



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

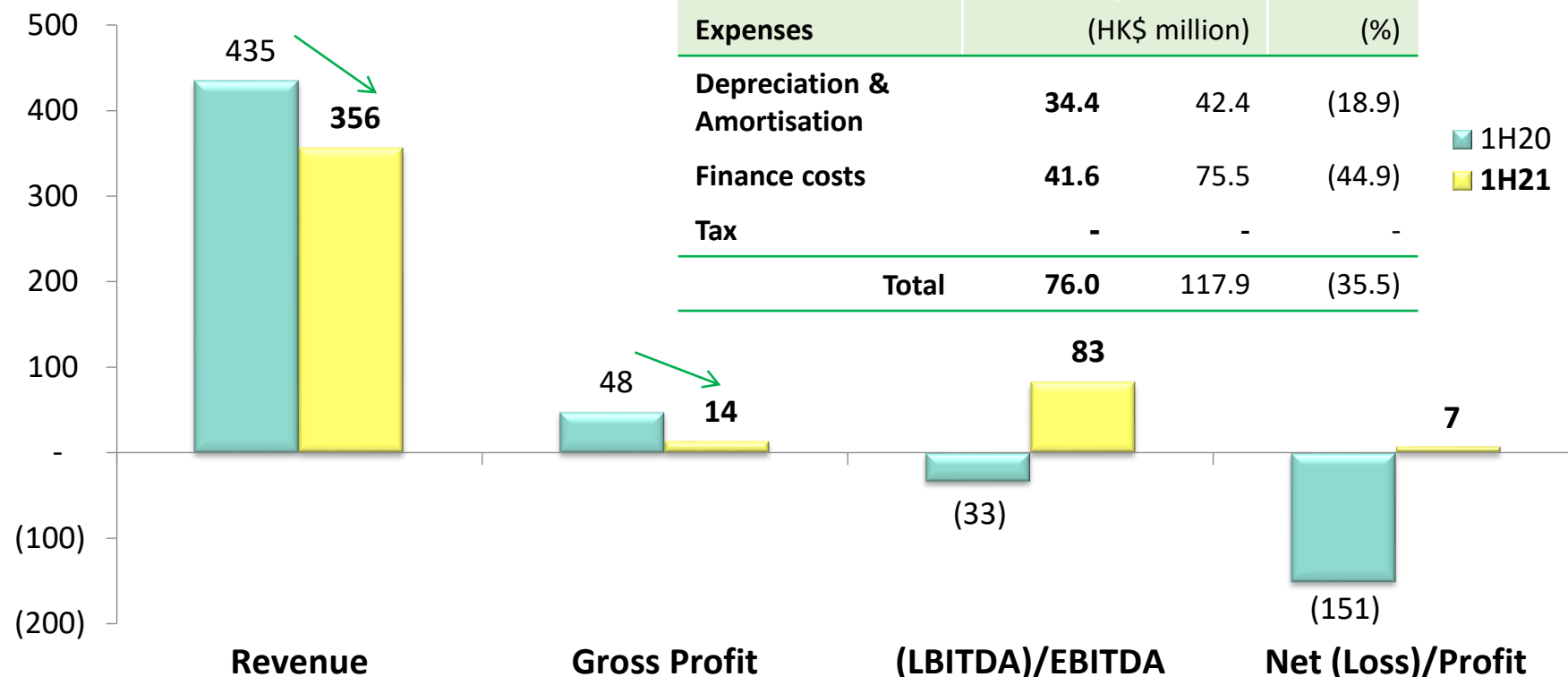
27 August 2021

* For identification purpose only

RESULTS HIGHLIGHTS

- COVID-19 + ↑corn price → suspension of most operations → revenue and GP ↓ 18.0% and 71.7% respectively.
- One-off gain of HK\$128.3 million from completion of Repurchase Agreements → net profit of HK\$7.2 million and EBITDA of HK\$83.2 million.

HK\$ million



	1H21	1H20	Change
Expenses	(HK\$ million)		(%)
Depreciation & Amortisation	34.4	42.4	(18.9)
Finance costs	41.6	75.5	(44.9)
Tax	-	-	-
Total	76.0	117.9	(35.5)

■ 1H20
■ 1H21



2021 INTERIM RESULTS

Financial Overview

OPERATING RESULTS



HK\$ million	1H21	1H20	% Change
Revenue	356.4	434.6	(18.0)
• Corn Refined Products	0.8	205.7	(99.6)
• Corn Sweeteners	355.6	228.9	55.4
Gross Profit	13.6	48.0	(71.7)
• Corn Refined Products	0.1	19.6	(99.5)
• Corn Sweeteners	13.5	28.4	(52.5)
Gross Profit Margin (%)	3.8	11.0	(7.2)% pt
• Corn Refined Products	12.5	9.5	3.0% pt
• Corn Sweeteners	3.8	12.4	(8.6)% pt
EBITDA/(LBITDA)	83.2	(33.3)	N/A
Profit/(Loss) Before Tax	7.2	(151.2)	N/A
Net Profit/(Loss)	7.2	(151.2)	N/A
Net Profit/(Loss) Margin (%)	2.0	(34.8)	N/A
Basic Earnings/(Loss) Per Share (HK cents)	0.5	(9.9)	N/A
Dividend Per Share – Interim (HK cents)	-	-	N/A

