



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



2023 INTERIM RESULTS

31 August 2023

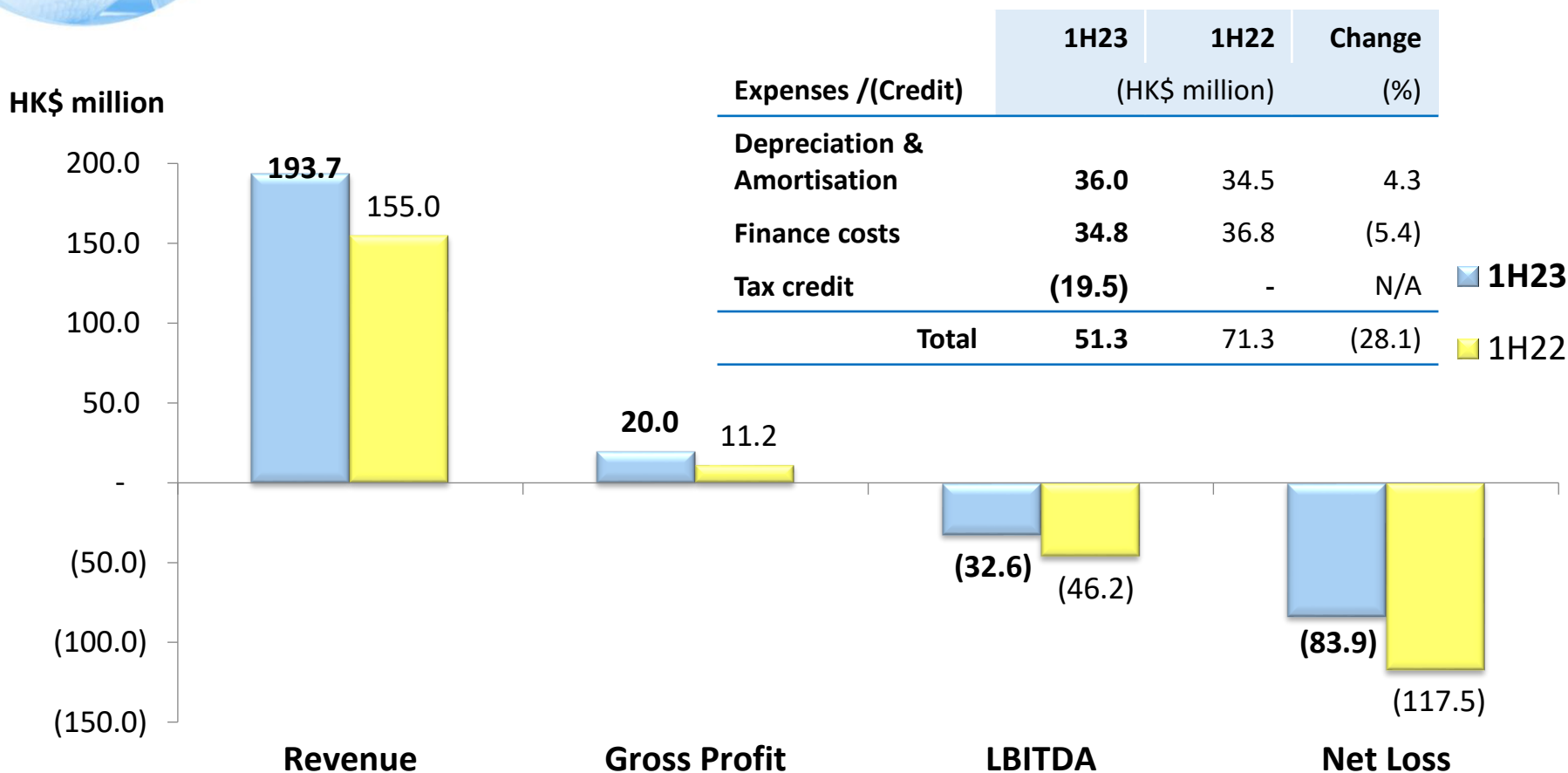
* For identification purpose only



RESULTS HIGHLIGHTS



- Sales volume ↑ 33.3% → revenue ↑ 25.0% to HK\$193.7 million
- Sweeteners price ↓ 7.3 % while raw material cost ↓ → GP ↑ 78.6% with GP margin of 10.3% (1H22: 7.2%) → net loss narrowed to HK\$83.9 million (1H22: HK\$117.5 million)





2023 INTERIM RESULTS

Financial Overview



OPERATING RESULTS



HK\$ million	1H23	1H22	% Change
Revenue	193.7	155.0	25.0
• Corn Refined Products	-	-	-
• Corn Sweeteners	193.7	155.0	25.0
Gross Profit	20.0	11.2	78.6
• Corn Refined Products	-	-	-
• Corn Sweeteners	20.0	11.2	78.6
Gross Profit Margin (%)	10.3	7.2	3.1% pt
• Corn Refined Products	-	-	-
• Corn Sweeteners	10.3	7.2	3.1% pt
LBITDA	(32.6)	(46.2)	N/A
Loss Before Tax	(103.4)	(117.5)	N/A
Net Loss	(83.9)	(117.5)	N/A
Net Loss Margin (%)	(43.3)	(75.8)	N/A
Basic Loss Per Share (HK cents)	(5.5)	(7.7)	N/A
Dividend Per Share – Interim (HK cents)	-	-	N/A



FINANCIAL POSITION



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:

- Implementation of the GSH Restructuring to improve the Group's operating cash flow;
- Streamlining corporate structure to facilitate the smooth negotiation and implementation of the debt restructuring plan; and
- Monitoring the Group's operating cash flows.

