



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



2021 ANNUAL RESULTS

5 May 2022

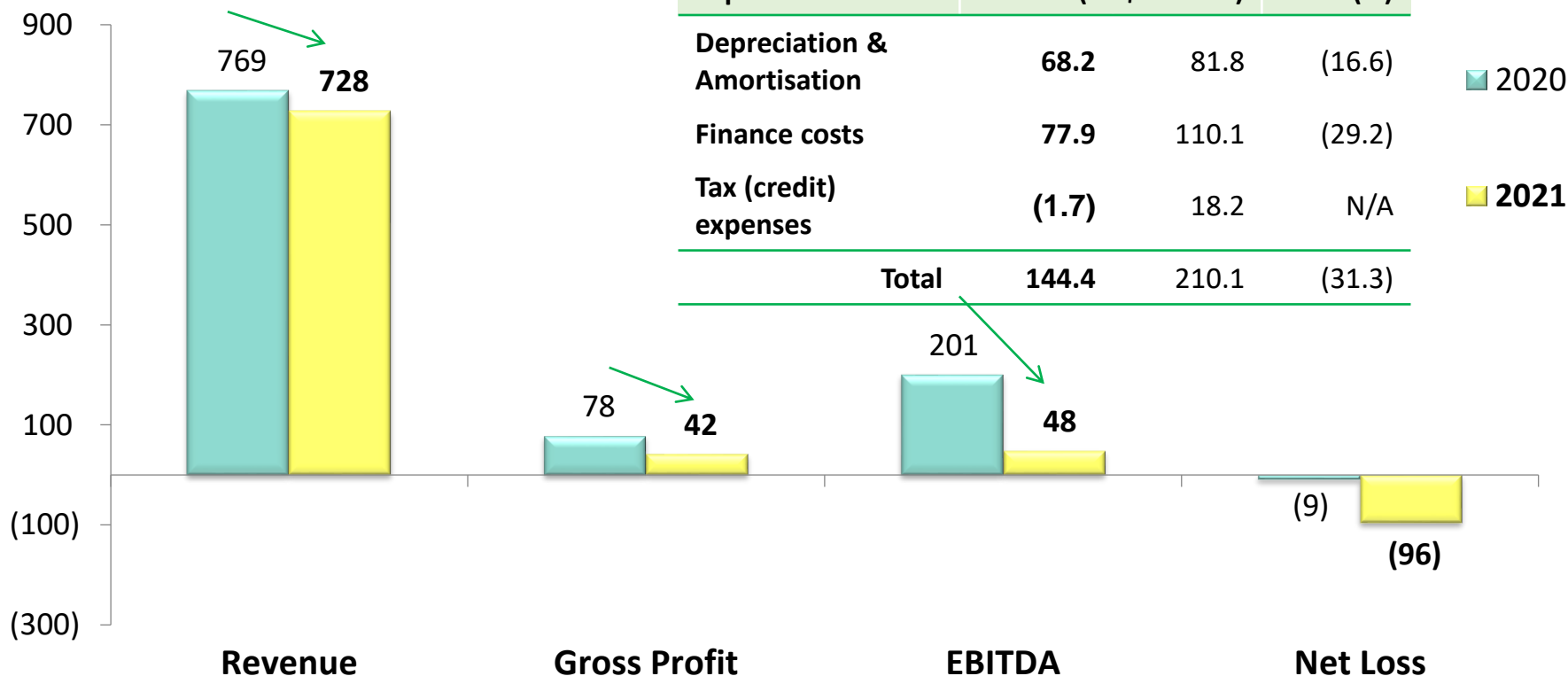
* For identification purpose only

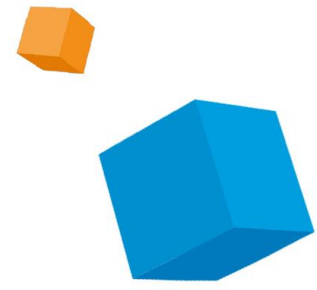
RESULTS HIGHLIGHTS



- COVID-19 + ↑corn price → suspension of most operations → revenue ↓ 5.3% and GP ↓ 46.6%.
- One-off gain of HK\$128.3 million from completion of Repurchase Agreements during the Year VS one-off gain of HK\$289.4 million from resumption of properties in 2020 → ↓ other income and gains → net loss of HK\$96.3 million for the Year.

HK\$ million





2021 ANNUAL RESULTS

Financial Overview



OPERATING RESULTS



| HK\$ million | 2021 | 2020 | % Change |
|--|---------------|-------|-----------|
| Revenue | 728.1 | 769.0 | (5.3) |
| • Corn Refined Products | 0.8 | 211.0 | (99.6) |
| • Corn Sweeteners | 727.3 | 558.0 | 30.3 |
| Gross Profit | 41.6 | 77.9 | (46.6) |
| • Corn Refined Products | 0.1 | 22.9 | (99.6) |
| • Corn Sweeteners | 41.5 | 55.0 | (24.5) |
| Gross Profit Margin (%) | 5.7 | 10.1 | (4.4)% pt |
| • Corn Refined Products | 12.5 | 10.9 | 1.6% pt |
| • Corn Sweeteners | 5.7 | 9.9 | (4.2)% pt |
| EBITDA | 48.2 | 201.4 | (76.1) |
| (Loss)/Profit Before Tax | (97.9) | 9.5 | N/A |
| Net Loss | (96.3) | (8.7) | N/A |
| Net Loss Margin (%) | (13.2) | (1.1) | N/A |
| Basic Loss Per Share (HK cents) | (6.3) | (0.6) | N/A |
| Dividend Per Share – Interim (HK cents) | - | - | N/A |

