



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



ANNUAL RESULTS

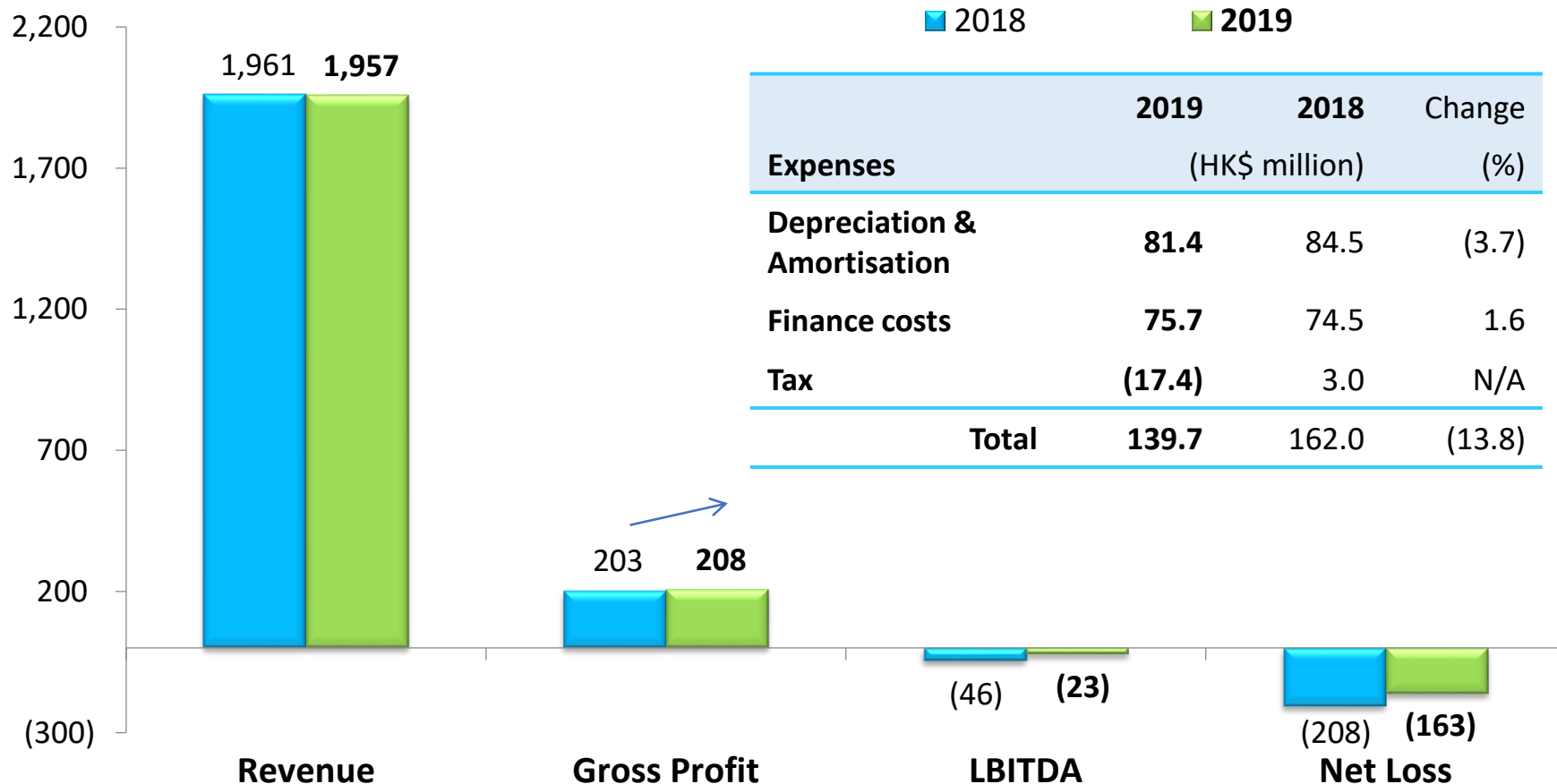
26 March 2020

* For identification purpose only

RESULTS HIGHLIGHTS

Improved efficiency for upstream operation offset ↓ downstream sweeteners sales
 → gross profit remained at similar level while net loss narrowed to HK\$162.6 million.

HK\$ million



OPERATING RESULTS



HK\$ million	2019	2018	% Change
Revenue	1,956.8	1,961.0	(0.2)
• Upstream Products	1,038.4	839.3	23.7
• Corn Sweeteners	918.4	1,121.2	(18.1)
• Trading of Amino Acids*	-	0.5	N/A
Gross Profit	207.6	202.8	2.4
• Upstream Products	101.7	46.5	118.7
• Corn Sweeteners	105.9	156.3	(32.2)
• Trading of Amino Acids	-	-	-
Gross Profit Margin (%)	10.6	10.3	0.3 % pt
• Upstream Products	9.8	5.5	4.3 % pt
• Corn Sweeteners	11.5	13.9	(2.4) % pt
• Trading of Amino Acids	-	-	-
LBITDA	(22.9)	(46.4)	N/A
Loss Before Tax	(180.0)	(205.5)	N/A
Net Loss	(162.6)	(208.5)	N/A
Net Loss Margin (%)	(8.3)	(10.6)	N/A
Basic Loss Per Share (HK cents)	(10.6)	(13.7)	N/A
Dividend Per Share – Final (HK cents)	-	-	-

- As the distribution agreement expired on 31 December 2018, no revenue for the trading of amino acids was recorded during 2019.