HK\$ million	30 Jun 23	31 Dec 22	% Change
Non-current Assets	533.8	564.9	(5.5)
Current Assets	122.0	122.2	(0.2)
Current Liabilities	1,334.6	1,329.0	0.4
Cash and Cash Equivalents	7.9	4.3	83.7
Interest-bearing Bank and Other Borrowings	747.0	795.4	(6.1)
Total Deficit	(704.8)	(681.0)	N/A

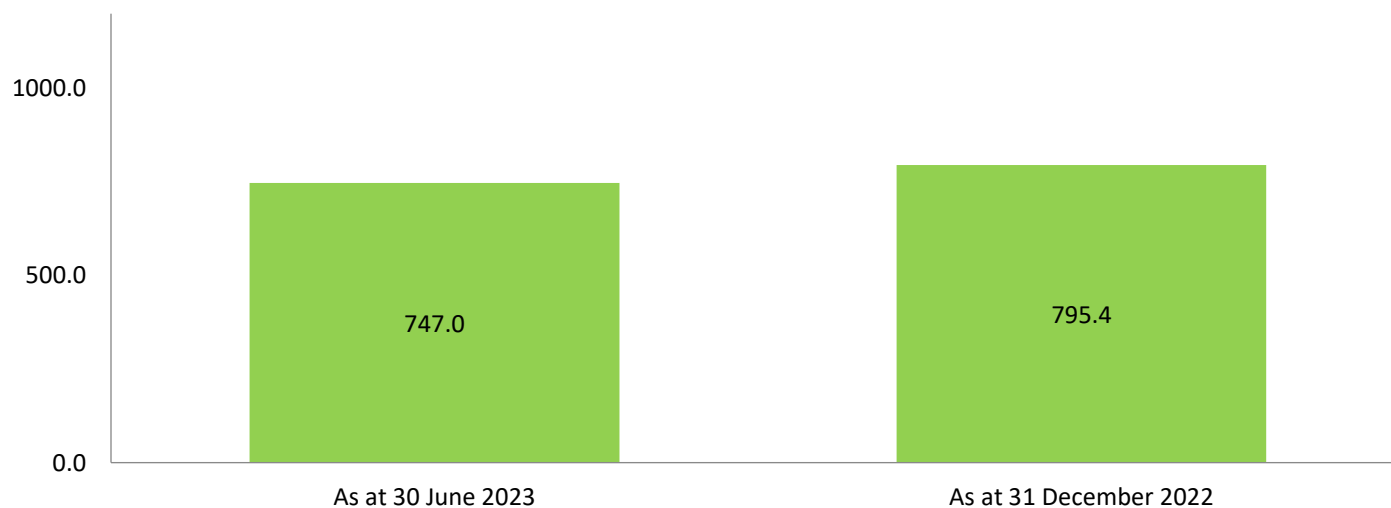


BORROWINGS STRUCTURE



HK\$ million	30 Jun 23	31 Dec 22	% Change
Short Term Borrowings	747.0	795.4	(6.1)
Long Term Borrowings	-	-	-
Total	747.0	795.4	(6.1)

HK\$ million



KEY FINANCIAL RATIOS



	30 Jun 23	31 Dec 22
Current Ratio	0.09	0.09
Quick Ratio	0.06	0.06
Gearing Ratio*	113.9%	115.8%
Inventory Turnover Days	47 Days	47 Days
Trade Receivables Turnover Days	34 Days	50 Days
Trade Payables Turnover Days**	73 Days	94 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).*

** *Trade payables turnover days decreased as the Group negotiated with its creditors on repayment plans mutually-agreed among the parties during the Period*



