

2016 INTERIM RESULTS

Aug 2016



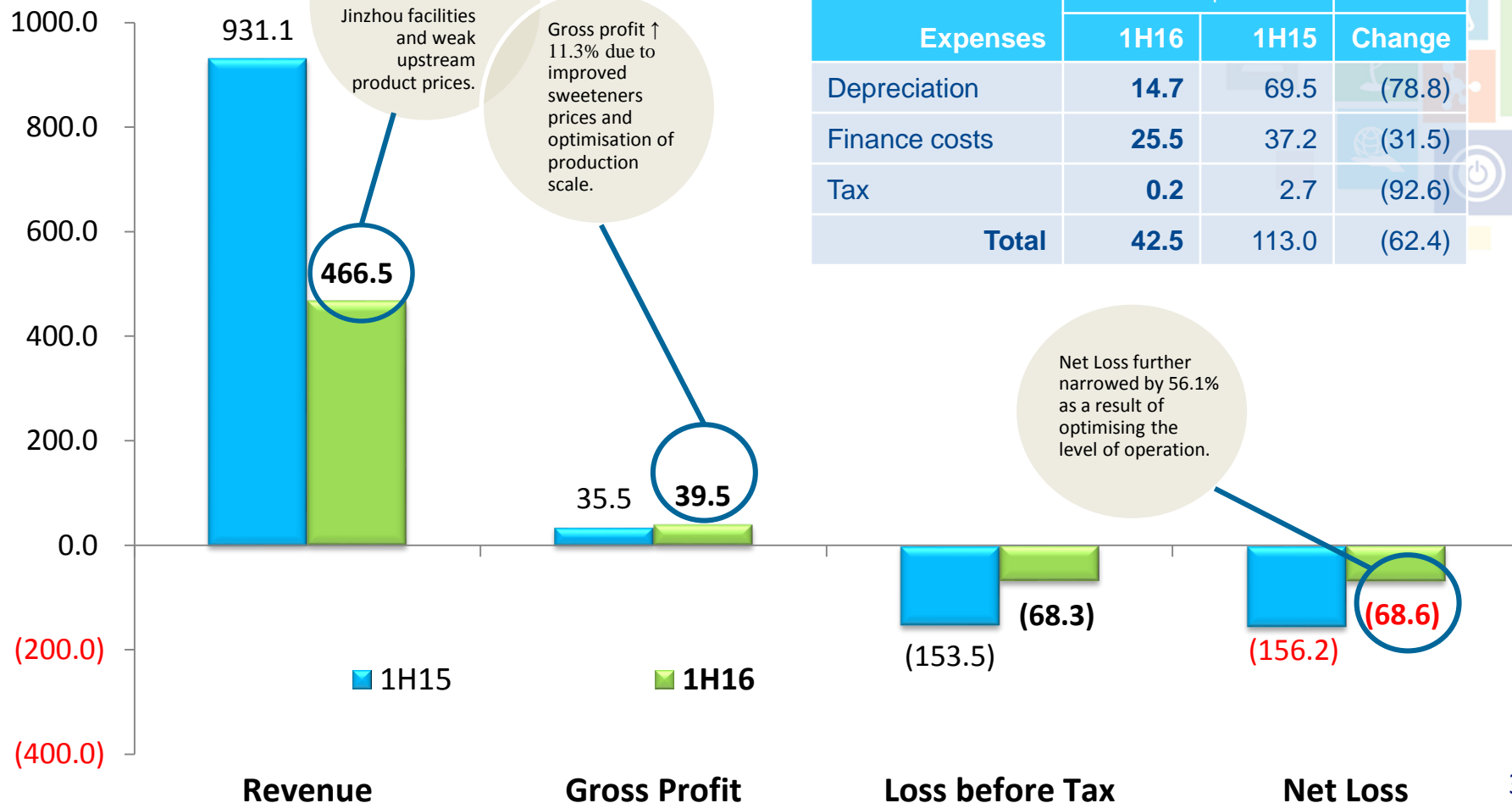
AGENDA

- 2016 Interim Results
 - Financial Overview
 - Operation Overview
- Business Outlook & Development Plans
- Company Profile
- Appendix



