOWNSTREAM SUBSTITUTE – SUGAR

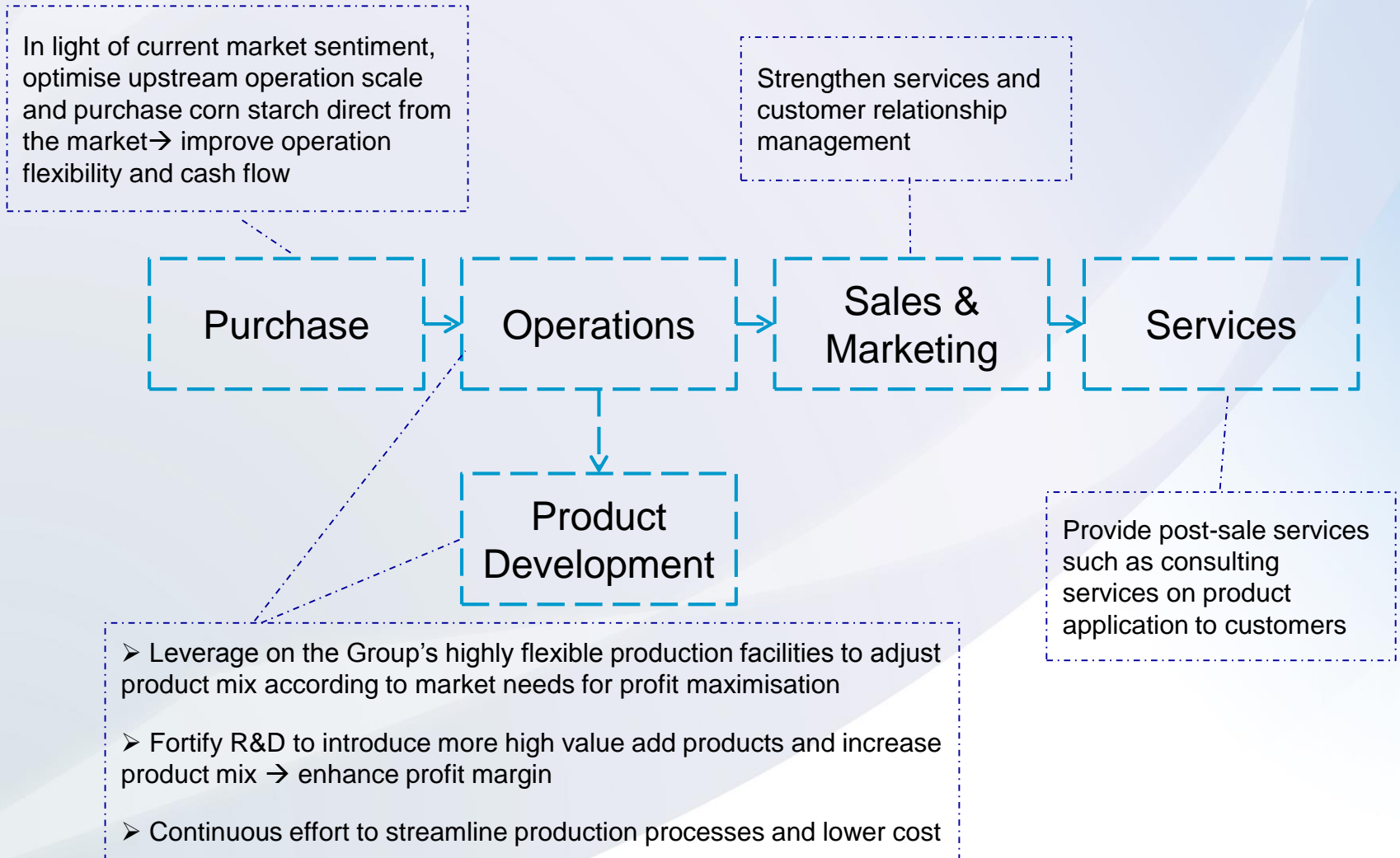


Source: www.sugarinfo.net

- Sugar production in China for 2015/16 is estimated at 9.0 million MT (2014/15: 10.5 million MT)
- Drop in production → current PRC sugar price stabilised at RMB5,600/MT
- Increased sugar price with decreased corn price → ↑ incentive to switch to corn sweeteners
- Strategy on corn sweeteners business: continues to focus on high value-add products and streamlining/ improving production flow for further cost saving

CORPORATE STRATEGIES

(1) GSH's value chain



CORPORATE STRATEGIES (CON'T)

(2) The Second Property Disposal Agreement & the Second Assets Disposal Agreement

As disclosed in the Company's joint announcement with GBT on 14 April 2016, certain subsidiaries of the Company entered into the Second Property Disposal Agreement and the Second Assets Disposal Agreement with the Purchaser.