2023 INTERIM RESULTS

Operation Overview

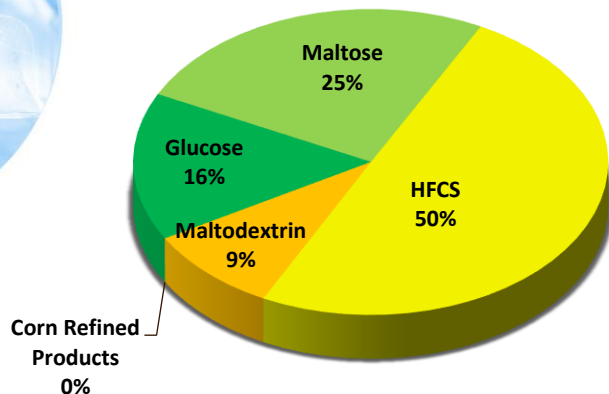




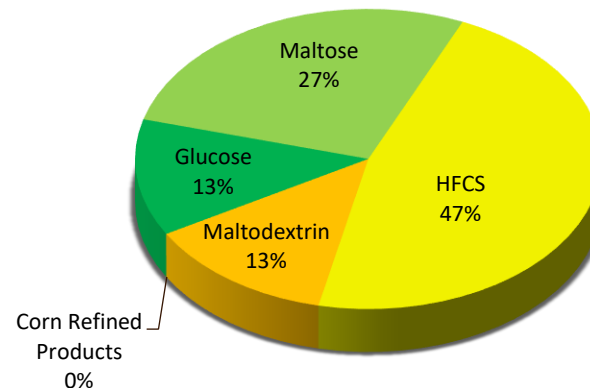
REVENUE BREAKDOWN



1H23 Revenue Breakdown



1H22 Revenue Breakdown



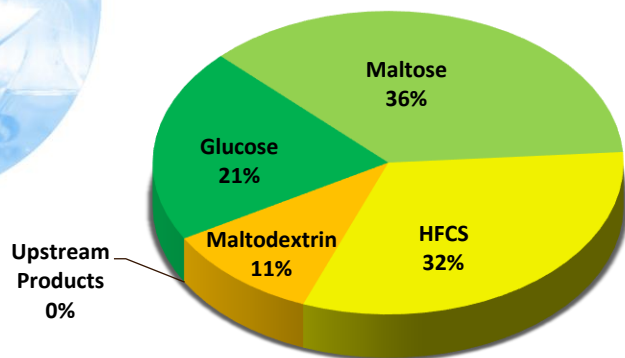
Revenue (HK\$ million)	1H23	1H22	% Change
Upstream			
Corn Refined Products	-	-	-
Downstream			
Glucose Syrup	30.3	19.5	55.4
Maltose Syrup	49.1	42.4	15.8
HFCS	96.5	72.7	32.7
Maltodextrin	17.8	20.4	(12.7)
Sweeteners Sub-total	193.7	155.0	25.0
Total	193.7	155.0	25.0



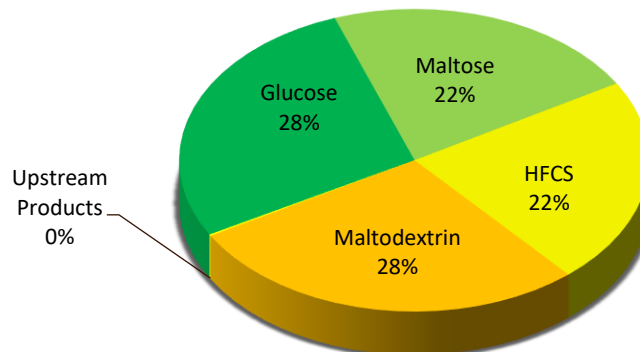
GROSS PROFIT BREAKDOWN



1H23 Gross Profit Breakdown



1H22 Gross Profit Breakdown



Gross Profit (HK\$ million)	1H23	1H22	% Change
Upstream			
Corn Refined Products	-	-	-
Downstream			
Glucose Syrup	4.1	3.1	32.3
Maltose Syrup	7.3	2.5	192.0
HFCS	6.5	2.5	160.0
Maltodextrin	2.1	3.1	(32.3)
Sweeteners Sub-total	20.0	11.2	78.6
Total	20.0	11.2	78.6

SALES ANALYSIS



	Sales Volume ('000 MT)			Gross Profit Margin (%)		
	1H23	1H22	% Change	1H23*	1H22	% pt Change
<u>Upstream</u>						
Corn Refined Products	-	-	-	-	-	-
<u>Downstream</u>						
Corn Syrup	43	31	38.7	10.2	6.0	4.2
Corn Syrup Solid	5	5	-	11.8	15.2	(3.4)
Sweeteners Sub-total	48	36	33.3	10.3	7.2	3.1
Total	48	36	33.3	10.3	7.2	3.1

* As the Group's sales volume increased while raw material cost decreased during the Period, the overall GP margin of the Group increased.

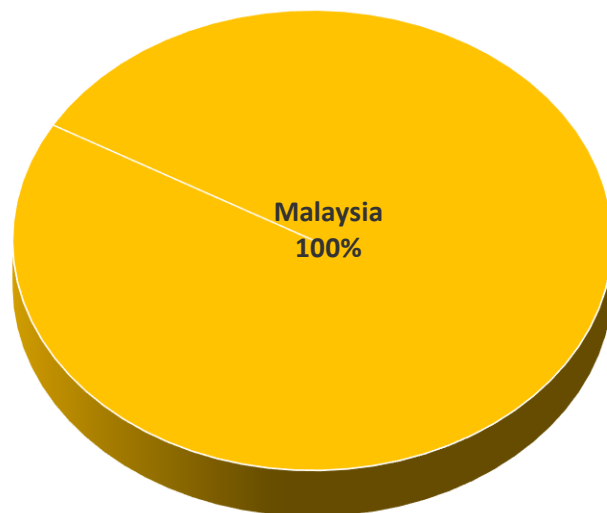


EXPORTS BREAKDOWN

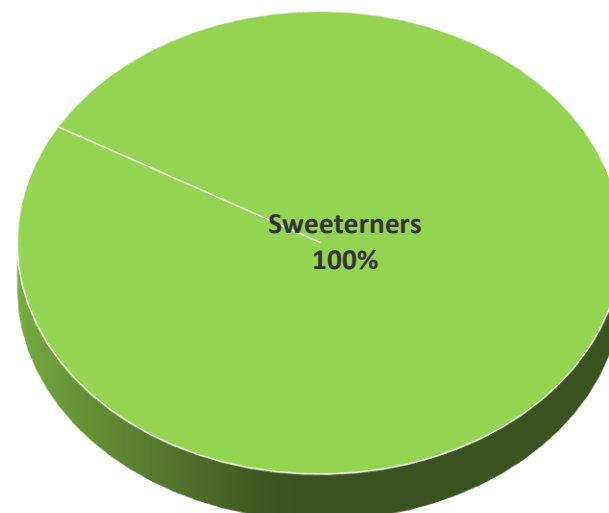


	1H23	1H22	% Change
Export Sales Revenue (HK\$ Million)	7.6	5.0	(52.0)
Exports Sales Volume ('000 MT)	1.8	1.0	(80.0)
Export Contribution (%)	3.9	3.2	0.7% pt

