



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



# 2022 INTERIM RESULTS

30 August 2022

\* For identification purpose only

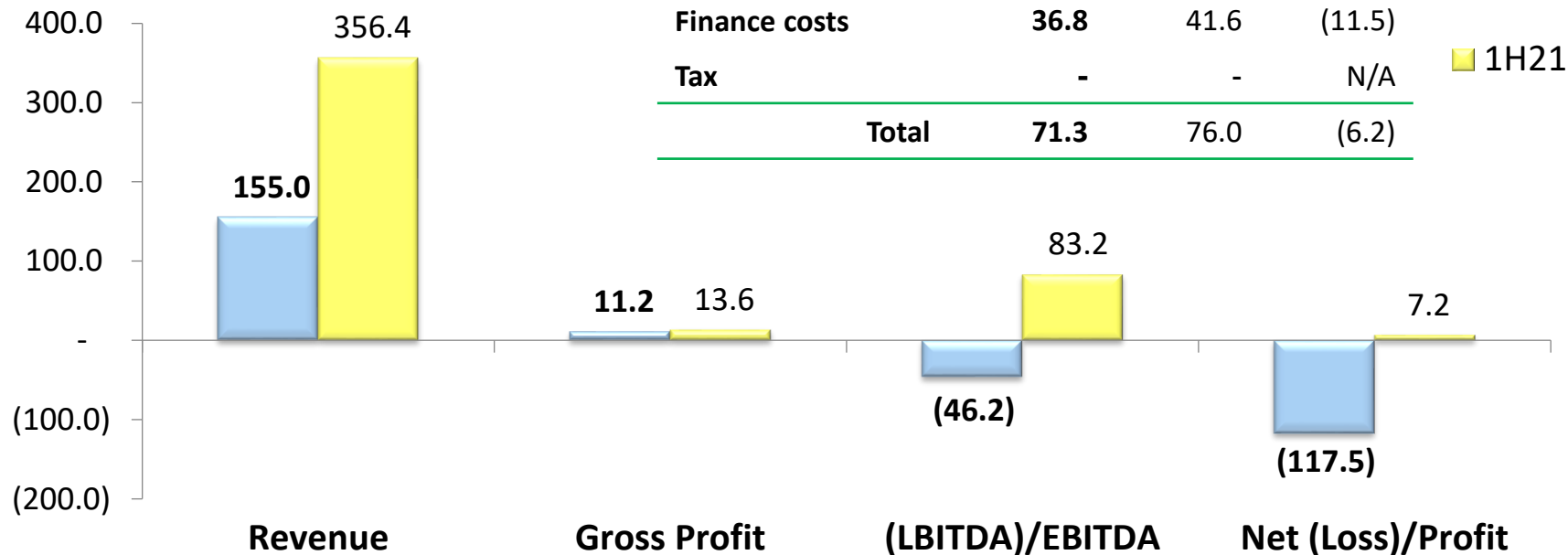
# RESULTS HIGHLIGHTS



➤ COVID-19 → lockdown in Shanghai → suspension in Shanghai site → revenue ↓ 56.5%; sweeteners price ↑ → GP ↓ 17.6% only

➤ ↓ other income and gains (absence of items such as the recognition of the one-off gain of HK\$128.3 million from completion of Repurchase Agreements in 1H21) → net loss of HK\$117.5 million

HK\$ million



Expenses	1H22 (HK\$ million)	1H21 (HK\$ million)	Change (%)
Depreciation & Amortisation	34.5	34.4	0.3
Finance costs	36.8	41.6	(11.5)
Tax	-	-	N/A
<b>Total</b>	<b>71.3</b>	<b>76.0</b>	<b>(6.2)</b>



# OPERATING RESULTS

HK\$ million	1H22	1H21	% Change
<b>Revenue</b>	<b>155.0</b>	356.4	(56.5)
• Corn Refined Products	-	0.8	(100.0)
• Corn Sweeteners	<b>155.0</b>	355.6	(56.4)
<b>Gross Profit</b>	<b>11.2</b>	13.6	(17.6)
• Corn Refined Products	-	0.1	(100.0)
• Corn Sweeteners	<b>11.2</b>	13.5	(17.0)
<b>Gross Profit Margin (%)</b>	<b>7.2</b>	3.8	3.4% pt
• Corn Refined Products	-	12.5	(12.5)% pt
• Corn Sweeteners	<b>7.2</b>	3.8	3.4% pt
<b>(LBITDA)/EBITDA</b>	<b>(46.2)</b>	83.2	N/A
<b>(Loss)/Profit Before Tax</b>	<b>(117.5)</b>	7.2	N/A
<b>Net (Loss)/Profit</b>	<b>(117.5)</b>	7.2	N/A
<b>Net (Loss)/Profit Margin (%)</b>	<b>(75.8)</b>	2.0	N/A
<b>Basic (Loss)/Earnings Per Share (HK cents)</b>	<b>(7.7)</b>	0.5	N/A
<b>Dividend Per Share – Interim (HK cents)</b>	-	-	N/A