FINANCIAL POSITION



| HK\$ million | 31 Dec 21 | 31 Dec 20 | % Change |
|--|-----------|-----------|----------|
| Non-current Assets | 679.5 | 692.7 | (1.9) |
| Current Assets | 255.5 | 611.8 | (58.2) |
| Current Liabilities | 1,381.1 | 1,496.9 | (7.7) |
| Cash and Cash Equivalents | 7.8 | 21.3 | (63.4) |
| Interest-bearing Bank and Other Borrowings | 927.5 | 995.6 | (6.8) |
| Total Deficit | (500.6) | (424.9) | N/A |

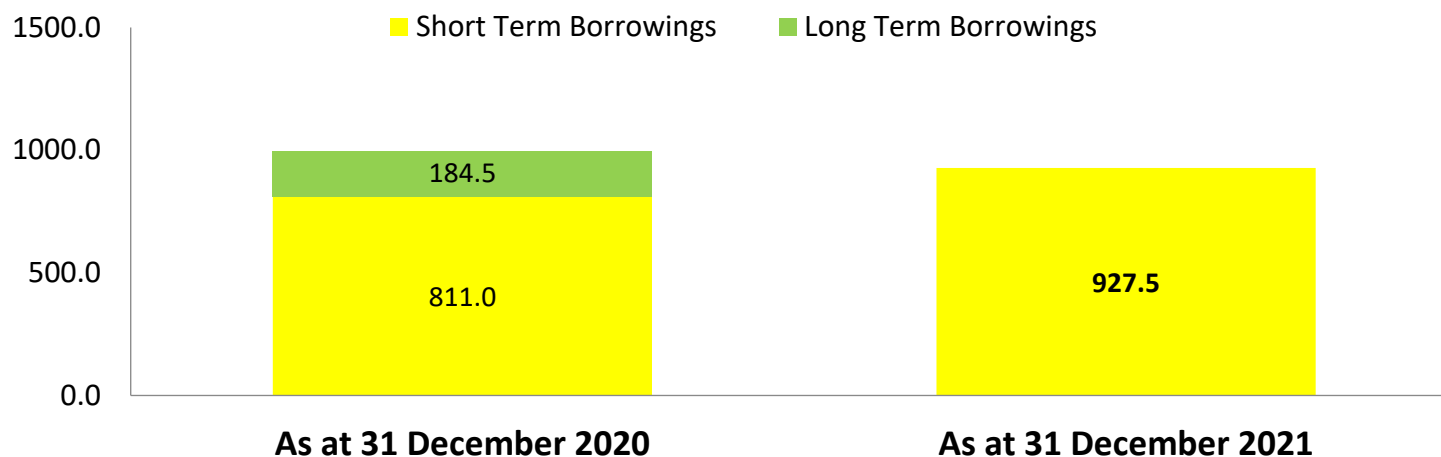
In view of the Group's financial position and its ability to continue as a going concern, the management has taken the following measures during the Year:

- 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 | 31 Dec 21 | 31 Dec 20 | % Change |
|-----------------------|--------------|--------------|--------------|
| Short Term Borrowings | 927.5 | 811.0 | 14.4 |
| Long Term Borrowings | - | 184.5 | (100.0) |
| Total | 927.5 | 995.5 | (6.8) |

HK\$ million



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

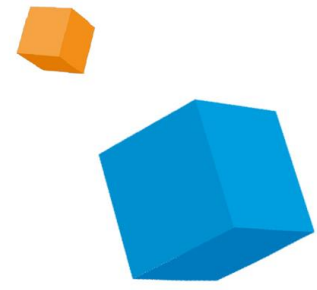
KEY FINANCIAL RATIOS



| | 31 Dec 21 | 31 Dec 20 |
|---------------------------------|-----------|-----------|
| Current Ratio | 0.2 | 0.4 |
| Quick Ratio | 0.1 | 0.4 |
| Gearing Ratio* | 217.2% | 174.4 % |
| Inventories Turnover Days | 35 Days | 33 Days |
| Trade Receivables Turnover Days | 50 Days | 46 Days |
| Trade Payables Turnover Days** | 61 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 settled part of the long outstanding trade payables owned to major suppliers.



2021 ANNUAL RESULTS

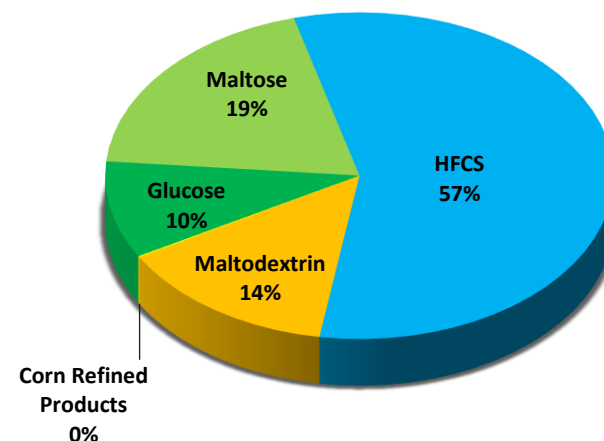
Operation Overview



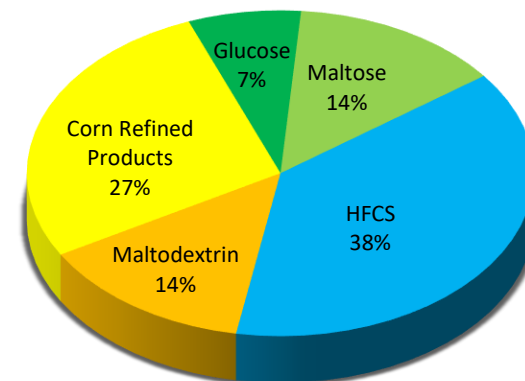
REVENUE BREAKDOWN

| Revenue (HK\$ million) | 2012 | 2020 | % Change |
|-----------------------------|--------------|--------------|--------------|
| Upstream | | | |
| Corn Refined Products | 0.8 | 211.0 | (99.6) |
| Downstream | | | |
| Glucose Syrup | 70.0 | 55.3 | 26.6 |
| Maltose Syrup | 141.6 | 103.9 | 36.3 |
| HFCS | 412.7 | 292.2 | 41.2 |
| Maltodextrin | 103.0 | 106.6 | (3.4) |
| Sweeteners Sub-total | 727.3 | 558.0 | 30.3 |
| Total | 728.1 | 769.0 | (5.3) |