FINANCIAL POSITION



HK\$ million	31 Dec 19	31 Dec 18	% Change
Non-current Assets	939.4	936.5	0.3
Current Assets	459.6	635.8	(27.7)
Current Liabilities	1,570.9	1,659.8	(5.4)
Cash and Cash Equivalents	30.8	99.6	(69.1)
Total Deficit	(411.4)	(313.2)	N/A
Interest-bearing Bank and Other Borrowings	962.5	1,009.3	(4.6)

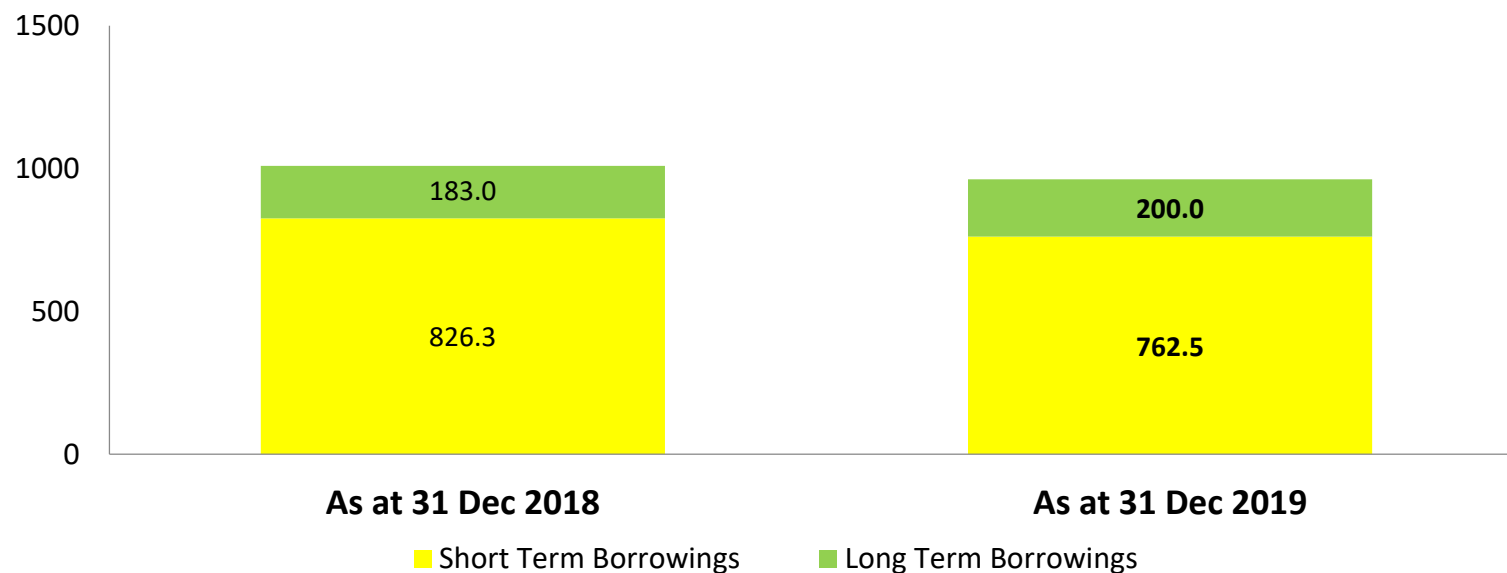
BORROWINGS ANALYSIS



HK\$ million	31 Dec 19	31 Dec 18	% Change
Short Term Borrowings	762.5	826.3	(7.7)
Long Term Borrowings	200.0	183.0	9.3
Total	962.5	1,009.3	(4.6)

The change in total borrowings was due to exchange rate adjustment which amounted to approximately HK\$21.9 million as at 31 December 2019 and the decrease in interest-bearing bank and other borrowings amounted to approximately HK\$24.9 million.

HK\$ million



KEY FINANCIAL RATIOS



	31 Dec 19	31 Dec 18
Current Ratio	0.3	0.4
Quick Ratio	0.2	0.2
Gearing Ratio*	174.7 %	145.0 %
Inventories Turnover Days	40 Days	53 Days
Trade Receivables Turnover Days	36 Days	38 Days
Trade Payables Turnover Days	82 Days	93 days

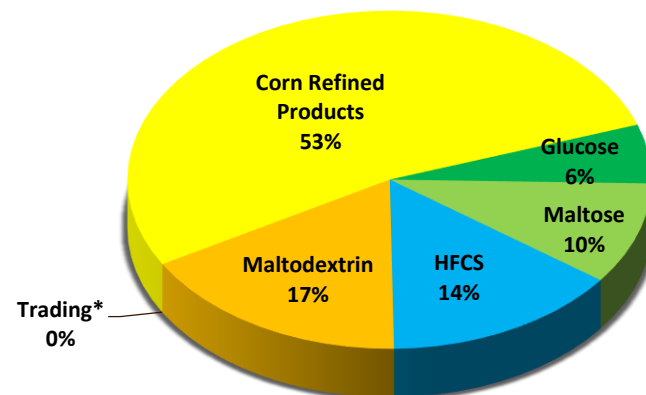
* Gearing ratio is calculated by debt (i.e. total interest-bearing bank and other borrowings) to total deficit and debts (i.e. aggregate total of shareholders deficit, non-controlling interests and total interest-bearing bank and other borrowings).

