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## GLOBAL SWEETENERS HOLDINGS LIMITED

### 大成糖業控股有限公司 \*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03889)

#### ANNOUNCEMENT OF THE FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Global Sweeteners Holdings Limited (the “**Company**” or “**GSH**”) announces the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2023 (the “**Year**”), together with the comparative figures in the previous year as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000 (Re-presented)
<b>CONTINUING OPERATIONS</b>			
<b>REVENUE</b>	4	<b>440,813</b>	359,567
Cost of sales		<b>(404,195)</b>	(332,300)
Gross profit		<b>36,618</b>	27,267
Other income and gains	4	<b>11,476</b>	14,078
Selling and distribution costs		<b>(29,282)</b>	(30,453)
Administrative expenses		<b>(62,427)</b>	(69,899)
Other expenses		<b>(58,130)</b>	(48,791)
Finance costs	6	<b>(42,442)</b>	(41,040)
<b>LOSS BEFORE TAX FROM CONTINUING OPERATIONS</b>	5	<b>(144,187)</b>	(148,838)
Income tax credit	7	<b>4,367</b>	7,431
<b>LOSS FOR THE YEAR FROM CONTINUING OPERATIONS</b>		<b>(139,820)</b>	(141,407)

\* For identification purposes only

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Re-presented)
<b>DISCONTINUED OPERATIONS</b>			
<b>PROFIT (LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>	<i>15</i>	<u>429,336</u>	<u>(71,084)</u>
<b>PROFIT (LOSS) FOR THE YEAR</b>		<u>289,516</u>	<u>(212,491)</u>
<b>OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR</b>			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Release of exchange reserve upon disposal of subsidiaries		(60,752)	–
Exchange differences on translation of financial statements of operations outside Hong Kong		<u>46,965</u>	<u>32,099</u>
		(13,787)	32,099
Items that will not be reclassified subsequently to profit or loss:			
– Gain on properties revaluation, net	<i>10</i>	31,178	–
– Income tax effect		<u>(7,795)</u>	<u>–</u>
		23,383	–
<b>TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<u>9,596</u>	<u>32,099</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<u><u>299,112</u></u>	<u><u>(180,392)</u></u>
<b>PROFIT (LOSS) ATTRIBUTABLE TO:</b>			
Owners of the Company		289,516	(212,491)
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>289,516</u>	<u>(212,491)</u>
<b>PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY ARISING FROM:</b>			
Continuing operations		(139,820)	(141,407)
Discontinued operations		<u>429,336</u>	<u>(71,084)</u>
		<u>289,516</u>	<u>(212,491)</u>

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 <i>HK\$'000</i> (Re-presented)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>			
<b>ATTRIBUTABLE TO:</b>			
Owners of the Company		<b>299,112</b>	(180,843)
Non-controlling interests		—	451
		<u><b>299,112</b></u>	<u>(180,392)</u>
 <b>EARNINGS (LOSS) PER SHARE, ARISING</b>			
<b>FROM</b>			
	<i>9</i>		
<b>Basic</b>			
Continuing operations		<b>HK(9.2) cents</b>	HK(9.3) cents
Discontinued operation		<b>HK28.1 cents</b>	HK(4.6) cents
		<u><b>HK18.9 cents</b></u>	<u>HK(13.9) cents</u>
 <b>Diluted</b>			
Continuing operations		<b>HK(9.2) cents</b>	HK(9.3) cents
Discontinued operation		<b>HK28.1 cents</b>	HK(4.6) cents
		<u><b>HK18.9 cents</b></u>	<u>HK(13.9) cents</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

		2023	2022
	Notes	HK\$'000	HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	312,325	507,865
Right-of-use assets		38,813	55,293
Intangible assets		1,704	1,704
		<u>352,842</u>	<u>564,862</u>
<b>CURRENT ASSETS</b>			
Inventories		34,154	42,434
Trade receivables	11	67,952	48,960
Prepayments, deposits and other receivables	12	106,857	26,576
Cash and bank balances		13,552	4,275
		<u>222,515</u>	<u>122,245</u>
<b>CURRENT LIABILITIES</b>			
Trade payables	13	138,045	85,882
Other payables and accruals		323,446	389,309
Lease liabilities		172	951
Interest-bearing bank and other borrowings		440,910	795,353
Due to former fellow subsidiaries		54,038	34,113
Tax payables		249	23,421
		<u>956,860</u>	<u>1,329,029</u>
<b>NET CURRENT LIABILITIES</b>		<u>(734,345)</u>	<u>(1,206,784)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(381,503)</u>	<u>(641,922)</u>

		<b>2023</b>	2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		–	172
Deferred income		<b>352</b>	21,511
Deferred tax liabilities		–	17,362
		<u>352</u>	<u>39,045</u>
<b>NET LIABILITIES</b>		<b><u>(381,855)</u></b>	<b><u>(680,967)</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>14</i>	<b>152,759</b>	152,759
Reserves		<b><u>(528,683)</u></b>	<u>(827,795)</u>
<b>Deficit attributable to owners of the Company</b>		<b>(375,924)</b>	(675,036)
<b>Non-controlling interests</b>		<b><u>(5,931)</u></b>	<u>(5,931)</u>
<b>TOTAL DEFICIT</b>		<b><u>(381,855)</u></b>	<b><u>(680,967)</u></b>

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 June 2006. The principal activity of the Company is investment holding. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Suite 1002, 10<sup>th</sup> Floor, Tower A, Cheung Kei Center, 18 Hung Luen Road, Hung Hom, Kowloon, Hong Kong. The Group is principally engaged in the manufacture and sale of corn refined products and corn sweeteners. There were no significant changes in the nature of the Group's principal activities during the Year.

On 6 April 2023, Global Corn Bio-Chem Technology Company Limited (“**Global Corn Bio-Chem**”), a wholly-owned subsidiary of Global Bio-chem Technology Group Company Limited (“**GBT**”, the former immediate and ultimate holding company of the Group, and together with its subsidiaries, the “**GBT Group**”), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), entered into a sale and purchase agreement (the “**GSH SPA**”) with Mr. Kong Zhanpeng and Mr. Wang Tiegung (the “**Joint Offerors**” or “**New Controlling Shareholders**”) pursuant to which the Joint Offerors have conditionally agreed to acquire and Global Corn Bio-Chem has conditionally agreed to sell 717,965,000 ordinary shares of the Company (the “**GSH Sale Shares**”), representing approximately 47.00% of the entire issued share capital of the Company as at the date of the GSH SPA at a total consideration of HK\$43,077,900 (the “**GSH Disposal**”), subject to certain conditions precedent. On 21 December 2023, all the conditions precedent under the GSH SPA in respect of the GSH Disposal were fulfilled or waived and the completion of GSH Disposal (the “**GSH Completion**”) took place.

For the details of the GSH Disposal, please refer to the joint announcements issued by the Company, GBT, Joint Offerors dated 6 April 2023, 19 September 2023 and 21 December 2023, and the circular of Company dated 31 May 2023.

Immediately upon the GSH Completion, the Joint Offerors and parties acting in concert with them became interested in a total of 777,673,000 shares of the Company, representing approximately 50.91% of the entire issued share capital of the Company. GBT and Global Corn Bio-Chem are no longer the ultimate and immediate holding company, respectively, of the Group.

## 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange and the Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment which are measured at revalued amounts. These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except where otherwise indicated.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 2.3.

## 2.2 GOING CONCERN

As at 31 December 2023, the Group had net current liabilities of approximately HK\$734.3 million (31 December 2022: approximately HK\$1,206.8 million) and net liabilities of approximately HK\$381.9 million (31 December 2022: approximately HK\$681.0 million). In preparing these consolidated financial statements, the Directors have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company and the ability of the Group and the Company to attain profit and positive cash flows from operations and obtain additional funding in the immediate and longer term. The Company has taken the following steps to improve the financial position of the Group:

**(1) Facilitating the CB Completion to improve the Group’s operating cash flow**

Reference is made to the joint announcement of the Company, GBT and the New Controlling Shareholders dated 6 April 2023 in relation to, among others, the Company entered into the conditional subscription agreement with the New Controlling Shareholders as subscribers (the “**CB Subscription Agreement**”), pursuant to which the Company has conditionally agreed to issue, and the New Controlling Shareholders have conditionally agreed to subscribe (the “**CB Subscription**”) for, the 3 year, 5 per cent convertible bonds in the aggregate principal amount of RMB120.0 million (equivalent to approximately HK\$138.0 million) (the “**Convertible Bonds**”), which may be converted into a total of 1,380,000,000 new ordinary share(s) of HK\$0.1 each (the “**Conversion Shares**”) to be allotted and issued by the Company pursuant to the exercise of the conversion right attached to the Convertible Bonds at an initial conversion price of HK\$0.1 per Conversion Share (the “**Conversion Price**”), subject to the adjustment pursuant to the terms and conditions of the Convertible Bonds. Reference is also made to the announcement of the Company dated 4 January 2024 in relation to, among others, the change in use of proceeds from the issue of Convertible Bonds. The Directors have resolved to use the proceeds from the issue of the Convertible Bonds of RMB60.0 million for the repayment to the relevant creditors of the Group and the remaining RMB60.0 million for the preparation for the resumption of Jinzhou production facilities in order to improve the Group’s operating cash flow. The completion of CB Subscription (the “**CB Completion**”) is yet to take place as at the date of this announcement.