RESULTS HIGHLIGHTS

HK\$ million



OPERATING RESULTS

HK\$ million	1H16	1H15	% Change
Revenue*	466.5	931.1	(49.9)
• Corn Refined Products & Corn Procurement	171.4	481.6	(64.4)
• Corn Sweeteners	290.5	449.4	(35.4)
• Trading**	4.6	-	N/A
Gross Profit / (Loss)	39.5	35.5	11.3
• Corn Refined Products & Corn Procurement	(2.4)	(5.1)	N/A
• Corn Sweeteners	41.7	40.6	2.7
• Trading**	0.2	-	N/A
Gross Profit / (Loss) Margin (%)	8.5	3.8	4.7 % pt
• Corn Refined Products & Corn Procurement	(1.4)	(1.1)	N/A
• Corn Sweeteners	14.4	9.0	5.4 % pt
• Trading**	4.3	-	N/A
Loss Before Tax	(68.3)	(153.5)	N/A
Net Loss	(68.6)	(156.2)	N/A
Net Margin (%)	(14.7)	(16.8)	N/A
Basic Loss Per Share (HK cents)	(4.49)	(10.3)	N/A
Dividend Per Share – Interim (HK cents)	-	-	N/A

* The substantial drop in revenue was mainly due to the suspension of certain operations in Changchun since April 2014 and low facility utilisation in Jinzhou during the Period.

** The trading segment began operation subsequent to the Master Sales Agreement entered into between the Group and the GBT Group in April 2016 for the marketing and sale of GBT's Lysine and Other Products in Huadong Region.

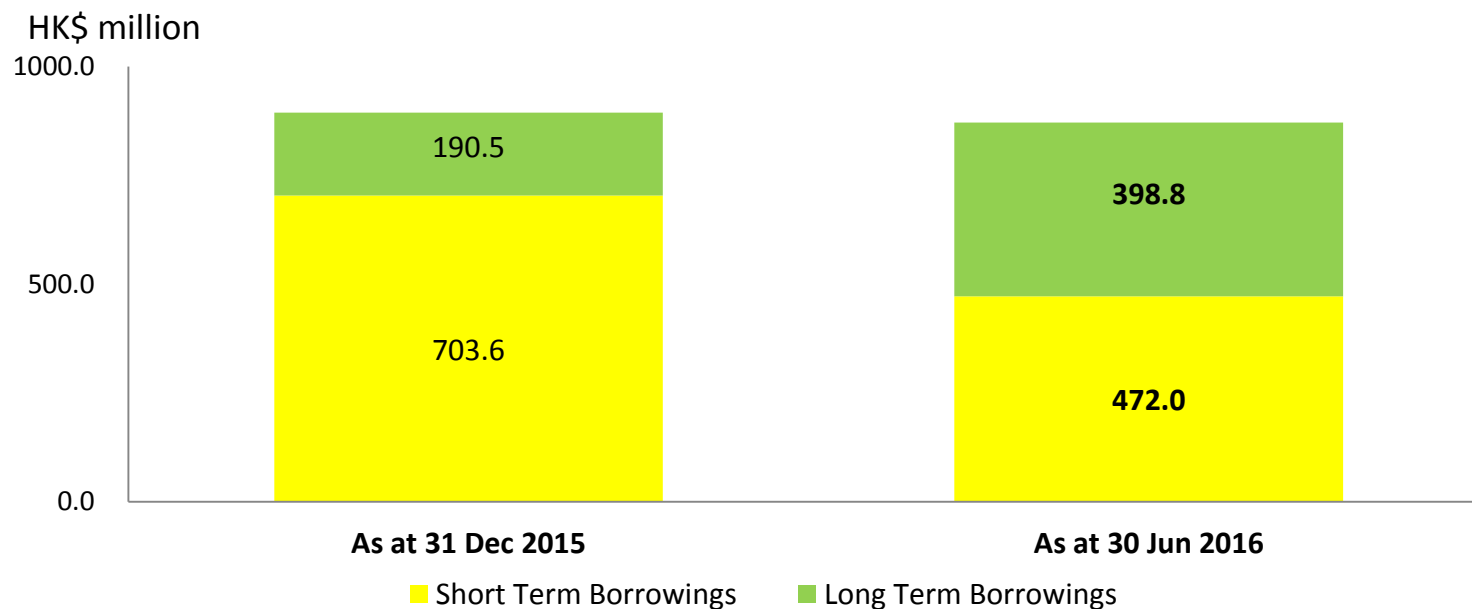
FINANCIAL POSITION

HK\$ million	30 Jun 16	31 Dec 15	% Change
Non-current Assets	606.5	604.1	0.4
Current Assets	999.1	1,013.4	(1.4)
Current Liabilities	989.8	1,141.4	(13.3)
Cash and Cash Equivalents	104.9	61.1	71.7
Shareholder's Equity	109.9	178.5	(38.4)
Interest Bearing Borrowings	870.8	894.0	(2.6)