REVENUE BREAKDOWN

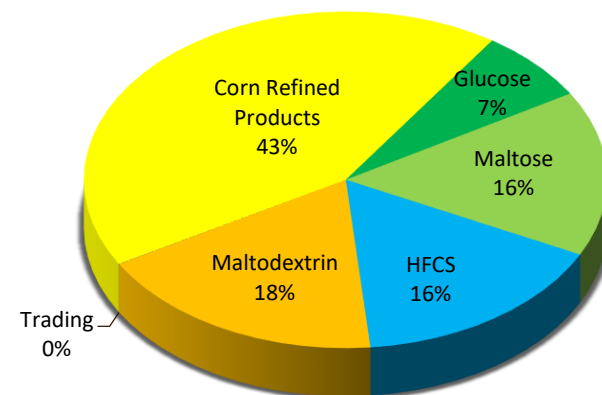


Revenue (HK\$ million)	2019	2018	% Change
Upstream			
Corn Refined Products	1,038.4	839.3	23.7
Downstream			
Glucose Syrup	110.2	136.7	(19.4)
Maltose Syrup	191.2	311.7	(38.7)
HFCS	285.9	317.0	(9.8)
Maltodextrin	331.1	355.8	(6.9)
Sweeteners Sub-total	918.4	1,121.2	(18.1)
Trading*			
Amino Acids	-	0.5	N/A
Total	1,956.8	1,961.0	(0.2)

2019 Revenue Breakdown



2018 Revenue Breakdown



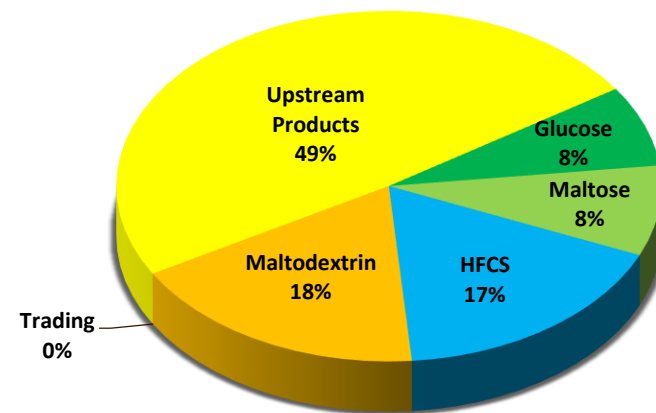
- As the distribution agreement expired on 31 December 2018, no revenue for the trading of amino acids was recorded during 2019.

GROSS PROFIT BREAKDOWN

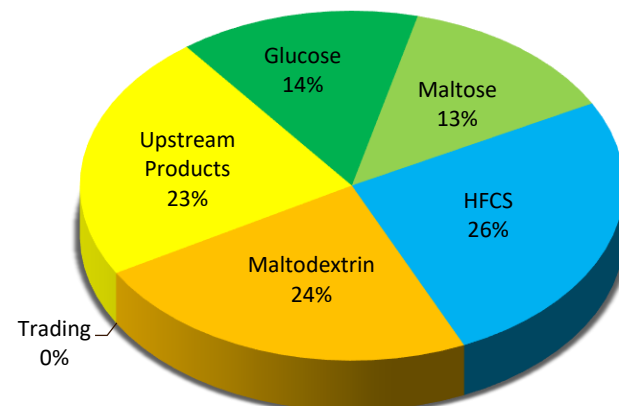


Gross Profit (HK\$ million)	2019	2018	% Change
Upstream			
Corn Refined Products	101.7	46.5	118.7
Downstream			
Glucose Syrup	15.5	29.0	(46.6)
Maltose Syrup	17.3	27.0	(35.9)
HFCS	35.7	52.8	(32.4)
Maltodextrin	37.4	47.5	(21.3)
Sweeteners Sub-total	105.9	156.3	(32.2)
Trading			
Amino Acids	-	-	-
Total	207.6	202.8	2.4

2019 Gross Profit Breakdown



2018 Gross Profit Breakdown



SALES ANALYSIS



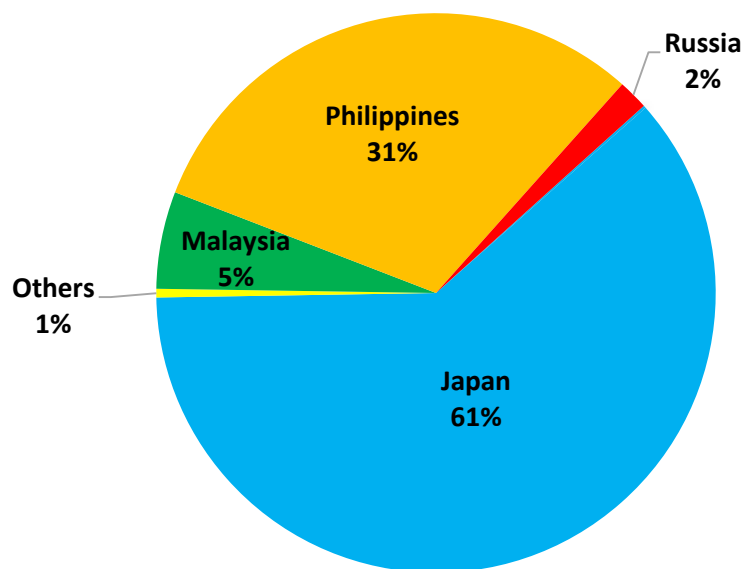
	Sales Volume ('000 MT)			Gross Profit Margin (%)		
	2019	2018	% Change	2019	2018	% pt Change
<u>Upstream</u>						
Corn Refined Products	423	341	24.0	9.8	5.5	4.3
<u>Downstream</u>						
Corn Syrup	186	251	(25.9)	11.7	14.2	(2.5)
Corn Syrup Solid	113	122	(7.4)	11.3	13.4	(2.1)
Sweeteners Sub-total	299	373	(19.8)	11.5	13.9	(2.4)
<u>Trading</u>						
Amino Acids	-	-	-	-	-	-
Total	722	714	1.1	10.6	10.3	0.3