Reference is made to the Company’s announcement dated 20 March 2024, as additional time is required for the New Controlling Shareholders to complete the relevant administrative procedures in relation to the CB Subscription, the Company and the New Controlling Shareholders had agreed in writing on 20 March 2024, to extend the date of completion of issuance of Convertible Bonds of RMB60.0 million (“**CB First Completion Date**”) to 30 June 2024 or such other date as may be further agreed by them. Pursuant to the CB Subscription Agreement, the completion of the issuance of the remaining Convertible Bonds of RMB60.0 million will fall on a business day on or within six calendar months from the CB First Completion Date as notified by the Company to the New Controlling Shareholders, by not less than one month’s written notice, or such other date as the Company and the New Controlling Shareholders shall agree in writing.

**(2) Monitoring of the Group’s operating cash flows**

The Group has taken various measures to minimise the operating cost and develop new product line to enhance the operating cash inflow during market turbulence. During the Year, the Group has continued to maximise the production capacity of production facilities in Shanghai site and launched a series of high value-added products to expand the marketing sales.



**(3) Financial supports from the New Controlling Shareholders**

The Group has received an written confirmation dated 7 March 2024 from the New Controlling Shareholders that they would continue to provide financial support to the Group in the following 12 months on a going concern basis. Such assistance received by the Group is not secured by any assets of the Group.

As at 31 December 2023, the Group’s current liabilities due to the associates of the New Controlling Shareholders amounted to approximately HK\$78.8 million and the New Controlling Shareholders agreed that repayment request will not be made while the financial situation of the Group does not allow. In addition, The management of the Company is of the view that the New Controlling Shareholders would be able to support the operations of the Group by providing a stable corn starch and corn syrup supply to the Group with better commercial terms pursuant to the agreements (the “**Master Purchase Agreements**”) entered into between 上海好成食品發展有限公司 (Shanghai Haocheng Food Development Co. Ltd.\*) (“**Shanghai Haocheng**”), an indirect wholly-owned subsidiary of the Company, as purchaser and 銳豪科創商貿(廣州)有限公司 (Ruihao Property (Guangzhou) Co., Ltd.\*) (“**Ruihao (Guangzhou)**”) and 點點通供應鏈科技(深圳)有限公司 (DDT Supply Chain Technology (Shenzhen) Co., Ltd.\*) (“**DDT Supply Chain**”), as sellers, respectively, for the supply and purchase of corn starch and sugar syrup which became effective on 1 January 2023. Each of Ruihao (Guangzhou) and DDT Supply Chain is an associate of the New Controlling Shareholders.

**(4) Facilitated the debts restructuring on the Yuancheng CCB Loans and active negotiations with banks to obtain adequate banking facilities**

On 28 December 2023, (i) 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.\*) (“**Jilin Cinda**”), as creditor, (ii) 錦州元成生化科技有限公司 (Jinzhou Yuancheng Bio-chem Technology Co., Ltd.\*) (“**Jinzhou Yuancheng**”), an indirect wholly-owned subsidiary of the Company, as debtor, and (iii) Shanghai Haocheng, as guarantor, entered into a debt restructuring agreement (the “**Debt Restructuring Agreement**”), pursuant to which the Group has agreed to repay to Jilin Cinda RMB88.0 million (the “**Settlement Amount**”) within 30 days from the date of the Debt Restructuring Agreement (i.e. on or before 26 January 2024) for the settlement of the loans from 中國建設銀行股份有限公司錦州分行 (Jinzhou Branch of China Construction Bank Corporation\*) (“**Jinzhou CCB**”) to Jinzhou Yuancheng with the aggregate principal amount being RMB188.7 million together with outstanding interest (the “**Yuancheng CCB Loans**”). The Group has transferred a total of RMB88.0 million to Jilin Cinda for the purpose of the settlement of the Yuancheng CCB Loans. Upon receipt of the Settlement Amount by Jilin Cinda in January 2024, all repayment obligations of the Group under the Debt Restructuring Agreement shall be considered fulfilled and the Group will no longer have the obligations to settle the remaining balance of the Yuancheng CCB Loans, as such, the financial position of the Group would be improved significantly in 2024.

Following that, the debts financing capacity of the Group resumed, the management of the Group has been actively negotiating with the banks in the People’s Republic of China (the “**China**” or “**PRC**”) to obtain new banking facilities to meet the Group’s capital requirements. Pursuant to the letter of intents given by 南洋商業銀行(中國)有限公司上海分行 (Nanyang Commercial Bank (China), Limited Shanghai Branch) (“**Shanghai Nanyang**”) and 上海閔行上銀村鎮銀行股份有限公司 (Shanghai Minhang BOS Rural Bank) (“**BOS Rural Bank**”) on 21 March 2024, Shanghai Nanyang and BOS Rural Bank agreed to grant in total loans amounted to RMB70.0 million to Shanghai Haocheng. The Directors believe that the new banking facilities could be able to further improve the financial position and liquidity of the Group. Meanwhile, the management of the Group endeavoured to negotiate with 錦州銀行股份有限公司鐵北支行 (Tiebei Branch of Bank of Jinzhou Co., Ltd.\*) (“**Tiebei BOJ**”) for renewal of the loans from Tiebei BOJ to Jinzhou Yuancheng with the aggregate principal amount being RMB212.5 million. Tiebei BOJ preliminary concurs the renewal requests of the Group and such proposal is under the internal process and discussion of Tiebei BOJ. The management of the Group believes that the results of the internal discussion will be given by Tiebei BOJ in the second half of 2024.

The Directors have prepared a cash flow forecast covering a period up to 31 December 2024 on the basis that the measures mentioned above shall have a successful and favourable outcome, and are satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the twelve months from 31 December 2023. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The adoption of the going concern basis may be inappropriate as the outcome of the measures as described above are uncertain.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

## 2.3 CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

### **Amendments to HKAS 1: Disclosure of Accounting Policies**

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

### **Amendments to HKAS 8: Definition of Accounting Estimates**

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### **Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

## **Amendments to HKAS 12: International Tax Reform — Pillar Two Model Rules**

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s Pillar Two model rules. The amendments also introduce targeted disclosure requirements to help investors understand an entity’s exposure to income taxes arising from the rules.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### **2.4 NEW AND REVISED HKFRSs NOT YET ADOPTED**

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the Year, which the Group has not early adopted.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>3</sup> The effective date to be determined

Except for the certain amendments to HKAS 1 which are explained below, the other new/revised HKFRSs are not expected to be relevant to the Group.

#### **Amendments to HKAS 1: Classification of Liabilities as Current or Non-current**

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has two (2022: two) reportable operating segments as follows:

- (a) the corn refined products segment which comprises the manufacture and sale of corn starch, gluten meal, corn oil and other corn refined products; and
- (b) the corn sweeteners segment which comprises the manufacture and sale of glucose syrup, maltose syrup, high fructose corn syrup and maltodextrin.

On 21 December 2023, the completion of disposal of 長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd.\*) (“**Dihao Foodstuff**”), and 長春帝豪結晶糖開發實業有限公司 (Changchun Dihao Crystal Sugar Industry Development Co., Ltd.\*) (“**Dihao Crystal Sugar**”, together with Dihao Foodstuff, the “**Dihao Companies**”) (the “**Dihao Transfer**”) took place, the corn sweeteners business in Jilin Province, the PRC which were operated by Dihao Companies were therefore classified as discontinued operations of the Group. The details of the disposal are summarised in note 15.

The management, being the chief operating decision-maker, monitors the results of the Group’s operating segments separately for the purpose of making decisions in relation to resources allocation and performance assessment. Segment performance is evaluated based on reportable segment’s profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group’s profit or loss before tax except that finance costs as well as corporate income and expenses are excluded from such measurement.