# FINANCIAL POSITION



HK\$ million	30 Jun 22	31 Dec 21	% Change
Non-current Assets	624.7	679.5	(8.1)
Current Assets	150.7	255.5	(41.0)
Current Liabilities	1,326.1	1,381.1	(4.0)
Cash and Cash Equivalents	5.5	7.8	(29.5)
Interest-bearing Bank and Other Borrowings	870.1	927.5	(6.2)
Total Deficit	(601.0)	(500.6)	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:

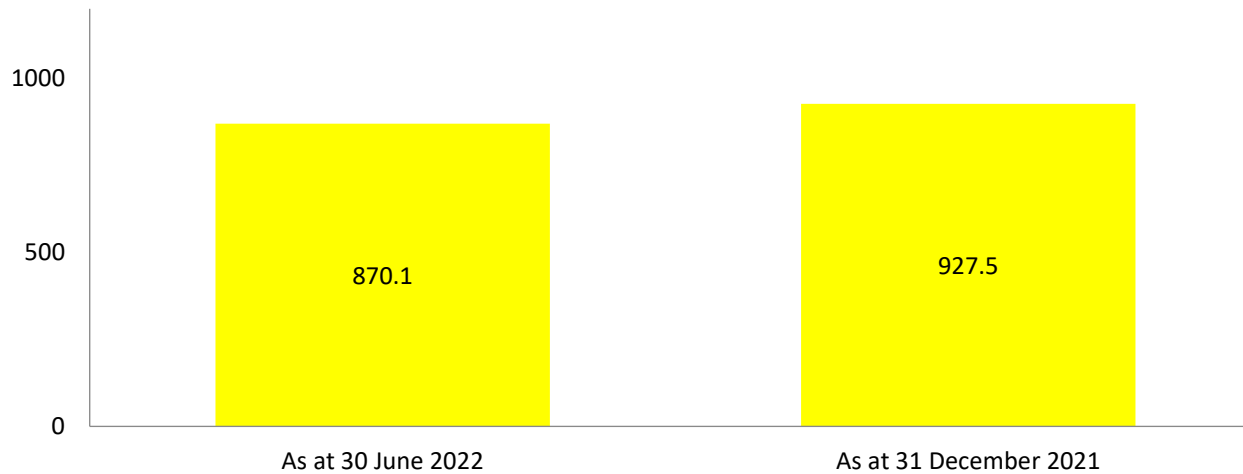
- actively negotiating with banks and creditors for the debt restructuring plan of the Group to improve its financial position;
- accelerating the resumption of the Relevant Properties;
- monitoring of the Group's operating cash outflows;
- obtaining financial support from Nongtou; and
- introducing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



# BORROWINGS STRUCTURE

HK\$ million	30 Jun 22	31 Dec 21	% Change
Short Term Borrowings	870.1	927.5	(6.2)
Long Term Borrowings	-	-	-
<b>Total</b>	<b>870.1</b>	<b>927.5</b>	<b>(6.2)</b>

HK\$ million





# KEY FINANCIAL RATIOS



	30 Jun 22	31 Dec 21
Current Ratio	0.1	0.2
Quick Ratio	0.1	0.1
Gearing Ratio*	112.2%	99.2%
Inventory Turnover Days**	70 Days	35 Days
Trade Receivables Turnover Days	61 Days	50 Days
Trade Payables Turnover Days***	95 Days	61 Days

\* Gearing ratio is calculated by debts (i.e. total interest-bearing bank and other borrowings) to total assets (i.e. current assets and non-current assets).

\*\* Inventory turnover days increased as part of the Group's operation in Shanghai resumed in June 2022 since its temporary suspension in April 2022 as a result of the lockdown measures imposed by the local government.

\*\*\* Trade payables turnover days increased as the Group negotiated with its creditors to extend credit period.