FINANCIAL POSITION



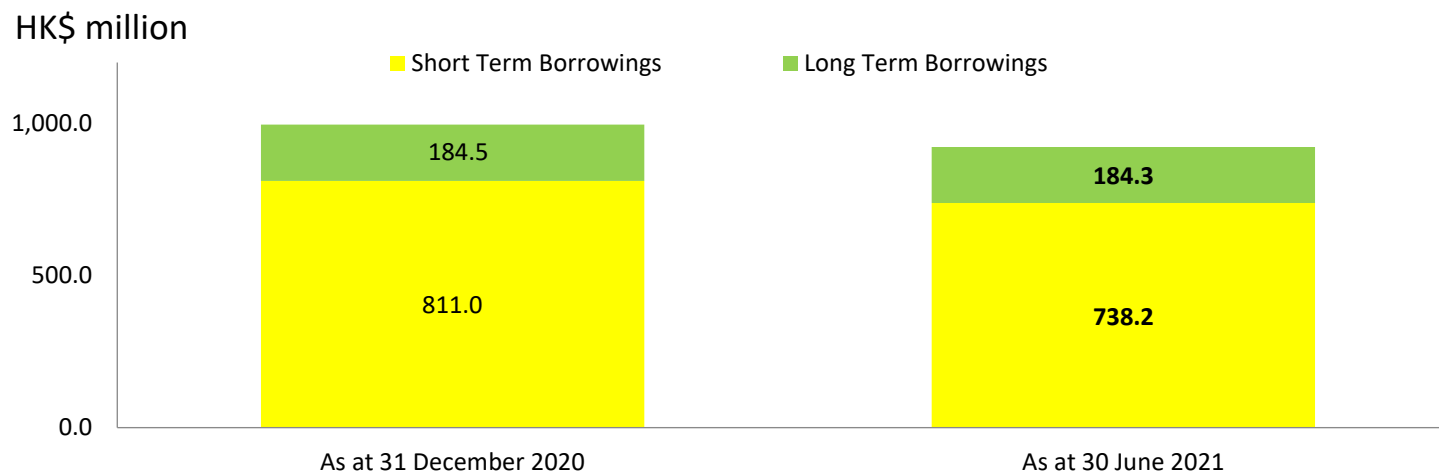
HK\$ million	30 Jun 21	31 Dec 20	% Change
Non-current Assets	669.3	692.7	(3.4)
Current Assets	277.4	611.8	(54.7)
Current Liabilities	1,134.2	1,496.9	(24.2)
Cash and Cash Equivalents	13.0	21.3	(39.0)
Interest-bearing Bank and Other Borrowings	922.5	995.6	(7.3)
Total Deficit	(421.2)	(424.9)	N/A

In view of the Group's financial position and its ability to continue as a going concern, the management has taken the following measures during the Period:

- actively negotiating with banks and creditors for the debt restructuring plan of the Group to improve its financial position;
- accelerating the resumption of the Relevant Properties;
- monitoring of the Group's operating cash outflows; and
- obtaining financial support from Nongtou.

BORROWINGS STRUCTURE

HK\$ million	30 Jun 21	31 Dec 20	% Change
Short Term Borrowings	738.2	811.0	(9.0)
Long Term Borrowings	184.3	184.5	(0.1)
Total	922.5	995.5	(7.3)



- The change in total borrowings was mainly due to the completion of the Repurchase Agreements.

KEY FINANCIAL RATIOS



	30 Jun 21	31 Dec 20
Current Ratio	0.2	0.4
Quick Ratio	0.2	0.4
Gearing Ratio*	184.0 %	174.4 %
Inventories Turnover Days	33 Days	33 Days
Trade Receivables Turnover Days	58 Days	46 Days
Trade Payables Turnover Days**	57 Days	134 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 decreased as the Group has actively negotiated with its suppliers on repayment plans mutually agreed among the parties.



2021 INTERIM RESULTS

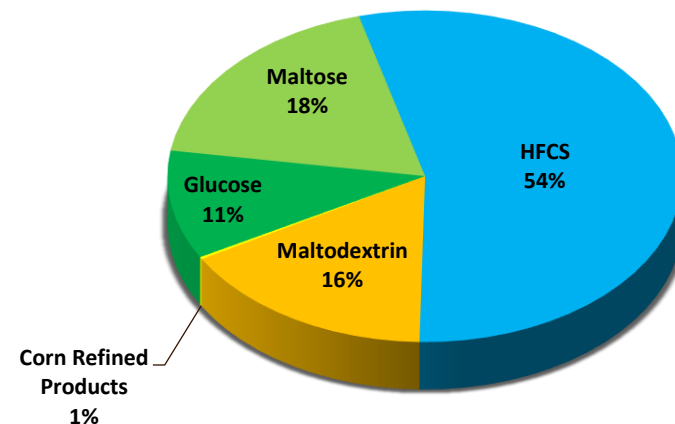
Operation Overview



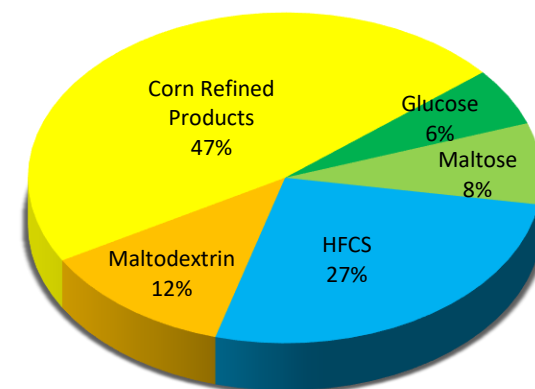
REVENUE BREAKDOWN

Revenue (HK\$ million)	1H21	1H20	% Change
Upstream			
Corn Refined Products	0.8	205.7	(99.6)
Downstream			
Glucose Syrup	37.8	24.6	53.7
Maltose Syrup	65.5	34.5	89.9
HFCS	194.1	116.4	66.8
Maltodextrin	58.2	53.4	9.0
Sweeteners Sub-total	355.6	228.9	55.4
Total	356.4	434.6	(18.0)