(i) Segment results

Year ended 31 December 2023

	<b>(Continuing operations)</b>		<b>(Discontinued operations)</b>	
	<b>Corn refined products</b>	<b>Corn sweeteners</b>	<b>Corn sweeteners</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Segment revenue</b>				
Revenue from external customers	<u>–</u>	<u>440,813</u>	<u>–</u>	<u>440,813</u>
<b>Segment results</b>	<u>(72,791)</u>	<u>(18,076)</u>	<u>(35,785)</u>	<u>(126,652)</u>
<i>Reconciliation:</i>				
Unallocated bank interest income				34
Gain on disposal of subsidiaries			476,997	476,997
Corporate and other unallocated expenses				(10,912)
Finance costs	(42,442)	–	(25,919)	<u>(68,361)</u>
<b>Profit before tax</b>				271,106
Income tax credit (expense)	4,932	(565)	14,043	<u>18,410</u>
<b>Profit for the year</b>				<u>289,516</u>

Year ended 31 December 2022

	(Continuing operations)		(Discontinued operations)	
	Corn refined products	Corn sweeteners	Corn sweeteners	Total
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<b>Segment revenue</b>				
Revenue from external customers	–	359,567	–	359,567
	<u>–</u>	<u>359,567</u>	<u>–</u>	<u>359,567</u>
<b>Segment results</b>	<u>(50,100)</u>	<u>(49,700)</u>	<u>(43,147)</u>	<u>(142,947)</u>
<i>Reconciliation:</i>				
Unallocated bank interest income				24
Corporate and other unallocated expenses				(8,022)
Finance costs	(41,040)	–	(27,937)	<u>(68,977)</u>
<b>Loss before tax</b>				(219,922)
Income tax credit	–	7,431	–	<u>7,431</u>
<b>Loss for the year</b>				<u>(212,491)</u>

(ii) Other segment information

Year ended 31 December 2023

	<b>(Continuing operations)</b>		<b>(Discontinued operations)</b>	
	<b>Corn refined products</b>	<b>Corn sweeteners</b>	<b>Corn sweeteners</b>	<b>Total</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Capital expenditure	–	588	–	588
Sale of scrap raw materials, net of cost	(678)	–	–	(678)
Depreciation				
– Property, plant and equipment (note 10)	18,183	39,683	14,884	72,750
– Right-of-use assets (a)	3,597	145	1,256	4,998
Reversal of write-down of inventories, net	(4)	–	–	(4)
Impairment of property, plant and equipment	21,276	–	–	21,276
Reversal of impairment of trade receivables, net	–	(83)	–	(83)
Impairment (Reversal of impairment) of prepayments, deposits and other receivables, net	91	496	(93)	494
Impairment of amount due from a former fellow subsidiary	–	1,277	1,818	3,095
(Gain) Deficit on properties revaluation, net	(16,591)	2,767	(17,354)	(31,178)
Reversal of overprovision of other tax payables	–	(4,385)	–	(4,385)



Year ended 31 December 2022

	(Continuing operations)		(Discontinued operations)	Total <i>HK\$'000</i>
	Corn refined products <i>HK\$'000</i>	Corn sweeteners <i>HK\$'000</i>	Corn sweeteners <i>HK\$'000</i>	
Capital expenditure	–	136	–	136
Sale of scrap raw materials, net of cost	(8,763)	–	–	(8,763)
Depreciation				
– Property, plant and equipment	19,023	35,115	16,054	70,192
– Right-of-use assets (a)	3,764	153	1,331	5,248
Reversal of write-down of inventories, net	(12)	–	–	(12)
Impairment of property, plant and equipment	–	–	406	406
Impairment of trade receivables, net	12	434	–	446
Impairment (reversal of impairment) of prepayments, deposits and other receivables, net	220	(2)	407	625

Remark:

- (a) Depreciation of right-of-use assets of continuing operations that was not attributable to any of the above segments amounted to HK\$875,000 (2022: HK\$874,000) was included in corporate and other unallocated expenses.

(iii) Geographical information

*Revenue information based on locations of customers*

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
The PRC	430,580	346,575
Asian region and others	10,233	12,992
	<u>440,813</u>	<u>359,567</u>

No revenue generated from discontinued operations during the years ended 31 December 2023 and 2022.

*Non-current assets information based on locations of assets*

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
The PRC	352,550	415,852
Hong Kong	292	1,167
	<u>352,842</u>	<u>417,019</u>
<b>Discontinued operations</b>		
The PRC	–	147,843

(iv) **Information about major customers**

No revenue from any customer from the corn refined products segment individually accounted for 10% or more of the Group's revenue for the Year (2022: Nil).

Revenue from customer from the corn sweeteners segment individually accounted for 10% or more of the Group's revenue are as follows:

	<b>2023</b>	2022
<b>Continuing operations</b>	<b>HK\$'000</b>	HK\$'000
Corn sweeteners:		
Customer A	*	66,495
Customer B	<b>72,015</b>	*
Customer C	<b>49,008</b>	*
	<u><b>121,023</b></u>	<u>66,495</u>

\* These customers individually contributed less than 10% of the total revenue from the Group's corn sweeteners segment during the years ended 31 December 2023 and 2022.

#### 4. REVENUE, OTHER INCOME AND GAINS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>		
<b>Revenue from contracts with customers within HKFRS 15</b>		
Sale of goods (a)	<u>440,813</u>	<u>359,567</u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Re-presented)
<b>Other income and gains</b>		
Amortisation of deferred income	178	186
Bank interest income	34	24
Foreign exchange gain, net	157	772
Government grants (b)	623	851
Rental income	1,119	1,258
Reversal of overprovision of other tax payables	4,385	–
Reversal of impairment of trade receivables, net	83	–
Reversal of write-down of inventories, net	4	12
Subcontracting income	3,676	1,964
Sale of scrap raw materials, net of cost	678	8,763
Others	<u>539</u>	<u>248</u>
	<u>11,476</u>	<u>14,078</u>

#### Remarks:

- (a) The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised at a point in time. The amount of revenue recognised for the Year that was included in the contract liabilities at the beginning of the Year was HK\$15,639,000 (2022: HK\$16,165,000).
- (b) Government grants represent rewards to certain subsidiaries of the Company located in the PRC and Hong Kong with no further obligations and conditions to be complied with.

## 5. LOSS BEFORE TAX FROM CONTINUING OPERATIONS

The Group's loss before tax from continuing operations is arrived at after charging (crediting):

	<i>Note</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000 (Re-presented)
Employee benefits expenses (excluding Directors' remuneration)			
– Wages and salaries		<b>46,870</b>	55,401
– Pension scheme contributions		<b>16,714</b>	19,943
		<b>63,584</b>	75,344
Cost of inventories sold (a)		<b>404,195</b>	332,300
Auditor's remuneration			
– Annual audit		<b>1,000</b>	1,500
– Non-audit service fee		<b>546</b>	341
Foreign exchange gain, net		<b>(157)</b>	(772)
Depreciation			
– Property, plant and equipment		<b>57,866</b>	54,138
– Right-of-use assets		<b>4,617</b>	4,791
Reversal of write-down of inventories, net		<b>(4)</b>	(12)
(Reversal of) Impairment of trade receivables, net		<b>(83)</b>	446
Impairment of prepayments, deposits and other receivables, net		<b>587</b>	218
Impairment of property, plant and equipment (included in other expenses)	<i>3(ii)</i>	<b>21,276</b>	–
Impairment of amount due from a former fellow subsidiary (b)		<b>1,277</b>	–
Reversal of overprovision of other tax payables		<b>(4,385)</b>	–

Remarks:

- (a) Cost of inventories sold includes employee benefits expenses and depreciation amounted to HK\$18,306,000 (2022: HK\$22,442,000), which are also included in the respective total amounts disclosed separately above for each of these types of income and expenses.
- (b) The amount represented the impairment of amount due from 哈爾濱大成生物科技有限公司 (Harbin Dacheng Bio Technology Co., Ltd.\*), an indirect wholly-owned subsidiary of GBT, which were derecognised from the GBT Group during the Year.

## 6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>		
Interest on bank and other borrowings	39,886	40,189
Interest on amount payable to a former fellow subsidiary	2,549	839
Interest on lease liabilities	7	12
	<u>42,442</u>	<u>41,040</u>

## 7. INCOME TAX CREDIT

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2023 and 2022.

No provision for the PRC enterprise income tax has been made as the subsidiaries operating in the PRC incurred tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward during the years ended 31 December 2023 and 2022.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (Re-presented)
<b>Continuing operations</b>		
Deferred tax		
– Origination and reversal of temporary differences, net	<u>(4,367)</u>	<u>(7,431)</u>
Income tax credit	<u>(4,367)</u>	<u>(7,431)</u>

## 8. DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2022: Nil).

## 9. EARNINGS (LOSS) PER SHARE

	2023	2022 (Re-presented)
<b>Profit (Loss) (in HK\$'000)</b>		
Profit (Loss) attributable to owners of the Company from:		
– Continuing operations	(139,820)	(141,407)
– Discontinued operations	<u>429,336</u>	<u>(71,084)</u>
	<b>289,516</b>	<b>(212,491)</b>
<b>Number of shares</b>		
Weighted average of ordinary shares in issue	<u>1,527,586,000</u>	<u>1,527,586,000</u>
Basic earnings (loss) per share (HK cents per share)		
– Continuing operations	(9.2)	(9.3)
– Discontinued operations	<u>28.1</u>	<u>(4.6)</u>
	<u><b>18.9</b></u>	<u><b>(13.9)</b></u>

Diluted earnings (loss) per share is the same as basic earnings (loss) per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2023 and 2022.