# 2022 INTERIM RESULTS

## Operation Overview



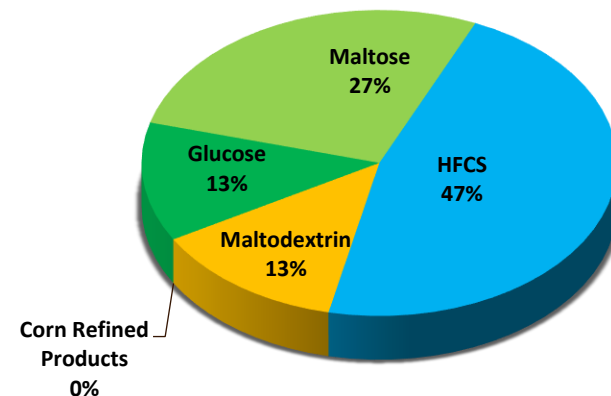




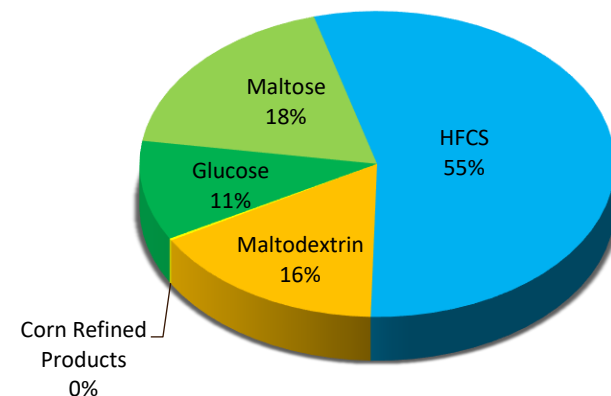
# REVENUE BREAKDOWN

Revenue (HK\$ million)	1H22	1H21	% Change
<b>Upstream</b>			
Corn Refined Products	-	0.8	(100.0)
<b>Downstream</b>			
Glucose Syrup	19.5	37.8	(48.4)
Maltose Syrup	42.4	65.5	(35.3)
HFCS	72.7	194.1	(62.5)
Maltodextrin	20.4	58.2	(64.9)
<b>Sweeteners Sub-total</b>	<b>155.0</b>	<b>355.6</b>	<b>(56.4)</b>
<b>Total</b>	<b>155.0</b>	<b>356.4</b>	<b>(56.5)</b>

1H22 Revenue Breakdown



1H21 Revenue Breakdown



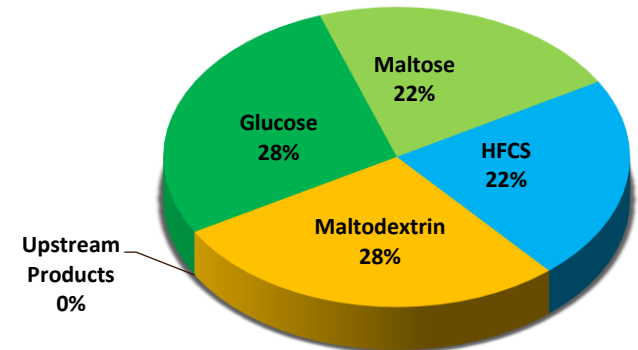


# GROSS PROFIT BREAKDOWN

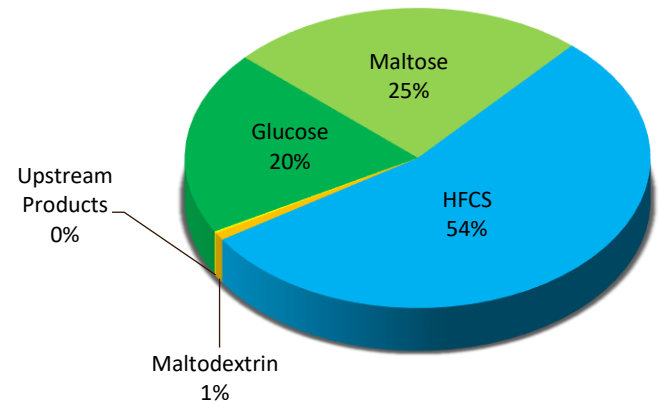


Gross Profit (HK\$ million)	1H22	1H21	% Change
<b>Upstream</b>			
Corn Refined Products	-	0.1	(100.0)
<b>Downstream</b>			
Glucose Syrup	3.1	2.7	14.8
Maltose Syrup	2.5	3.4	(26.5)
HFCS	2.5	7.3	(65.8)
Maltodextrin	3.1	0.1	3,000.0
<b>Sweeteners Sub-total</b>	<b>11.2</b>	<b>13.5</b>	<b>(17.0)</b>
<b>Total</b>	<b>11.2</b>	<b>13.6</b>	<b>(17.6)</b>

1H22 Gross Profit Breakdown



1H21 Gross Profit Breakdown



# SALES ANALYSIS

Sales Volume ('000 MT)			Gross Profit Margin (%)		
1H22	1H21	% Change	*1H22	1H21	% pt Change

## Upstream

Corn Refined Products	-	<1	(100.0)	-	12.5	(12.5)
-----------------------	---	----	---------	---	------	--------

## Downstream

Corn Syrup	<b>31</b>	72	(56.9)	<b>6.0</b>	4.5	1.5
------------	-----------	----	--------	------------	-----	-----

Corn Syrup Solid	<b>5</b>	17	(70.6)	<b>15.2</b>	0.2	15.0
------------------	----------	----	--------	-------------	-----	------

### **Sweeteners**

#### **Sub-total**

	<b>36</b>	89	(59.6)	<b>7.2</b>	3.8	3.4
--	-----------	----	--------	------------	-----	-----

<b>Total</b>	<b>36</b>	89	(59.6)	<b>7.2</b>	3.8	3.4
--------------	-----------	----	--------	------------	-----	-----