EXPORTS BREAKDOWN

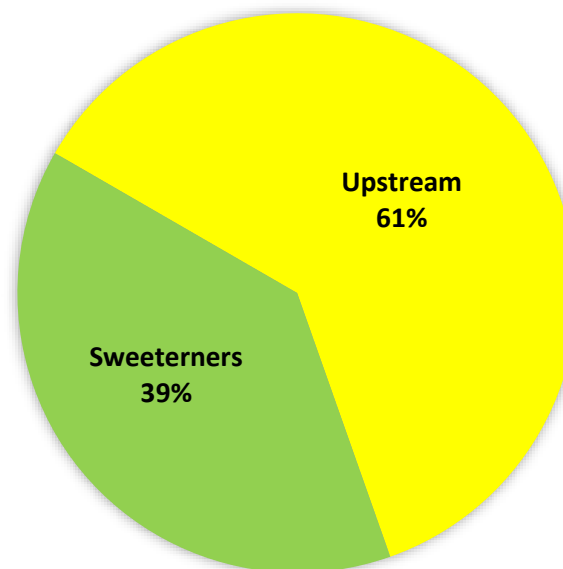


	2019	2018	% Change
Export Sales Revenue (HK\$ Million)	145.6	142.5	2.2
Exports Sales Volume ('000 MT)	56.0	54.3	3.1
Export Contribution (%)	7.4	7.3	0.1 % pt

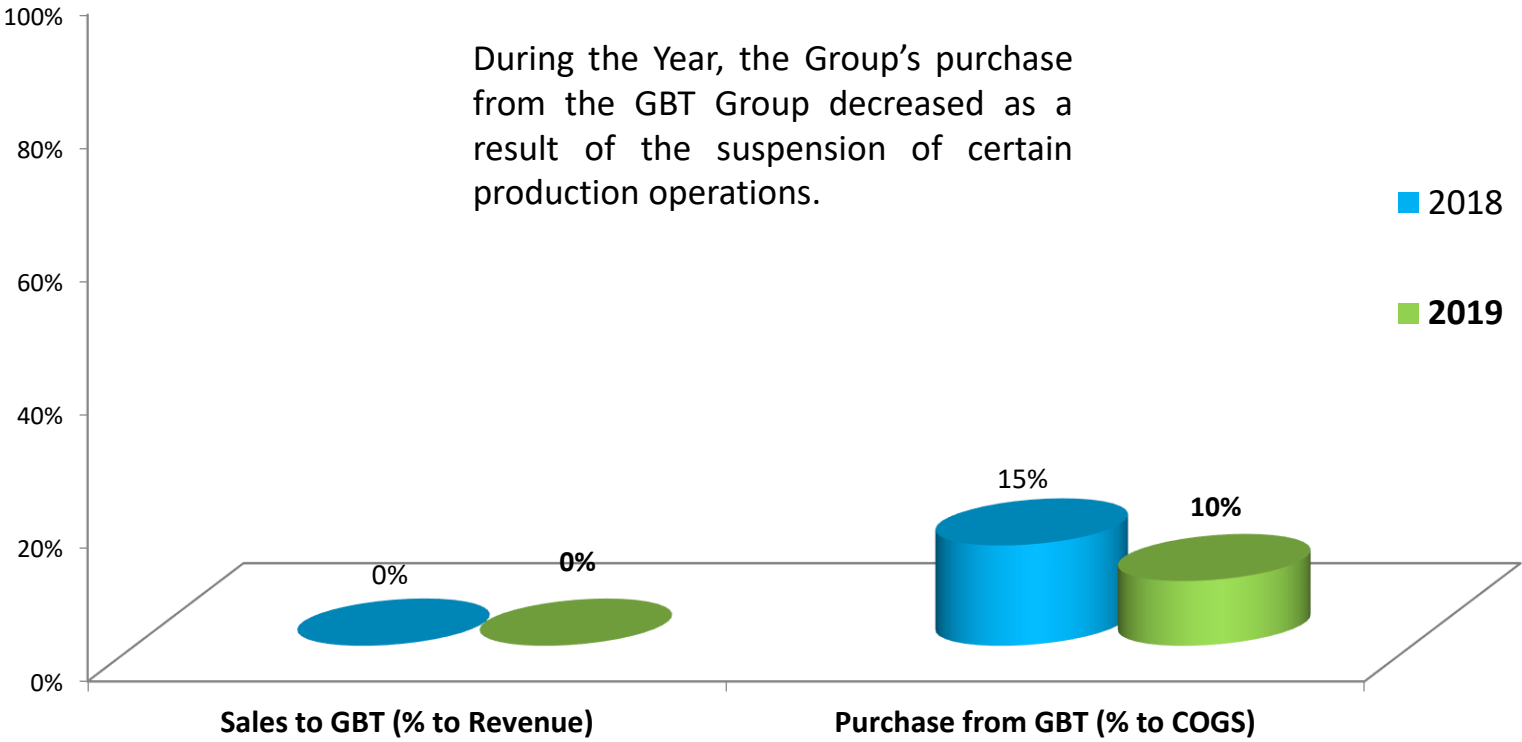
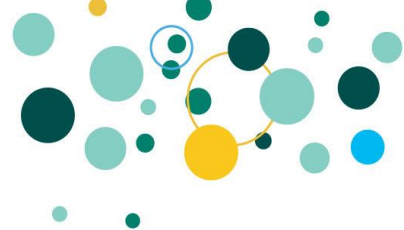
EXPORT SALES BY COUNTRY 2019



EXPORT SALES BY PRODUCT 2019



CCT – SALES TO & PURCHASE FROM GBT



OPERATING COST STRUCTURE



	2019	2018
Raw Material (Corn / Corn Starch)	63.4 %	57.9%
Utilities (Water, Electricity, Steam & Wastewater Treatment)	8.3 %	9.7%
Labour	5.9 %	6.3%
Depreciation	3.9 %	3.7%
Production Overhead (Consumable and Packaging)	9.8 %	12.1%
Selling, Administrative and Other Expenses	8.7 %	10.3%