Export Sales by Region



Export Sales by Product



OPERATING COST STRUCTURE



	1H23	1H22
Raw Material (Corn / Corn Starch)	46.4%	43.9 %
Utilities (Water, Electricity, Steam & Wastewater Treatment)	4.6%	4.0 %
Wages and Salaries	12.3%	13.2 %
Depreciation	11.6%	14.4 %
Production Overhead (Consumable and Packaging Materials)	9.3%	6.6 %
Selling, Administrative and Other Expenses	15.8%	17.9 %

BUSINESS OUTLOOK & DEVELOPMENT PLANS

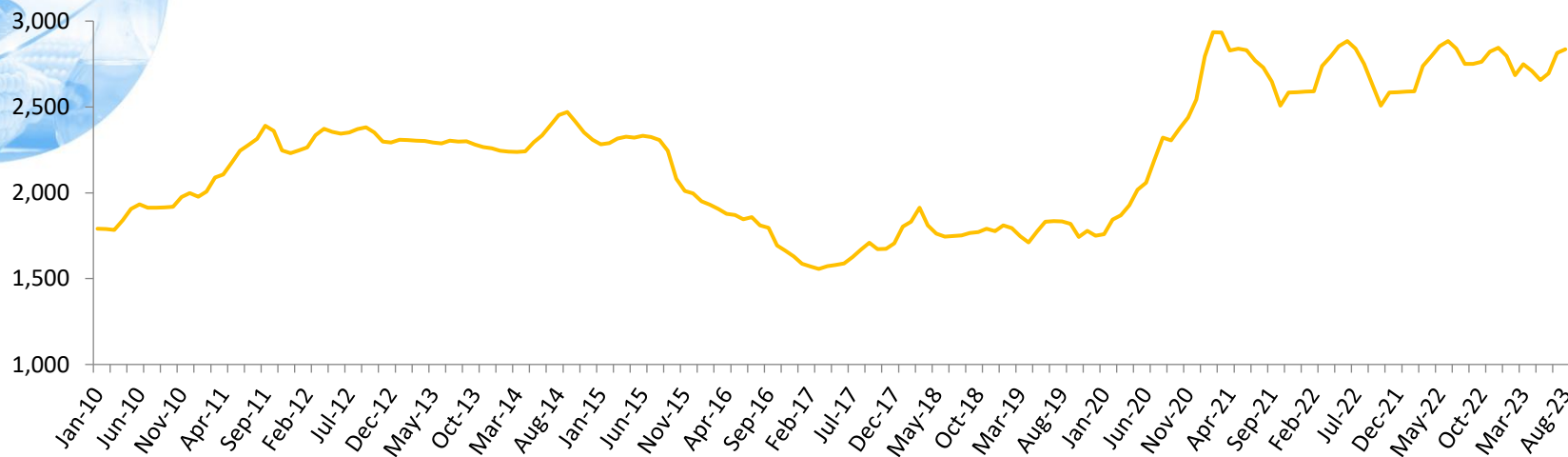


UPSTREAM RAW MATERIAL -- CORN



Corn Price Movement in China (Jan 2010 – Aug 2023)

RMB/MT



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

- 2023/24 PRC corn harvest estimates : production at approx. 282.0 million MT (2022/23 : 277.2 million MT) (Source : Ministry of Agriculture and Rural Affairs of China); consumption at 293.0 million MT → estimated import of corn in 2023: 17.5 million MT
- Increased global corn production → international corn price cooled to 555 US cents per bushel by end of June 2023 (end of June 2022: 744 US cents per bushel)
- Economic slowdown in China → demand ↓ → challenging operating environment
- Group's strategy : continue to suspend its upstream operation; closely monitor market condition to decide the best timing to resume upstream operation

DOWNSTREAM SUBSTITUE – SUGAR



Sugar Price Movement in China (Jan 2010 – Aug 2023)