2021 Revenue Breakdown



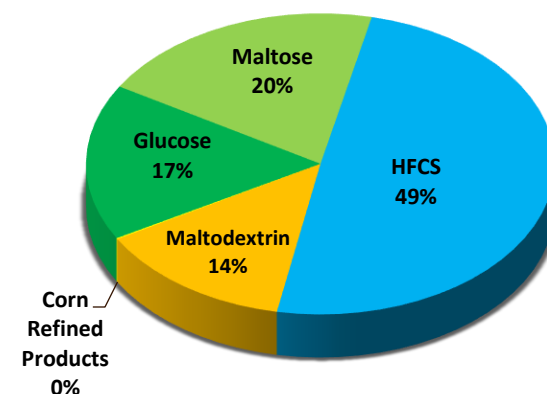
2020 Revenue Breakdown



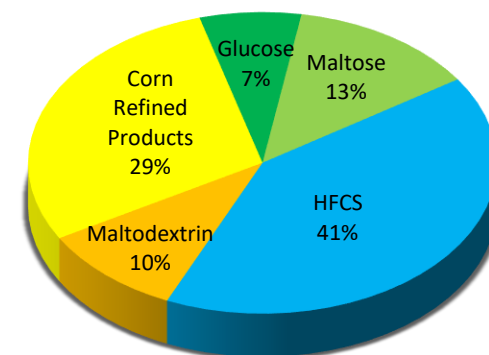
GROSS PROFIT BREAKDOWN

| Gross Profit (HK\$ million) | 2021 | 2020 | % Change |
|-----------------------------|-------------|-------------|---------------|
| Upstream | | | |
| Corn Refined Products | 0.1 | 22.9 | (99.6) |
| Downstream | | | |
| Glucose Syrup | 7.0 | 5.7 | 22.8 |
| Maltose Syrup | 8.3 | 9.7 | (14.4) |
| HFCS | 20.6 | 31.5 | (34.6) |
| Maltodextrin | 5.6 | 8.1 | (30.9) |
| Sweeteners Sub-total | 41.5 | 55.0 | (24.5) |
| Total | 41.6 | 77.9 | (46.6) |

2021 Gross Profit Breakdown



2020 Gross Profit Breakdown



SALES ANALYSIS



| | Sales Volume ('000 MT) | | | Gross Profit Margin (%) | | |
|---------------------------------|------------------------|------|----------|-------------------------|------|-------------|
| | 2021 | 2020 | % Change | 2021 | 2020 | % pt Change |
| <u>Upstream</u> | | | | | | |
| Corn Refined Products | 0** | 87 | (100.0) | 12.5 | 10.9 | 1.6 |
| <u>Downstream</u> | | | | | | |
| Corn Syrup | 149 | 136 | 9.6 | 5.7 | 10.4 | (4.7) |
| Corn Syrup Solid | 29 | 38 | (23.7) | 5.4 | 7.6 | (2.2) |
| Sweeteners Sub-total | 178 | 174 | 2.3 | 5.8 | 9.9 | (4.1) * |
| Total | 178 | 261 | (31.8) | 5.7 | 10.1 | (4.4) |

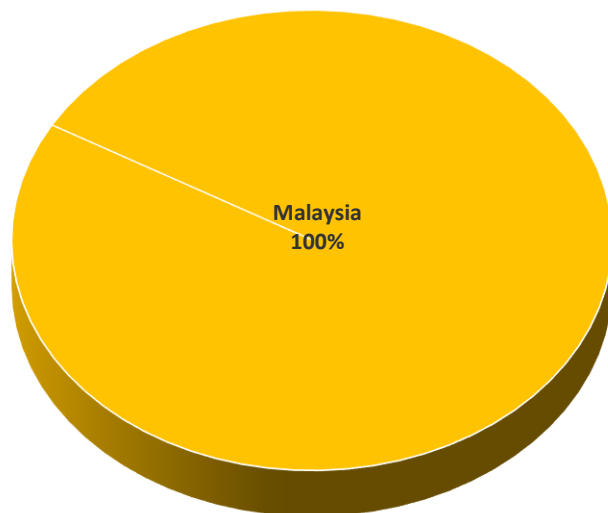
* Notwithstanding the increase in the average selling price of the sweetener products, the *GP margin of the downstream segment dropped during the Year as the increase in selling price did not keep up with the increase in corn cost.*

** *The figure presented was less than 1,000 MT.*

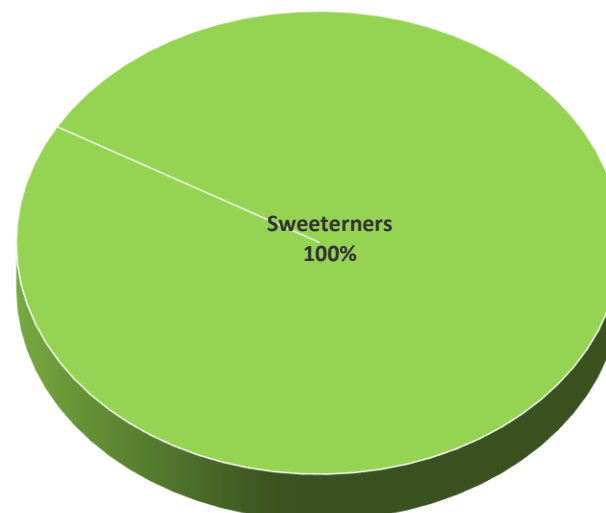
EXPORT BREAKDOWN

| | 2021 | 2020 | % Change |
|-------------------------------------|------|------|------------|
| Export Sales Revenue (HK\$ Million) | 14.7 | 26.9 | (45.4) |
| Exports Sales Volume ('000 MT) | 3 | 11 | (72.7) |
| Export Contribution (%) | 2.0 | 3.5 | (1.5) % pt |