## 10. PROPERTY, PLANT AND EQUIPMENT

	<i>Notes</i>	2023 <b>HK\$'000</b>	2022 <b>HK\$'000</b>
At 1 January		507,865	611,280
Additions		588	136
Disposals		(129,626)	–
Depreciation	3(ii)	(72,750)	(70,192)
Gain on properties revaluation, net		31,178	–
Impairment	3(ii)	(21,276)	(406)
Exchange realignment		<u>(3,654)</u>	<u>(32,953)</u>
At 31 December		<u><b>312,325</b></u>	<u><b>507,865</b></u>

## 11. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	138,038	125,105
Loss allowance	<u>(70,086)</u>	<u>(76,145)</u>
	<u><b>67,952</b></u>	<u><b>48,960</b></u>

The Group normally grants credit terms of 30 to 90 days (2022: 30 to 90 days) to established customers. The trade receivables are mainly denominated in Renminbi.

Ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	46,582	31,149
1 to 2 months	15,519	11,434
2 to 3 months	4,213	3,376
Over 3 months	<u>1,638</u>	<u>3,001</u>
	<u><b>67,952</b></u>	<u><b>48,960</b></u>

The Group maintains strict control over its outstanding receivables. Overdue balances are reviewed regularly by the management of the Group. Trade receivables are non-interest bearing.

At the end of the reporting period, the Group had a concentration of credit risk as 17.8% (2022: 26.5%) and 58.4% (2022: 69.8%) of the Group's total trade receivables were due from the Group's largest customer and the five largest customers respectively.

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Prepayments	6,006	7,016
Prepayments to Jilin Cinda (a)	96,703	–
Deposits and other debtors	2,314	7,756
The PRC value-added tax (“VAT”) and other tax receivables	<u>1,834</u>	<u>11,804</u>
	<u><b>106,857</b></u>	<u><b>26,576</b></u>



Remark:

- (a) On 28 December 2023, (i) Jilin Cinda, as creditor, (ii) Jinzhou Yuancheng, as debtor, and (iii) Shanghai Haocheng, as guarantor, entered into the Debt Restructuring Agreement, pursuant to which the Group has agreed to repay to Jilin Cinda RMB88.0 million for the settlement of the Yuancheng CCB Loans within 30 days from the date of the Debt Restructuring Agreement (i.e. on or before 26 January 2024). The Group has transferred a total of RMB88.0 million, to Jilin Cinda in advance for the purpose of the settlement of Yuancheng CCB Loans.

Subsequent to the end of reporting period, Jilin Cinda confirmed in writing that the terms and conditions stipulated in the Debt Restructuring Agreement have been fulfilled and the Debt Restructuring Agreement has been completed in January 2024. As a result, the remaining balance of the loan amount and interest under the Yuancheng CCB Loans have been waived and all repayment obligation of the Group under the Debt Restructuring Agreement have been fulfilled.

### 13. TRADE PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Trade payables</b>		
To related parties (a)		
Ruihao (Guangzhou)	64,293	–
DDT Supply Chain	14,472	–
	<u>78,765</u>	–
To third parties	59,280	85,882
	<u><b>138,045</b></u>	<u><b>85,882</b></u>

Remark:

- (a) The trade payables to related parties, Ruihao (Guangzhou) and DDT Supply Chain are unsecured, interest-free and repayable on demand.

The Group normally obtains credit terms ranging from 30 to 90 days (2022: 30 to 90 days) from its suppliers. The trade payables are mainly denominated in Renminbi.

Ageing analysis of the trade payables at the end of the reporting period, based on the date of the receipt of goods purchased, are as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 1 month	46,860	25,378
1 to 2 months	8,253	1,793
2 to 3 months	1,303	105
Over 3 months	<u>81,629</u>	<u>58,606</u>
	<u><b>138,045</b></u>	<u>85,882</u>

#### 14. SHARE CAPITAL

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Authorised:		
100,000,000,000 (2022: 100,000,000,000) ordinary shares of HK\$0.10 each	<u><b>10,000,000</b></u>	<u>10,000,000</u>
Issued and fully paid:		
1,527,586,000 (2022: 1,527,586,000) ordinary shares of HK\$0.10 each	<u><b>152,759</b></u>	<u>152,759</u>

## 15. DISCONTINUED OPERATIONS

On 6 April 2023, (i) Global Sweeteners (China) Limited (the “**Dihao Vendor A**”) and Global Starch (Changchun) Investments Limited (the “**Dihao Vendor B**”), each a wholly-owned subsidiary of the Company, as vendors, and Global Bio-Chem Technology (HK) Limited (the “**Dihao Purchaser**”), a direct wholly-owned subsidiary of GBT, as purchaser, entered into a sale and purchase agreement (the “**Dihao SPA I**”), pursuant to which, among others, the Dihao Vendor A and the Dihao Vendor B have conditionally agreed to sell and the Dihao Purchaser has conditionally agreed to purchase the entire equity interests in Dihao Foodstuff, at the consideration of RMB1.0; and (ii) the Dihao Vendor A and Global Sorbitol (H.K.) Company Limited (the “**Dihao Vendor C**”, together with the Dihao Vendor A and Dihao Vendor B, the “**Dihao Vendors**”), also a wholly-owned subsidiary of the Company, as vendors, and the Dihao Purchaser, as purchaser, entered into a sale and purchase agreement (the “**Dihao SPA II**”, together with the Dihao SPA I, the “**Dihao SPAs**”), pursuant to which, among others, the Dihao Vendor A and the Dihao Vendor C have conditionally agreed to sell and the Dihao Purchaser has conditionally agreed to purchase the entire equity interests in Dihao Crystal Sugar, at the consideration of RMB1.0.

For the details of the Dihao Transfer, please refer to the joint announcement made by the Company and GBT dated 6 April 2023 and the circular issued by the Company dated 31 May 2023.

As detailed in the joint announcement issued by the Company, the New Controlling Shareholders and GBT dated 21 December 2023, all conditions precedent in the Dihao SPAs have been fulfilled or waived (as the case may be) and the completion of Dihao Transfer (the “**Dihao Completion**”) took place on 21 December 2023. Immediately upon the Dihao Completion, Dihao Companies are no longer the subsidiaries of the Group.

Followed by the Dihao Completion, the Group classified the corn sweeteners businesses in Jilin Province, the PRC which were operated by Dihao Companies as discontinued operations. Accordingly, certain comparative figures in the consolidated financial statements have been re-presented to separately reflect the results of the discontinued operations. The results and net cash flows of the discontinued operations for the period from 1 January 2023 to 21 December 2023 and for the year ended 31 December 2022 are summarised as follows:

**(a) Financial performance and cash flow information**

	<b>From 1 January 2023 to 21 December 2023</b>		
	<b>Dihao</b>	<b>Dihao</b>	<b>Total</b>
	<b>Foodstuff</b>	<b>Crystal Sugar</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Other income and gains	2,093	–	2,093
Selling and distribution costs	(1,039)	–	(1,039)
Administrative expenses	(22,592)	(2,623)	(25,215)
Other expenses	(11,624)	–	(11,624)
Finance costs	(25,919)	–	(25,919)
	<u>          </u>	<u>          </u>	<u>          </u>
Loss before tax	(59,081)	(2,623)	(61,704)
Income tax credit	11,688	2,355	14,043
	<u>          </u>	<u>          </u>	<u>          </u>
Loss for the year from discontinued operations	(47,393)	(268)	(47,661)
Gain on disposal of the subsidiaries	416,109	60,888	476,997
	<u>          </u>	<u>          </u>	<u>          </u>
Profit from discontinued operations	<u>368,716</u>	<u>60,620</u>	<u>429,336</u>
Net cash inflows (outflows) from			
Operating activities	6,200	(9)	6,191
Investing activities	–	–	–
Financing activities	(6,200)	–	(6,200)
	<u>          </u>	<u>          </u>	<u>          </u>
Total cash flows	<u>          </u>	<u>(9)</u>	<u>(9)</u>

	2022		Total HK\$'000
	Dihao Foodstuff HK\$'000	Dihao Crystal Sugar HK\$'000	
Other income and gains	2,224	–	2,224
Selling and distribution costs	(1,622)	–	(1,622)
Administrative expenses	(25,129)	(2,818)	(27,947)
Other expenses	(15,802)	–	(15,802)
Finance costs	(27,937)	–	(27,937)
Loss before tax	(68,266)	(2,818)	(71,084)
Taxation	–	–	–
Loss for the year from discontinued operations	<u>(68,266)</u>	<u>(2,818)</u>	<u>(71,084)</u>
Net cash outflows from operating activities	<u>(16)</u>	<u>(3)</u>	<u>(19)</u>

**(b) Details of the disposal of subsidiaries**

	Dihao Foodstuff HK\$'000	Dihao Crystal Sugar HK\$'000	Total HK\$'000
Cash consideration received (a)	–	–	–
Carrying amount of net liabilities disposed of	<b>379,804</b>	<b>36,441</b>	<b>416,245</b>
Release of exchange reserve	<b>36,305</b>	<b>24,447</b>	<b>60,752</b>
Gain on disposal of subsidiaries after tax	<u><b>416,109</b></u>	<u><b>60,888</b></u>	<u><b>476,997</b></u>

Remark:

- (a) The Dihao Vendors have conditionally agreed to sell and the Dihao Purchaser has conditionally agreed to purchase the entire equity interests in Dihao Foodstuff and Dihao Crystal Sugar at the consideration of RMB1.0 and RMB1.0, respectively.