Source: www.msweet.com.cn

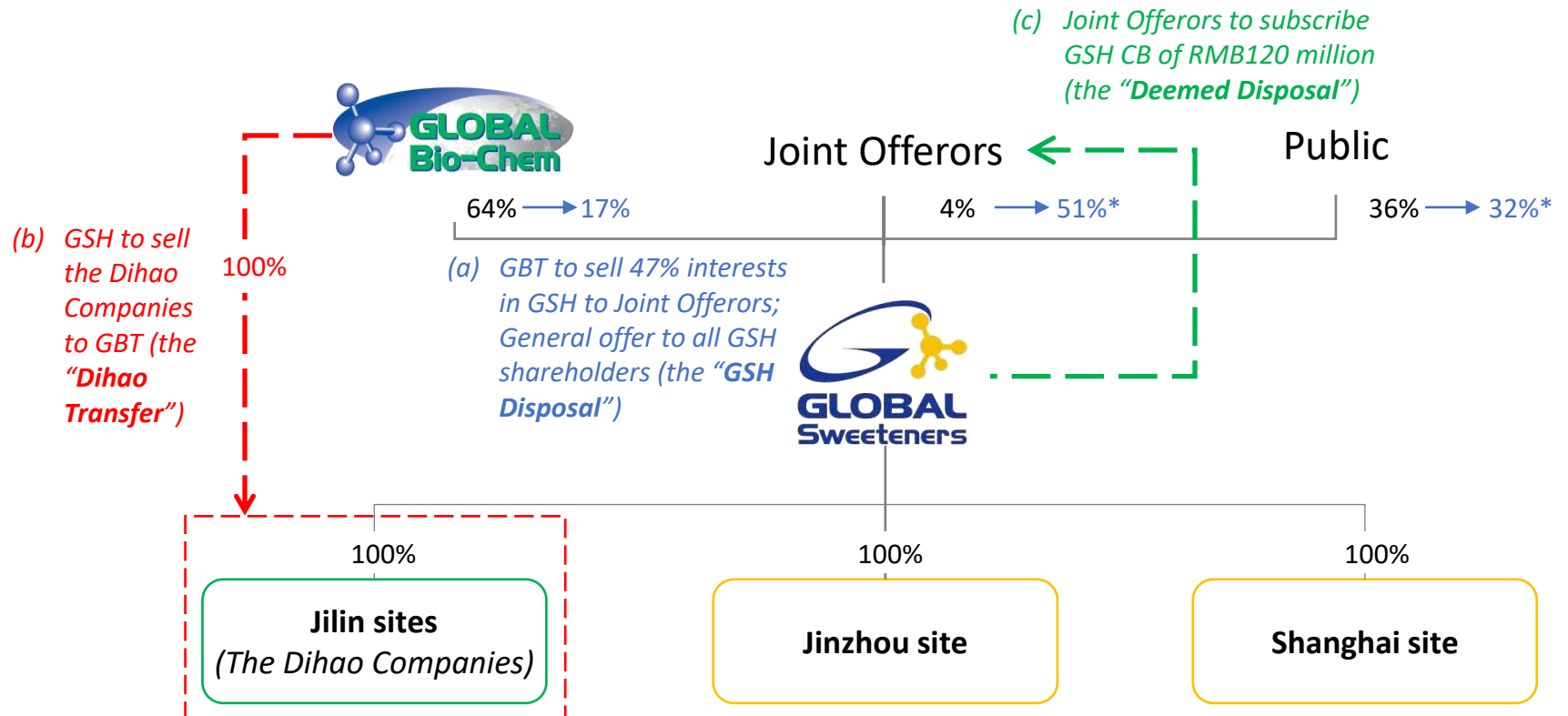
- 2022/23 PRC sugar production: approx. 9.0 million MT (2021/22: 9.6 million MT) (Source : Ministry of Agriculture and Rural Affairs of China); consumption maintained at approx. 15.6 million MT → sugar deficit: 6.6 million MT → PRC sugar price ↑ to RMB7,044/MT in end of June 2023 (end of June 2022: RMB5,778/MT)
- Over-supply situation in the PRC sweeteners market → sweeteners price dropped by 7.3%
- Shanghai site resumed operation from its temporary suspension during 2H22 → sales volume ↑ 33.3%; raw material cost ↓ → GP improved 78.6%
- Group's strategies: optimize operation; R&D on new products and applications to tap into new markets

CORPORATE STRATEGIES



1) Implementation of the debt restructuring plan to improve its financial position of the Group

The corporate restructuring of the Group (the “GSH Restructuring”) as disclosed in the joint announcement of the Company and GBT on 6 April 2023 in relation to, among others, (a) the GSH Disposal; (b) the Dihao Transfer; and (c) the Deemed Disposal, details of which are illustrated in the diagram below:



* These final numbers are to be determined upon completion of the general offer.

CORPORATE STRATEGIES (CON'T)



2) Streamlining corporate structure to facilitate the smooth negotiation and implementation of the debt restructuring plan

- The transfer of the ABC Transferred Loan 戶 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.*) has been completed.

The Group and the GBT Group have been exploring various possibilities to raise funds to facilitate and implement the next stage of the debt restructuring plan in relation to, among others, the ABC Transferred Loans with the support of 吉林省人民政府辦公廳 (the General Office of the People's Government of Jilin Province*) and 吉林省人民政府國有資產監督管理委員會 (The State-Owned Assets Supervision and Administration Commission of the People's Government of Jilin Province*).

Certain potential investors (the “**Potential Investors**”) have expressed their interests and organised investment fund(s) targeting to set up a fund of approximately RMB1.5 billion to RMB1.6 billion for the Group and the GBT Group to repurchase, among others, the ABC Transferred Loans. As at 31 August 2023, no written agreement has been entered into between to the Group, the GBT Group and the Potential Investors.



CORPORATE STRATEGIES (CON'T)



- In relation to the repurchased loans (the “**Repurchased Loans**”), being a portion of loans owed by Dihao Foodstuff that was repurchased by the Group at a consideration of RMB113.5 million on 31 March 2021, with such consideration for the purchase of the Repurchased Loans remaining outstanding, the Group and the GBT Group intend to settle the outstanding consideration for the purchase of the Repurchased Loans with the proceeds from the resumption of the remaining part of the land and buildings owned by the Group which are located in Luyuan District, Changchun, the PRC (the “**Relevant Properties**”); which have been pledged as security for these Repurchased Loans, therefore, even if the land resumption does not take place in time or at all, the pledgee-lenders may apply for the pledged properties to be sold by way of auction and receive proceeds of sale settling the Repurchased Loans.