Export Sales by Region 2021

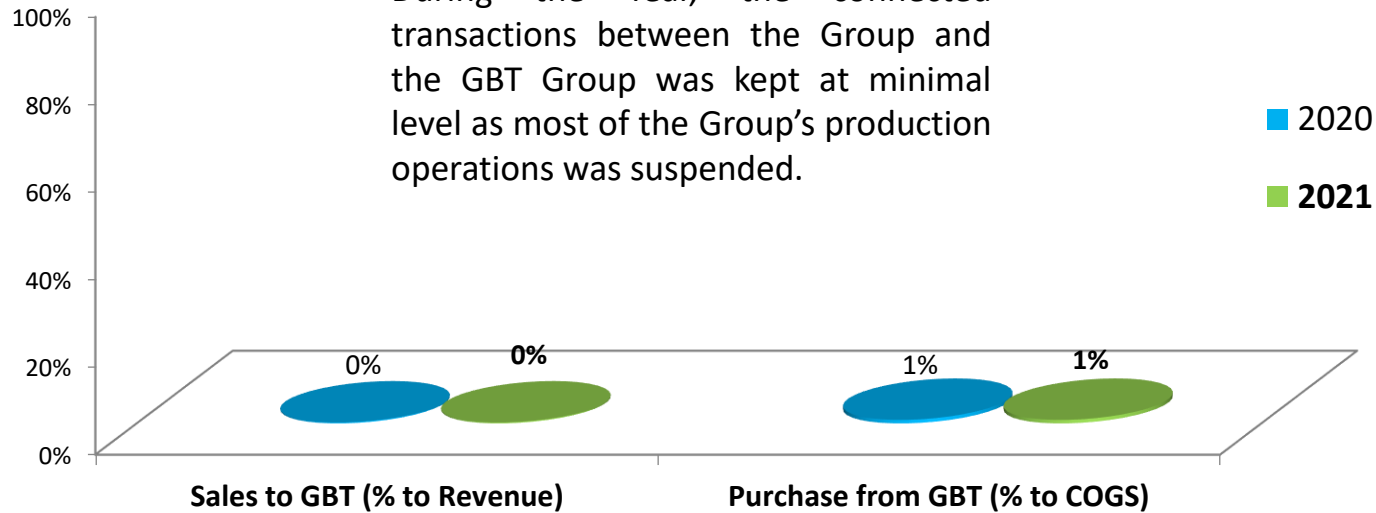


Export Sales by Product 2021



CCT – SALES TO & PURCHASE FROM GBT

During the Year, the connected transactions between the Group and the GBT Group was kept at minimal level as most of the Group's production operations was suspended.



OPERATING COST STRUCTURE



| | 2021 | 2020 |
|--|--------|--------|
| Raw Material (Corn / Corn Starch) | 61.3 % | 57.5 % |
| Utilities (Water, Electricity, Steam & Wastewater Treatment) | 4.5 % | 3.3 % |
| Wages and Salaries | 11.1 % | 8.9 % |
| Depreciation | 7.5 % | 8.4 % |
| Production Overhead (Consumable and Packaging Materials) | 6.7 % | 7.7 % |
| Selling, Administrative and Other Expenses | 8.9 % | 14.2 % |

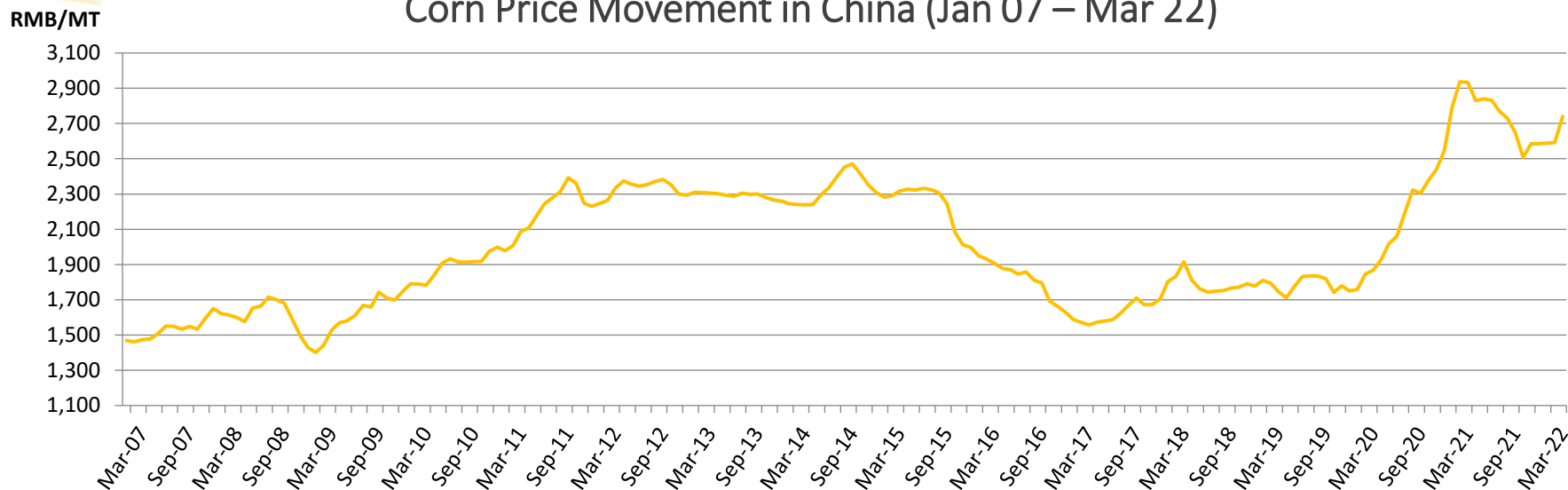
* During the Period, the Shanghai production site purchased intermediate products as raw materials in order to save costs, resulting in the changes in the shares of raw material cost and production overhead in the overall cost structure.