The details of the net liabilities disposed of are summarized as below:

	<b>Dihao Foodstuff HK\$'000</b>	<b>Dihao Crystal Sugar HK\$'000</b>	<b>Total HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	104,392	25,234	129,626
Right-of-use assets	4,654	3,224	7,878
	<u>109,046</u>	<u>28,458</u>	<u>137,504</u>
<b>Current assets</b>			
Inventories	340	–	340
Prepayments, deposits and other receivables	12,504	30	12,534
Cash and bank balances	1	–	1
	<u>12,845</u>	<u>30</u>	<u>12,875</u>
<b>Current liabilities</b>			
Trade payables	9,198	4,132	13,330
Other payables and accruals	144,420	38,390	182,810
Interest-bearing bank and other borrowings	322,538	–	322,538
Tax payables	–	22,407	22,407
	<u>476,156</u>	<u>64,929</u>	<u>541,085</u>
<b>Non-current liabilities</b>			
Deferred income	18,297	–	18,297
Deferred tax liabilities	7,242	–	7,242
	<u>25,539</u>	<u>–</u>	<u>25,539</u>
<b>NET LIABILITIES DISPOSED OF</b>	<b><u><u>(379,804)</u></u></b>	<b><u><u>(36,441)</u></u></b>	<b><u><u>(416,245)</u></u></b>

An analysis of net cash flow in respect of the disposal of discontinued operations are as follows:

	<i>HK\$'000</i>
Cash consideration received (equivalent to RMB2)	–
Cash and cash balances disposed of	<u>(1)</u>
Total cash outflow from disposal	<u><u>(1)</u></u>

## **EXTRACT OF INDEPENDENT AUDITOR’S REPORT**

The following is the extract of independent auditor’s report from Mazars CPA Limited, the external auditor (the “**Auditor**”) of the Company, on the Group’s consolidated financial statements for the Year. The report includes particulars of the material uncertainty related to the Group’s ability to continue as a going concern without qualified opinion.

### **Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with disclosure requirements of the Companies Ordinance.

### **Material Uncertainty Related to Going Concern**

We draw attention to the “Going concern” section in note 2.2 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. As at that date, the Group had net current liabilities and net liabilities of approximately HK\$734.3 million and HK\$381.9 million respectively. These conditions, along with other matters as set forth in note 2.2 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern and, therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors, having considered the measures being taken by the Group as disclosed in note 2.2 to the consolidated financial statements, are of the opinion that the Group would be able to continue as a going concern. Accordingly, the directors have prepared the consolidated financial statements on a going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

The aforesaid “note 2.2 to the consolidated financial statements” in the extract of the independent auditor’s report is disclosed as note 2.2 in this announcement.



## MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the manufacture and sale of corn refined products and corn sweeteners, categorised into upstream and downstream products. The Group's upstream products include corn starch, gluten meal, corn oil and other corn refined products. Corn starch is refined downstream to produce various corn sweeteners such as corn syrup (which includes glucose syrup, maltose syrup and high fructose corn syrup) and corn syrup solid (which includes maltodextrin).

## BUSINESS REVIEW

The selling prices of the Group's products are affected by the prices of their raw materials (principally corn kernels and corn starch), the demand and supply of each of the products and their respective substitutes in the market and the variety of product specifications.

During the Year, the PRC entered into a new phase of post COVID-19 economic recovery. The economic and social activities in the PRC have been gradually returning to normal. However, China's economy is still affected by various internal and external factors, including inflationary pressure, frequent geopolitical conflicts and slow growth in domestic demand. Although China's total retail sales of consumer goods increased by 7.2% in 2023 as compared with the previous year, China's Consumer Price Index has recorded negative-growth since the last quarter of 2023. In addition to the downturn in the real estate market, the domestic consumer sentiment is low and consumer demand is sluggish. It is a tortuous process for full recovery of the overall economy in the PRC.

According to the estimates from the United States Department of Agriculture in February 2024, global corn production for the year 2023/24 is estimated at 1,235.7 million metric tonnes ("MT") (2022/23: 1,155.9 million MT), achieving a record high in recent years. Abundant supply leads to price falls. The international corn price closed at 471.3 cents per bushel by the end of 2023 (equivalent to RMB1,336 per MT) (end of 2022: 678.5 cents per bushel (equivalent to RMB1,843 per MT)). In the domestic market, China's corn output recorded an increase in 2023, with output reaching 288.8 million MT, representing a year-on-year increase of 4.2% according to grain output data released by the National Bureau of Statistics of China which is primarily attributable to the expansion of planting area in the PRC. The total planted area of corn in China increased by 2.7% and reached 44.2 million hectares for the Year, being the highest level since 2015. Meanwhile, according to the data from China Customs, 2023 corn imports of the PRC have experienced explosive growth and increased by 31.6% to a total 27.13 million MT (2022: 20.62 million MT) in 2023. As such, the average spot price of corn in the PRC has dropped from a historical high of nearly RMB3,000 per MT to RMB2,560 per MT at the end of 2023. While recovery of downstream market has been slow, the selling price of upstream corn refineries products remained low

during the Year. According to an industry report in China, most of the corn refineries in China have been loss-making during the Year. The operating environment for upstream corn refinery industry has been challenging during the Year, and as a result, the Group has continued to suspend its upstream operation during the Year. As the trend of corn price is going down and the New Controlling Shareholders have joined the Group at the end of 2023 and will provide additional funds to the Group, as such, the Group would consider resuming its upstream operation in 2024.

As for the sugar market, global sugar production for 2022/23 was 175,307,000 MT (2021/22: 180,663,000 MT) with consumption estimated at 176,380,000 MT (2021/22: 173,636,000 MT). The balance of global sugar supply and demand is tightening as the market is concerned that major sugar-producing countries like India and Thailand will reduce production due to the El Niño phenomenon, and it is expected that India may implement sugar export restrictions. International sugar prices remained high in 2023. The average sugar price index of the Food and Agriculture Organization of the United Nations in 2023 was 145 points, representing an increase of 26.6% from 2022, setting a record since 2011. In the China market, according to statistics from the China Sugar Association, in the 2022/23 sugar production period, the country produced a total of 8.97 million MT of sugar, and sold a total of 8.53 million MT of sugar, with a production and sales rate of 95.1%. Domestic sugar price in the PRC increased to RMB6,758 per MT by the end of 2023 (end of 2022: RMB5,852 per MT). The increase in sugar prices has stimulated the production volume in the sweeteners segment of the Group.

Along with the receding pandemic, the corn price decrease and sugar price increase were driving up the production capacity of the Group's Shanghai sites. Besides, the completion of the Group's restructuring plan during 2023 in relation to, among others, (1) the Dihao Transfer and (2) the GSH Disposal, it is expected that the Group's financial position would be significantly improved and the New Controlling Shareholders shall create different opportunities for the better development of the Group.

In the short run, the Group will continue to monitor closely the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies so as to optimise the operation of the Group's production facilities to maintain relatively healthy cash flow while balancing its market presence. In the long run, the Group will continue to strengthen its market position utilising its brand name, strive to provide excellent customer service and be customer-oriented to understand better their ever-changing demands and product requirements, and further improve cost effectiveness and product mix through continuous research and development efforts. Especially, post-pandemic health awareness continues to grow among consumers, the Group is actively exploring to expand the sweeteners products and related products in line with the concept of health and new generation food consumption preference.

## FINANCIAL PERFORMANCE

### Continued Operations

During the Year, the Group's production facilities in its Shanghai site has resumed operation since the second quarter of 2022 from its temporary suspension. Consequently, the sales volume and the consolidated revenue from continuing operations of the Group increased by approximately 34.9% and 22.6% to approximately 116,000 MT (2022: 86,000 MT) and HK\$440.8 million (2022: HK\$359.6 million) respectively during the Year. While the gross profit margin of the Group remained stable and increased slightly by 0.7 percentage points to 8.3% (2022: 7.6%), the consolidated gross profit of the Group for the Year increased by approximately 34.1% to approximately HK\$36.6 million (2022: HK\$27.3 million) mainly attributable to the increase in sales volume in 2023.