BANK BORROWINGS ANALYSIS

HK\$ million	30 Jun 16	31 Dec 15	% Change
Short Term Borrowings	472.0	703.5	(32.9)
Long Term Borrowings	398.8	190.5	109.3
Total	870.8	894.0	(2.6)

* Average interest rate for 1H16: 5.8% (1H15: 7.5%)



KEY FINANCIAL RATIOS

	30 Jun 16	31 Dec 15
Current Ratio	1.0	0.9
Quick Ratio	0.9	0.8
Gearing Ratio (net debt/equity)	412.3%	450.9%
Inventories Turnover Days	27 Days	37 days
Trade Receivables Turnover Days	36 Days	37 days
Trade Payables Turnover Days	31 days	46 days

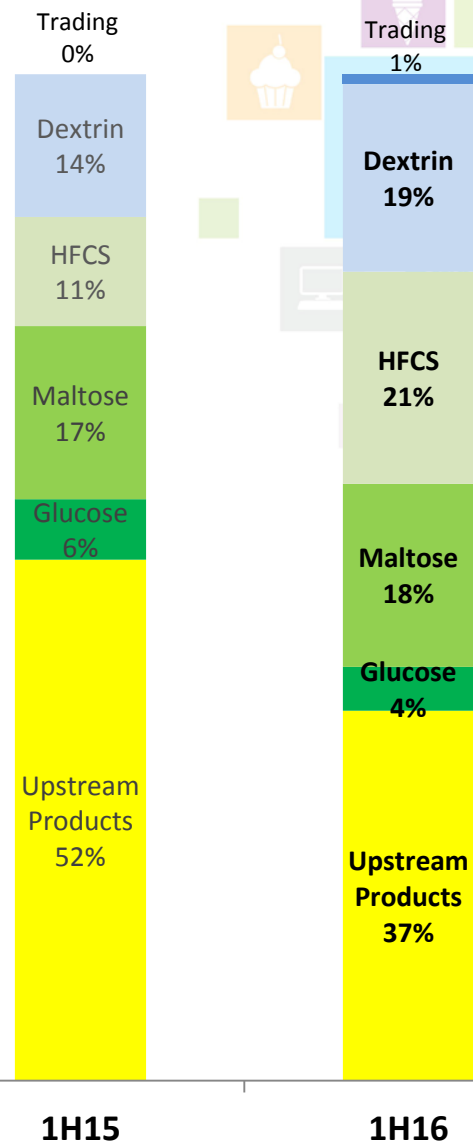
2016 INTERIM RESULTS

Operation Overview



REVENUE BREAKDOWN

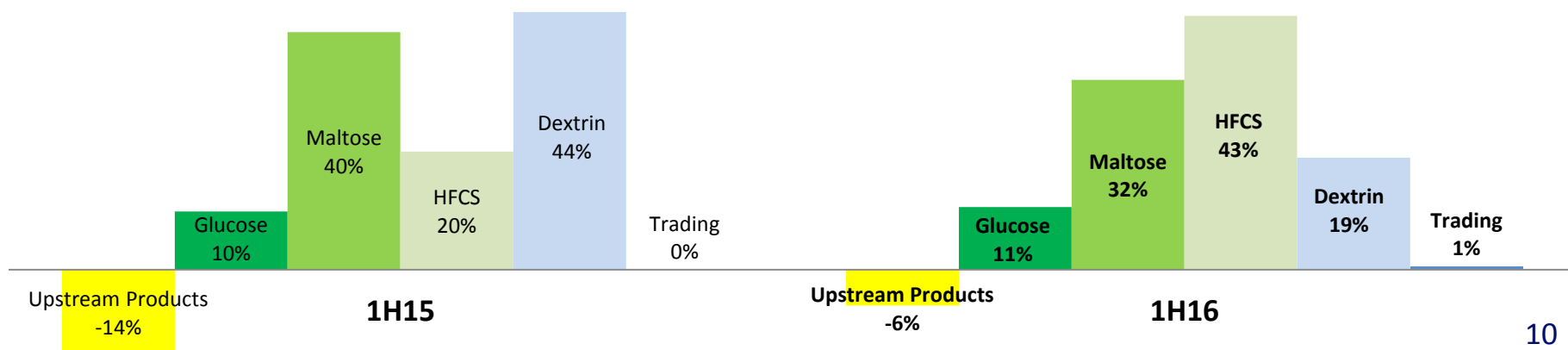
Revenue (HK\$ million)	1H16	1H15	% Change
Upstream*			
Corn Refined Products & Corn Procurement	171.4	481.6	(64.4)
Downstream			
Glucose Syrup	20.4	55.9	(63.5)
Maltose Syrup	84.8	160.3	(47.1)
HFCS	98.3	100.9	(2.6)
Maltodextrin	87.0	132.4	(34.3)
Sweeteners Sub-total	290.5	449.5	(35.4)
Trading			
Lysine & Other Corn Refined Products	4.6	-	N/A
Total	466.5	931.1	(49.9)