Second Property Disposal Agreement

- Consideration: RMB558 million
- Property to be sold: Lands and buildings in the Group's production site in Luyuan District, Changchun

Second Assets Disposal Agreement

- Consideration: RMB171.5 million
- Assets to be sold: prepayments to suppliers, trade and bill receivables

The disposal agreements are subject to the shareholder's approval at the EGMs to be convened(details of the EGM will be available upon dispatch of the circular). The disposal agreements enable the Group to have earlier access to funds to improve the financial position of the Group. The proceeds will be utilised for the Group's relocation and operation needs.

CORPORATE STRATEGIES (CON'T)

(3) 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
- Relocation schedule:

Projects/ Products	Designed Capacity	Commence Time	Completion Time
Maltodextrin (Phase 1)	30,000 mtpa	April 2016	May 2017
Maltodextrin (Phase 2)	30,000 mtpa	July 2017	June 2018
Crystallised Glucose	100,000 mtpa	April 2016	August 2017
Glucose/ Maltose	150,000 mtpa	April 2016	January 2017
Corn Refinery	600,000 mtpa	June 2017	June 2018

CAPACITY OVERVIEW

Designed Capacity (mtpa)	2015	2016
<u>Upstream</u>		
Corn Starch	630,000	630,000
Corn Refined By-products	270,000	270,000
Upstream Sub-total	900,000	900,000
<u>Downstream</u>		
Glucose / Maltose Syrup	300,000	300,000
HFCS	220,000	220,000
Maltodextrin	Nil	Nil
Crystallised Glucose	Nil	Nil
Downstream Sub-total	520,000	520,000
Total	1,420,000	1,420,000



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

The delisting of TDR of **Global Sweeteners** (stock code: 913889.TW) on the Taiwan Stock Exchange Corporation on 29 Dec

1998 ...2001 ...2004 2005... 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016

GCHF (GBT-Cargill JV) established and was engaged in the manufacture of HFCS 42 with a designed production capacity of 100,000 mtpa

Acquired the remaining 25% interest in **Changchun Dihao**
Dihao Crystal was established to manufacture crystallised glucose with a designed production capacity of 200,000 mtpa

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 completed
Suspension of **Changchun Dihao** pending for relocation to Xinglongshan Site

Completion of Subscription of GBT. Mr. Wang Jian was appointed as the Chairman of the Board and CEO of **Global Sweeteners**