1H21 Revenue Breakdown



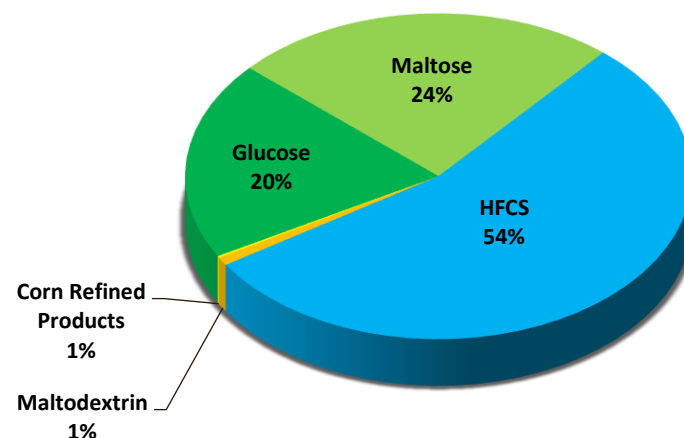
1H20 Revenue Breakdown



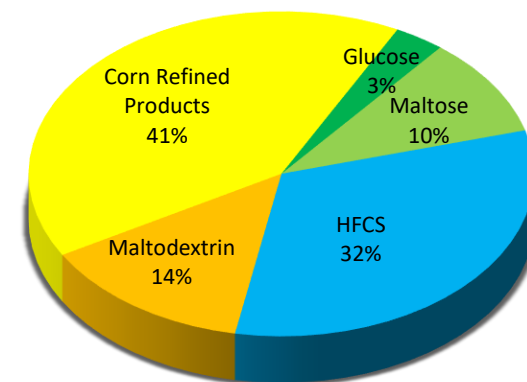
GROSS PROFIT BREAKDOWN

Gross Profit (HK\$ million)	1H21	1H20	% Change
Upstream			
Corn Refined Products	0.1	19.6	(99.5)
Downstream			
Glucose Syrup	2.7	1.6	68.8
Maltose Syrup	3.3	4.7	(29.8)
HFCS	7.4	15.5	(52.3)
Maltodextrin	0.1	6.6	(98.5)
Sweeteners Sub-total	13.5	28.4	(52.5)
Total	13.6	48.0	(71.7)

1H21 Gross Profit Breakdown



1H20 Gross Profit Breakdown



SALES ANALYSIS



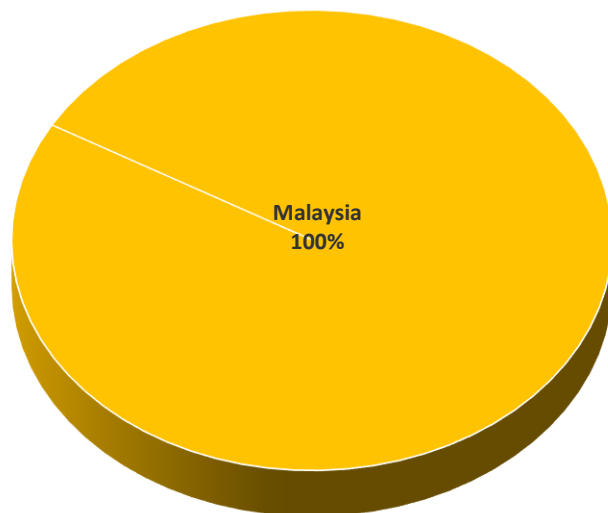
	Sales Volume ('000 MT)			Gross Profit Margin (%)		
	1H21	1H20	% Change	1H21	1H20	% pt Change
<u>Upstream</u>						
Corn Refined Products	<1	87	N/A	12.5	9.5	3.0
<u>Downstream</u>						
Corn Syrup	72	55	30.9	4.5	12.4	(7.9)
Corn Syrup Solid	17	19	(10.5)	0.2	12.4	(12.2)
Sweeteners Sub-total	89	74	20.3	*3.8	12.4	(8.6)
Total	89	161	(44.7)	3.8	11.0	(7.2)

* Notwithstanding the increase in the average selling price of the sweetener products, the *GP margin of the downstream segment dropped during the Period as the increase in selling price did not keep up with the increase in corn cost.*

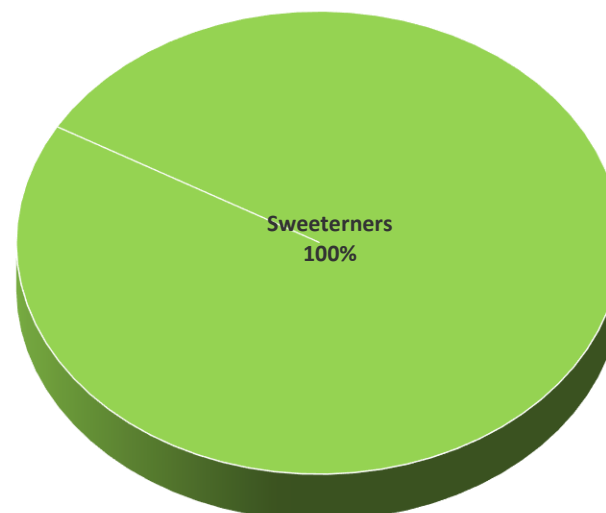
EXPORT BREAKDOWN

	1H21	1H20	% Change
Export Sales Revenue (HK\$ Million)	7.3	18.9	(61.4)
Exports Sales Volume ('000 MT)	2.0	8.0	(75.0)
Export Contribution (%)	2.1	4.3	(2.2) % pt