* The drop in upstream revenue was mainly due to the suspension of certain operations in Changchun since April 2014 and low facility utilisation in Jinzhou.

GROSS PROFIT BREAKDOWN

Gross Profit / (Loss) (HK\$ million)	1H16	1H15	% Change
Upstream			
Corn Refined Products & Corn Procurement	(2.4)	(5.1)	N/A
Downstream			
Glucose Syrup	4.2	3.5	20.0
Maltose Syrup	12.7	14.3	(11.2)
HFCS	17.0	7.3	132.9
Maltodextrin	7.8	15.5	(49.7)
Sweeteners Sub-total	41.7	40.6	2.7
Trading			
Lysine & Other Corn Refined Products	0.2	-	N/A
Total	39.5	35.5	11.3



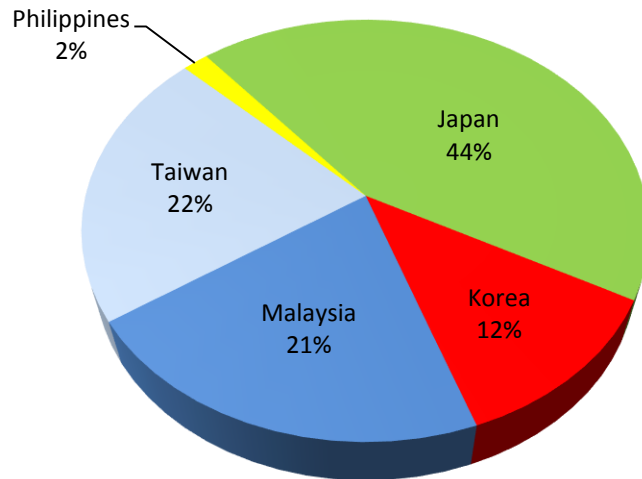
SALES ANALYSIS

	Sales Volume ('000 MT)			Gross Profit / (Loss) Margin (%)		
	1H16	1H15	% Change	1H16	1H15	% pt Change
<u>Upstream</u>						
Corn Refined Products & Corn Procurement	75	169	(55.6)	(1.4)	(1.1)	N/A
<u>Downstream</u>						
Corn Syrup	69	89	(22.5)	16.7	7.9	8.8
Corn Syrup Solid	32	39	(17.9)	9.0	11.7	(2.7)
Sweeteners Sub-total	101	128	(21.1)	14.4	9.0	5.4
<u>Trading</u>						
Lysine & Other Corn Refined Products	1	-	N/A	4.3	-	N/A
Total	177	297	(40.4)	8.5	3.8	4.7

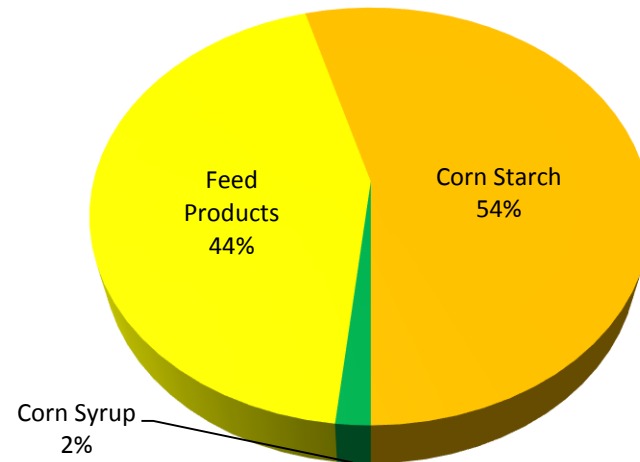
EXPORTS BREAKDOWN

	1H16	1H15	% Change
Export Sales Revenue (HK\$ Million)	40.2	46.5	(13.5)
Exports Sales Volume ('000 MT)	21	24	(12.5)
Export Contribution (%)	8.6	5.0	3.6 % pt