CORPORATE STRUCTURE



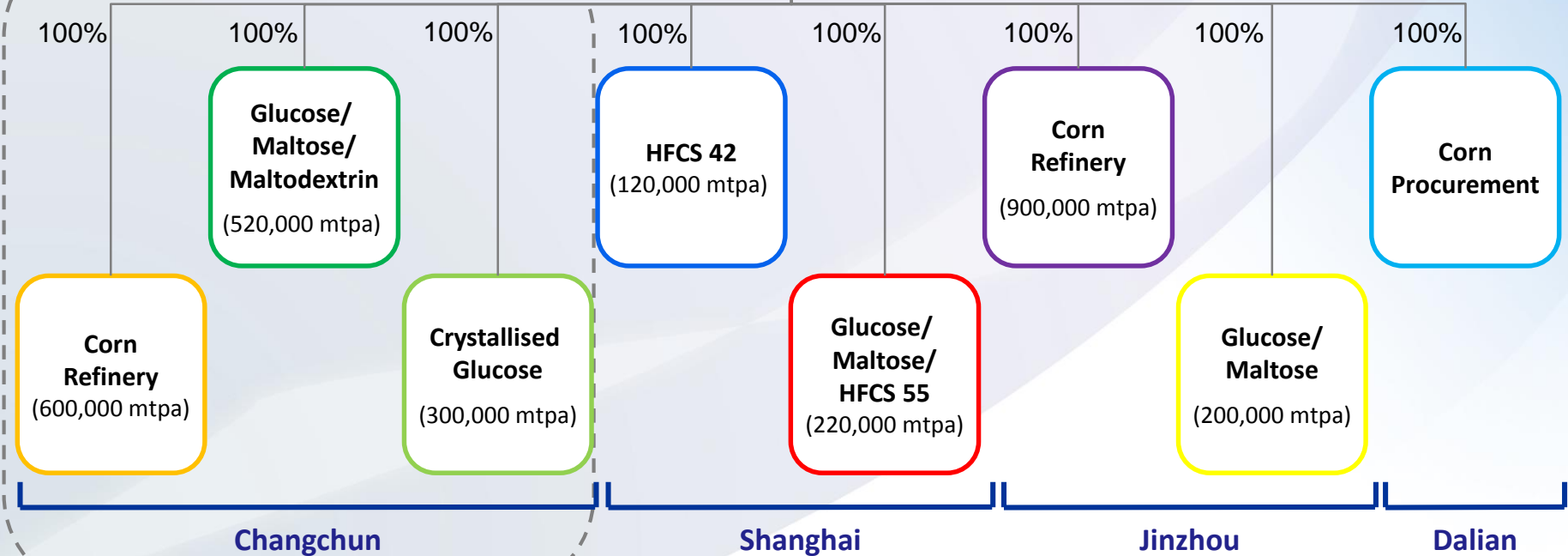
Public

64%

36%



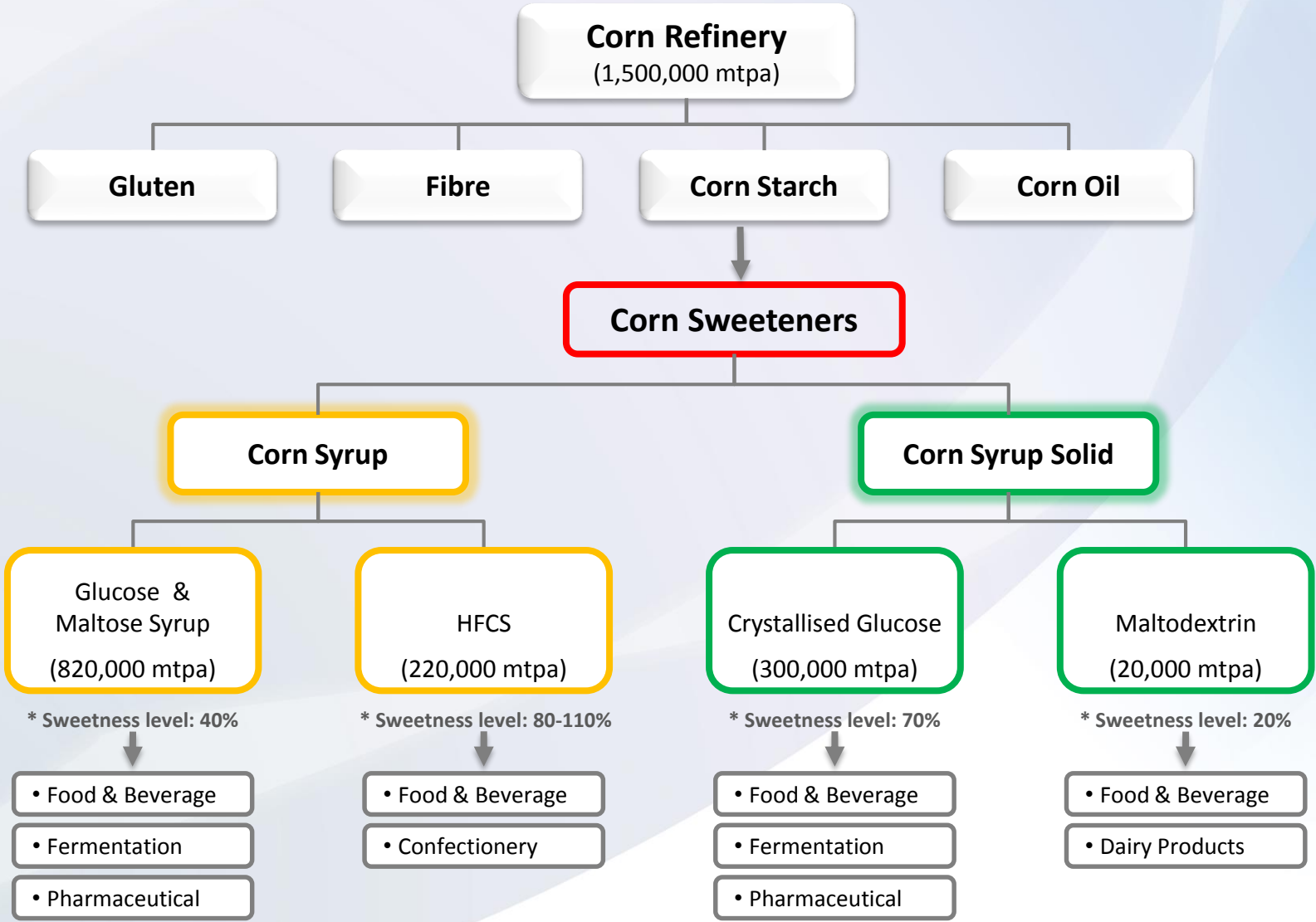
Suspended pending for relocation



DIVERSIFIED PRODUCT MIX

UPSTREAM

DOWNSTREAM



* Sweetness level base on cane sugar sweetness

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 traffic 