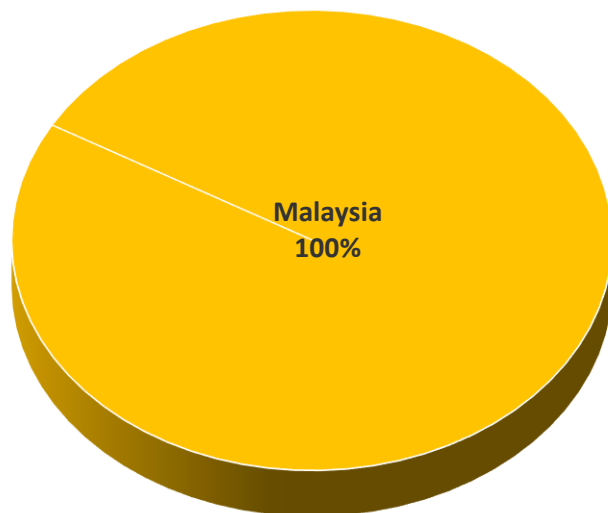
\* As the average selling price of the Group's downstream products improved during the Period and the portion of expenses in relation to suspension of operation has been allocated to other expenses, the GP margin of the downstream segment increased during the Period.



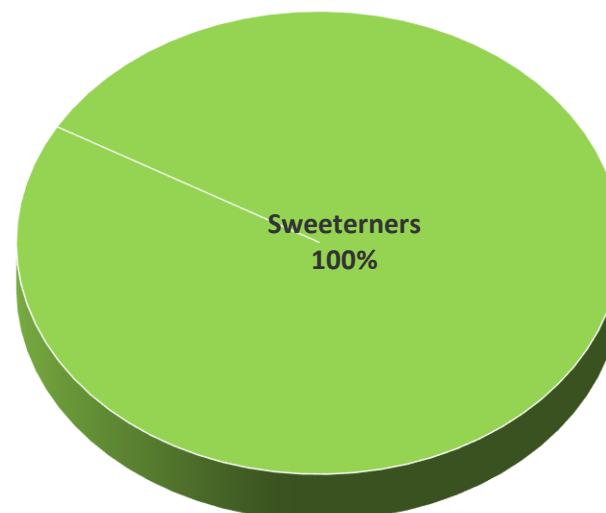
# EXPORTS BREAKDOWN

	1H22	1H21	% Change
Export Sales Revenue (HK\$ Million)	5.0	7.3	(31.5)
Exports Sales Volume ('000 MT)	1.0	2.0	(50.0)
Export Contribution (%)	3.2	2.1	1.1% pt

Export Sales by Region



Export Sales by Product





## CCT – SALES TO & PURCHASE FROM GBT



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



# OPERATING COST STRUCTURE



	1H22	1H21
Raw Material (Corn / Corn Starch)	<b>43.9 %</b>	*45.8 %
Utilities (Water, Electricity, Steam & Wastewater Treatment)	<b>4.0 %</b>	4.3 %
Wages and Salaries	<b>13.2 %</b>	9.8 %
Depreciation	<b>14.4 %</b>	6.7 %
Production Overhead (Consumable and Packaging Materials)	<b>6.6 %</b>	*22.7 %
Selling, Administrative and Other Expenses	<b>17.9 %</b>	10.7 %

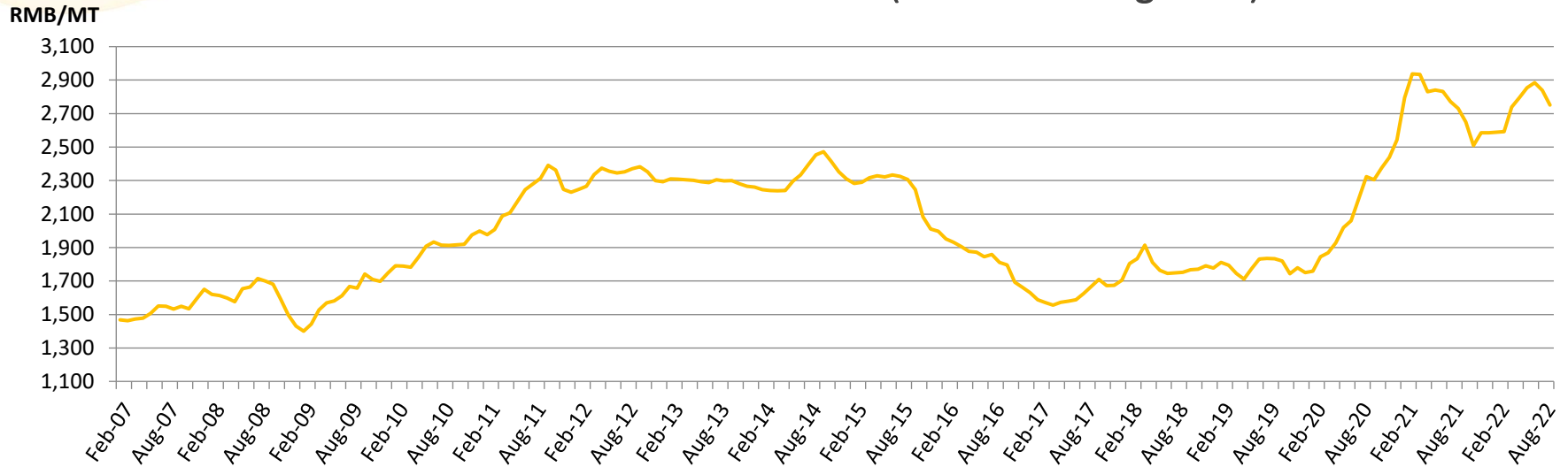
\* During the Period, the Shanghai production site purchased intermediate products as raw materials in order to save costs, resulting in the changes in the shares of raw material cost and production overhead in the overall cost structure.

