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 2014

FINANCIAL HIGHLIGHTS

	2014	2013	Change %
Revenue (HK$'Mn)	**2,920**	4,200	(30.5)
Gross (loss)/profit (HK$'Mn)	**(190)**	138	N/A
Write-down of inventories to net realisable value (HK$'Mn)	**(278)**	(46)	504.3
(Impairment)/write-back of trade and bills receivables (HK$'Mn)	**(45)**	6	N/A
Impairment of property, plant and equipment (HK$'Mn)	**(263)**	—	N/A
Impairment of goodwill (HK$'Mn)	**(184)**	—	N/A
Loss before tax from continuing operations (HK$'Mn)	**(1,082)**	(304)	N/A
Loss for the year from a discontinued operation (HK$'Mn)	—	(5)	N/A
Net loss from ordinary activities attributable to shareholders (HK$'Mn)	**(1,093)**	(320)	N/A
Loss per share (HK cents)	**(71.6)**	(20.9)	N/A
Loss per share from continuing operations (HK cents)	**(71.6)**	(20.6)	N/A
Proposed final dividend per share (HK cents)	—	—	N/A

The board ("Board") of directors ("Directors") of Global Sweeteners Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 (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 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
CONTINUING OPERATIONS			
REVENUE	*4*	**2,919,716**	4,200,019
Cost of sales		**(3,109,569)**	(4,062,266)
Gross (loss)/profit		**(189,853)**	137,753
Other income and gains	*4*	**130,830**	46,113
Selling and distribution expenses		**(213,562)**	(237,843)
Administrative expenses		**(108,610)**	(113,273)
Impairment of property, plant and equipment	*5*	**(262,633)**	—
Impairment of goodwill	*5*	**(183,538)**	—
(Impairment)/write-back of trade and bills receivables	*5*	**(44,836)**	5,725
Other expenses		**(130,613)**	(44,926)
Finance costs	*6*	**(79,438)**	(97,255)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	*5*	**(1,082,253)**	(303,706)
Income tax expense	*7*	**(10,983)**	(11,126)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(1,093,236)**	(314,832)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation		**—**	(5,397)
LOSS FOR THE YEAR		**(1,093,236)**	(320,229)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of operations outside Hong Kong		**(20,047)**	44,494
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Loss on property revaluation		**—**	(14,714)
Income tax effect		**—**	3,678
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		**—**	(11,036)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(20,047)**	33,458
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,113,283)**	(286,771)

	Note	2014 *HK$'000*	2013 *HK$'000*
Loss attributable to:			
Owners of the parent		**(1,093,115)**	(319,959)
Non-controlling interests		**(121)**	(270)
		(1,093,236)	(320,229)
Total comprehensive loss attributable to:			
Owners of the parent		**(1,113,241)**	(286,354)
Non-controlling interests		**(42)**	(417)
		(1,113,283)	(286,771)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic			
— For loss for the year		**HK(71.6) cents**	HK(20.9) cents
— For loss from continuing operations		**HK(71.6) cents**	HK(20.6) cents
Diluted			
— For loss for the year		**HK(71.6) cents**	HK(20.9) cents
— For loss from continuing operations		**HK(71.6) cents**	HK(20.6) cents

Details of the dividends payable and proposed for the year are disclosed in note 8 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	**1,194,463**	1,576,123
Prepaid land lease payments		**177,663**	194,837
Deposits paid for acquisition of property, plant and equipment		**2,449**	4,774
Goodwill	11	**—**	183,538
Other intangible assets		**3,243**	3,243
Deferred tax assets		**969**	2,240
Total non-current assets		**1,378,787**	1,964,755
CURRENT ASSETS			
Inventories		**212,581**	1,068,806
Trade and bills receivables	12	**374,301**	699,329
Prepayments, deposits and other receivables	13	**396,753**	180,323
Due from the immediate holding company		**22,036**	21,709
Due from fellow subsidiaries		**154,059**	91,823
Non-current assets held for sale		**—**	5,500
Financial asset at fair value through profit or loss		**—**	22,658
Pledged deposits		**—**	5,703
Cash and cash equivalents		**189,935**	407,207
Total current assets		**1,349,665**	2,503,058
CURRENT LIABILITIES			
Trade and bills payables	14	**227,665**	427,013
Other payables and accruals		**281,181**	221,588
Interest-bearing bank borrowings		**471,250**	1,320,421
Due to fellow subsidiaries		**92,682**	258,344
Due to the ultimate holding company		**28,587**	30,482
Tax payable		**24,631**	28,216
Total current liabilities		**1,125,996**	2,286,064
NET CURRENT ASSETS		**223,669**	216,994
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,602,456**	2,181,749

	Note	2014 HK$'000	2013 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,602,456**	2,181,749
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**570,000**	37,185
Deferred tax liabilities		**108,556**	107,381
Total non-current liabilities		**678,556**	144,566
Net assets		**923,900**	2,037,183
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*15*	**152,759**	152,759
Reserves		**777,378**	1,890,619
		930,137	2,043,378
Non-controlling interests		**(6,237)**	(6,195)
Total equity		**923,900**	2,037,183

Notes:

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, 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 registered office address 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 in Hong Kong is located at Unit 2403, Admiralty Centre, Tower 2, No. 18 Harcourt Road, Hong Kong. The Group was principally engaged in the manufacture and sale of corn refined products and corn based sweetener products.

The Company is a subsidiary of Global Corn Bio-chem Technology Company Limited (the "immediate holding company" or "Global Corn Bio-chem"), a company incorporated in the British Virgin Islands. In the opinion of the directors, the ultimate holding company is Global Bio-chem Technology Group Company Limited (the "ultimate holding company"), a company incorporated in the Cayman Islands whose shares are also listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance (Cap 32).

These financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment with periodic remeasurement at fair value as further explained in the financial statements. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The Group recorded a consolidated net loss of approximately HK$1,093 million (2013: approximately HK$320 million) for the year ended 31 December 2014 and as at that date, the Group recorded net current assets of approximately HK$224 million (31 December 2013: approximately HK$217 million). In view of these circumstances, the directors of the Company have taken the following steps to improve the Group's liquidity and solvency position.

(1) Active negotiations with banks to obtain adequate bank borrowings to finance the Group's operations

The management of the Company has been actively negotiating with the banks in the PRC to secure the renewals of the Group's short term bank loans and long term bank loans when due to meet its liabilities when fall due.

(2) Improvement of the Group's operating cash flow

The Group is taking measures to tighten cost controls over various production costs and expenses with the aim to attain profitable and positive cash flow operations. During the year ended 31 December 2014, the Group has scaled down certain of corn starch production in order to minimizing operating cash outflow.

Based on management estimation of the future cash flows of the Group, after taking into account (i) the successful renewals of the Group's existing bank borrowings; and (ii) the measures of the operating level to minimize the Group's operating cash outflows, the directors of the Company considered that the Group is able to generate sufficient funds to meet its financial obligations as and when they fall due in the foreseeable future.

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the directors of the Company as described above. The consolidated financial statements of the Group have been prepared on a going concern basis and therefore, do not include any adjustments relating to the realisation and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, , on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	*Meaning of Effective HKFRSs*

1 Effective from 1 July 2014

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	*Amendments to numbers of HKFRSs*[1]
Annual Improvements 2011-2013 Cycle	*Amendments to numbers of HKFRSs*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to numbers of HKFRSs*[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has two reportable operating segments as follows:

(a) the corn refined products segment comprises the manufacture and sale of corn starch, gluten meal, corn oil and other corn refined products; and

(b) the corn based sweetener products segment comprises the manufacture and sale of glucose syrup, maltose syrup, high fructose corn syrup, crystallised glucose, maltodextrin and sorbitol.

The management 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 profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income and finance costs as well as corporate gains and expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, the amount due to the ultimate holding company and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The Group's revenue is derived from customers based in the mainland of the People's Republic of China ("Mainland China") and in regions other than Mainland China. The geographical information is another basis on which the Group reports its segment information.