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:

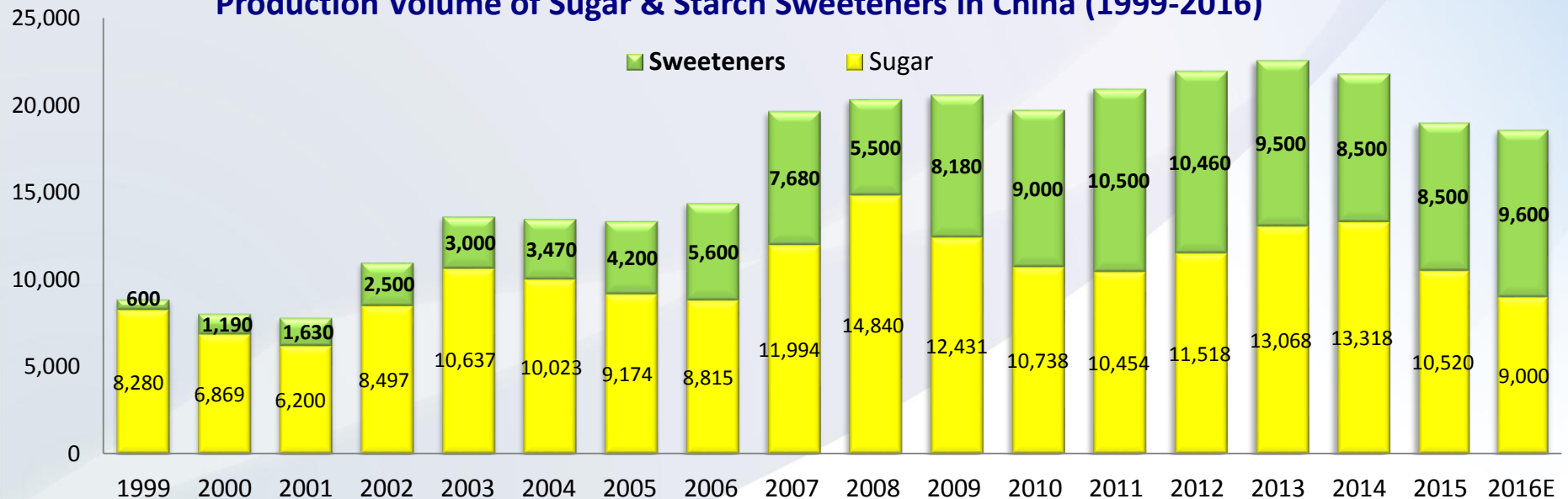
Corn, Potatoes, Tapioca

Regions:

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

'000 MT

Production Volume of Sugar & Starch Sweeteners in China (1999-2016)



Source: China Sugar Association

THANK YOU



- The End -