As part of the GSH Restructuring, upon the completion of the Dihao Transfer, Dihao Foodstuff will cease to be a subsidiary of the Group and the Group’s obligations in relation to the ABC Transferred Loans and the Repurchased Loans will be released.

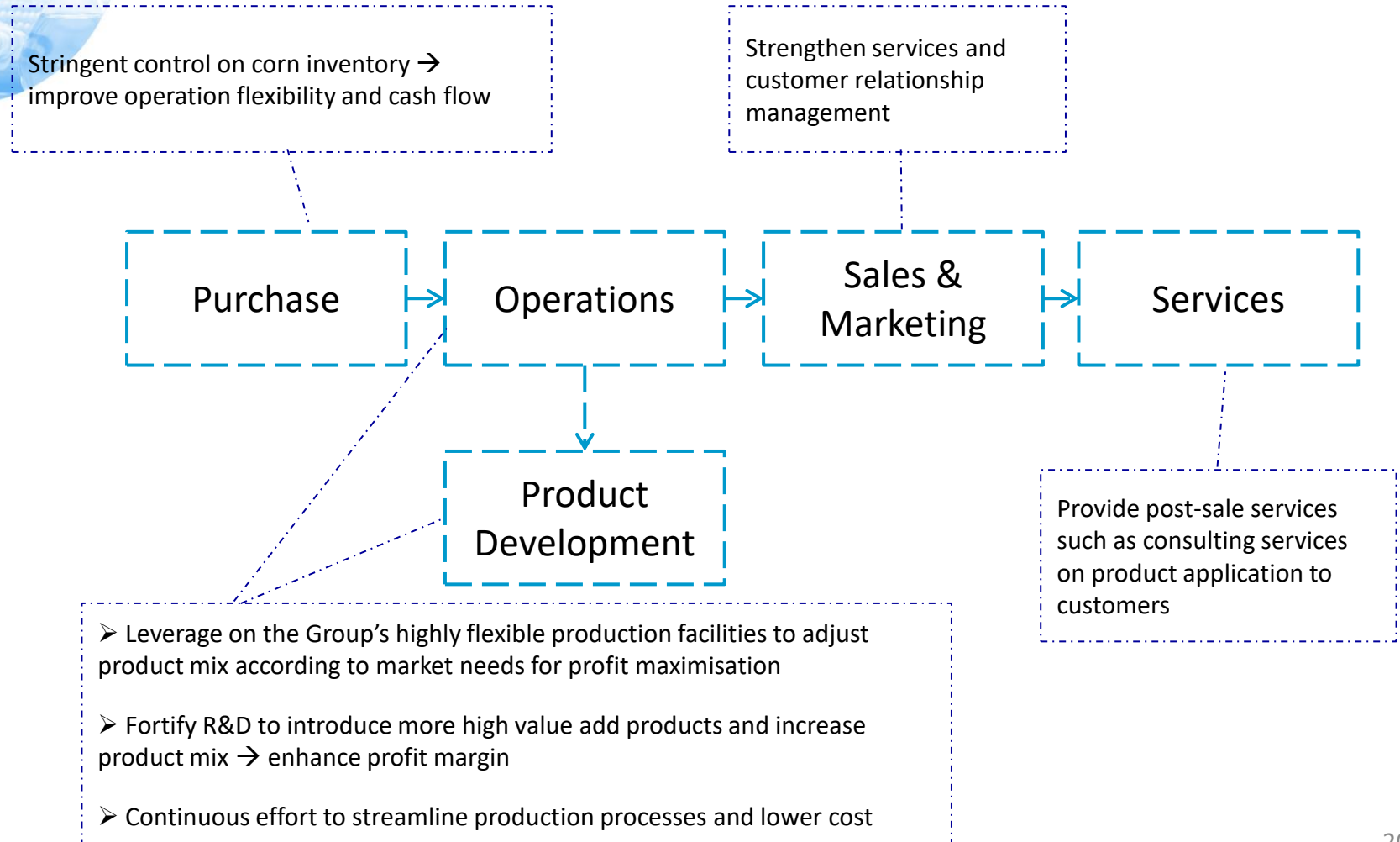
- With respect to the Jinzhou CCB Loans, the Group and Jinzhou CCB are exploring a possible debt restructuring arrangement with a substantial discount. The Company intends to settle a portion of the Jinzhou CCB Loans with the proceeds from the issue of the convertible bonds.

As at 31 August 2023, the Completion of the GSH Disposal is yet to take place. For the details of the updates of the debt restructuring plan, please refer to the Company’s announcement dated 24 July 2023.

CORPORATE STRATEGIES (CON'T)