BUSINESS OUTLOOK & DEVELOPMENT PLANS

UPSTREAM RAW MATERIAL – CORN

Corn Price Movement in China (Jan 07 – Mar 22)



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

- 2021/22 PRC corn harvest estimates : production at approx. 272.6 million MT (2020/21 : 264.7 million MT) (Source : Ministry of Agriculture and Rural Affairs of China); consumption at 285.1 million MT
- Continue to import corn to make up the shortfall → domestic corn price expects to stay high in 2022
- Slow recovery pace in downstream market → selling price of upstream products under pressure → the Group has continued to suspend the upstream operation
- Operating environment will continue to be challenging in 2H22 → Group's strategy : closely monitor market conditions and financial conditions of the Group to decide the best timing to resume upstream operation

DOWNSTREAM SUBSTITUTE – SUGAR

Sugar Price Movement in China (Jan 10 – Mar 22)



Source: www.msweet.com.cn

- In China, 2021/22 sugar production: approx. 10.2 million MT (2020/21: 10.7 million MT) (source: China Sugar Association); consumption maintained at approx. 15.2 million MT → shortfall in domestic supply of sugar, expect sweeteners price to stay high
- 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

- ◆ Following the transfer of the ABC Transferred 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 Group and the GBT Group continued to negotiate with the creditors and the relevant authorities to facilitate the implementation of the debt restructuring plan for the ABC Transferred Loans.
- ◆ It is currently expected that the debt restructuring of a portion of the loans owed by the Group and the GBT Group (including the ABC Transferred Loans) will be completed by end of 2022, subject to the obtaining of approvals from the relevant authorities and creditors.
- ◆ It is expected that upon the completion of the whole debt restructuring plan, the financial position of the Group will improve significantly.

2) Resumption of the Relevant Properties

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 sq.m. 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 2022. The proceeds from the resumption of properties will help relieve the financial pressure of the Group.

CORPORATE STRATEGIES (CON'T)



3) Relocation opportunities

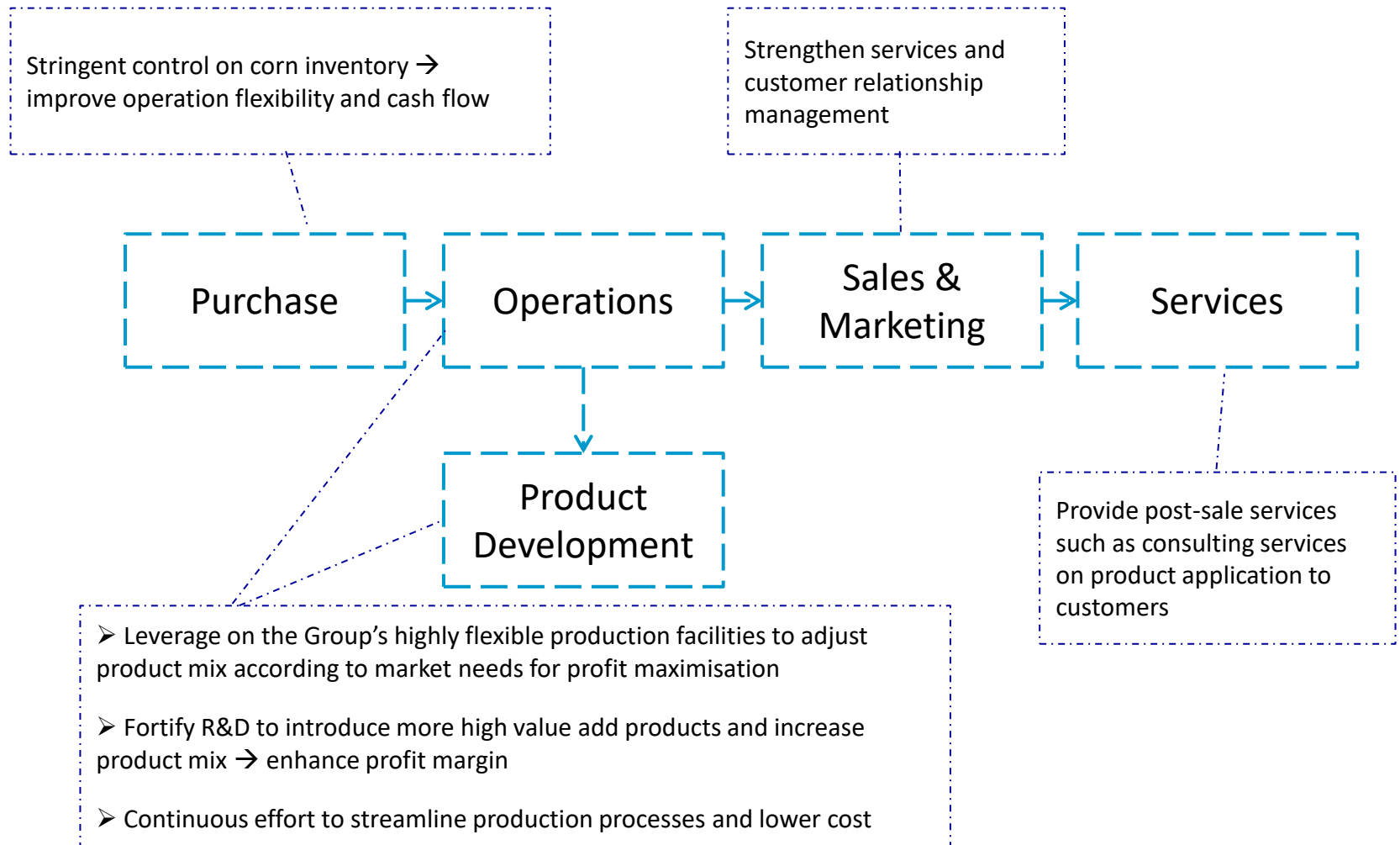
- facilities upgrade
- further cost reduction through streamlining and improving production flow
- product mix and production capacity re-structure targeting high-end users