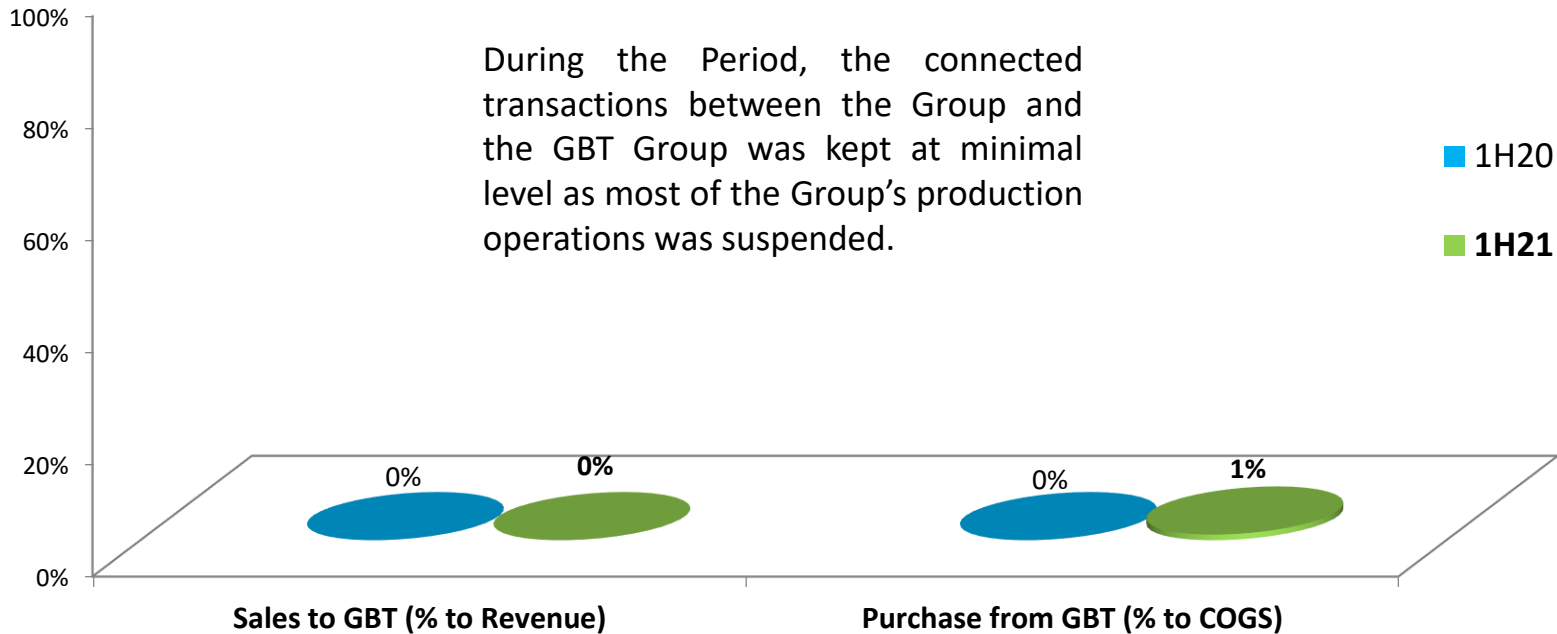
Export Sales by Region 1H21



Export Sales by Product 1H21



CCT – SALES TO & PURCHASE FROM GBT



OPERATING COST STRUCTURE

	1H21	1H20
Raw Material (Corn / Corn Starch)	*45.8 %	64.4 %
Utilities (Water, Electricity, Steam & Wastewater Treatment)	4.3 %	4.9 %
Wages and Salaries	9.8 %	8.1 %
Depreciation	6.7 %	7.3 %
Production Overhead (Consumable and Packaging Materials)	*22.7 %	2.4 %
Selling, Administrative and Other Expenses	10.7 %	12.9 %