3) GSH's value chain





CAPACITY OVERVIEW



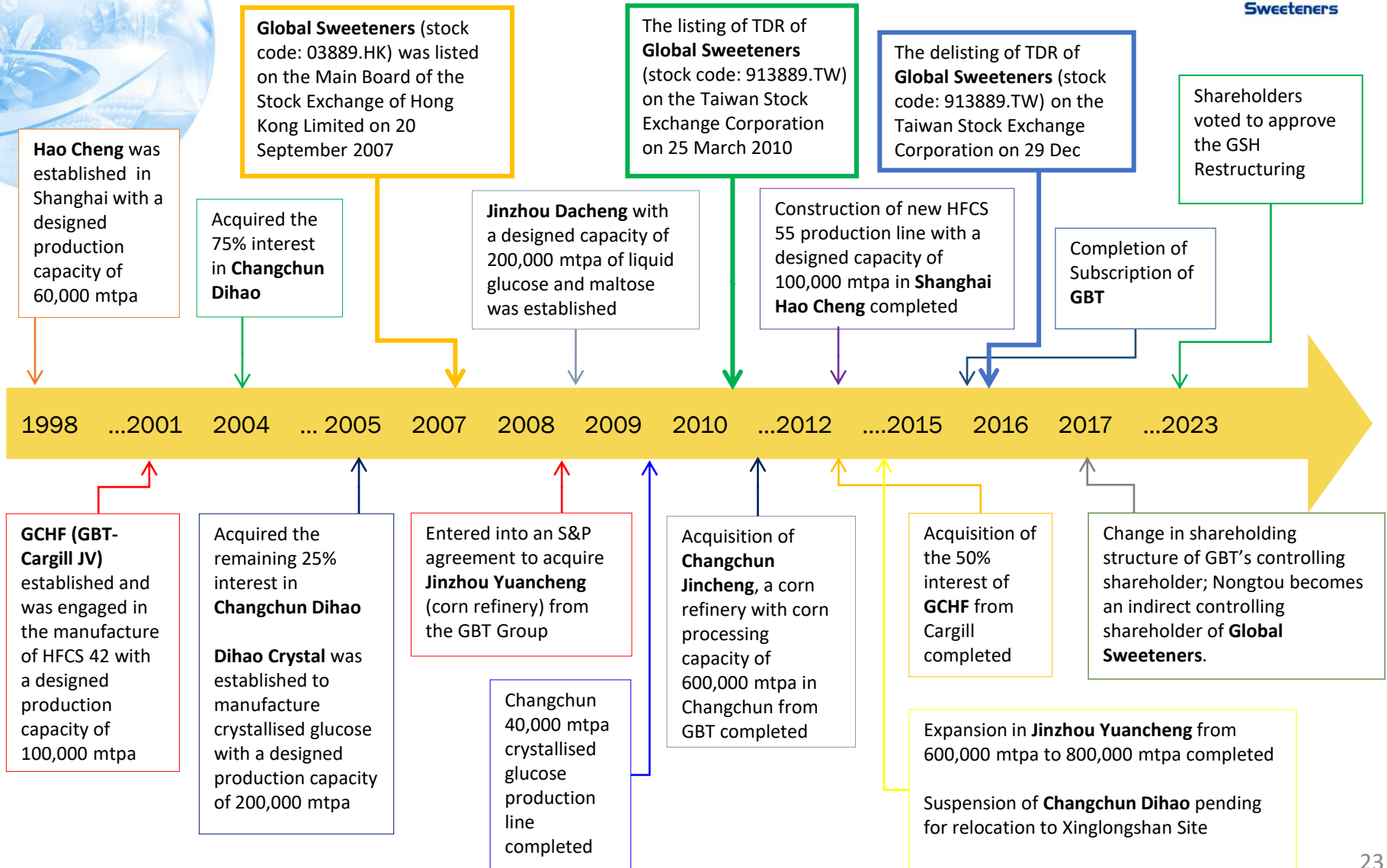
Designed Capacity (mtpa)	2023*
<u>Upstream Products</u>	
Corn Starch	560,000
Other Corn Refined Products	240,000
Upstream Sub-total	800,000
<u>Downstream Products</u>	
Glucose / Maltose Syrup	160,000
HFCS	80,000
Maltodextrin	100,000
Downstream Sub-total	340,000
Total	1,140,000

* The above capacity is based on the assumption that the completion of the Dihao Transfer takes place in 2023.

COMPANY PROFILE



CORPORATE MILESTONES



CORPORATE STRUCTURE



Public

64%

36%



This portion will be carved out from the GSH Group upon completion of the Dihao Transfer

100%

100%

100%

100%

100%

100%

**Glucose/
Maltose**
(60,000 mtpa)

Maltodextrin
(30,000 mtpa)

HFCS
(80,000 mtpa)