BUSINESS OUTLOOK & DEVELOPMENT PLANS



UPSTREAM RAW MATERIAL – CORN



Corn Price Movement in China (Jan 07 – Mar 20)



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

- 2018/19 corn harvest in China: approx. 261 million MT (2017/18: 257 million MT) (Source: Ministry of Agriculture of China) with consumption at 262 million MT
- Corn stock gradually digested + demand from corn-based ethanol → PRC corn price ↑ slightly in 2019
- Stable raw material supply from Nongtou, improvement in operational efficiency & new basis for the assessment of VAT → upstream profit margin improved
- Looking forward, operating environment will be very challenging with the outbreak of coronavirus disease, economic slowdown in PRC and the continued impact of ASF → the Group will closely monitor market conditions, focus on customer relationship management and develop high value-added products to suit customer needs

DOWNSTREAM SUBSTITUTE – SUGAR



Sugar Price Movement in China (Jan 01 – Mar 20)



Source: www.msweet.com.cn

- 2019/20 PRC sugar production: approx. 10.7 million MT (2018/19: 10.8 million MT) (source: USDA)
- As at end of 2019: PRC sugar price at approx. RMB5,900/MT vs. International sugar price at US13.42 cents/lb (equiv. RMB2,070/MT) → huge difference still exists between international and PRC sugar prices
- Market consolidation → demand shrunk and competition intensified
- Strategy on sweeteners business: focus on high value-add products and markets, streamlining/ improving production flow for further cost saving and continuous R&D efforts to develop new products for customers

CORPORATE STRATEGIES



(1) Continued efforts to materialise the debt restructuring plan and secure existing banking facilities during the transitional period

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

In mid-February 2020, the Group was notified by BOC Jilin Branch that it has entered into a transfer agreement with 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”) to sell all of its rights and benefits of the loans with aggregate outstanding principal amount of approximately RMB4,016.5 million (the “Transferred Loans”) (including loans of the Group of approximately RMB 198.6 million, together with outstanding interest and Dajincang guaranteed by the Guarantor Subsidiaries) at a consideration of RMB815.7 million.

The Group and the GBT Group will continue to discuss the next step of the debt restructuring with the New Creditor, including but not limited to repurchase of the Transferred Loans and debt to equity swap.

It is expected that all the amounts due and owing under the Transferred Loans (including the indebtedness of Dajincang) will be resolved by the end of 2020 and the other major outstanding debts to be resolved under similar debt restructuring plans going forward.

CORPORATE STRATEGIES (CON'T)



(2) Disposal of the Relevant Properties

During 2018, the Relevant Properties have been confirmed as part of the subject properties for redevelopment under the PRC's Slum Redevelopment Policy that could shorten procedures and exempt certain taxes. The site location and area of the Relevant Properties was also confirmed subsequently.

During the Year, the Changchun Municipal Government has issued an execution announcement for the redevelopment of among others, the Relevant Properties under the PRC's Slum Redevelopment Policy.

A professional valuer has been jointly engaged by the Group, the GBT Group and the Changchun Municipal Government to conduct the valuation of the Relevant Properties of which the result will help to determine the final consideration (to be agreed among the parties).

It is currently expected that the realisation of a portion of the Relevant Properties will take place in 2020. If the disposal of the Relevant Properties is materialised, the Group will have additional funds to finance its operations and the capital expenditure for relocation of its production facilities in Changchun.