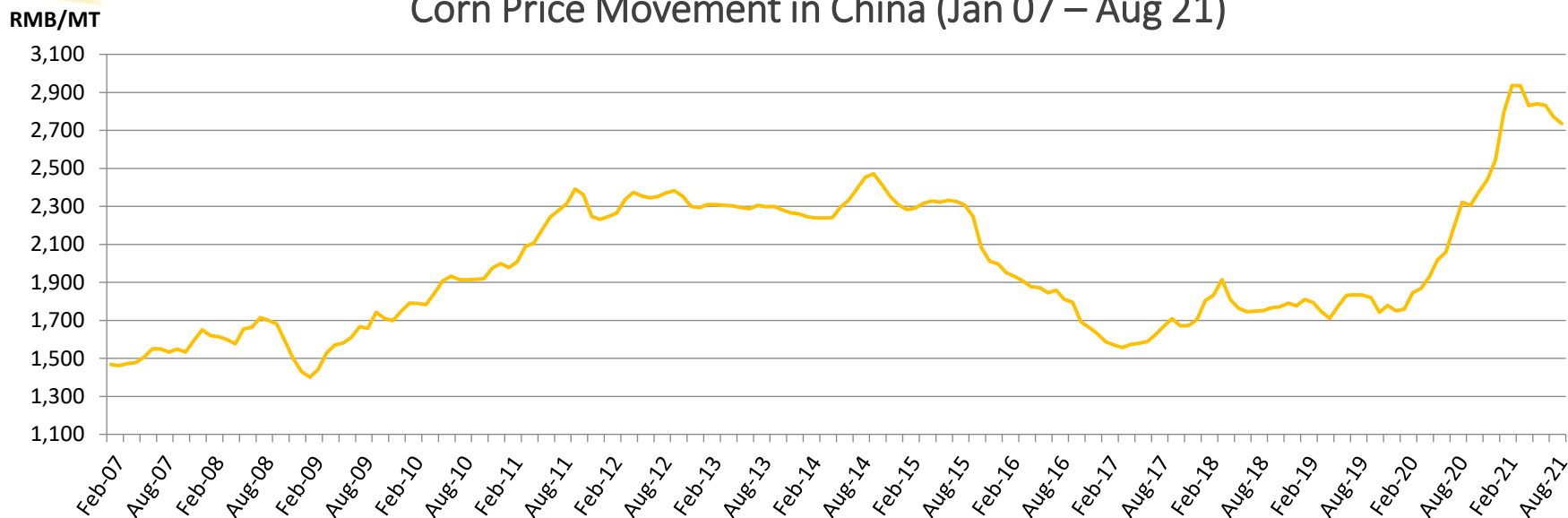
* During the Period, the Shanghai production site purchased intermediate products as raw materials in order to save costs, resulting in the changes in the shares of raw material cost and production overhead in the overall cost structure.



BUSINESS OUTLOOK & DEVELOPMENT PLANS

UPSTREAM RAW MATERIAL – CORN

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



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

- 2021/22 PRC corn harvest estimates : production at approx. 271.8 million MT (2020/21 : 260.7 million MT) (Source : Ministry of Agriculture and Rural Affairs of China); consumption at 293.7 million MT
- Import corn to make up the shortfall → domestic corn price still continued to surge YOY
- Unbalanced recovery across different industries + outbreak of ASF → selling price of upstream products under pressure → the Group has continued to suspend the upstream operation
- Operating environment will continue to be challenging in 2H21 → Group's strategy : closely monitor market conditions and financial conditions of the Group to decide the best timing to resume the operation

DOWNSTREAM SUBSTITUTE – SUGAR

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



Source: www.msweet.com.cn

- In the PRC, 2020/21 sugar production : approx. 10.7 million MT (2019/20 : 10.4 million MT) (source : China Sugar Association); consumption maintained at approx. 15.2 million MT → sweeteners price improved
- Huge difference between PRC and international sugar prices continued (As at end of June 2021 : PRC sugar price: RMB5,690/MT vs. International sugar price : US17.63 cents/lb (equiv. RMB2,517/MT))
- Changes of consumption patterns during the pandemic → slow recovery of sweeteners market
- Short-term strategies : focus on higher efficiency site in Shanghai
- Long-term strategies : utilise R&D capabilities to improve operational efficiency and develop products that better suit market needs to cope with market changes

CORPORATE STRATEGIES



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

➤ *Regarding the BOC Transferred Loans and the Financial Guarantees:*

- ◆ In March 2021, each of the Group, the GBT Group and Dajincang (“the BOC Borrowers”) entered into a Repurchase Agreement with 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*) (“Changchun Rudder”), pursuant to which Changchun Rudder had agreed to sell to each of the BOC Borrowers, and each of the BOC Borrowers had agreed to purchase all of the rights and benefits of the loans owed to Changchun Rudder, which included the GSH Indebtedness, the GBT Indebtedness and the Dajincang Indebtedness. Completion took place on 31 March 2021.
- ◆ Subsequently, all the obligations of the Guarantor Subsidiaries have been discharged.
- ◆ The Group recorded a one-off gain from debt restructuring of approximately HK\$128,300,000 during the Period.

➤ *Regarding the ABC Transferred Loans and the CCB Transferred Loans:*

- ◆ Following the transfer of the ABC Transferred Loans and the CCB Transfer Loans 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 the efforts to facilitate the implementation of the debt restructuring plan for the ABC Transferred Loans and the CCB Transferred Loans during the Period.
- ◆ It is currently expected that the debt restructuring of the ABC Transferred Loans and the CCB Transferred Loans will be completed by end of 2021, subject to the obtaining of approvals from the relevant authorities and creditors.

CORPORATE STRATEGIES (CON'T)



2) Resumption of the Relevant Properties

As disclosed previously, the Relevant Properties was categorised as part of the subject properties for redevelopment under the PRC's Slum Redevelopment Policy.

The first phase of resumption involved the properties owned by Dihao Foodstuff (the "Dihao Resumption") took place in 2020 and all the compensation in the amount of approximately RMB443.0 million has been received during the Period.

The resumption of the remaining part of the Relevant Properties owned by the Group with an aggregate area of land of not less than 100,000 square metres will be conducted by the local government in stages. It is currently expected that a substantial portion of the remaining properties will be resumed by the end of 2021. The proceeds from such will help to relieve the financial and cash flow pressure of the Group during the period of suspension.