Exports Breakdown by Region 1H16



Exports Breakdown by Product 1H16



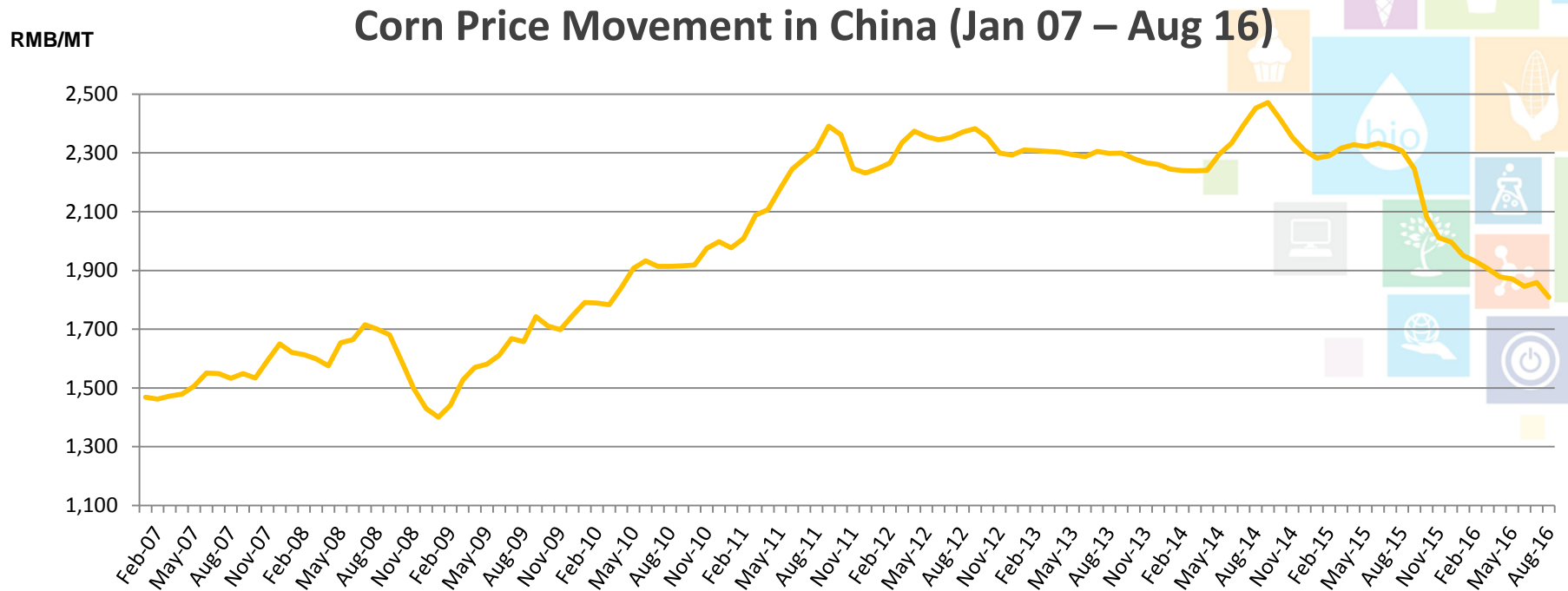
OPERATING COST STRUCTURE

	1H16	1H15
Raw Material (Corn / Corn Starch)	68.1%	71.4%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	7.9%	6.6%
Labour	2.4%	1.4%
Depreciation	2.2%	2.6%
Production Overhead (Consumable and Packaging)	4.4%	5.7%
Selling and Distribution Expenses	7.0%	6.2%
Administrative Expenses	8.0%	6.1%

BUSINESS OUTLOOK & DEVELOPMENT PLANS



UPSTREAM RAW MATERIAL – CORN



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

- According to the National Bureau of Statistics of the PRC, corn harvest for 2015/16: approx. 225 million MT (2014/15: 215 million MT)
- GSH purchasing cost for 1H16: RMB1,671/MT; excl. VAT (1H15: RMB2,067/MT)
- Introduction of direct subsidy to farmers in Heilongjiang, Jilin, Liaoning and Inner Mongolia in coming harvest season → PRC corn price is expected to drop
- Over-capacity situation persists → optimise operation in response to market changes
- Corn refinery serves as an important feedstock → strategic value to the Group's business