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.

The Group will continue to assess the changing market conditions and the progress of the resumption of the Relevant Properties so as to update and revise the relocation plan as appropriate.

CORPORATE STRATEGIES (CON'T)

4) GSH's value chain



CAPACITY OVERVIEW



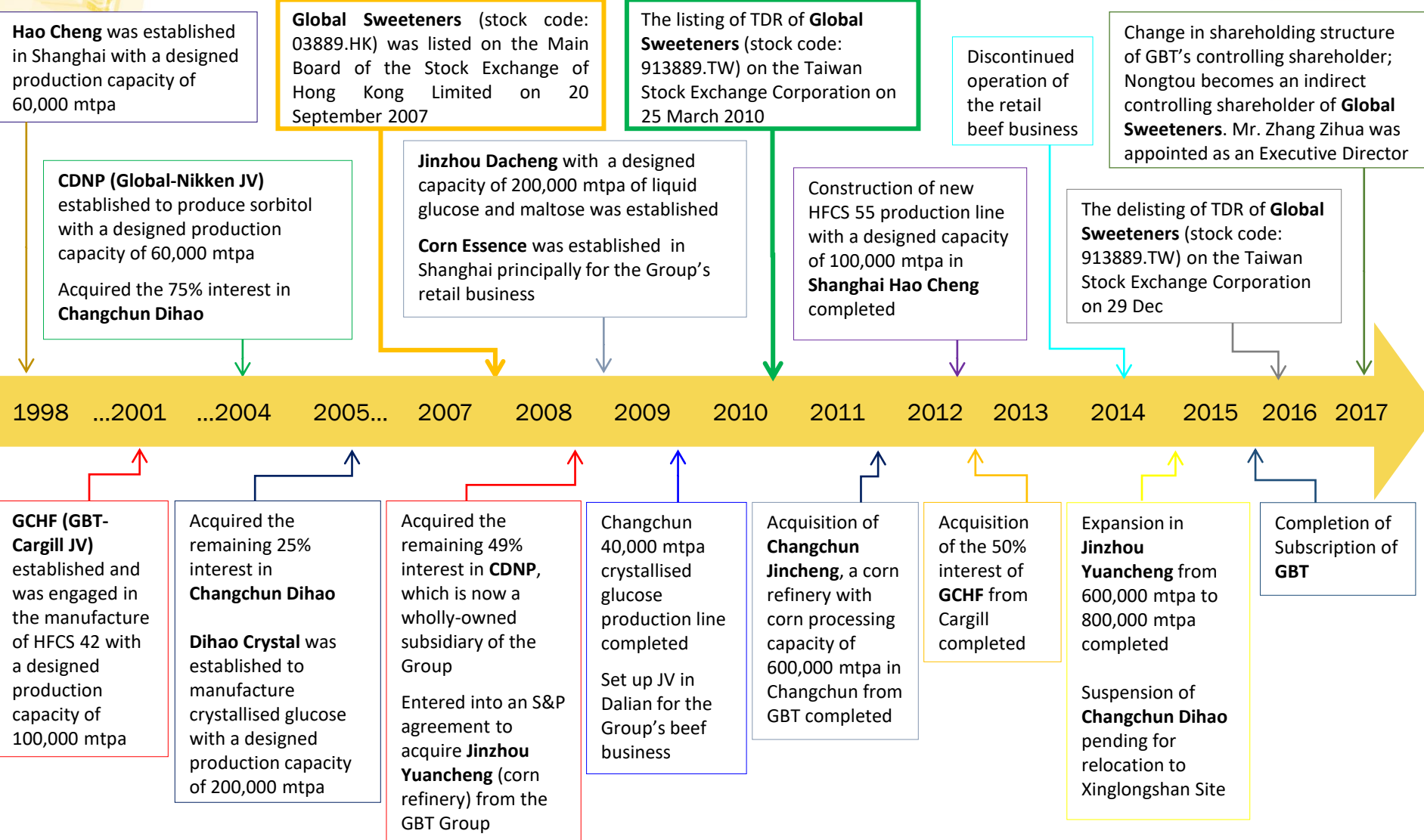
| Designed Capacity (mtpa) | 2022 | 2021 |
|-----------------------------------|------------------|------------------|
| <u>Upstream Products</u> | | |
| Corn Starch | 560,000 | 560,000 |
| Other Corn Refined Products | 240,000 | 240,000 |
| Upstream Sub-total | 800,000 | 800,000 |
| <u>Downstream Products</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