### *Upstream products*

(Sales amount: Nil (2022: Nil))

(Gross profit: Nil (2022: Nil))

During the Year, no sale of upstream products was recorded as the Group suspended all its upstream operations to minimise financial risks and secure financial resources during the time of economic uncertainty while its inventory had been fully sold in 2021. As a result, no revenue from the sale of corn starch and other corn refined products (2022: Nil and Nil) were recorded during the Year. No internal consumption of corn starch was recorded during the Year (2022: Nil).

### *Corn sweeteners*

#### *Corn syrup*

(Sales amount: HK\$383.1 million (2022: HK\$313.8 million))

(Gross profit: HK\$31.8 million (2022: HK\$20.1 million))

During the Year, the revenue of the corn syrup segment increased by approximately 22.1% to approximately HK\$383.1 million (2022: HK\$313.8 million). Such increase was mainly attributable to the increase in sales volume by approximately 33.8% to approximately 99,000 MT (2022: 74,000 MT) as the Group's Shanghai production site resumed operation subsequent to its temporary suspension in the second quarter of 2022. Meanwhile, raw material cost has dropped at a faster rate than the decrease in selling price of corn syrup products during the Year and the corn syrup segment recorded gross profit of approximately HK\$31.8 million (2022: HK\$20.1 million) for the Year, with gross profit margin increased to 8.3% (2022: 6.4%).

#### *Corn syrup solid*

(Sales amount: HK\$57.7 million (2022: HK\$45.8 million))

(Gross profit: HK\$4.8 million (2022: HK\$7.2 million))

During the Year, the revenue of the corn syrup solid segment increased by approximately 26.0% to approximately HK\$57.7 million (2022: HK\$45.8 million). Such increase was mainly attributable to the increased in sales volume by approximately 41.7% to approximately 17,000 MT (2022: 12,000 MT) as the Group's Shanghai production site resumed operation subsequent to its temporary suspension in the second quarter of 2022. Due to a greater drop of average selling price as compared with the average unit cost of corn syrup solid during the Year, the gross profit and gross profit margin of the corn syrup solid segment decreased to approximately HK\$4.8 million (2022: HK\$7.2 million) and 8.3% (2022: 15.7%), respectively.

#### **Export sales**

During the Year, export sales accounted for approximately 2.3% (2022: 3.6%) of the Group's total revenue. The Group exported approximately 2,500 MT (2022: 3,000 MT) of corn sweeteners which amounted to sales of approximately HK\$10.2 million (2022: HK\$13.0 million) during the Year.

#### **Other income and gains, operating expenses, finance costs and income tax credit**

##### *Other income and gains*

During the Year, other income and gains of the Group decreased by approximately 18.4% to approximately HK\$11.5 million (2022: HK\$14.1 million), mainly attributable to the decrease in sale of scrap raw materials to approximately HK\$0.7 million (2022: HK\$8.8 million).

### ***Selling and distribution costs***

During the Year, the selling and distribution costs dropped by approximately 3.9% to approximately HK\$29.3 million (2022: HK\$30.5 million), accounting for approximately 6.6% (2022: 8.5%) of the Group's revenue. Such decrease was mainly attributable to the application of cost control measures on sales commission during the Year.

### ***Administrative expenses***

During the Year, administrative expenses decreased by approximately 10.7% to approximately HK\$62.4 million (2022: HK\$69.9 million). Such decrease was mainly resulting from the application of cost control measures on staff benefits during the Year.

### ***Other expenses***

Other expenses of the Group increased to approximately HK\$58.1 million (2022: HK\$48.8 million) during the Year. Such increase was mainly attributable to impairment of property, plant and equipment in the Group's Jinzhou production site of approximately HK\$21.3 million.

### ***Finance costs***

During the Year, finance costs of the Group slightly increased by approximately 3.4% to approximately HK\$42.4 million (2022: HK\$41.0 million). Such increase was mainly attributable to the additional interest on amount payable to a former fellow subsidiary since September 2022 during the Year.

### ***Income tax credit***

Due to the recognition of temporary differences, the Group recorded deferred tax credit of approximately HK\$4.4 million (2022: HK\$7.4 million) during the Year. Meanwhile, as all the subsidiaries of the Group recorded tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward during the Year, no income tax expenses were recorded for the Year (2022: Nil). As a result, the Group recorded tax credit of approximately HK\$4.4 million (2022: HK\$7.4 million) during the Year.

All these factors mentioned as above have caused the Group recorded a net loss from continuing operations of the Group of HK\$139.8 million (2022: HK\$141.4 million) and LBITDA (i.e., loss before interest, taxation, depreciation and amortisation) of approximately HK\$39.3 million (2022: HK\$48.9 million) for the Year.

## **Discontinued operations and Net profit attributable to owners of the Company**

### ***Discontinued operations***

On 6 April 2023, the Dihao SPAs have been entered into between the Dihao Vendors and the Dihao Purchaser to transfer the Dihao Companies from the Group to GBT Group and the Dihao Completion took place on 21 December 2023. Upon the Dihao Completion, the financial results of Dihao Companies were no longer consolidated into the consolidated financial statements of the Group and the financial results of Dihao Companies for the Year have been classified as discontinued operations of the Group and the prior year comparative results have been represented throughout the consolidated financial statements of the Group. The discontinued operations of the Group for the Year include but not limited to, (1) a one-off gain of approximately HK\$477.0 million from Dihao Completion; and (2) the loss of Dihao Companies of approximately HK\$47.7 million.

### ***Net profit attributable to owners of the Company***

As a result of the increase in gross profit and recognition of gain on discontinued operations during the Year, the Group recorded a net profit attributable to owners of the Company of approximately HK\$289.5 million (2022: net loss of approximately HK\$212.5 million) for the Year.

In the meantime, the net liabilities of the Dihao Companies were no longer consolidated into the consolidated financial statements of the Group thereby improving the financial position and gearing level of the Group. For further details of the Dihao Transfer and GSH Disposal, please refer to the joint announcements issued by the Company, GBT, and the Joint Offerors dated 6 April 2023, 19 September 2023 and 21 December 2023, and the circular of the Company dated 31 May 2023.

To further improve the performance and the financial position of the Group, the New Controlling Shareholders will facilitate the completion of the CB Subscription and utilise a portion of the net proceeds for the preparation of the resumption of the Group's Jinzhou production facilities to improve the Group's operating cash flow. In addition, the New Controlling Shareholders will continue to provide financial support including but not limited to facilitating the supply of corn starch and sugar syrup with a better commercial terms to the Group for the production of corn sweetener pursuant to the Master Purchase Agreements respectively to improve the financial liquidity of the Group.

## **FINANCIAL RESOURCES AND LIQUIDITY**

### **Net borrowing position**

The total borrowings as at 31 December 2023 decreased by approximately HK\$354.5 million to approximately HK\$440.9 million (31 December 2022: HK\$795.4 million). The change in total borrowings was mainly attributable to certain bank and other borrowings of approximately HK\$322.6 million of Dihao Companies no longer being consolidated into the consolidated financial statements of the Group upon the Dihao Completion, the net repayment of certain bank and other borrowing of approximately HK\$5.7 million and the exchange rate adjustment of approximately HK\$26.2 million during the Year. On the other hand, cash and bank balances which were mainly denominated in Renminbi and Hong Kong dollars increased by approximately HK\$9.3 million to approximately HK\$13.6 million (31 December 2022: HK\$4.3 million, mainly denominated in Renminbi and Hong Kong dollars) as at 31 December 2023. Consequently, the net borrowings decreased to approximately HK\$427.3 million (31 December 2022: HK\$791.1 million).

### **Structure of interest-bearing bank and other borrowings**

As at 31 December 2023, the Group's bank and other borrowings of approximately HK\$440.9 million (31 December 2022: HK\$795.4 million) were all (31 December 2022: all) denominated in Renminbi. All (31 December 2022: all) of the Group's interest-bearing bank and other borrowings were wholly repayable within one year. As at 31 December 2023, interest-bearing bank and other borrowings amounted to approximately HK\$233.5 million (31 December 2022: HK\$241.5 million) have been charged at fixed interest rates of 7.0% to 8.0% (31 December 2022: 7.0% to 8.0% per annum) for terms of one year to three years. Other than that, the rest of the Group's interest-bearing bank and other borrowings were charged with reference to floating interest rate.

### **Turnover days, liquidity ratios and gearing ratios**

Credit terms, normally 30 to 90 days, are granted to the Group's customers depending on their credit worthiness and business relationships with the Group. During the Year, trade receivables turnover days slightly increased to approximately 56 days (31 December 2022: 50 days).

Trade payables turnover days increased to approximately 125 days (31 December 2022: 94 days) during the Year as the Group has negotiated with its suppliers to extend the credit terms.