# BUSINESS OUTLOOK & DEVELOPMENT PLANS



# UPSTREAM RAW MATERIAL -- CORN

## Corn Price Movement in China (Jan 2007 – Aug 2022)



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

- 2022/23 PRC corn harvest estimates : production at approx. 272.6 million MT (2021/22 : 272.6 million MT) (Source : Ministry of Agriculture and Rural Affairs of China); consumption at 290.5 million MT → continue to import corn to make up the shortfall → domestic corn price expects to stay high in 2022
- Inflationary pressure of commodity products, global recession, rising energy prices → international corn price will remain high in 2022
- Economic slowdown in China → demand ↓ → Operating environment is expected to be challenging in 2H22 → the Group has continued to suspend the upstream operation
- 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 2010 – Aug 2022)



Source: [www.msweet.com.cn](http://www.msweet.com.cn)

- PRC 2021/22 sugar production: approx. 9.7 million MT (2020/21: 10.7 million MT) (Source : Ministry of Agriculture and Rural Affairs of China); consumption maintained at approx. 15.5 million MT
- During 1H22, lockdown in various cities in China as a result of the COVID-19 pandemic → slow down imports of sugar → sugar price remained high → sweeteners price improved
- Growing awareness towards healthier eating habits → slowdown in traditional 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.

## 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

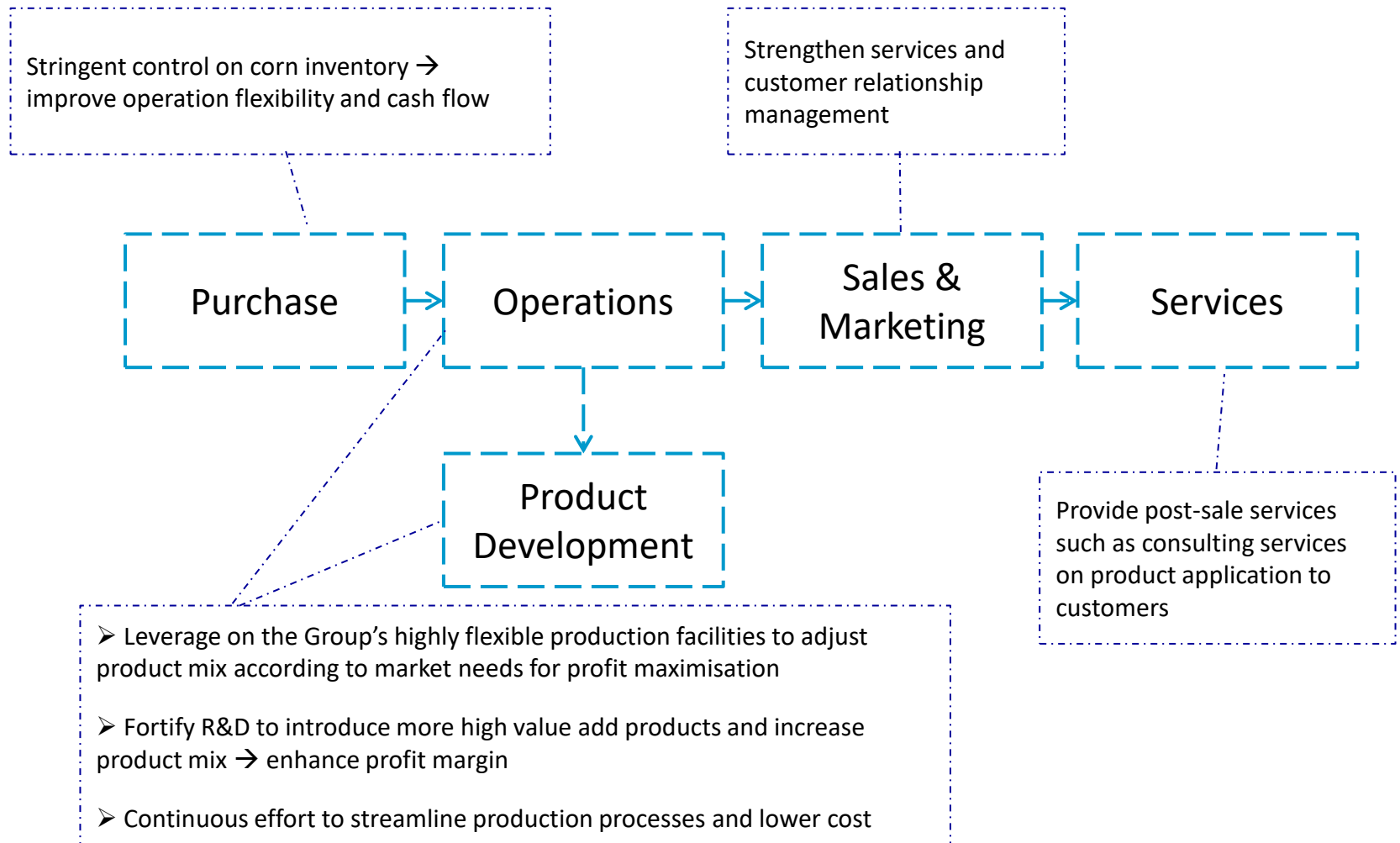
Due to the challenging operating environment and the continued impact of the COVID-19 pandemic, the initial plan for the relocation of the Group's production facilities has been put on hold. The Group will continue to assess the changing market conditions and the progress of the resumption of the Relevant Properties so as to update and revise the relocation plan as appropriate.