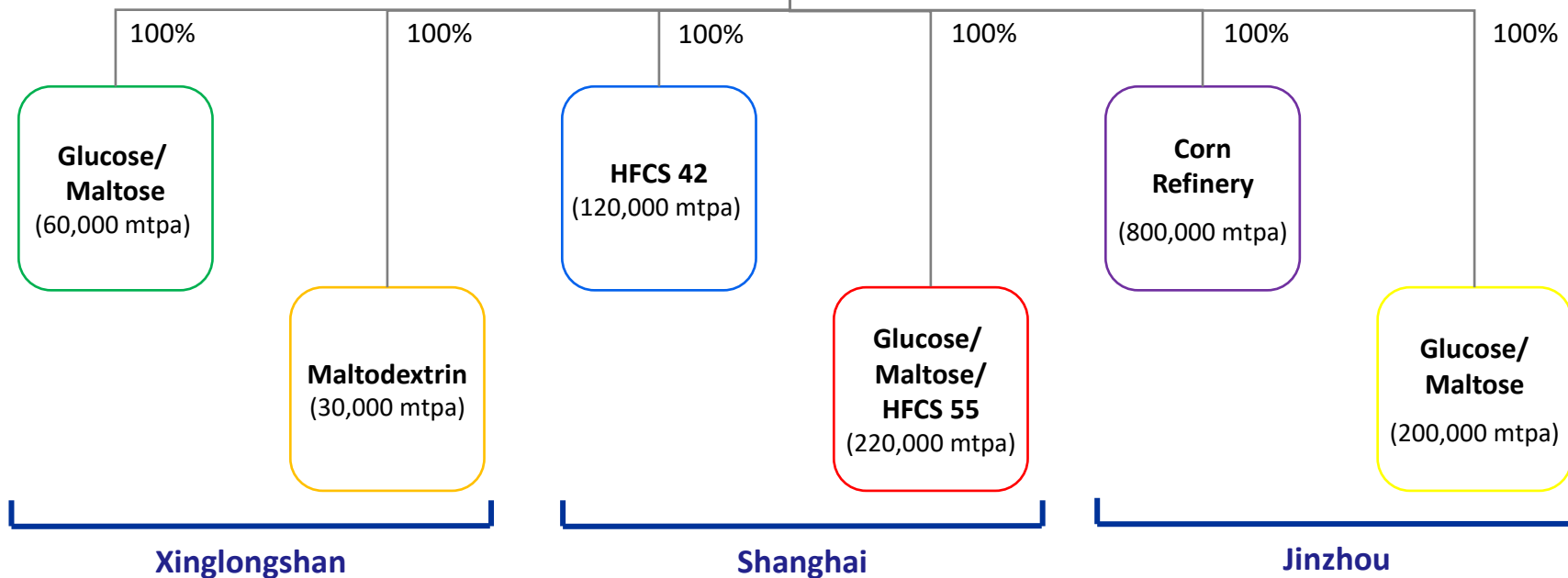
CORPORATE STRUCTURE



Public

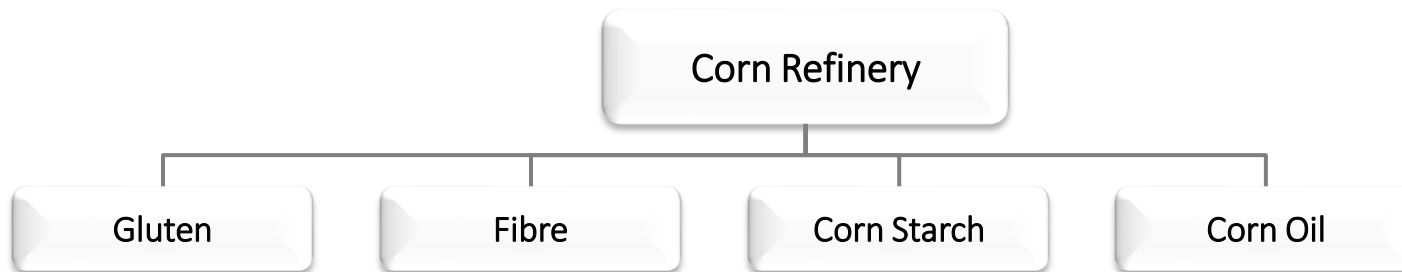
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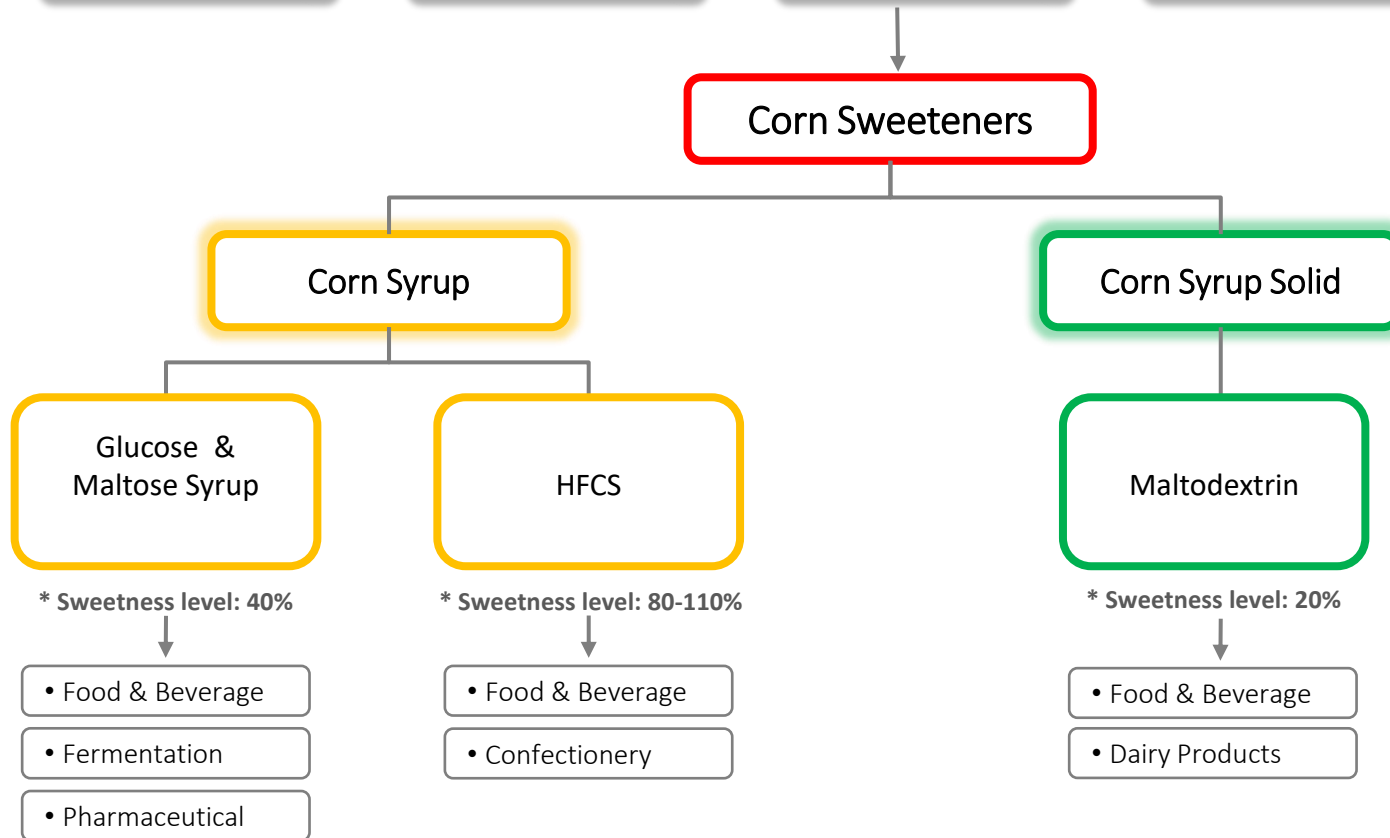