As at 31 December 2023, the Group's inventory turnover days decreased to approximately 31 days (31 December 2022: 47 days) for the Year as the Group increased stock out frequency to enhance the liquidity of the Group.

As at 31 December 2023, the current ratio and quick ratio were approximately 0.23 (31 December 2022: 0.09) and approximately 0.20 (31 December 2022: 0.06) respectively. Gearing ratio in terms of debts (i.e. total interest-bearing bank and other borrowings) to total assets (i.e. sum of current assets and non-current assets) was decreased to approximately 76.6% (31 December 2022: 115.8%), it was mainly attributable to the net liabilities of Dihao Companies no longer being consolidated into the consolidated financial statements of the Group upon Dihao Completion.

## **FOREIGN EXCHANGE EXPOSURE**

Most of the operations of the Group were carried out in the PRC in which transactions were denominated in Renminbi, while export sales accounting for approximately 2.3% (2022: 3.6%) of the Group's revenue in which most of these transactions were denominated in US Dollars. The Board has been closely monitoring the Group's exposure to foreign exchange fluctuations in Renminbi and is of the view that there is no material unfavourable exposure to foreign exchange fluctuations. Therefore, the Group currently does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. The Group will constantly review the economic situation, development of the Group's business segments and its overall foreign exchange risk profile, and will consider appropriate hedging measures in the future as and when necessary.

## **IMPORTANT TRANSACTION DURING THE YEAR**

### **The Dihao Transfer**

On 6 April 2023, (i) the Dihao Vendor A and the Dihao Vendor B, as vendors, and the Dihao Purchaser, as purchaser, entered into the Dihao SPA I, pursuant to which, among others, the Dihao Vendor A and the Dihao Vendor B have conditionally agreed to sell and the Dihao Purchaser has conditionally agreed to purchase the entire equity interests in Dihao Foodstuff, at the consideration of RMB1.0; and (ii) the Dihao Vendor A and the Dihao Vendor C, as vendors, and the Dihao Purchaser, as purchaser, entered into the Dihao SPA II, pursuant to which, among others, the Dihao Vendor A and the Dihao Vendor C have conditionally agreed to sell and the Dihao Purchaser has conditionally agreed to purchase the entire equity interests in Dihao Crystal Sugar, at the consideration of RMB1.0.



The Dihao Completion took place on 21 December 2023 and each of Dihao Foodstuff and Dihao Crystal Sugar ceased to be a subsidiary of the Company and has become part of the GBT Group (excluding the Group).

### **Provision of the GSH Counter-guarantee by the Company to the GBT Group**

Pursuant to the terms of the Dihao SPAs, the Company executed and delivered to GBT and Dihao Foodstuff the deed of counter-guarantee (the “**GSH Counter-guarantee Deed**”) pursuant to which the Company will, among others, provide the counter-guarantee and indemnity (the “**GSH Counter-guarantee**”) in respect of the obligations and liabilities that GBT and Dihao Foodstuff may incur and suffer under the guarantees provided by GBT and/or Dihao Foodstuff to Jinzhou CCB and Tiebei BOJ in respect of the debts to be owed by Jinzhou Yuancheng to Jinzhou CCB and Tiebei BOJ, in the principal amount of approximately RMB401.5 million and the interest accrued thereon, under the guarantee agreements dated 13 September 2018, 20 May 2019 and 27 December 2021.

### **The CB Subscription**

On 6 April 2023, the Company entered into the CB Subscription Agreement with the Joint Offerors, as subscribers, pursuant to which the Company has conditionally agreed to issue, and the Joint Offerors, have conditionally agreed to subscribe for, the 3 year, 5 per cent Convertible Bonds in the aggregate principal amount of RMB120.0 million (equivalent to approximately HK\$138.0 million), which may be converted into a total of 1,380,000,000 new ordinary share(s) of HK\$0.1 each to be allotted and issued by the Company pursuant to the exercise of the conversion right attached to the Convertible Bonds at an initial conversion price of HK\$0.1 per Conversion Share, subject to the adjustment pursuant to the terms and conditions of the Convertible Bonds. The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.1 per Conversion Share. The gross proceeds and the net proceeds from the issue of the Convertible Bonds will be RMB120.0 million (equivalent to approximately HK\$138.0 million). The CB subscription is yet to take place as at the date of this announcement.

## **Mandatory unconditional general offer**

Upon the GSH Completion, the Joint Offerors and parties acting in concert with them became interested in a total of 777,673,000 Shares, representing approximately 50.91% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, upon the GSH Completion, the Joint Offerors and the parties acting in concert with them will be required to make the mandatory unconditional general cash offer (the “**Offer**”) for all the issued shares of the Company (other than those already owned or agreed to be acquired by the Joint Offerors and parties acting in concert with them) (the “**Offer Shares**”). CCB International Capital Limited and China Galaxy International Securities (Hong Kong) Co., Limited made the Offer for and on behalf of the Joint Offerors on the terms set out in the composite document jointly issued by the Company and the Joint Offerors dated 27 December 2023 in compliance with the Takeovers Code on the basis of HK\$0.06 in cash for every Offer Share (the “**Offer Price**”). The Offer Price was the same as the price per GSH Sale Share payable by the Joint Offerors under the GSH SPA.

Upon the close of Offer on 17 January 2024, the Joint Offerors and parties acting in concert with them became interested in a total of 779,016,430 shares of the Company, representing approximately 51.00% of the entire issued share capital of the Company.

For further details of the Dihao Transfer, the CB Subscription, the GSH Counter-guarantee and the Offer, please refer to the joint announcements issued by the Company, GBT, and the Joint Offerors dated 6 April 2023, 19 September 2023, 21 December 2023 and 17 January 2024, the circular of the Company dated 31 May 2023 and the composite document jointly issued by the Company and the Joint Offerors dated 27 December 2023.

## DISCLOSURE PURSUANT TO RULES 13.19 AND 13.21 OF THE LISTING RULES

### Breach of loan agreements

- (1) Reference is made to the joint announcement of the Company and GBT dated 4 May 2020, among others, Jinzhou Yuancheng, failed to satisfy certain financial covenants under the various loan agreements entered into between Jinzhou Yuancheng and Jinzhou CCB for the Yuancheng CCB Loans, such failure to perform or comply with the financial covenants would entitle Jinzhou CCB to declare the outstanding principal amount, accrued interest and all other sums payable under the Yuancheng CCB Loans immediately due and payable. In addition, such breach may also trigger cross default provisions in other loan agreements entered into by the Group. The Yuancheng CCB Loans were jointly and severally guaranteed by GBT and certain subsidiaries of the Company with a maximum guaranteed principal amount of not more than RMB200.0 million.

As detailed in the joint announcements of the Company and GBT dated 14 January 2022 and 22 February 2022, Jinzhou CCB has applied to 遼寧省瀋陽市中級人民法院 (Intermediate People's Court of Shenyang City, Liaoning Province\*) (the “**Shenyang Intermediate Court**”), and the Shenyang Intermediate Court has granted, various orders in favour of Jinzhou CCB for preservation of the bank balance (or assets of equivalent value) of certain members of the Group and the GBT Group in the aggregate amount of RMB213,882,635.55 in respect of the Yuancheng CCB Loans.

As disclosed in the announcement of the Company dated 4 January 2024, on 28 December 2023, (i) Jilin Cinda, as creditor, (ii) Jinzhou Yuancheng, as debtor, and (iii) Shanghai Haocheng, as guarantor, entered into the Debt Restructuring Agreement, pursuant to which the Group has agreed to repay to Jilin Cinda the Settlement Amount within 30 days from the date of the Debt Restructuring Agreement (i.e. on or before 26 January 2024) for the settlement of the Yuancheng CCB Loans. Upon the repayment of the Settlement Amount, the remaining balance of the loan amount and interest under the Yuancheng CCB Loans will be waived. The Group has transferred a total of RMB88.0 million to Jilin Cinda for the purpose of the settlement and all repayment obligations of the Group under the Debt Restructuring Agreement were fulfilled as at the date of this announcement. For further details, please refer to the paragraph headed “IMPORTANT EVENTS AFFECTING THE GROUP SUBSEQUENT TO THE YEAR UNDER REVIEW – Debts restructuring on the Yuancheng CCB Loans” in this announcement.

- (2) Reference is made to the joint announcement of the Company and GBT dated 23 December 2020 regarding the Group’s default in repayment of loans under a loan agreement entered into between Dihao Foodstuff and 中國農業銀行股份有限公司農安縣支行 (Nongan Branch of Agricultural Bank of China Ltd.\*) (“**Nongan Branch ABC**”) with outstanding principal amount of RMB180.0 million, together with respective outstanding interest. The maximum liability guaranteed by the Company is RMB250.0 million, together with all interests, liabilities, fees and penalty that may accrue under the loan agreement. Dihao Foodstuff and Dihao Crystal Sugar have provided collaterals to secure such loan.