## 4) Introduction of investors to the Company through subscription of new shares

As announced by the Company on 24 July 2022, the Company entered into a subscription agreement with Hartington Profits Limited on 24 July 2022 for the subscription of 305,517,200 new ordinary shares at the subscription price of HK\$0.1 per share. The net proceeds from the subscription will be approximately HK\$30,000,000. The Group will utilise a portion of the proceeds for the repayment of bank and other borrowings/payables of the Group's PRC subsidiaries and procurement of corn and other operational expenses.

# CORPORATE STRATEGIES (CON'T)

## 5) GSH's value chain





# CAPACITY OVERVIEW



Designed Capacity (mtpa)	2022	2021
<b><u>Upstream Products</u></b>		
Corn Starch	560,000	560,000
Other Corn Refined Products	240,000	240,000
<b>Upstream Sub-total</b>	<b>800,000</b>	<b>800,000</b>
<b><u>Downstream Products</u></b>		
Glucose / Maltose Syrup	360,000	360,000
HFCS	220,000	220,000
Maltodextrin	30,000	30,000
<b>Downstream Sub-total</b>	<b>610,000</b>	<b>610,000</b>
<b>Total</b>	<b>1,410,000</b>	<b>1,410,000</b>

# 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

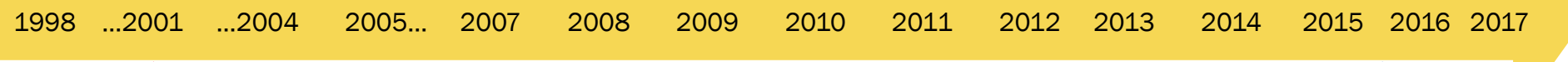
Change in shareholding structure of GBT's controlling shareholder; Nongtou becomes an indirect controlling shareholder of **Global Sweeteners**. Mr. Zhang Zihua was appointed as an Executive Director

**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 800,000 mtpa completed  
Suspension of **Changchun Dihao** pending for relocation to Xinglongshan Site