Year ended 31 December 2014	Corn refined products *HK$'000*	Corn based sweetener products *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	**1,504,089**	**1,415,627**	**2,919,716**
Intersegment sales	**466,089**	**—**	**466,089**
	1,970,178	**1,415,627**	**3,385,805**
Reconciliation:			
Elimination of intersegment sales			**(466,089)**
Revenue from continuing operations			**2,919,716**
Segment results	**(608,384)**	**(407,899)**	**(1,016,283)**
Reconciliation:			
Bank interest income			**2,139**
Unallocated gains			**26,022**
Corporate and other unallocated expenses			**(14,693)**
Finance costs			**(79,438)**
Loss before tax from continuing operations			**(1,082,253)**
Segment assets	**1,160,586**	**1,249,289**	**2,409,875**
Reconciliation:			
Elimination of intersegment receivables			**(36,379)**
Cash and cash equivalents			**189,935**
Corporate and other unallocated assets			**165,021**
Total assets			**2,728,452**
Segment liabilities	**405,934**	**219,127**	**625,061**
Reconciliation:			
Elimination of intersegment payables			**(36,379)**
Interest-bearing bank borrowings			**1,041,250**
Corporate and unallocated liabilities			**174,620**
Total liabilities			**1,804,552**
Other segment information:			
Capital expenditure*	**44,041**	**11,435**	**55,476**
Depreciation	**69,875**	**72,954**	**142,829**
Amortisation of prepaid land lease payments	**4,939**	**2,232**	**7,171**
Gain on resumption of assets located in Lu Yuan District	**102,669**	**—**	**102,669**
Impairment of trade and bills receivables	**40,453**	**4,383**	**44,836**
Impairment/(write-back) of other receivables	**(5,260)**	**1,134**	**(4,126)**
Impairment of inventories to net realisable value	**274,128**	**4,219**	**278,347**
Impairment of property, plant and equipment	**79,382**	**183,251**	**262,633**
Impairment of goodwill	**33,588**	**149,950**	**183,538**

* Capital expenditure consists of additions to property, plant and equipment and prepaid land lease payments.

Year ended 31 December 2013	Corn refined products *HK$'000*	Corn based sweetener products *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	2,166,103	2,033,916	4,200,019
Intersegment sales	550,285	—	550,285
	2,716,388	2,033,916	4,750,304
Reconciliation:			
Elimination of intersegment sales			(550,285)
Revenue from continuing operations			4,200,019
Segment results	(165,515)	(54,733)	(220,248)
Reconciliation:			
Bank interest income			2,502
Unallocated gains			24,832
Corporate and other unallocated expenses			(13,537)
Finance costs			(97,255)
Loss before tax from continuing operations			(303,706)
Segment assets	1,995,541	1,839,707	3,835,248
Reconciliation:			
Elimination of intersegment receivables			(91,290)
Cash and cash equivalents and pledged deposits			412,910
Corporate and other unallocated assets			304,614
Assets related to a discontinued operation			6,331
Total assets			4,467,813
Segment liabilities	504,345	293,202	797,547
Reconciliation:			
Elimination of intersegment payables			(91,290)
Interest-bearing bank borrowings			1,357,606
Corporate and unallocated liabilities			365,578
Liabilities related to a discontinued operation			1,189
Total liabilities			2,430,630
Other segment information:			
Capital expenditure*	81,429	16,064	97,493
Depreciation	78,164	69,081	147,245
Gain on resumption of land assets located in Lu Yuan District	18,779	—	18,779
Amortisation of prepaid land lease payments	5,406	2,258	7,664
Impairment/(write-back) of trade and bills receivables	(6,350)	625	(5,725)
Write-off of other receivables	12,415	—	12,415
Write-down of inventories to net realisable value	29,266	16,975	46,241

Geographical information

(a) Revenue from external customers

	2014	2013
	HK$'000	*HK$'000*
Mainland China	**2,792,411**	3,948,175
Regions other than Mainland China	**127,305**	251,844
	2,919,716	4,200,019

The revenue information of continuing operations above is based on the locations of the customers.

(b) Non-current assets

	2014	2013
	HK$'000	*HK$'000*
Mainland China	**1,374,507**	1,959,044
Regions other than Mainland China	**3,311**	3,471
	1,377,818	1,962,515

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue from continuing operations of approximately HK$3,601,000 (2013: HK$310,619,000) and HK$24,572,000 (2013: HK$194,609,000) during the year ended 31 December 2014 was derived from sales by the corn based sweetener products segment and the corn refined products segment, respectively, to group companies of the ultimate holding company.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains from continuing operations of the Group is as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**2,919,716**	4,200,019
Other income		
Bank interest income	**2,139**	2,502
Net profit arising from sale of packing materials and by-products	**14,658**	16,556
Processing income	**2,412**	—
Government grants*	**2,080**	6,191
Exchange gain	**2,738**	105
Others	**4,134**	1,980
	28,161	27,334
Gains		
Gain on resumption of assets located in Lu Yuan District	**102,669**	18,779
	130,830	46,113

* Government grants represented government rewards awarded to certain subsidiaries of the Company located in Mainland China and no further obligations and conditions need to be complied with.

5. LOSS BEFORE TAX

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

	Notes	2014 HK$'000	2013 HK$'000
Cost of inventories sold		**2,683,497**	3,379,860
Depreciation	*10*	**142,829**	147,245
Amortisation of prepaid land lease payments		**7,171**	7,664
Auditors' remuneration		**3,392**	3,082
Employee benefit expenses (excluding directors' remuneration)			
Wages and salaries		**60,124**	66,014
Pension scheme contributions		**14,809**	14,634
		74,933	80,648
Foreign exchange differences, net		**(2,738)**	(105)
Write-down of inventories to net realisable value#		**278,347**	46,241
Impairment/(write-back) of trade and bills receivables	*12*	**44,836**	(5,725)
Impairment/(write-back) of other receivables		**(4,126)**	12,415
Impairment of property, plant and equipment	*10*	**262,633**	—
Impairment of goodwill	*11*	**183,538**	—
Indemnity for breach of contract*		**21,938**	—
Loss on disposal of items of property, plant and equipment		**1,170**	3,272

Included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income. Impairment of inventories for the year ended 31 December 2014 included the following:

During the year ended 31 December 2014, Changchun Dihao Foodstuff Development Co., Ltd. ("Changchun Dihao") and Jinzhou Yuancheng Bio-chem Technology Co., Ltd. ("Jinzhou Yuancheng"), subsidiaries of the Group identified that 88,000 tons corn kernels with cost of HK$224 million have become deteriorated. The Group made a full provision of HK$224 million against these corn kernels and disposed of them to a customer and two suppliers of the Group for a total consideration of HK$1 million at HK$11 per ton. The Group has recorded the net impairment of HK$223 million in the consolidated statements of the profit or loss in 2014. The customer has a common director with certain of the Group's subsidiaries in Mainland China and a shareholder of one of the two suppliers is a director of the Group's subsidiaries in Mainland China. Thus, they are deemed as related parties to the Group. Sales of protein meal and corn steep liquor to this customer and purchase of corn kernels from this supplier for the year ended 31 December 2014 amounted to HK$1.9 million (2013: HK$10.7 million) and HK$99.6 million (2013: HK$97.7 million), respectively.

As at 31 December 2014, a provision of HK$32 million was made to the corn kernels of Jinzhou Yuancheng due to the subsequent decrease in the production yield of these corn kernels.

* Indemnity for breach of contract was accrued based on the judgment rendered by the court in Mainland China over the contract dispute with a customer.

6. FINANCE COSTS

An analysis of finance costs from continuing operations of the Group is as follows:

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**74,070**	99,994
Finance costs for discounting bills receivables	**6,957**	—
Total interest expense on financial liabilities not at fair value through profit or loss	**81,027**	99,994
Less: interest capitalised	**(1,589)**	(2,739)
	79,438	97,255

7. INCOME TAX

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2014	2013
	HK$'000	*HK$'000*
Current — Hong Kong	**—**	—
Current — Mainland China	**7,752**	9,504
Deferred	**3,231**	1,622
Total tax charge for the year	**10,983**	11,126

8. DIVIDENDS

The Board has resolved not to recommend the payment of any dividend for the year ended 31 December 2014 (2013: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share is based on the consolidated loss for the year attributable to ordinary equity holders of the parent of approximately HK$1,093,115,000 (2013: HK$319,959,000) and the weighted average number of ordinary shares in issue throughout the year of 1,527,586,000 (2013: 1,527,586,000).

As the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the years ended 31 December 2014 and 2013, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding share options during the years ended 31 December 2014 and 2013. Therefore, the diluted loss per share amounts were equal to the basic loss per share amounts for the years ended 31 December 2014 and 2013.

10. PROPERTY, PLANT AND EQUIPMENT

	Note	**31 December 2014** *HK$'000*	31 December 2013 *HK$'000*
At 1 January 2014/1 January 2013		**1,576,123**	1,612,495
Additions		**51,848**	97,493
Deficit on revaluation		—	(14,714)
Disposals		**(8,948)**	(5,627)
Classified as non-current assets held for sale		—	(5,500)
Impairment		**(262,633)**	—
Depreciation	*5*	**(142,829)**	(147,245)
Exchange realignment		**(19,098)**	39,221
At 31 December 2014/31 December 2013		**1,194,463**	1,576,123

As at 31 December 2014, certain of the Group's property, plant and equipment with net carrying amounts of HK$665,400,000 (2013: Nil) and HK$143,177,000 (2013: Nil) were pledged to secure banking facilities granted to the Group and a fellow subsidiary held by the Ultimate Holding Company, respectively.