CORPORATE STRATEGIES (CON'T)



3) Relocation opportunities

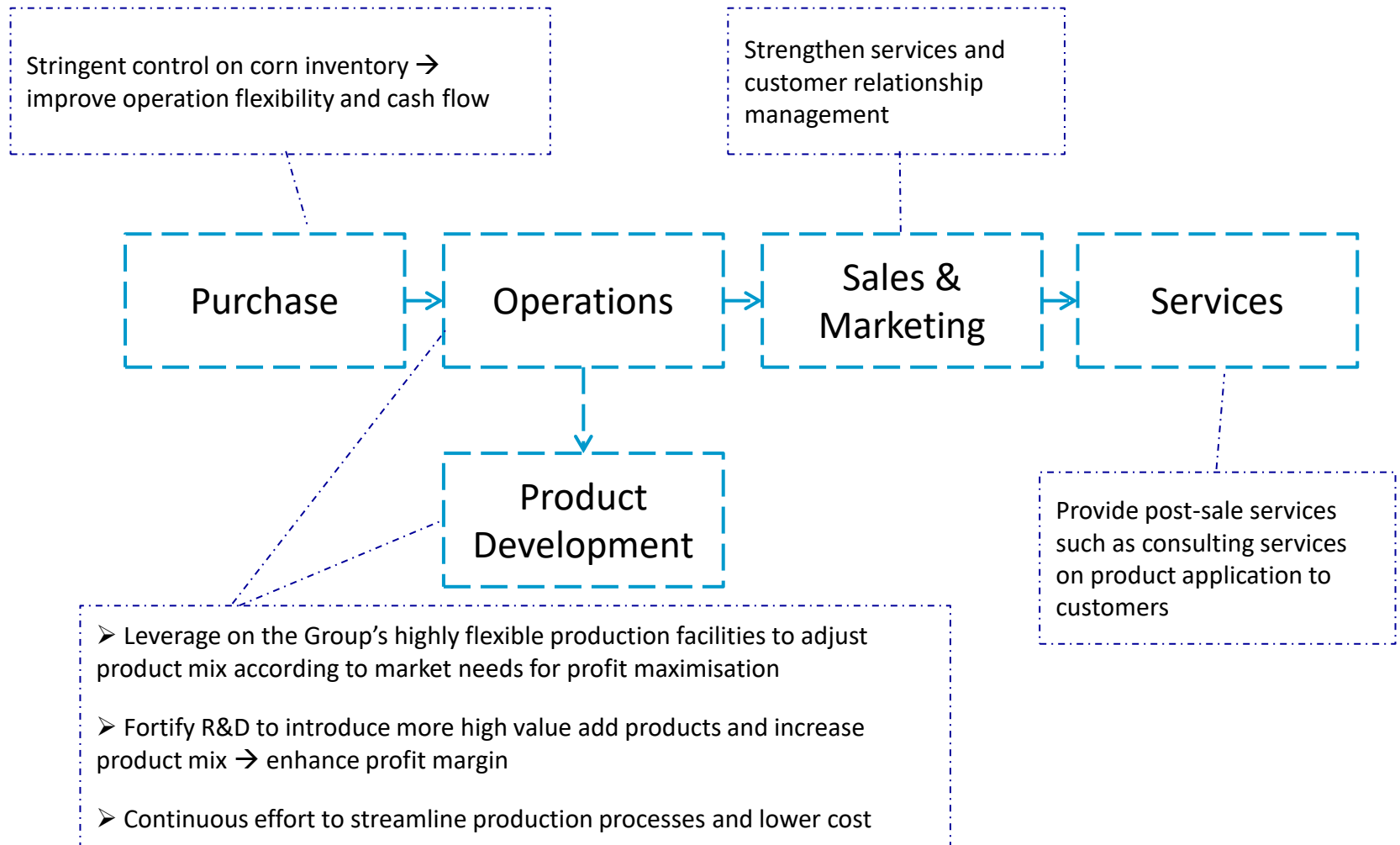
- facilities upgrade
- further cost reduction through streamlining and improving production flow
- product mix and production capacity re-structure targeting high-end users

Due to the challenging economic environment and the continued impact of the COVID-19 pandemic, the initial plan for the relocation of the Group's production facilities has been placed on hold in light of the changing market conditions and pending the availability of capital and favourable market conditions. The Group will continue to assess the changing market conditions and the progress of the resumption of the Relevant Properties owned by the Group so as to update and revise the feasibility studies of the relocation plan for submission to, among others, the relevant government bodies for approval.

The Group will make announcement to inform its shareholders and potential investors for the latest updates of the relocation of production facilities to the Xinglongshan site as appropriate.

CORPORATE STRATEGIES (CON'T)

4) GSH's value chain



CAPACITY OVERVIEW

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



COMPANY PROFILE

CORPORATE MILESTONES



Hao Cheng was established in Shanghai with a designed production capacity of 60,000 mtpa

Global Sweeteners (stock code: 03889.HK) was listed on the Main Board of the Stock Exchange of Hong Kong Limited on 20 September 2007

The listing of TDR of **Global Sweeteners** (stock code: 913889.TW) on the Taiwan Stock Exchange Corporation on 25 March 2010

Discontinued operation of the retail beef business

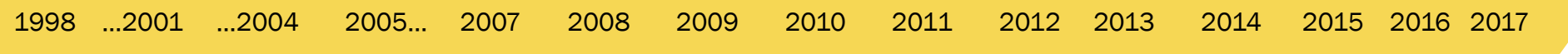
Change in shareholding structure of GBT's controlling shareholder; Nongtou becomes an indirect controlling shareholder of **Global Sweeteners**. Mr. Zhang Zihua was appointed as an Executive Director

CDNP (Global-Nikken JV) established to produce sorbitol with a designed production capacity of 60,000 mtpa
Acquired the 75% interest in **Changchun Dihao**

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

Construction of new HFCS 55 production line with a designed capacity of 100,000 mtpa in **Shanghai Hao Cheng** completed