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.*

CAPACITY OVERVIEW

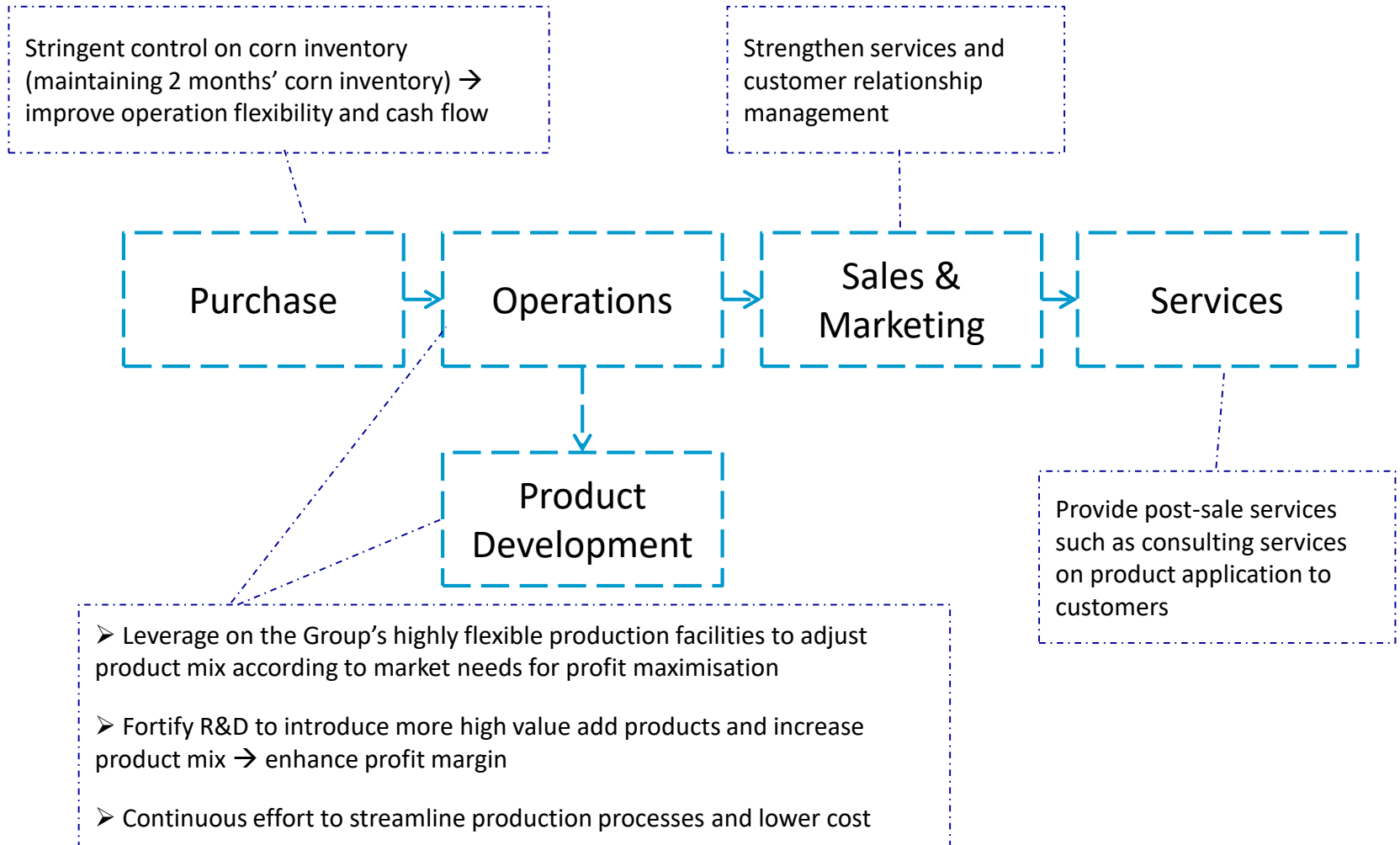


Designed Capacity (mtpa)	2019	2020
<u>Upstream</u>		
Corn Starch	560,000	560,000
Other Corn Refined Products	240,000	240,000
Upstream Sub-total	800,000	800,000
<u>Downstream</u>		
Glucose / Maltose Syrup	360,000	360,000
HFCS	220,000	220,000
Maltodextrin	30,000	30,000
Crystallised Glucose	-	-
Downstream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

CORPORATE STRATEGIES (CON'T)