As at 31 December 2014, the applications for building certificates for certain leasehold buildings of the Group with a total carrying amount of HK$97,775,000 (2013: HK$99,013,000) were still in progress.

Had the Group's leasehold buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately HK$568,196,000 (2013: HK$562,076,000).

Other information and impairment provision

Included in the Group's property, plant and equipment as at 31 December 2014, HK$348,057,000 (net of depreciation and impairment) (2013: HK$637,073,000) represented items which are identified by the management to be recovered through sale pursuant to the relocation plan as imposed by the local government. These assets are located at the Lu Yuan District in Changchun, the PRC. In accordance with the current plan, management will not relocate these assets to the new production site. These assets are either operating under a less than normal capacity or becomes idle at the reporting date as to prepare for the relocation. Management has performed impairment assessment on these assets by comparing to their recoverable amounts and has provided impairment of HK$254,327,000 (2013: Nil) in the consolidated statement of profit or loss for the year ended 31 December 2014.

The recoverable amounts of the assets located at the Lu Yuan District, which include land and property, plant and equipment amounted to HK$432,475,000. The recoverable amounts are determined based on management estimated fair value less cost of disposal of the items of assets by using depreciated replacement cost approach.

11. GOODWILL

	Note	**2014** ***HK$'000***	2013 *HK$'000*
Cost and net carrying amount at 1 January		**183,538**	183,538
Impairment during the year	*5*	**(183,538)**	—
Net carrying value at 31 December		**—**	183,538

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

	2014 ***HK$'000***	2013 *HK$'000*
Jinzhou Yuancheng	**—**	33,588
Assets to be retained in the Lu Yuan District, PRC	**—**	149,950
	—	183,538

Jinzhou Yuancheng

Certain of the Group's goodwill related to Jinzhou Yuancheng which was acquired by the Group during the year ended 31 December 2008. The recoverable amount of Jinzhou Yuancheng is determined based on management estimation of fair value less cost of disposal of the items of assets as associated therewith. The fair values of these items are determined by the depreciated replacement cost approach. Based on management's assessment, the carrying amounts of Jinzhou Yuancheng exceeded its recoverable amount as at 31 December 2014. Therefore, an impairment loss of HK$33,588,000 on goodwill was recognised in other expenses in the consolidated statement of profit or loss for the year ended 31 December 2014.

Assets to be retained in the Lu Yuan District, PRC

The Group's goodwill related to certain assets which were identified by management to be retained in the Lu Yuan District pending for the disposal to the local government pursuant to a relocation plan. For goodwill associated with the cash-generating unit being identified to be disposed of, management has compared the carrying amount of the cash-generating unit together with goodwill allocated to the fair value less costs of disposal. If there is no binding sale agreement or active market for that asset (or asset group), management will make reference to the best information available to reflect the amount that an entity could obtain at the end of the reporting period.

The recoverable amount of the associated assets to be disposed of to that goodwill is allocated is determined based on management estimated fair value less cost of disposal of the items of assets as associated therewith. The fair values of these items are determined by the depreciated replacement cost approach. Based on the impairment assessment, an impairment loss of HK$149,950,000 on goodwill was recognised in other expenses in the consolidated statement of profit or loss for the year ended 31 December 2014.

12. TRADE AND BILLS RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**422,203**	576,307
Bills receivable	**59,031**	201,583
Impairment	**(106,933)**	(78,561)
	374,301	699,329

The Group normally gives credit terms of 90 days to established customers, and credit terms of 180 days were given to one major customer with long term business relationships and good credit history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing. Significant concentration of risk exists where the Group has material exposures to trade and bills receivables from three customers located in Mainland China which accounted for 31% of the total trade and bills receivables as at 31 December 2014 (2013: three customers accounted for 30%).

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**212,574**	267,017
1 to 2 months	**63,018**	106,142
2 to 3 months	**15,290**	30,326
Over 3 months	**83,419**	295,844
	374,301	699,329

The movements in the provision for impairment of trade and bills receivables are as follows:

	Note	**2014**	2013
		HK$'000	*HK$'000*
At 1 January		**78,561**	82,205
Impairment losses recognised	*5*	**44,836**	837
Impairment losses reversed		**—**	(6,562)
Amount written off as uncollectible		**(15,482)**	—
Exchange realignment		**(982)**	2,081
		106,933	78,561

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK$106,933,000 (2013: HK$78,561,000) with a carrying amount before provision of HK$121,522,000 (2013: HK$91,938,000).

The individually impaired trade and bills receivables relate to customers that were in financial difficulties and the receivables are expected to be unrecoverable.

The aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	2014	2013
	HK$'000	*HK$'000*
Neither past due nor impaired	**293,106**	513,438
Less than 1 month past due	**3,053**	21,629
1 to 3 months past due	**1,972**	38,107
Over 3 months past due	**61,581**	112,778
	359,712	685,952

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been any significant change in credit quality and the balances are still considered fully recoverable.

Transferred financial assets that are derecognised in their entirety

At 31 December 2014, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of HK$95,490,430 (2013: HK$433,685,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2014, the Group has not recognised any gain or loss (2013: Nil) on the date of transfer of the Derecognised Bills. The endorsement has been made evenly throughout the year.

Included in the Group's trade receivables are amounts due from the Group's fellow subsidiaries of HK$70,796,000 (2013: HK$126,883,000) which are repayable on similar credit terms to those offered to the major customers of the Group.

At 31 December 2014, no trade receivables or bills receivable (2013: Nil and HK$105,091,000 respectively) were pledged to secure bank loans.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Prepayments	**262**	1,455
Deposits and other receivables	**377,486**	164,382
PRC value-added tax ("VAT") receivables and other tax receivables	**11,882**	7,169
Current portion of prepaid land lease payments	**7,123**	7,317
	396,753	180,323

As at 31 December 2014, the Group has recorded in deposits and other receivables amounting to approximately HK$354 million (2013: HK$114 million) due from Changchun Dajincang Corn Collection Company ("Dajincang", a major supplier of corn kernels) due to the stock return of certain corn kernels to Dajincang by one of the Group's subsidiaries, Changchun Dihao. Because of the suspension of production in the preparation for the relocation, Changchun Dihao has returned corn kernels of 122,000 metric tonnes with a total amount of approximately HK$354 million to Dajincang. The stock return of corn kernels were charged at the original purchase price. Dajincang has two directors in common with the Group's fellow subsidiaries located in Mainland China. Thus, Dajincang is deemed as a related party to the Group.

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

14. TRADE AND BILLS PAYABLES

	2014	2013
	HK$'000	*HK$'000*
Trade payables	**227,665**	421,310
Bills payable	**—**	5,703
	227,665	427,013

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers, except for the purchase of corn kernels from farmers, which is normally settled on a cash basis. The carrying amounts of trade and bills payables approximate to their fair values.

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the receipt of goods purchased, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within 1 month	**185,895**	174,741
1 to 2 months	**3,369**	12,863
2 to 3 months	**1,970**	7,392
Over 3 months	**36,431**	232,017
	227,665	427,013

Included in the Group's trade payables are amounts due to the Group's fellow subsidiaries of HK$18,612,000 (2013: HK$218,442,000) which are repayable on similar credit terms to those offered by the fellow subsidiaries to their major customers.

15. SHARE CAPITAL

Shares

	2014	2013
	HK$'000	*HK$'000*
Authorised:		
100,000,000,000 (31 December 2013: 100,000,000,000) ordinary shares of HK$0.10 each	**10,000,000**	10,000,000
Issued and fully paid:		
1,527,586,000 (31 December 2013: 1,527,586,000) ordinary shares of HK$0.10 each	**152,759**	152,759

EXTRACTS FROM INDEPENDENT AUDITORS' REPORT

The following is the extract of the independent auditor's report from Ernst & Young, the external auditors of the Company, on the Group's consolidated financial statements for the Year:

"Basis for disclaimer of opinion

Financial guarantee contracts

During the course of our audit, we identified that the Group had issued guarantees to banks in connection with facilities granted to a major supplier which amounted to RMB3 billion at 31 December 2010, 2011, 2012 and 2013 and RMB2.5 billion as at 31 December 2014. These financial guarantee contracts were not recognised in the Group's financial statements. As the management has not assessed the fair value of these guarantees, as required by Hong Kong Accounting Standard ("HKAS") 39 *Financial Instruments: Recognition and Measurement* issued by the Hong Kong Institute of Certified Public Accountants, we are unable to quantify the impact of this departure on the consolidated financial statements.

Inventory losses

As disclosed in note 5 to the financial statements, for the year ended 31 December 2014, the Group recorded the following (i) in cost of sales a loss of HK$223 million for the disposal of certain corn kernels with deteriorated quality; and (ii) in cost of sales a loss of HK$32 million against certain corn kernels with significant reduction in production yield. We have not been provided with sufficient supporting documents for these transactions and we are unable to ascertain whether these transactions recorded in the consolidated statement of profit or loss were fairly stated. Any adjustments found to be necessary would have an effect on the Group's net assets as at 31 December 2014 and consequently, the net loss for the year then ended, and the related disclosures thereof in the consolidated financial statements.