Completion of Subscription of **GBT**



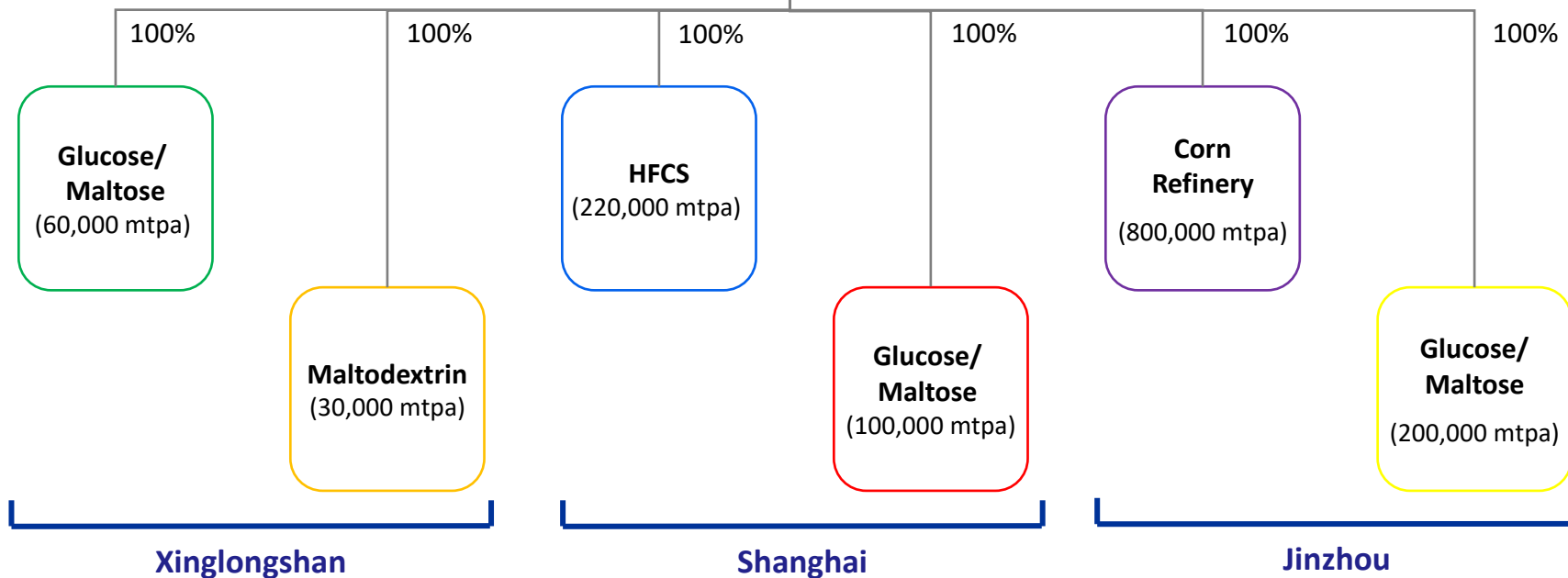
# CORPORATE STRUCTURE



Public

64%

36%

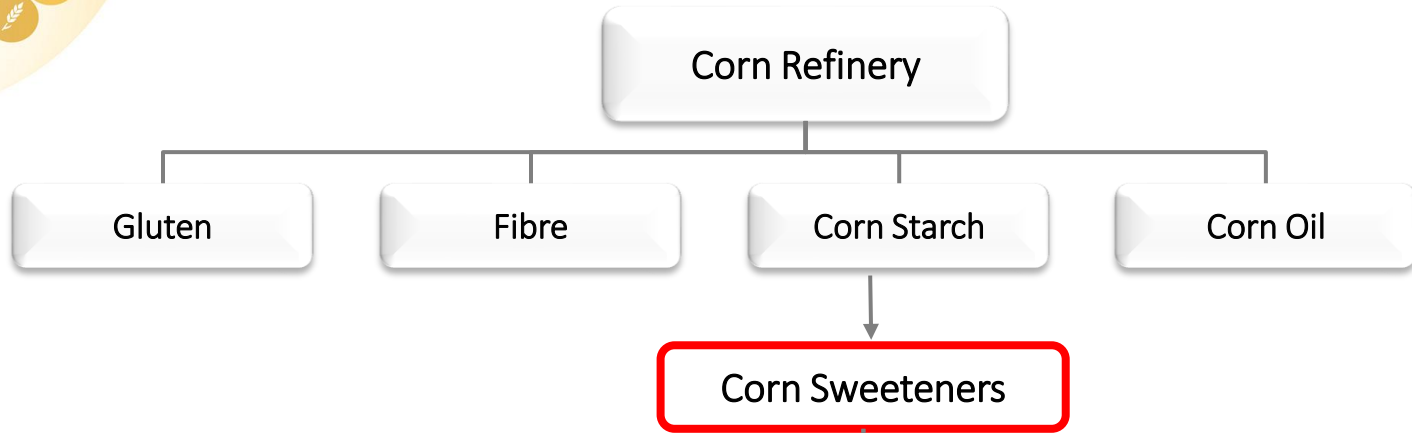




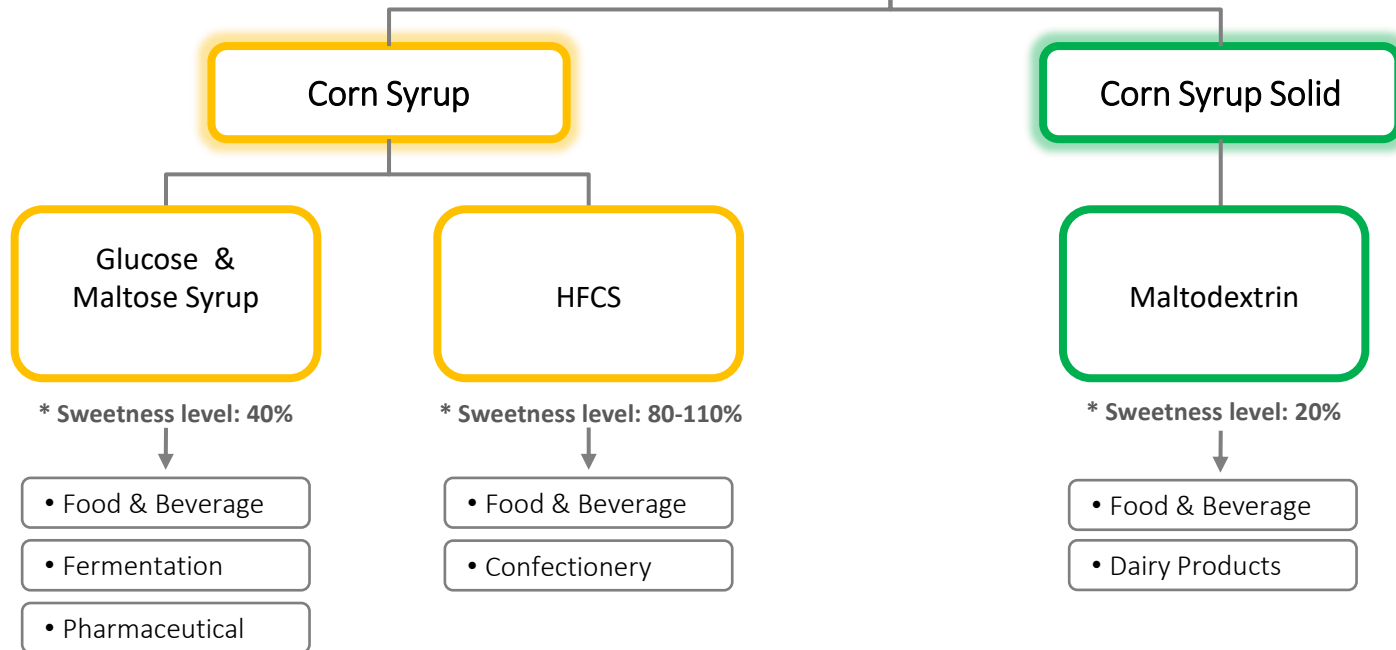


# DIVERSIFIED PRODUCT MIX

UPSTREAM



DOWNSTREAM



\* Sweetness level base on cane sugar sweetness

# APPENDIX





# PRC SUGAR & SWEETENERS PRODUCTION



## Natural Sweeteners

**Sugar**

**Raw Material:**  
Cane, Beet