DOWNSTREAM SUBSTITUTE – SUGAR

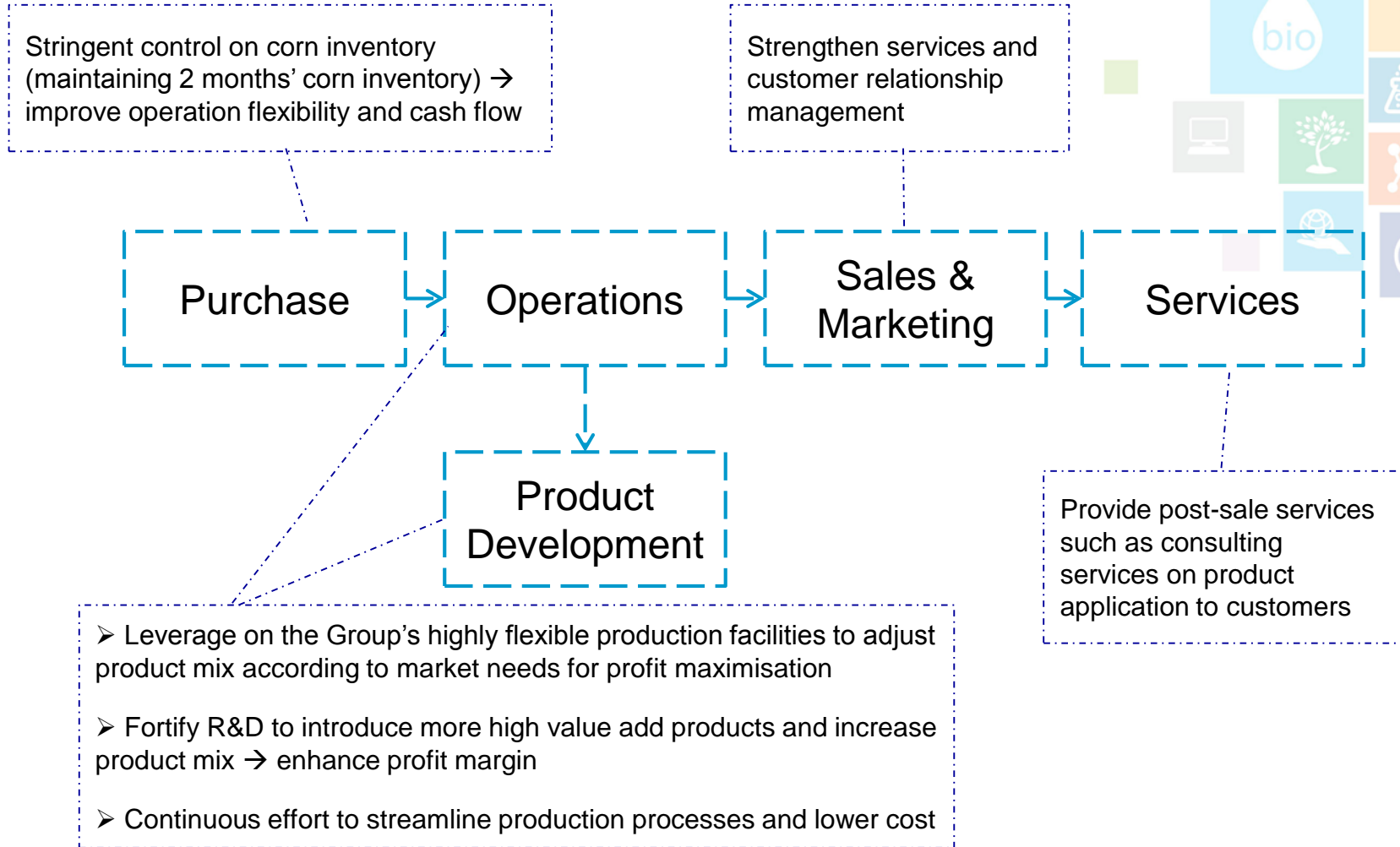


Source: www.sugarinfo.net

- 2015/16 sugar production in China dropped 16.7% to 9.0 million MT (2014/15: 10.8 million MT)
- Drop in production stimulates → currently PRC at approx. RMB 6,100/MT
- Increased sugar price & decreased corn price → ↑ incentive to switch to corn sweeteners
- Strategy on corn sweeteners business: continues to focus on high value-add products and markets; 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 have been approved at the EGMs. 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
- Tentative 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	560,000	560,000
Corn Refined By-products	240,000	240,000
Upstream Sub-total	800,000	800,000
<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	1,320,000	1,320,000