Inventories

Included in the Group's inventories balance as at 31 December 2014 were corn kernels of HK$39 million, which were kept at locations outside of the Group's premises. We were unable to perform effective audit procedures and to obtain sufficient of appropriate audit evidence to verify the ownership of these inventories. Any adjustments found to be necessary would have an effect on the Group's net assets as at 31 December 2014 and consequently, the net loss for the year then ended, and the related disclosures thereof in the consolidated financial statements.

Basis for disclaimer of opinion *(continued)*

Other receivable

Included in the Group's prepayment, deposit and other receivable balance as at 31 December 2014 was an outstanding receivable due from a major supplier amounting to HK$354 million, arisen from the return of certain corn kernels to the supplier recorded by the Group during the year. We have not been provided with sufficient supporting documents for the inventories returned to the supplier and we are unable to ascertain whether the sales return was fairly stated. Furthermore, we were unable to obtain sufficient audit evidence to verify the nature of the balance and the recoverability of the outstanding balance due from the supplier. Any adjustments found to be necessary would have an effect on the Group's net assets as at 31 December 2014 and consequently, the net loss for the year then ended, and the related disclosures thereof in the consolidated financial statements.

Amounts due from the ultimate holding company and the fellow subsidiaries

The Group had outstanding amounts due from the ultimate holding company, amounts due from the fellow subsidiaries and trade receivables due from the fellow subsidiaries of HK$22 million, HK$154 million and HK$71 million, respectively, as at 31 December 2014. As significant losses sustained by the ultimate holding company and the fellow subsidiaries during the year ended 31 December 2014, we were unable to obtain sufficient audit evidence on the recoverability of these balances. Any adjustments found to be necessary would have an effect on the Group's net assets as at 31 December 2014 and consequently, the net loss for the year then ended, and the related disclosures thereof in the consolidated financial statements.

Accounts payable

Included in the Group's trade and bills payables balance as at 31 December 2014 were aggregate accounts payable of HK$228 million. We were unable to obtain adequate confirmation responses up to the date of our report. Any adjustment to the accounts payable balances found to be necessary should our circularisation procedures have been satisfactorily completed would have an effect on the Group's net assets as at 31 December 2014 and consequently, the net loss for the year then ended, and the related disclosures thereof in the consolidated financial statements.

Impairment of non-current assets

As at 31 December 2014, the Group recorded property, plant and equipment of HK$1,194 million (net of depreciation and impairment), prepaid land lease payments of HK$178 million, deposits paid for acquisition of property, plant and equipment of HK$2 million, and intangible assets of HK$3 million, and full provision of impairment has been made on goodwill. Based on the management's assessment of impairment, a provision for impairment losses of HK$438 million was made during the year end 31 December 2014. However, due to the continued significant losses sustained by the Group, we were unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the directors' impairment estimation. Any adjustments found to be necessary to the amount provided for the impairment would have an effect on the Group's net assets as at 31 December 2014 and consequently, the net loss for the year then ended, and the related disclosures thereof in the consolidated financial statements.

Basis for disclaimer of opinion *(continued)*

Impairment of investments in subsidiaries and amounts due from subsidiaries

As at 31 December 2014, the Company had recorded investments in subsidiaries of HK$584 million (net of impairment) and amounts due from subsidiaries of HK$785 million (net of impairment), in the statement of financial position. Based on the management's assessment of impairment, a provision for impairment losses of HK$833 million was made during the year ended 31 December 2014. Due to the significant losses sustained by the subsidiaries during the year, we were unable to obtain sufficient appropriate evidence to assess the appropriateness of the directors' impairment estimation. Any provision for impairment found to be necessary would have an effect on the Company's net assets as at 31 December 2014 and consequently, the net loss for the year then ended, and the related disclosures thereof in the financial statements of the Company.

Financial guarantee contracts of the Company

As at 31 December 2014, the Company recognised financial guarantee contracts of HK$47.9 million which were related to the financial guarantees to banks in connection with facilities granted to the Company's subsidiaries. The fair value of the financial guarantee contracts was based on the directors' estimation. Due to the significant losses sustained by the subsidiaries during the year, we were unable to obtain sufficient appropriate evidence to assess the appropriateness of the directors' estimation. Any adjustments found to be necessary would have an effect on the Company's net assets as at 31 December 2014 and consequently, the net loss for the year then ended, and the related disclosures thereof in the financial statements of the Company.

Fundamental uncertainties relating to going concern

As disclosed in note 2.1 to the consolidated financial statements, the Group incurred a consolidated net loss of HK$1,093 million during the year ended 31 December 2014 and, as of that date, the Group's current assets exceeded its current liabilities by HK$224 million. If considering further potential impairment loss on other receivable due from a major supplier and amounts due from the ultimate holding company and the fellow subsidiaries as set out in further details in the paragraph headed "Other receivable" and "Amounts due from the ultimate holding company and the fellow subsidiaries" above, the Group's current liabilities would exceed its current assets. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and Company's ability to continue as a going concern.

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the directors of the Company as described in note 2.1. The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and, therefore, do not include any adjustments relating to the realisation and classification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

We were unable to obtain sufficient appropriate audit evidence regarding the use of going concern assumption in the preparation of these financial statements. Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at amounts other than those currently recorded in the consolidated and the company statements of financial position as at 31 December 2014. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities.

Disclaimer of opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether they have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT RESPONSE AND REMEDIAL MEASURES

In order to facilitate a better understanding of the auditors' disclaimer opinion, management of the Company wishes to furnish further information to the auditors' disclaimer opinions together with the relevant remedial measures taken and to be taken by management.

Background

As disclosed in the Company's annual report for 2013, the Group's performance was significantly hammered by the poor market sentiment as a result of turbulence of the global and domestic economies, over-capacity in corn-refinery industry, high raw material cost, low sugar price and weak product prices. As a result, the Group recorded a drop in sales and a net loss for the year 2013. Experiencing a further drop in sales in the year 2014, as disclosed in the Company's announcement dated 31 March 2014, and in preparation for the relocation of the Group's production facilities to the Xinglongshan Site and in light of the poor market sentiment of the upstream corn refinery, the Group has decided to halt production of upstream products at Changchun and would optimise the utilisation of the downstream sweeteners operations at Changchun to maintain flexibility to continue to serve local customers according to market needs. As a result of the suspension of the upstream operations and the scaling-down of the downstream operations in the Group's Changchun facilities, management has restructured and merged certain departments at Changchun and terminated the contracts with all temporary employees. Except for certain management and key employees, other headcounts were cut through natural wastage. Administrative headcount reduction has led to a disorganisation of corporate function, in particular in relation to for the Group's documentation and filing systems, where hand-written records are still predominant there in a limited use of electronic records. Subsequent to the staff organisational restructure at Changchun site, offices were either merged or moved to enhance cost efficiency. As a result of the department restructure and relocation and the departure of a number of key supporting employees, the management experienced difficulties in locating certain information and documents and therefore was unable to provide the necessary information and documents to the Company's auditors in time to complete their audit.

The downsizing at the Changchun operation and the subsequent departure of a number of key supporting staff has weaken the communication and co-ordination mechanisms of the Group. Inefficient handover together with insufficient training led to poor understanding or misinterpretation of certain of the Group's internal control procedures which may have resulted in certain internal control non-compliance not being timely uncovered, prevented or rectified.

In relation to the Group's documentation and filing systems, hand-written records are still predominant with a limited use of electronic records, and the management has noticed the possible weaknesses in internal control procedures arising from such arrangements. As such, the Group's Shanghai production site was chosen as the pilot site for Enterprise Resource Planning ("ERP") implementation. Upon the successful launch of the ERP system in Shanghai, the system will be rolled over to the Group's other production sites. The Group's Shanghai production site begun the preparation and installation of the ERP system in January 2015 and is expected to complete by the end of June 2015. Trial run of the ERP system will be launched in the second half of 2015. Owing to the fact that the Changchun production site is in preparation for relocation, management has planned for the implementation of ERP system at the new site in Xinglongshan when relocation of the Group's facilities completes. As such, management believed the current shortcoming in documentation and filing systems were only temporary.