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



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**

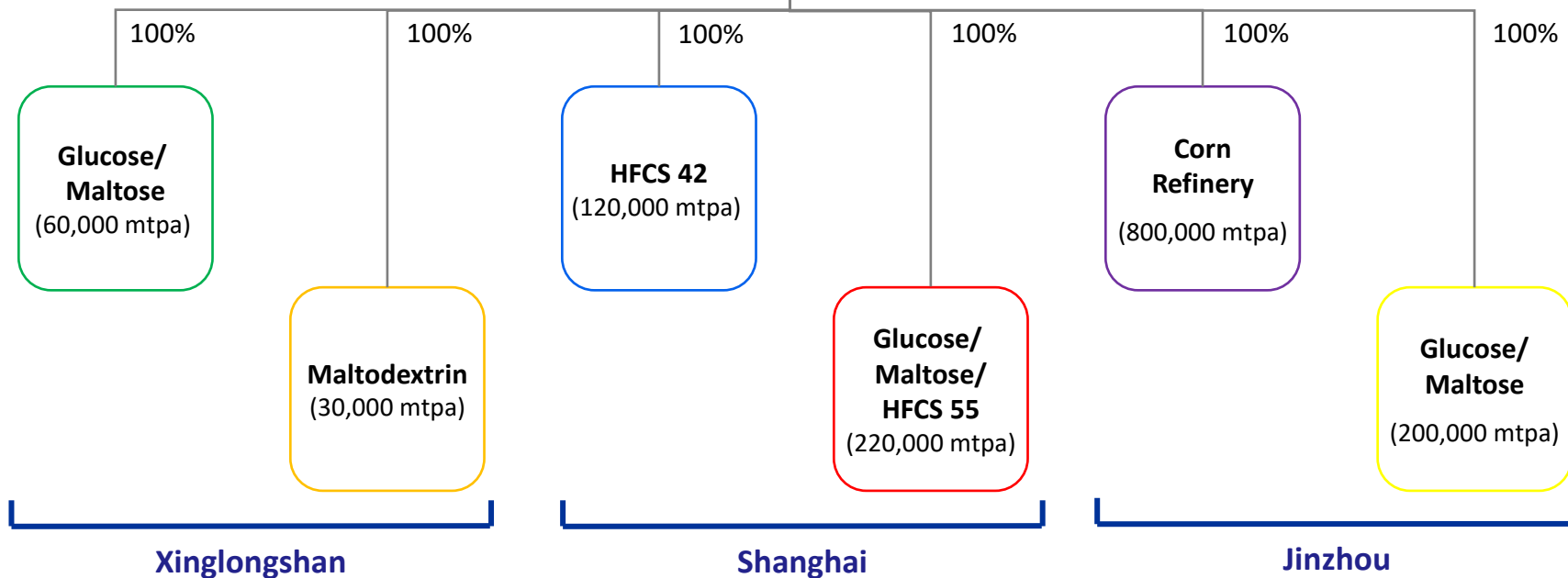
CORPORATE STRUCTURE



Public

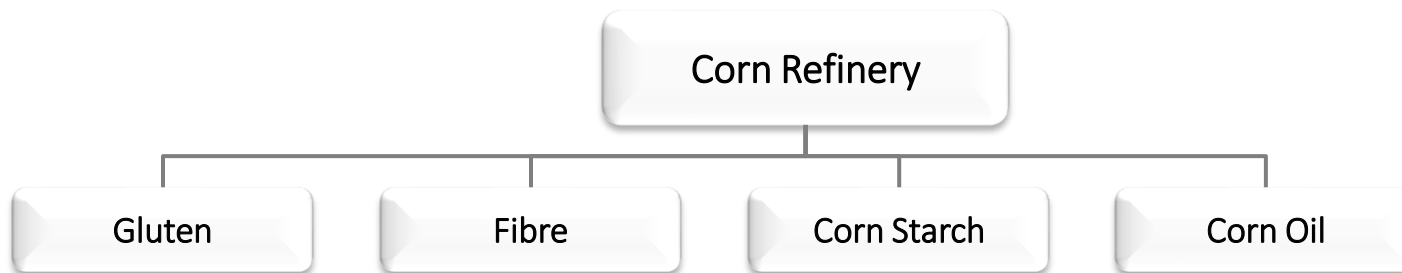
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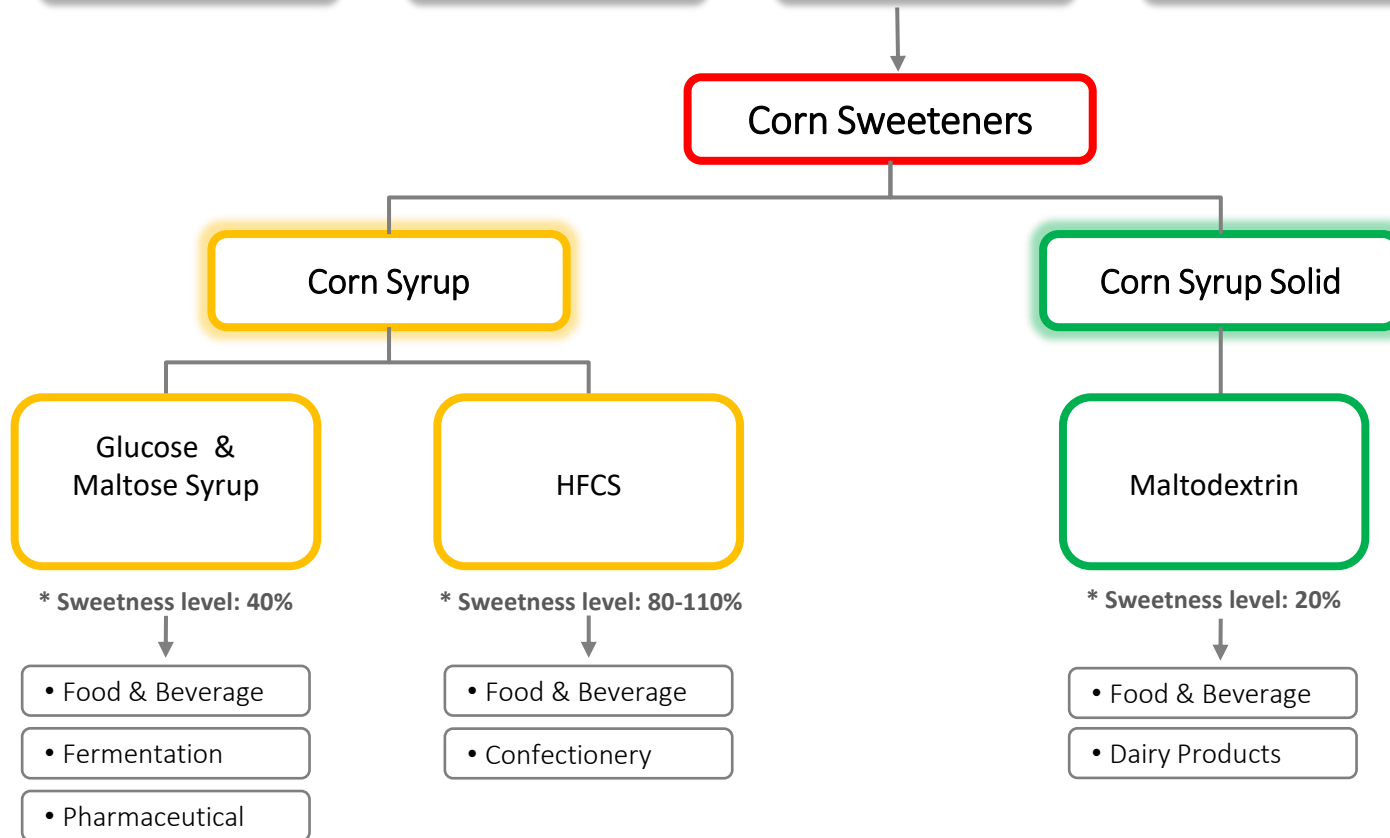


DIVERSIFIED PRODUCT MIX

UPSTREAM



DOWNSTREAM