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



100%

100%

100%

100%

100%

100%

100%

100%

**Glucose/
Maltose/
Maltodextrin**
(520,000 mtpa)

HFCS 42
(120,000 mtpa)

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

**Corn
Procurement**

**Corn
Refinery**
(600,000 mtpa)

**Crystallised
Glucose**
(300,000 mtpa)

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

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

Changchun

Shanghai

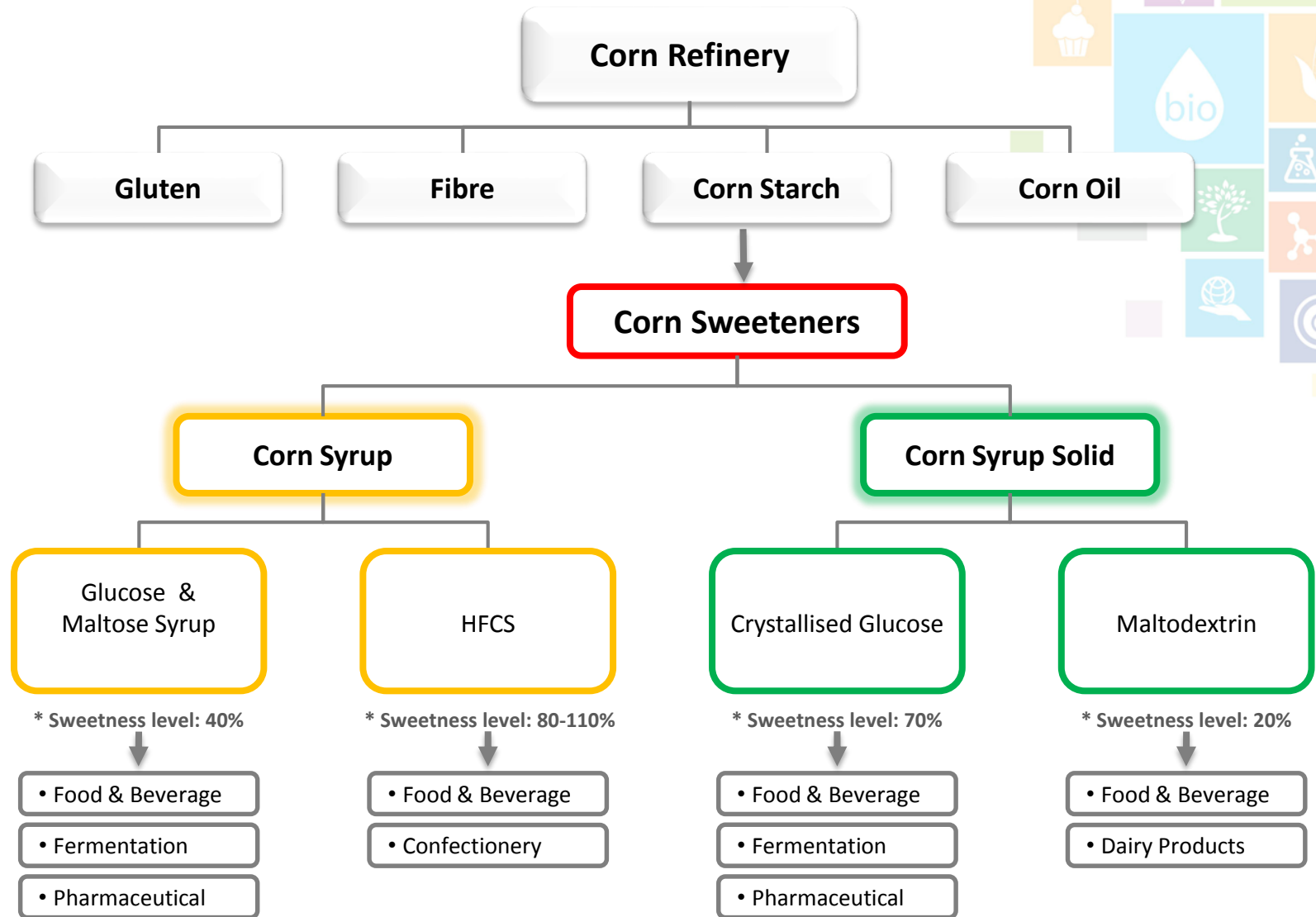
Jinzhou

Dalian

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)