1. Financial guarantees granted for the benefits of a major supplier

During the preparation of the financial statements for the year 2014, the Company's management noted for the first time two of the Group's wholly-owned subsidiaries established and operated in Changchun, namely 長春帝豪食品發展有限公司 (literally translated as Changchun Dihao Foodstuff Development Co., Ltd., "Changchun Dihao") and 長春金成玉米開發有限公司 (literally translated as Changchun Jincheng Corn Development Co., Ltd., "Changchun Jincheng"), issued guarantees (the "Dajincang Financial Guarantees") to a bank (the "Lender Bank") in Mainland China in connection with facilities (the "Dajincang Bank Facilities") granted to 長春大金倉玉米收儲有限公司(Changchun Dajincang Corn Procurement, Ltd.) ("Dajincang"), a major supplier to the Group's subsidiaries in Changchun, with a maximum amount of RMB3 billion (approximately HK$3.75 billion) as at 31 December 2010, 2011, 2012 and 2013 and RMB2.5 billion (approximately HK$3.13 billion) as at 31 December 2014. The amount drawn down by Dajincang as at the date of this announcement amounted to RMB2.496 billion (approximately HK$3.11 billion).

To the best of the knowledge, information and belief of the directors having made all reasonable enquiries, (i) Dajincang is beneficially majority-owned by the labour union (the "Labour Union") of the employees in Mainland China of the GBT Group and the Group); (ii) the Labour Union has more than 5,000 members. The interests of all members of the Labour Union are identical and do not differ from member to member. Excluding persons who are members of the Labour Union, none of the Directors nor their respective close associates have any interest in Dajincang, and none of Dajincang nor its close associates held any interest in the Company and its respective connected persons; and (iii) two of the directors of Dajincang are also directors of certain PRC subsidiaries of GBT. They were appointed directors of Dajincang solely in their capacity as members of the Labour Union and their interests in the Labour Union do not differ from those of other members. The Group have commenced procedures to replace these two appointees by certain senior management staff of the Group with no management positions at Dajincang or the Labour Union or their respective associates.

As detailed in the Company's announcement dated 31 March 2015, based on the available information, the directors considered that the Dajincang Financial Guarantees were provided by Changchun Dihao and Changchun Jincheng without the proper authorisation of the Company's board of directors and are not in compliance with the relevant internal control and approval procedures. The Company's management has promptly formulated action plans to minimise the potential impact or financial losses to the Group and to rectify the internal control weaknesses that may have led to the improper entering into the Dajincang Financial Guarantees, including but not limited to that, (i) with immediate effect, all loan, guarantee and security documents to which any member of the Group is expressed as a party are required to be approved by the Board before they may be entered into and a notice regarding the approval procedure has been circulated to all relevant staff of the Group (including the legal representatives and directors of all PRC subsidiaries) and a monthly checklist is required to be completed by the relevant handling staff to ensure compliance with the relevant procedures; and (ii) based on a report of the Lender Bank and during a recent meeting between the senior representatives of the Lender Bank and the Group, the Lender Bank has indicated that in accordance with the government-led financial assistance consensus reached in September 2014, it is the intention of the Lender Bank not to lower the credit rating of, nor to reduce the amounts of facilities granted to, the Group's subsidiaries in Jilin province and Dajincang in the foreseeable future. In view of the above, the directors considered that there is no indication that the Lender Bank would demand the early repayment of the amount drawn down by Dajincang under the Dajincang Bank Facilities and the Group.

Nevertheless, in compliance with the Company's accounting policies and for the purpose of preparing for the Company's consolidated financial statements for the year 2014, immediately following the identification of the Dajincang Financial Guarantees, the management has engaged an internal professional valuer to conduct an independent valuation of the fair value of the Dajincang Financial Guarantees. However, given the limited time and insufficient financial information of Dajincang available to them, the professional valuer was unable to complete the related valuation and therefore no fair value assessment was made possible in the Company's consolidated financial statements.

As a result of the identification of the unrecorded unauthorised Dajincang Financial Guarantees, the management has obtained the relevant credit reports of the major operating subsidiaries established in Mainland China from local offices of credit reference centre, the People's Bank of China, a State-owned and regulated agency empowered by laws to collect and maintain all the historical and current credit data (including loans, guarantees and pledges of assets in relation to the authorised financial institutions in Mainland China). Based on these credit reports, there were no other guarantees or pledges of assets provided by the Group to authorised financial institutions in Mainland China. Additional internal controls have been implemented with immediate effect, including the requisition of the relevant credit reports on a regular basis.

In addition to the proposed engagement of an independent internal control expert to conduct a review of the Group's internal controls and systems, including the approval and reporting of loans, guarantees and pledges of assets, the management will issue a letter to all staff to reiterate that strict compliance with the existing internal approval procedures is required and failure of compliance will result in personal penalty or summary dismissal. Trainings would be conducted to all relevant staff in the second quarter of 2015 to ensure correct understanding and interpretation of the relevant internal control procedures and requirements.

2. *Inventories loss*

i) *Impairment loss on and sales of substandard and inferior corn kernels*

During the year, the Group recorded in the cost of sales of a net impairment provision of approximately HK$223 million against certain corn kernels which had been identified as substandard and inferior in quality, and had been sold before 31 December 2014 at a minimal amount. During the corn-starch production process, substandard corn kernels are filtered out to be unsuitable for putting in production. These substandard corn kernels are put back in warehouses. In addition, during the storage process, due to changes in temperature and humidity and other conditions of the warehouses, it is not uncommon to experience deterioration in the quality of corn kernels. However, there have been no established control procedures to require substandard and inferior corn kernels be identified for accounting for impairment losses or arranging for timely disposal on a periodical basis. As the Group had suspended or scaled down its upstream corn-starch production plants during the year, the management of the Group's operations in Mainland China have become aware of the existence of and the possible significance of such substandard and inferior corn kernels, and have taken immediate actions to quantify the amount of such substandard and inferior corn kernels with supporting internal laboratory test reports confirming the quality before the sale as mentioned above. However, due the administration disorganisation experienced and the heavy reliance of hand-written documentations used by the Group's subsidiaries in Mainland China, the management was unable to locate sufficient documents for the purpose of external audit.

In order to avoid recurrence of the incidents mentioned above, management has implemented control procedures to timely identify, quantify and dispose of substandard and inferior corn kernels on a periodic basis.

ii) Impairment loss of certain corn kernels to net realisable value

During the year, the Group recorded in the cost of sales of a impairment provision of HK$32 million against certain corn kernels as at 31 December 2014 due to a significant reduction in the production yield and unusual wastage experienced by a subsidiary of the Group in Jinzhou in January 2015. At the time, in line with the usual practices consistently over the past years, the Group calculated the production yield and therefore the amount of corn kernels used for production in January 2015 based on the summary of daily finished goods production records and the ending inventory balances established by inventory taking of corn kernels at 31 December 2014 and 31 January 2015. Based on information provided by management in Jinzhou, the significant wastage was occurred during the trial run of connecting the new 200,000 mtpa production line with the other 600,000 mtpa production line in order to reduce unit production costs by achieving better economies of scale. However, due to oversights of certain Jinzhou management staff responsible for managing the trial run processes, the significant wastage was not detected in time to control the extent of such wastage. Disciplinary actions have been taken, resulting in the summary dismissal of certain responsible management staff.

3. Inventories – ownership of certain corn kernels

As at 31 December 2014, certain corn kernels of HK$39 million were kept at nearby locations outside the Group's premises because of the reconstruction of certain warehouses in Jinzhou. The external premises are situated nearby the factories in Jinzhou and the owner allowed the management to physically manage such corn kernels as if they were held directly by the Group. The existence and quantity of such corn kernels have been confirmed by 2014 year end inventory taking, and management has obtained a confirmation of ownership of such corn kernels of the Group from the owner of the outside premises by end of March 2015.

To enhance the record keeping, the management will obtain monthly confirmation from external custodians of assets.

4. Other receivable from a major supplier

This represents an outstanding receivable due from Dajincang, a major supplier, amounting to approximately HK$354 million as at 31 December 2014, arisen from the two batches of return of certain corn kernels to Dajincang by the Group in December 2014 in amounts of approximately HK$286 million (the "First Returned Corns") in and HK$68 million (the "Second Returned Corns"). In line with usual industry practice and the Group's procurement policies, the First Returned Corns were purchased by the Group from Dajincang towards the end of the peak harvesting season of 2013/2014 in preparation for future production usage after the first quarter of 2014. However, following the impromptu decision of the Group to suspend its upstream corn-starch production on 31 March 2014, the Group instructed Dajincang to safe-keep those First Returned Corns at Dajincang's warehouses pending later potential resumption of production. Accordingly, when becoming apparent that resumption of such upstream production in Changchun was not possible in the near future, the Group has arranged and agreed with Dajincang to return those First Returned Corns in December 2014 with an option to demand for returns of corns when upstream production in Changchun is resumed after relocation to Xinglongshan or, failing which, repayment to the Group for the price paid for the First Returned Corns by Dajincang. The First Returned Corns had at all times stored in Dajincang's warehouses, and a written acknowledgement of transfer of such corns has been entered into between Dajincang and the Group under the terms of the relevant return agreement.