As further disclosed in the joint announcement of the Company and GBT dated 23 December 2020 and the announcement of the Company dated 24 July 2023, pursuant to the transfer agreement entered into between 中國農業銀行股份有限公司吉林省分行 (Jilin Branch of Agricultural Bank of China Co., Ltd.\*) (“**Jilin Branch ABC**”) and Jilin Cinda, Jilin Branch ABC (acting on behalf of Nongan Branch ABC) has agreed to sell to Jilin Cinda, and Jilin Cinda has agreed to purchase, all of its rights and benefits of the loans owed by, among others, the Group, the GBT Group and 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement Co., Ltd.\*), an independent third party to the Group, with an aggregate outstanding principal amount of approximately RMB1,400.0 million and aggregate outstanding interest of approximately RMB42.8 million (the “**ABC Transferred Loans**”) at a consideration of approximately RMB414.7 million. The ABC Transferred Loans include, among others, the loan owed by Dihao Foodstuff with the principal amount of RMB180.0 million.

Upon the Dihao Completion, all the liabilities of Dihao Companies including but not limited to, all repayment obligations under the ABC Transferred Loans have been transferred to the GBT Group and the Group will no longer have the obligations to settle the balance of the ABC Transferred Loans.

- (3) As detailed in the joint announcement of the Company and GBT dated 25 August 2023, Jinzhou Yuancheng has defaulted in the repayment of the loans it owed to Tiebei BOJ pursuant to the loan agreements respectively dated 25 August 2020 and 27 December 2021 entered into between Jinzhou Yuancheng and Tiebei BOJ, which have become immediately due and payable. The Tiebei BOJ Loans are secured by mortgage of certain properties owned by Jinzhou Yuancheng, and also guaranteed by Dihao Foodstuff (the obligations and liabilities under which shall be counter-guaranteed and indemnified under the GSH Counter-guarantee). As at the date of this announcement, the outstanding principal amount under the Tiebei BOJ Loans is RMB212.5 million. The Group is currently in negotiation with Tiebei BOJ in respect of the renewal of the Tiebei BOJ Loans.

## **IMPORTANT EVENTS AFFECTING THE GROUP SUBSEQUENT TO THE YEAR UNDER REVIEW**

### **Debts restructuring on the Yuancheng CCB Loans**

On 28 December 2023, (i) Jilin Cinda, as creditor, (ii) Jinzhou Yuancheng, as debtor, and (iii) Shanghai Haocheng, as guarantor, entered into the Debt Restructuring Agreement, pursuant to which the Group has agreed to repay to Jilin Cinda RMB88.0 million within 30 days from the date of the Debt Restructuring Agreement (i.e. on or before 26 January 2024) for the settlement of the Yuancheng CCB Loans. The Group has transferred a total of RMB88.0 million to Jilin Cinda for the purpose of the settlement of Yuancheng CCB Loans. Upon receipt of the Settlement Amount by Jilin Cinda in January 2024, all repayment obligations of the Group under the Debt Restructuring Agreement shall be considered fulfilled and the Group will no longer have the obligations to settle the remaining balance of the Yuancheng CCB Loans. As such, the Group could recognise a one-off gain on the date of completion of the Debt Restructuring Agreement in 2024.

## **FUTURE PLANS AND PROSPECTS**

In order to maintain the competitiveness of the Group, the Group will optimise its production while maintaining its market presence, diversify its product mix and enhance its capability in developing high value-added products and introduce strategic business alliance with prominent market leaders.

Meanwhile, the Group will continue to monitor closely the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies so as to resumption of the Group's Jinzhou production facilities to enhance the operating cash flow.

The Group will continue to strengthen its market position utilising its brand name, strive to provide excellent customer service and be customer-oriented to understand better their ever-changing demands and product requirements, dedicate more time and energy in resources conservation and development of green products and further improve the cost effectiveness and product mix through continuous research and development efforts.

## **NUMBER AND REMUNERATION OF EMPLOYEES**

As at 31 December 2023, the Group had approximately 620 (2022: 890) full time employees in Hong Kong and in the PRC. The Group appreciates the correlation between human resources and its success, and recognises the value of human resources management as a source of competitive advantage in the increasingly turbulent environment. The Group places great emphasis on the selection and recruitment of new staff, on-the-job training, appraisal and rewards to its employees to align employees' performance with the Group's strategies. The Company also acknowledges the contribution of its employees and strives to maintain competitive remuneration packages and career development opportunities to retain current employees. Remuneration packages include discretionary bonuses payable on a merit basis, which are in line with industrial practice. Staff benefits provided by the Group include mandatory funds, insurance schemes and discretionary bonuses. For the Year, staff costs of continued operations (including Directors' remuneration) of the Group amounted to approximately HK\$64,183,000 (2022: approximately HK\$75,936,000).

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the Year (2022: Nil).

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Year.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE**

To the best knowledge and belief of the Board, save for the deviation from code provision C.2.1 to part 2 of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 (formerly known as Appendix 14) to the Listing Rules, the Company has applied and complied with all code provisions in part 2 of the CG code during the Year.

Mr. Wang Guicheng assumed the dual roles of the chief operating officer (the “**COO**”), being responsible for overseeing the operation management and product development of the Group, and the chairman of the Board since 31 October 2022 and up to 28 December 2023. The Board believed that having the same individual in both roles allows the Company to ensure effective implementation in consistent with the overall strategy of the Company. At the same time, since all major decisions of the Company were discussed by the Board, the Board committees and the senior management of the Company, the Board was of the view that the appointment of Mr. Wang Guicheng as both the COO and the chairman of the Board would not compromise the balance of power and authority and was in the interest of the shareholders of the Company (the “**Shareholders**”) as a whole.

Following the resignation of Mr. Wang Guicheng as an executive Director, and the appointment of Mr. Wang Tiegung and Mr. Kong Zhanpeng as executive Directors and the joint chairman of the Board on 28 December 2023, each of Mr. Wang Tiegung and Mr. Kong Zhanpeng is the joint chairman of the Company and the roles of the Mr. Wang Tiegung and Mr. Kong Zhanpeng are clearly defined and segregated. Mr. Kong Zhanpeng will primarily focus on the daily operations and be responsible for overseeing the operation management of the Group. Mr. Wang Tiegung will primarily focus on customer development and the development of products of the Group. The Board believes that the establishment of joint chairmanship structure of the Board and the separation of the roles and responsibilities between Mr. Kong Zhanpeng and Mr. Wang Tiegung can enhance the Company’s corporate governance and achieve the separation of the roles of the chairman and chief executive.

The Company has adopted a code of conduct regarding the Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules (the “**Model Code**”). Having made specific enquiry of each of the Directors, all the Directors have confirmed to the Company that they have complied with the required standards set out in the Model Code and the Company’s code of conduct during the Year.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “**Audit Committee**”) was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal control systems. The Audit Committee comprises all independent non-executive Directors. As at the date of this announcement, the members of the Audit Committee are Ms. Li Guichen (chairman of the Audit Committee), Ms. Liu Ying and Mr. Lo Kwing Yu.

The Audit Committee meets regularly with the Company’s senior management, internal audit team and the auditor of the Company to review the Company’s financial reporting process, the effectiveness of internal control, audit process and risk management.

The Group’s annual results for the Year have been reviewed by the Audit Committee without disagreement and the Audit Committee held three meetings during the Year.

## **FULL DETAILS OF FINANCIAL INFORMATION**

The annual report of the Company, including the information required by the Listing Rules, will be published on the websites of the Company ([www.global-sweeteners.com](http://www.global-sweeteners.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and made available to the Shareholders in due course.

## **ANNUAL GENERAL MEETING**

The 2023 annual general meeting (the “**AGM**”) of the Company will be held on Thursday, 20 June 2024 at 10:30 a.m.. Notice of the AGM will be published on the websites of the Company ([www.global-sweeteners.com](http://www.global-sweeteners.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and made available to the Shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 14 June 2024 to Thursday, 20 June 2024, both days inclusive, during which period no transfer of shares will be registered, in order to determine the Shareholders’ entitlements to the attendance at the AGM.



Shareholders are reminded that in order to qualify for the attendance at the AGM, they must ensure that all transfers, accompanied by the relevant share certificates and the appropriate transfer forms, must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Thursday, 13 June 2024.

## **SCOPE OF WORK OF THE AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the Year as set out in this announcement have been agreed by the Auditor, to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Auditor on this announcement.

By order of the Board  
**Global Sweeteners Holdings Limited**  
**Wang Tieguang**  
*Joint Chairman*

Hong Kong, 28 March 2024

*As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Wang Tieguang and Mr. Kong Zhanpeng; one non-executive Director, namely, Mr. Tai Shubin; and three independent non-executive Directors, namely, Ms. Li Guichen, Ms. Liu Ying and Mr. Lo Kwing Yu.*