**Glucose/
Maltose/
Maltodextrin**
(160,000 mtpa)

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

**Glucose/
Maltose**
(100,000 mtpa)

Xinglongshan

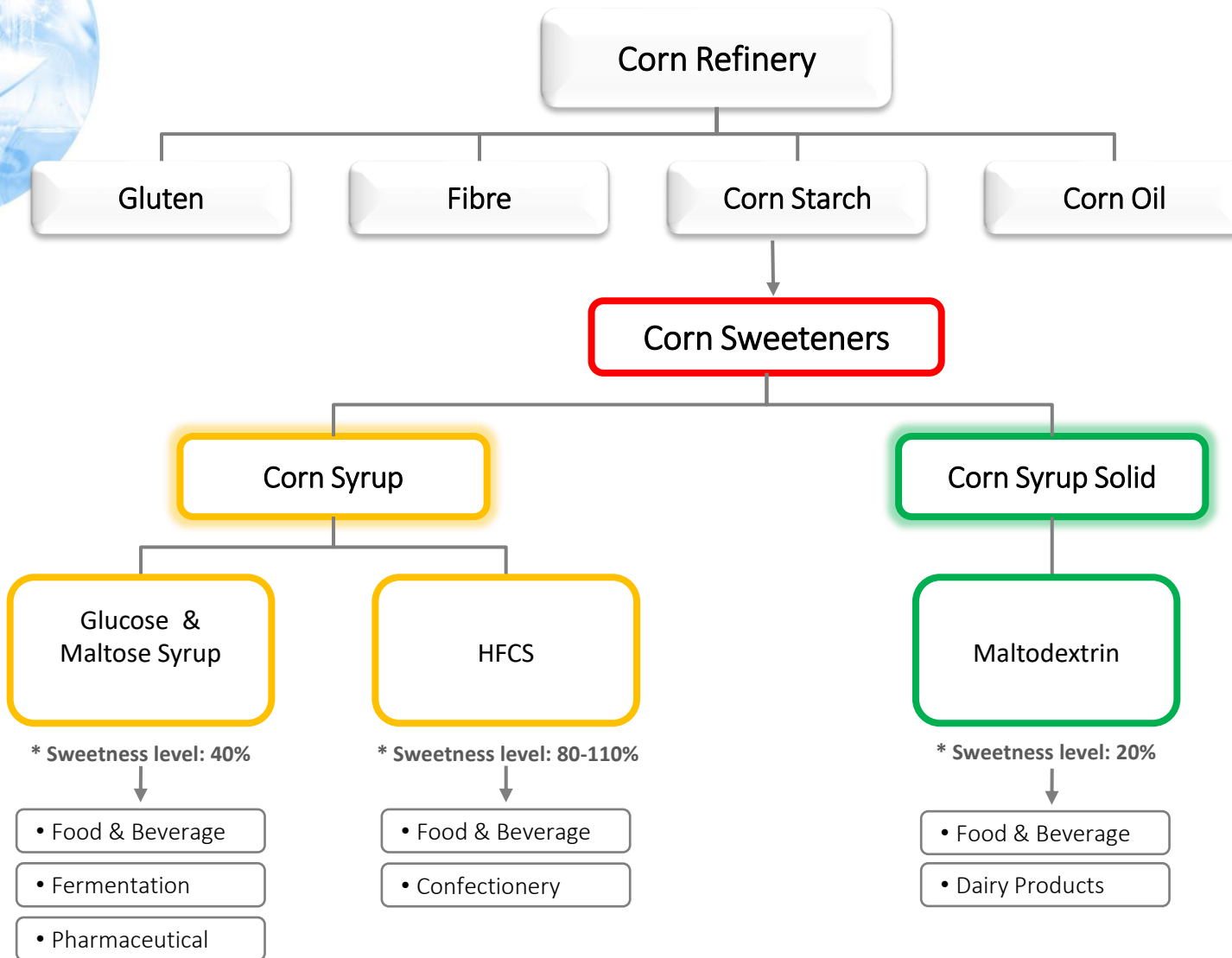
Shanghai

Jinzhou



UPSTREAM

DIVERSIFIED PRODUCT MIX



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

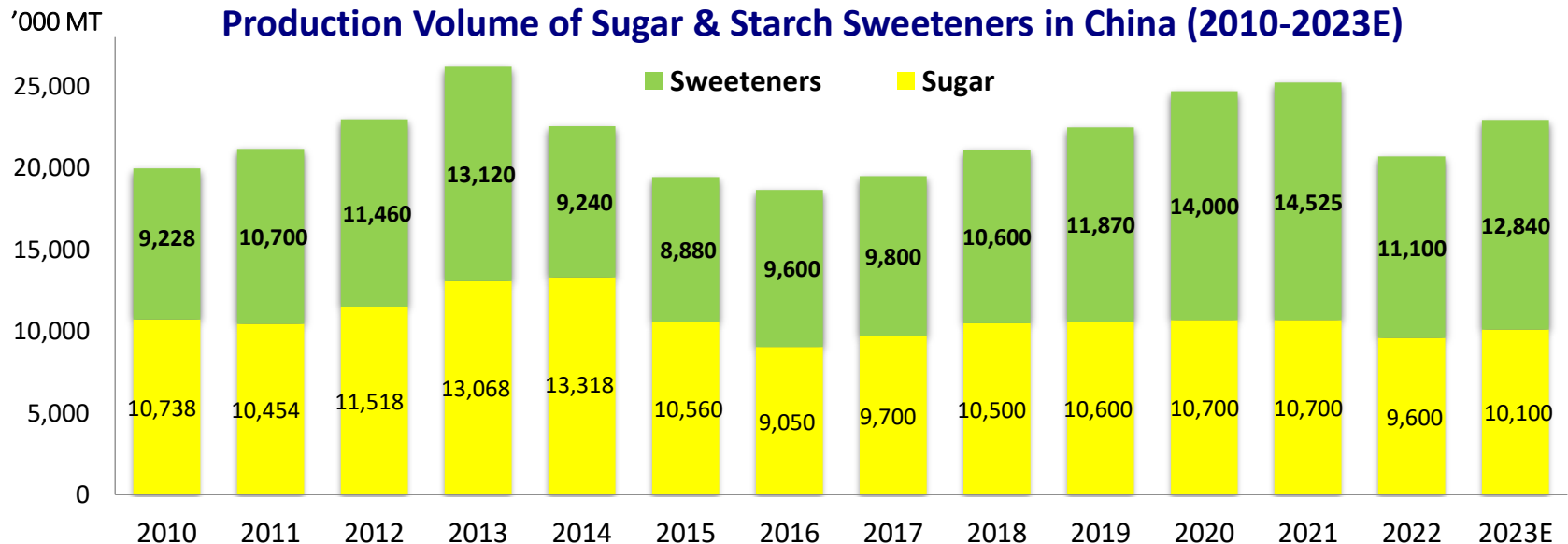
Starch Sweeteners

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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- The End -

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