The decision for the Second Returned Corns was made in February 2014 in preparation for vacating the existing warehouses in Changchun and subsequent relocation of production facilities to the new Xinglongshan site then scheduled to commence in April 2014. The Group has engaged its regular transportation service provider to deliver such goods to Dajincang. Delivery notes issued by the transportation service provider were acknowledged for receipt by Dajincang. For the same reasons for, and at the same time of, entering into the First Returned Corns contract, the Group entered into the agreement for the Second Returned Corns contract.

The outstanding receivable from Dajincang amounted to approximately HK$354 million as at 31 December 2014 for which confirmation has been obtained from Dajincang. In view of the longstanding business relationship with Dajincang with no adverse past credit history and taking into accounts the potential need for corns upon resumption of production, the Group agreed the outstanding receivable to be settled in the same quantity of corns in kind or in cash valued such returned goods at then prevailing market prices of corns in the event of resumption of, the Group's production, but in any case not later than 31 December 2015 according to the prevailing agreement for the First and Second Returned Corns,. Accordingly, the outstanding receivable is not yet due for settlement. The management is in the process of obtaining sufficient financial information from Dajincang for further assessment.

5. *Amounts due from the ultimate holding company and fellow subsidiaries*

The Group had outstanding amounts due from its immediate holding company (Global Corn Bio-chem Technology Company Limited, a GBT subsidiary), amounts due from certain other GBT subsidiaries and trade receivables due from certain other GBT subsidiaries of approximately HK$22 million, HK$154 million and HK$71 million (totaling approximately HK$247 million), respectively as at 31 December 2014. At the same date, the Group recorded amounts due to GBT (the ultimate holding company), amounts due from certain other GBT subsidiaries and trade payables due to certain other GBT subsidiaries in the amounts of approximately HK$29 million, HK$93 million and HK$19 million (totaling approximately HK$141 million), respectively. The net amount due by the Group to the GBT Group was approximately HK$106 million. The Group normally assesses the recoverability of balances with GBT and its subsidiaries on an aggregate basis and given the management's in-depth knowledge of the GBT Group, no formal assessment has been done to confirm the recoverability of such balances. However, as significant losses were sustained by the GBT Group during the year ended 31 December 2014, management will carry out independent assessment on each of the GBT Group companies in future.

6. Accounts payable

During the audit, the management noted a low response rate of accounts payable confirmation received by the auditors. In order to enhance the reliability of the financial statements for the year 2014, the management has obtained direct confirmation by fax from 60% of Changchun Dihao suppliers of Changchan Dihao with no direct confirmation received by the auditors during the last week of March 2015. The results are satisfactory.

The Group will implement such internal confirmation procedures of balances with all customers and suppliers to be carried out in writing on a monthly basis.

7. Impairment of non-current assets

As at 31 December 2014, the Group recorded property, plant and equipment of HK$1,194 million (net of depreciation and impairment), prepaid land lease payment of HK$178 million, deposits paid for acquisition of property, plant and equipment of HK$2 million, and intangible assets of HK$3 million, and full provision of impairment has been made on goodwill.

In accordance with the Company's practices, the management has engaged independent professional valuers to carry out valuations of all the Group's property, plant and equipment using acceptable valuation methodologies, including depreciated replacement cost approach. Impairment losses totaling approximately HK$438 million had been provided for during the year ended 31 December 2014.

The deposits of approximately HK$2 million were paid for equipment for the warehouses under construction by the Group's subsidiaries in Jinzhou. The relevant equipment has been scheduled to be received by the Group in the first half of 2015.

The intangible assets of HK$3 million represent the Group's investment in two transferrable golf club memberships. In accordance with our usual practice, the management has obtained the latest market prices on similar memberships from that golf club.

The goodwill arose from the acquisition of certain subsidiaries in Changchun and Jinzhou. In view of the significant losses incurred by the relevant subsidiaries and in association with the impairment losses recorded for the property, plant and equipment owned by such subsidiaries, management considered a full impairment loss on goodwill is necessary.

8. Impairment of investments in subsidiaries and amounts due from subsidiaries

The Company has provided a calculation adopting the same basis as last year's. Based on this estimation, management has made provision on the impairment of investment of subsidiaries and amounts due from subsidiaries.

9. Fundamental uncertainties relating to going concern

The management considered that the Group will be able to carry on business for the reasons stated below.

The Group's production facilities are located in three different localities, namely, Jinzhou, Shanghai and Changchun with each production locality operating independently of each other.

With regard to the going concern on the continuity of operation in the Group's Jinzhou production site, an international renowned industry player has engaged a toll production framwork agreement with Jinzhou Yuancheng to supply 40,000 MT of corn starch for the month of April 2015. The management expects the agreement will be renewed on monthly basis according to the current market condition. On an annual basis, it represents approximately 600,000 MT corn processing capacity. It is expected that such arrangement will generate healthy cash flow to Jinzhou Yuancheng.

Moreover, Jinzhou Yuancheng also obtained import quota of 150,000 MT of corn on 16 March 2015 approving Jinzhou Yuancheng to purchase imported corn for production starting in May 2015. Given the difference between the price of imported corns and domestic corns, Jinzhou Yuancheng could reasonably expect a stable profit starting from May 2015.

The management noted the Shanghai operation has been healthy and stable with positive cash inflows for the past years and expects stable performance in such operation in the coming year.

As to the Changchun operation, reference is made to earlier section of this announcement headed "Financial gurantee granted for the benefit of a mjaor supplier" the announcement ("Announcement") of the Company dated 31 March 2015 in relation to, among others, the provision of the Dajincang Financial Guarantee.

With the support of the Group's bankers in accordance with the government-led financial assistance, the immediate risk of Changchun Dihao being called upon against the Supplier to pay under the Dajincang Financial Guarantee is low. The management will take steps to limit the exposure of Changchun Dihao to the Group's assets in Changchun without affecting the other operations of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the production 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 then refined downstream to produce various corn sweeteners which are classified into two categories: corn syrup (glucose syrup, maltose syrup and high fructose corn syrup), corn syrup solid (crystallised glucose and maltodextrin) and sugar alcohol (sorbitol). The Group is also engaged in the corn procurement business, which corn kernels are purchased directly from farmers via corn origination silos for cost savings.

BUSINESS ENVIRONMENT

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.

The corn harvest in the United States of America ("US") outperformed expectations in 2014. Consequently, international corn price dropped from 523 US cents per bushel (equivalent to RMB1,282 per metric tonne ("MT")) to 378 US cents per bushel (equivalent to RMB927 per MT) by the end of 2014. While in the People's Republic of China (the "PRC"), corn harvest in 2014/15 maintained at about 215 million MT (2013/14: approximately 218 million MT). To protect farmers, the PRC government has adopted a series of measures since the end of 2013 to stabilise domestic corn price, including the increase in national corn reserves. As a result, the average purchase price of corn kernels increased to approximately RMB2,029 per MT (2013: RMB2,004 per MT) for the year ended 31 December 2014 (the "Year").

Despite the PRC government's continuous efforts to stimulate economic growth, the depressed property prices and industrial production suggest that pace of economic growth in China remained slow. Sentiment among buyers and manufacturers stayed conservative as reflected in China's Purchasing Managers Index. Consequently, the market selling price of the Group's products remained weak. The price of upstream products hit the record low in the first half of 2014 at approximately RMB2,380 per MT and remained low during the Year, putting the Group's upstream business under pressure.

In respect of sugar price movement, the abundant supply of cane sugar, a substitute of the Group's corn sweetener products, continued to exert pressure on the market selling price of corn sweetener products. Domestic sugar price dropped further by 14.7% to approximately RMB4,350 per MT (2013: RMB5,099 per MT) by the end of the Year. On the other hand, increased production in various major sugar producing regions has pressed international sugar price to 14.98 US cents per pound (equivalent to approximately RMB2,047 per MT) by the end of 2014. The discrepancy between domestic and international sugar prices encouraged imports, which further pressured the prices of the Group's sweetener products.

In view of the increasingly challenging operating environment, the Group will continue to strengthen its market position leveraging on its brand name and further improving operation efficiency through continuous research and development efforts to lower operating costs. In addition, the Group will take the opportunity of relocation of its production facilities for downstream products in Lu Yuan District in Changchun to Xinglongshan, Changchun to re-adjust its product mix and capacity to adapt to market changes.

FINANCIAL PERFORMANCE

The Group's consolidated revenue for the Year decreased by 30.5% to approximately HK$2,920 million (2013: HK$4,200 million) and the Group recorded a gross loss of approximately HK$190 million (2013: gross profit HK$138 million) during the year ended 31 December 2014. The decrease in revenue was mainly attributable to the suspension of Changchun production site since 31 March 2014 pending for the relocation of the Group's production facilities in Changchun and the weak market sentiment of upstream and downstream segments. The gross loss was mainly attributable to the impairment of obsolete corn kernels of approximately HK$223 million as a result of mildew and deterioration of corn kernels in Changchun and Jinzhou production sites. As such, together with the impairment on fixed assets and goodwill in Changchun and Jinzhou production sites amounted to HK$446 million, the Group's net loss attributable to shareholders of the Company for the Year amounted to approximately HK$1,093 million (2013: HK$320 million).