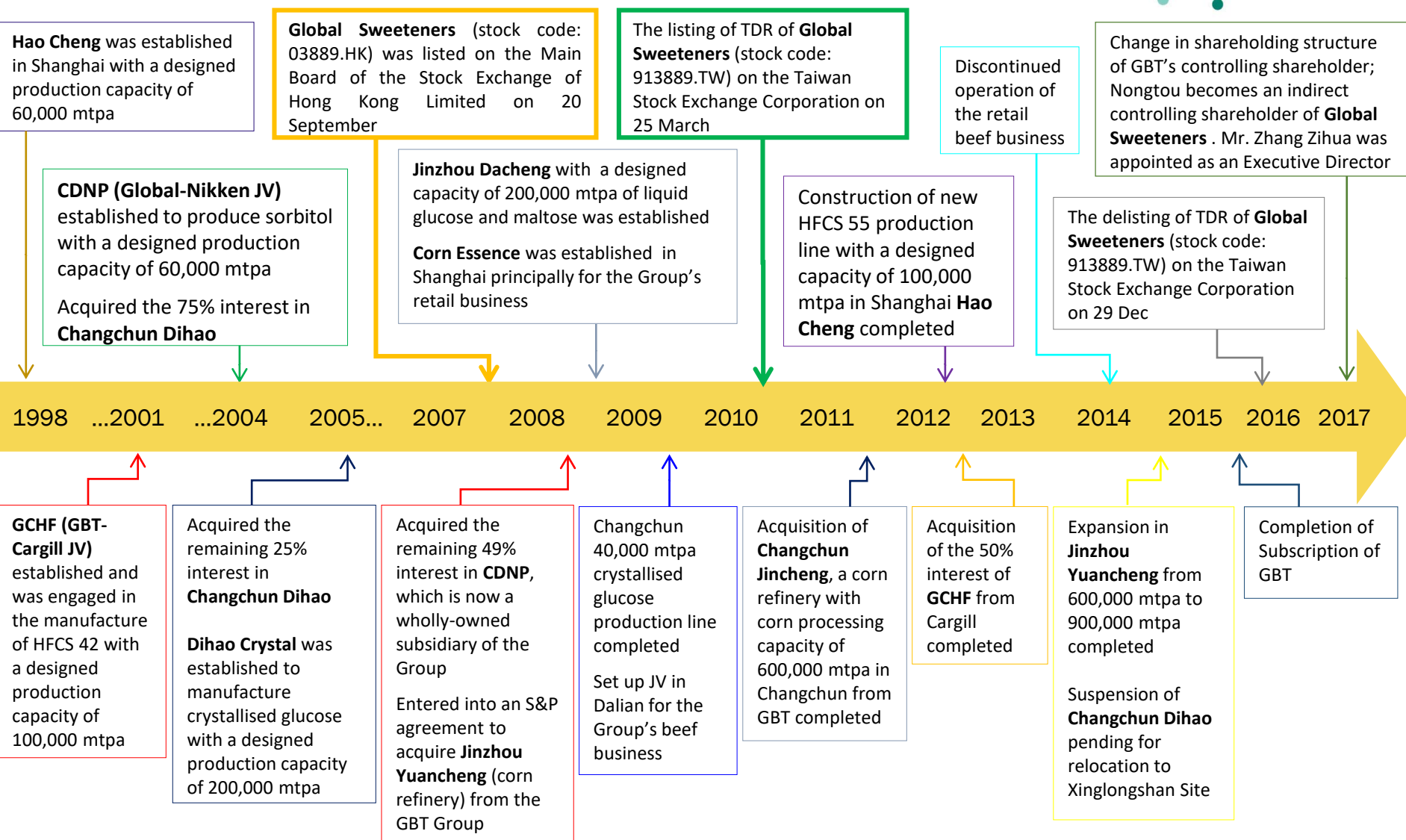


(4) GSH's value chain

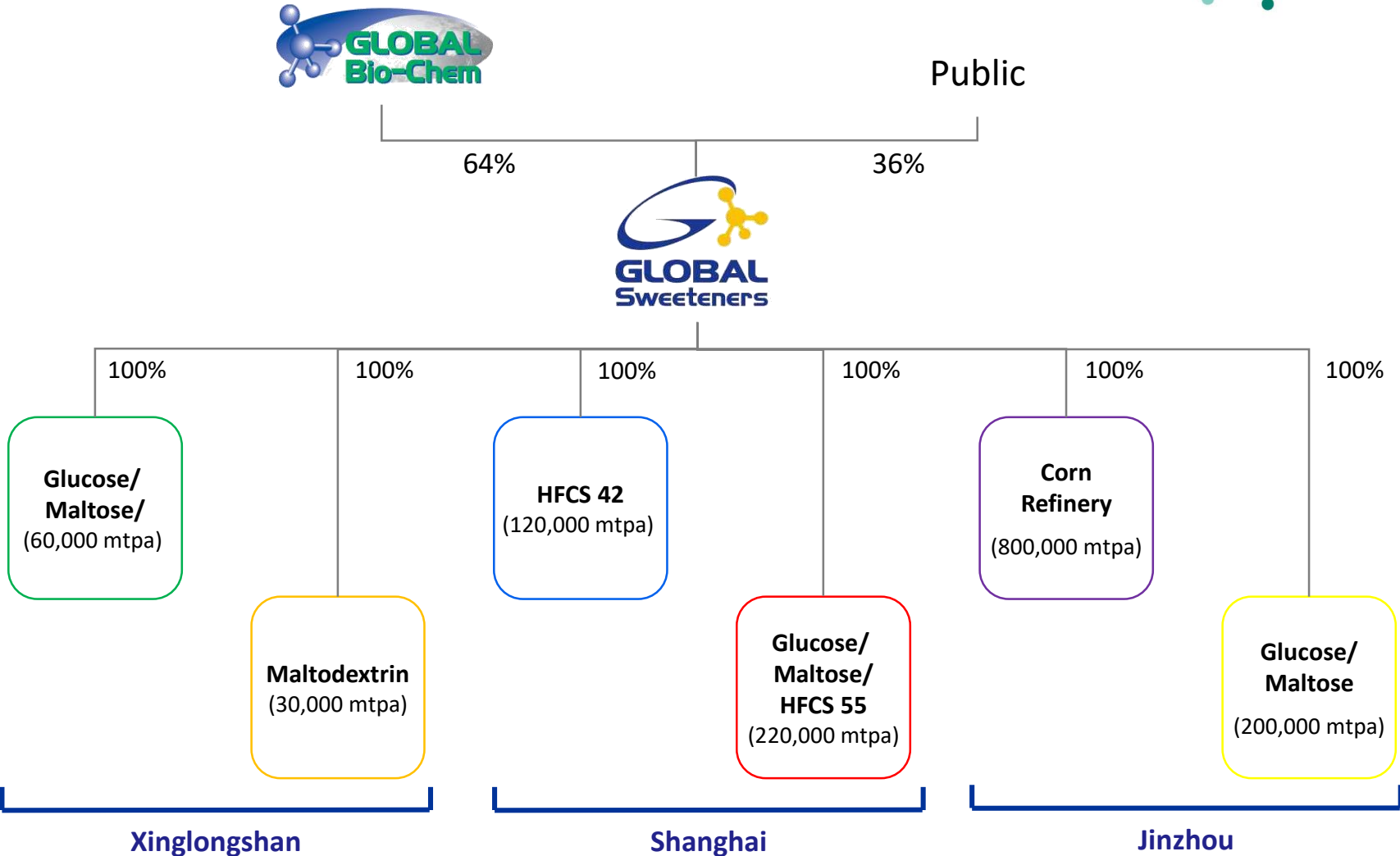


COMPANY PROFILE

CORPORATE MILESTONES



CORPORATE STRUCTURE

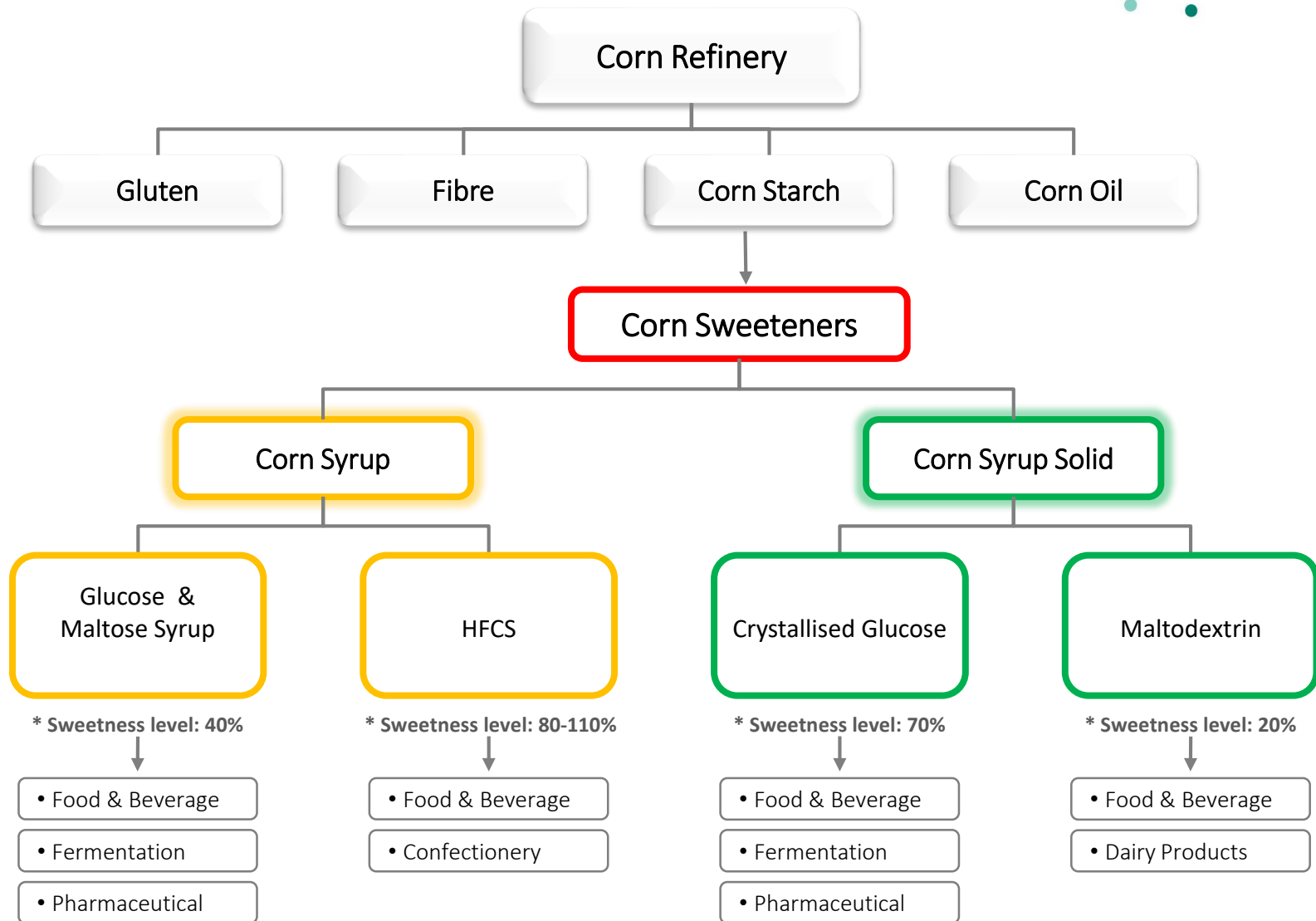


DIVERSIFIED PRODUCT MIX



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:

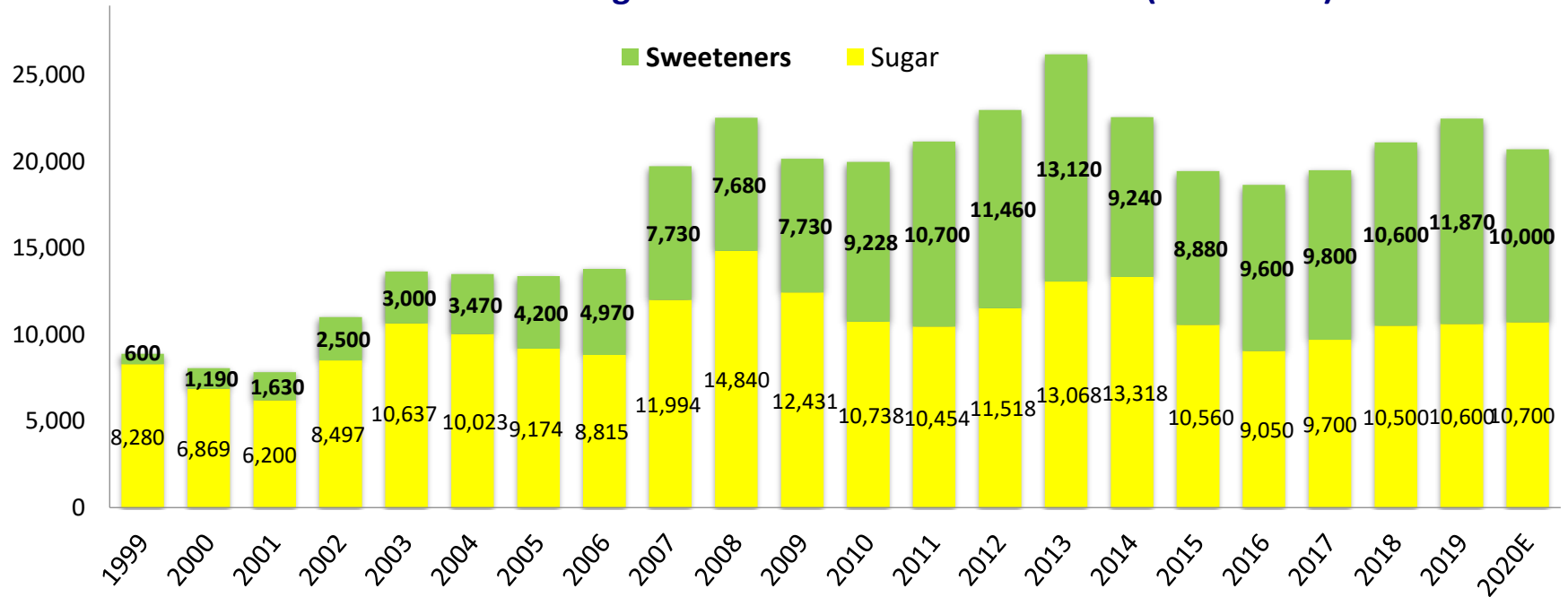
Corn, Potatoes, Tapioca

Regions:

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

'000 MT

Production Volume of Sugar & Starch Sweeteners in China (1999-2020)



Source: China Sugar Association / USDA /Cofeed