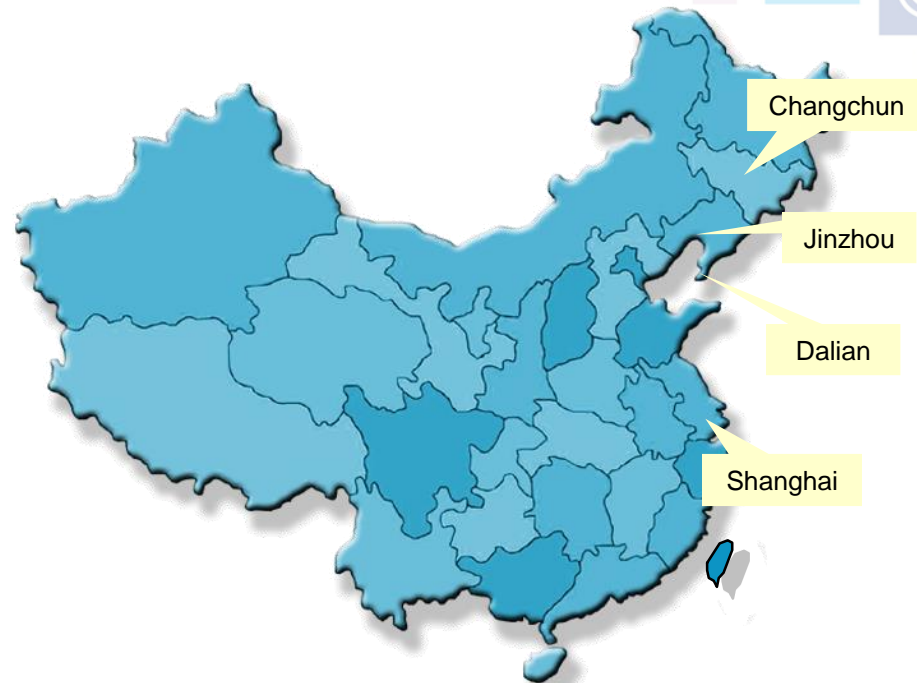
Dalian

- 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:

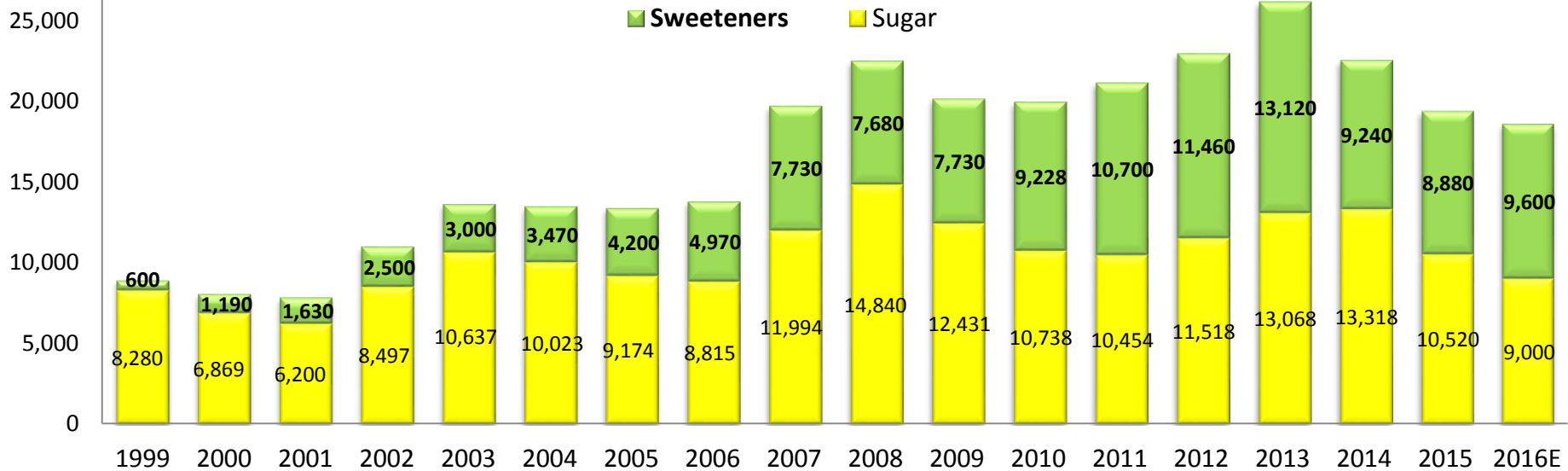
Corn, Potatoes, Tapioca

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 -