Upstream products

(Sales amount: HK$1,504 million (2013: HK$2,166 million))
(Gross loss: HK$348 million (2013: HK$21 million))

During the Year, the revenue and gross profit of corn procurement business amounted to approximately HK$201 million and HK$2 million (2013: HK$148 million and HK$5 million) respectively. Internal consumption of corn kernels for upstream production during the Year was approximately 55,000 MT (2013: Nil).

During the Year, the sales volume of corn starch and other corn refined products were approximately 263,000 MT (2013: 350,000 MT) and 157,000 MT (2013: 315,000 MT) respectively. Internal consumption of corn starch was approximately 151,000 MT (2013: 181,000 MT), which was used as raw material for production in the Group's Jinzhou and Shanghai production sites.

The average selling prices of corn starch and other corn refined products remained at approximately HK$3,300 per MT (2013: HK$3,300 per MT) and HK$2,900 per MT (2013: HK$2,900 per MT) respectively. However, sales volume of corn starch and other corn refined products decreased by approximately 36.8% when compare to the corresponding period last year. In addition, due to mildew and deterioration, impairments of obsolete corn kernels were made in Changchun and Jinzhou production sites in total amounting to HK$223 million. Consequently, the corn starch segment recorded a gross loss margin of approximately 21.2% (2013: gross profit 2.1%) while other corn refined products segment recorded a gross loss margin of approximately 37.6% (2013: gross profit 5.7%) during the Year.

The Group's upstream business has been hammered by the slowdown of China's economic growth, weak export and excess supply in the market since the fourth quarter of 2011. This situation continued during the Year and is expected to continue in 2015. As such, the Group decided to halt its production of upstream products in Changchun since 31 March 2014. In view of the current market conditions, the Group will relocate its production facilities for downstream products in Lu

Yuan, Changchun, the PRC (the "Changchun Site") to the new site in Xinglongshan, Changchun, the PRC (the "Xinglongshan Site"). The Group will not be manufacturing any products at its facilities in the Changchun Site until it has completed relocation of its production facilities to the Xinglongshan Site and until market conditions improve.

Corn syrup

(Sales amount: HK$853 million (2013: HK$1,380 million))
(Gross profit: HK$97 million (2013: HK$103 million))

During the Year, revenue of corn syrup decreased by 38.2% to approximately HK$853 million (2013: HK$1,380 million). It was mainly attributable to the decrease in sales volume by 42.3% to approximately 241 MT (2013: 418 MT) as a result of lower utilisation rate in Changchun production facilities pending for relocation. As such, gross profit decreased by 5.8% to approximately HK$97 million (2013: HK$103 million). On the other hand, the Group's Shanghai Operation has focused on high-end market during the Year. As a result, the gross profit margin increased to approximately 11.4% (2013: 7.5%) with increased average selling price of 7.2%.

Internal consumption of corn syrup for downstream production during the Year decreased to approximately 13,000 MT (2013: 45,000 MT) which was mainly attributable to the decrease in production volume of corn syrup solid.

During the Year, the Group sold approximately 1,000 MT (2013: 123,000 MT) of corn syrup to the GBT Group.

Corn syrup solid

(Sales amount: HK$563 million (2013: HK$654 million))
(Gross profit: HK$61 million (2013: HK$56 million))

The revenue of corn syrup solid decreased by 13.8% during the Year. It was mainly attributable to the decrease in sales volume by approximately 10.7% as a result of low utilisation rate in Changchun production facilities. The average selling price of corn syrup solid decreased by 3.6% to approximately HK$3,500 per MT (2013: HK$3,700 per MT). Consequently, the revenue of corn syrup solid decreased by 13.8% to approximately HK$563 million (2013: HK$654 million).

During the Year, corn syrup solid segment recorded a gross profit of approximately HK$61 million (2013: HK$56 million) with a gross profits margin of 10.8% (2013: 8.6%) as the Group moved away from the low-end markets in the Northern area.

During the Year, no corn syrup solid (2013: 350 MT) was sold to the GBT Group.

Export sales

During the Year, the Group exported approximately 35,000 MT (2013: 76,000 MT) of upstream corn refined products and approximately 14,000 MT (2013: 19,000 MT) of corn sweeteners; their export sales amounted to approximately HK$73 million (2013: HK$172 million) and HK$54 million (2013: HK$80 million) respectively, together representing approximately 4.3% (2013: 6.0%) of the total revenue of the Group.

Other income and gains, operating expenses, finance costs and income tax

Other income and gains

During the Year, other income of the Group increased by 184.8% to approximately HK$131 million (2013: HK$46 million) which included gain on assets compensation as a result of the relocation of production facilities in the Changchun Site which amounted to approximately HK$103 million.

Selling and distribution costs

During the Year, the selling and distribution costs, representing 7.3% (2013: 5.7%) of the Group's revenue, represents a decrease of 10.1% to approximately HK$214 million (2013: HK$238 million). It was mainly attributable to the decrease in sales volume of the Group as a result of suspension of the Changchun production facilities since March 2014.

Administrative expenses

During the Year, the administrative expenses decreased by 3.5% to approximately HK$109 million (2013: HK$113 million), representing 3.7% (2013: 2.7%) of the Group's revenue. Such decrease was attributable to the effective cost control of the Group and the suspension of the Changchun production facilities since March 2014.

Other operating expenses

During the Year, other operating expenses of the Group increased substantially to approximately HK$131 million (2013: HK$45 million). Such increase was attributable to the reallocation of depreciation from cost of sales as a result of the idle capacity of the production facilities which amounted to approximately HK$112 million.

Finance costs

During the Year, finance costs of the Group decreased to approximately HK$79 million (2013: HK$97 million) as a result of the reduction in bank borrowings of approximately HK$316 million.

Income tax

Although the Group recorded a net loss during the Year, certain members of the Group in the PRC incurred net profit and were subject to the PRC enterprise income tax. As a result, income tax expense amounted to approximately HK$11 million (2013: HK$11 million).

Net loss attributable to shareholders

As a result of primarily the decrease in sales volume and impairment of goodwill and other assets, the Group recorded a net loss of approximately HK$1,093 million (2013: HK$320 million) during the Year.

Inventories

As of 31 December 2014, the inventory level significantly decreased by 80.1% to approximately HK$213 million (31 December 2013: HK$1,069 million). The decrease of inventory level was mainly attributable to the impairment of deteriorated corn kernels of approximately HK$223 million and return of corn kernels to the major supplier of the Group of approximately HK$354 million. As such, the inventory turnover days decreased to approximately 25.0 days for the Year (31 December 2013: 96 days).

IMPORTANT TRANSACTIONS

Resumption of land and relocation of production facilities

Reference is made to the announcements of the Company dated 7 January 2014 and 31 March 2014. In response to the call of the local government to industrial companies to move their factories away from the central districts of Changchun which has been developed rapidly, the Group has accepted the resumption proposal and entered into compensation agreements (the "Compensation Agreements") with Changchun Land Reserve Centre（長春市土地儲備中心）on 30 December 2013 and 31 December 2013.

As part of the relocation plan of the Group's production facilities in Changchun, the Group has started gradually relocating its production facilities to the Xinglongshan Site in 2014. In light of the current market sentiment of the upstream corn refinery, the Group has halted its production of upstream products in Changchun since 31 March 2014. During the Year, to meet the production requirement of the Group's downstream products in Changchun, the Group sourced corn starch externally from either independent third parties or the GBT Group.

The Board considers that the relocation of production facilities to the Xinglongshan Site provides a good opportunity for the Group to re-adjust its product mix to focus on high value-added products in order to adapt to the changing market needs. At the same time, by upgrading the current production facilities during the relocation process, the Group could further enhance operation efficiency and cost competitiveness. Commercial production of its downstream production facilities at the Xinglongshan Site is expected to commence by the last quarter of 2015. Depending on the then market environment, the Group will reassess whether to re-commence the production of these upstream products or continue to source corn starch externally after completion of the relocation of production facilities to the Xinglongshan Site.

Pursuant to the Compensation Agreements, the Group agreed to the resumption of a piece of land with an area of approximately 70,000 square metres located on the west side of Xihuancheng Road, Changchun, the PRC ("GSH Land") and the building and fixtures erected on the GSH Land. The Changchun Land Reserve Centre shall make a compensation of RMB35,320,000 (approximately to HK$44,150,000) in respect of the GSH Land, and a compensation of RMB86,480,000 (approximately to HK$108,100,000) in relation to the buildings and fixtures erected on the GSH Land.