DIVERSIFIED PRODUCT MIX

UPSTREAM



DOWNSTREAM



* Sweetness level base on cane sugar sweetness



APPENDIX



PRC SUGAR & SWEETENERS PRODUCTION

Natural Sweeteners

Sugar

Raw Material:
Cane, Beet

Regions:

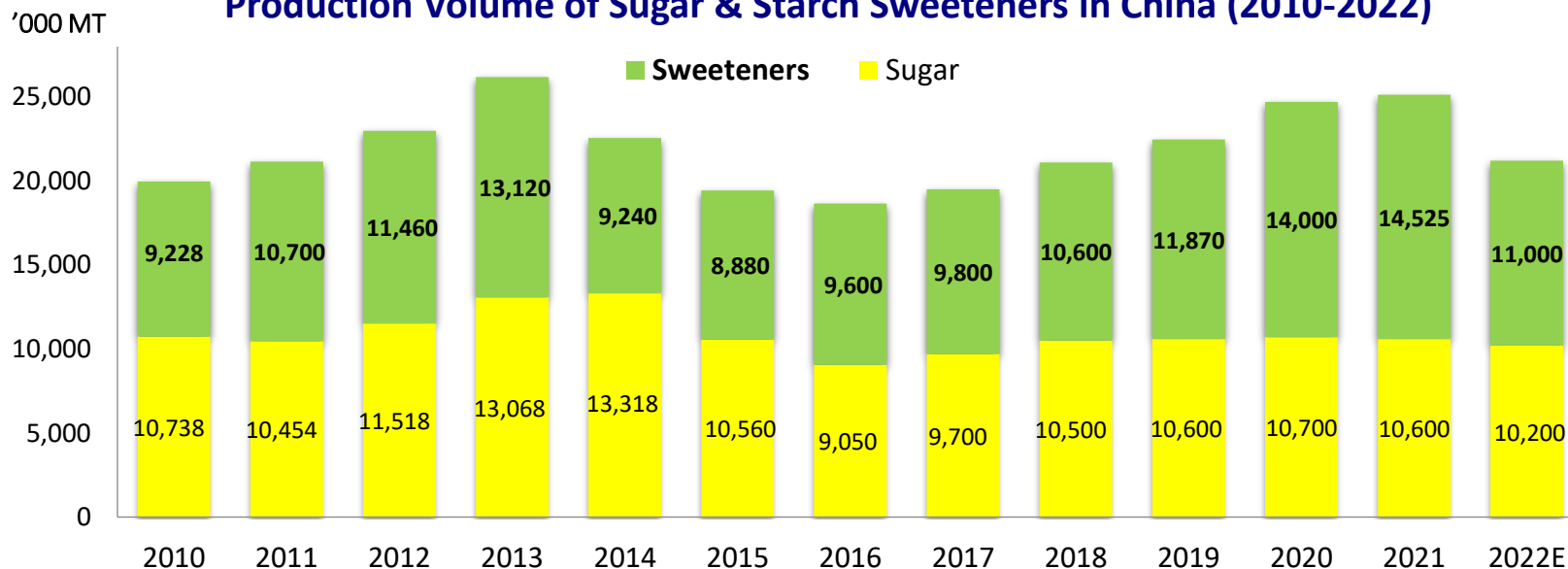
- Cane: Southern parts of China (e.g. Guangxi)
- Beet: Northern parts of China

Starch Sweeteners

Raw Material:
Corn, Potatoes, Tapioca

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

Production Volume of Sugar & Starch Sweeteners in China (2010-2022)



Source: China Sugar Association / USDA /Cofeed



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THANK YOU
-- The End --



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