* 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

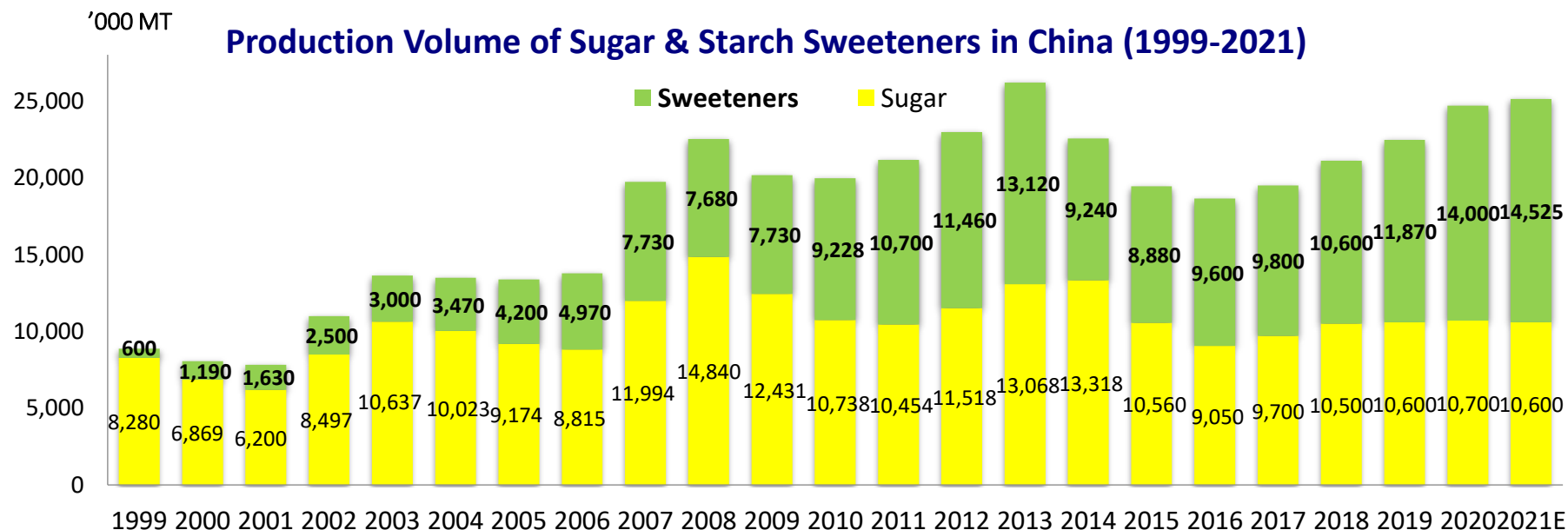
Starch Sweeteners

Raw Material:

Corn, Potatoes, Tapioca

Regions:

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



Source: China Sugar Association / USDA /Cofeed



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THANK YOU
-- The End --



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