**Regions:**

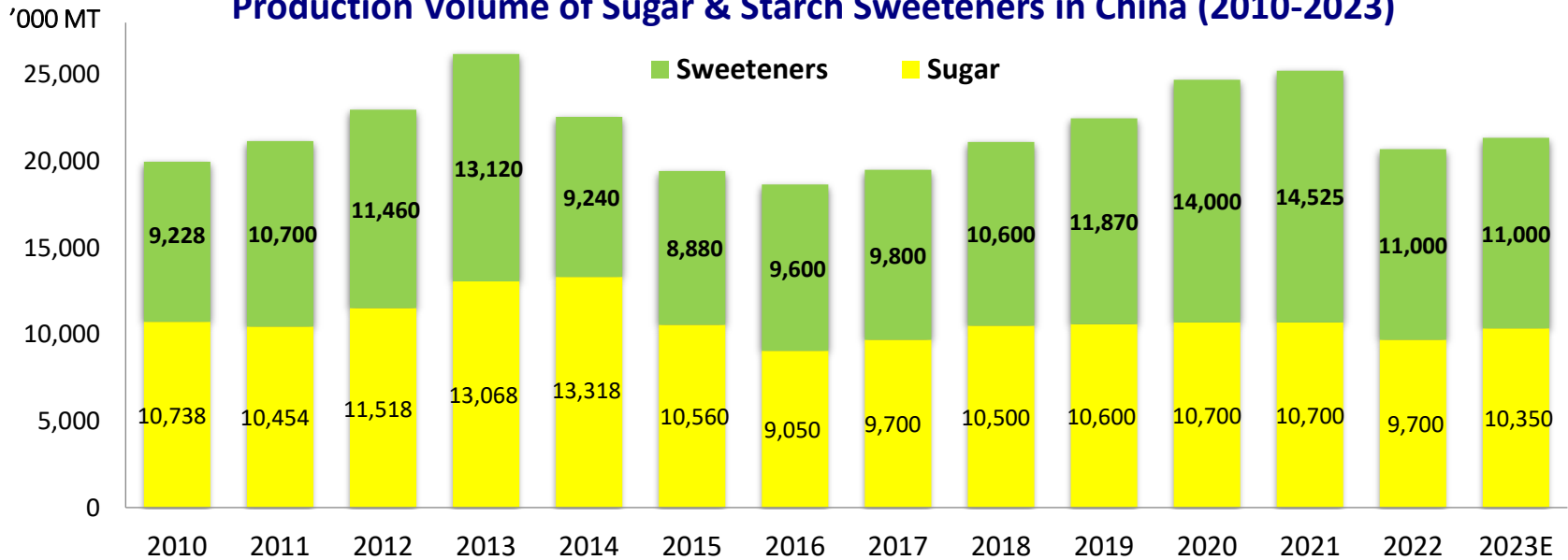
- Cane: Southern parts of China (e.g. Guangxi)
- Beet: Northern parts of China

**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 (2010-2023)**



Source: China Sugar Association / USDA /Cofeed



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



\* For identification purpose only

- The End -