As disclosed in the 2013 annual report of the Company issued on 11 April 2014, goodwill of HK$149,950,000 related to Changchun Dihao Foodstuff Development Co., Ltd. ("Changchun Dihao") has been allocated to the group of assets which were identified by the management to be retained in Lu Yuan District, Changchun pending for the disposal of certain assets to the local government pursuant to a relocation plan ("Relevant Assets"). The value of the goodwill has been assessed by comparing the amount of relocation compensation with the carrying amount of the Relevant Assets.

During the Year, the Group received part of the resumption compensation amounting to RMB86,480,000 (approximately HK$108,100,000) and the Group recognised a gain on asset compensation of HK$102,669,000 based on the carrying value of associated assets held for sale of HK$5,431,000. Accordingly, there is a corresponding decrease in the recoverable amount of the Relevant Assets together with the goodwill after the above compensation was received and the carrying value of the associated assets amounting to HK$5,431,000 was derecognised. Accordingly, impairment loss of goodwill for Changchun Dihao amounting to HK$149,950,000 was recognised in other expenses during the Year.

As at the date of this announcement, the remaining part of the Group's production site in Changchun with an aggregate area of approximately 256,754 square metres and the production facilities erected thereon are pending for resumption and relocation. On 21 August 2014, Changchun Land Reserve Centre and the Group entered into mutual framework agreements by which the parties have reached a preliminary understanding on the intention of the resumption. It was agreed that the compensation shall be determined by the Changchun Land Reserve Centre and the Land Acquisition Reserve Transaction Fund Verification Centre（長春市土地儲備交易資金審核中心）, with reference to the valuation performed by a valuer to be appointed by Changchun Land Reserve Centre. It is expected that formal land resumption compensation agreements will be entered into after Changchun Land Reserve Centre and the Group agree on the final terms and conditions. For the reference of the Company's management, the Company has engaged an independent valuer to perform a valuation of the subject land, buildings, machineries and fixtures erected thereon. The valuation amounted to RMB665 million in aggregate as of 31 July 2014. The Company will make an announcement and comply with the relevant requirements under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") once the formal agreement(s) shall have been finalized or signed, as and when necessary.

Provision of financial assistance by the Group to the GBT Group

Reference is made to the announcement ("Announcement") of the Company dated 31 March 2015 in relation to, among others, the provision of financial assistance by the Group to the GBT Group. In December 2014 and February 2015, certain members of the Group entered into Mortgage A and Mortgage B from the provision of mortgage security in favour of certain banks in the PRC for the benefit of certain members of the GBT Group. GBT is a controlling shareholder of the Company holding approximately 64.04% of the entire issued share capital of the Company. The provision of financial assistance by the Group to the GBT Group constituted connected transactions for the Company under Chapter 14A of the Listing Rules. The failure by the Company to comply with the reporting, announcement and independent shareholders' approval requirements in respect of Mortgage A and Mortgage B constituted non-compliance with Rule 13.16 and Chapters 14 and 14A of the Listing Rules. For further information in relation to the financial assistance, please refer to the Announcement for details.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The Group's net borrowings decreased by 10.4% to approximately HK$851 million (31 December 2013: HK$950 million) as at 31 December 2014 as a result of the Group's concerted efforts in reducing the bank borrowings of approximately HK$316 million.

Turnover days, liquidity ratios and gearing ratios

Credit terms, normally 90 days, are granted to customers, depending on their credit worthiness and business relationships with the Group. During the Year, the trade receivables turnover days decreased to approximately 47 days (31 December 2013: 61 days) which was mainly attributable to the stringent control on credit terms that has been applied.

During the Year, trade payables turnover days decreased to approximately 27 days (31 December 2013: 38 days) as part of the cash flow management.

The current ratio as at 31 December 2014 increased to approximately 1.20 (31 December 2013: 1.10) and quick ratio increased to approximately 1.01 (31 December 2013: 0.63) due to the reallocation of short term borrowings amounting to HK$849 million to long term ones. Gearing ratio in terms of net debts (i.e. net balance between bank borrowings and cash and cash equivalents) to equity was approximately 62.2% (31 December 2013: 51.8%). Depsite the reduction in bank loans, the increase in gearing ratio was mainly due to the significant loss incurred by the Group during the Year. The loss before interest, taxes, depreciation and amortisation for continuing operation amounted to approximately HK$853 million (2013: HK$52 million).

Structure of interest bearing borrowings

As at 31 December 2014, the Group's bank borrowings amounted to approximately HK$1,041 million (31 December 2013: HK$1,358 million), of which no bank borrowing (31 December 2013: 1.9%) was denominated in US dollars and 5.8% (31 December 2013: 4.4%) was denominated in Hong Kong dollars while the remainder was denominated in Renminbi. The average interest rate during the Year increased to approximately 7.0% (2013: 5.9%) per annum as a result of the increase in the PRC interest rate.

During the Year, the Group was in compliance with the financial covenants as required in its current banking facilities and had no difficulty in renewing its banking facilities. At the same time, the Group proactively reduced its bank borrowings by 23.3% and implemented a series of measures to strengthen its liquidity management. Such measures included restructuring of certain short term borrowings to long term ones, recovery of trade receivables and reduction of corn inventory. Consequently, the Group's net borrowings decreased by 10.4% to approximately HK$851 million (31 December 2013: HK$950 million) as at 31 December 2014.

FOREIGN EXCHANGE EXPOSURE

Since most of the operations of the Group were carried out in the PRC in which transactions were denominated in Renminbi, the Directors consider that there is no material unfavourable exposure to foreign exchange fluctuation. Therefore, the Group does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. However, the Group will constantly review the economic situation, development of business segments and overall foreign exchange risk profile, and will consider appropriate hedging measures in future when necessary.

FUTURE PLANS AND PROSPECTS

It is the Group's mission to become one of the leading corn sweeteners manufacturers in Asia and a major player in the global market. To achieve this objective, the Group will strive to enlarge its market share, diversify its product mix and enhance its capability in developing high value-added products and new applications through in-house research and development efforts and strategic business alliance with prominent international market leaders. The Group will adopt a prudent approach in face of the current challenging operating environment. In the short run, the Group will take the opportunity of the relocation of its production facilities to the Xinlongshan Site to re-adjust its product mix and capacity to adapt to market changes, and at the same time, and enhance operation efficiency through continuous research and development efforts to lower operating costs. In the long run, the Group will continue to strengthen its market position leveraging on its brand name and add value to the current product mix through the introduction of new high value-added products.

With respect to the financial position of the Group, the management will endeavour to overcome the challenges and adopt a prudent approach in face of the current market condition.

EVENTS SUBSEQUENT TO THE YEAR UNDER REVIEW

Subsequent to the year ended 31 December 2014, the Group has published an announcement dated 31 March 2015 in relation to (1) the provision of financial assistance by the Group to the GBT Group, (2) provision of financial assistance by the Group to a supplier to the Group, (3) suspension and relocation of production operations at Lu Yuan District, Changchun, and (4) possible disposal of lands and buildings by the Group. Shareholders of the Company and potential are advised to read the aforementioned announcement of the Company for more information in this connection.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2014, the Group has approximately 1,350 (2013: 1,520) full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, hence has placed great emphasis on the recruitment of qualified and experienced personnel to enhance Group's production capability and products innovation. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis, which is in line with industrial practice. Staff benefits provided by the Group include mandatory fund, insurance schemes and performance related commissions.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2 June 2015 to Thursday, 4 June 2015, 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 annual general meeting.

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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 1 June 2015.

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND MODEL CODE

Save as disclosed below, in the opinion of the Directors, the Company has complied with all code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2014.

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 ("Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all Directors have confirmed to the Company that they have complied with the required standard set out in the Model Code and the Company's code of conduct during the Year. Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 20 May 2014, Mr. Zhang Fazheng ceased to be an executive Director and chief executive officer ("CEO") of the Group upon his retirement by rotation from the Board at the annual general meeting held on even date, due to the reaching of his retirement age. Mr. Kong Zhanpeng, the chairman of the Company and an executive Director, has been appointed as the CEO of the Group. The Board believes that vesting the roles of both chairman and CEO in the same person has the benefit of ensuring effective and efficient decision making and management control.

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 and internal controls. The Audit Committee comprises all three independent non-executive Directors. As at the date of this announcement, the chairman of the Audit Committee is Mr. Chan Yuk Tong, and the other members of the Audit Committee are Mr. Ho Lic Ki and Mr. Lo Kwing Yu.

The Audit Committee meets regularly with the Company's senior management and the Company's auditors to review the Company's financial reporting process, the effectiveness of internal controls, audit process and risk management.

The Audit Committee held three meetings during the Year.

The Audit Committee has reviewed with the management and the Company's auditors the accounting principles and practices adopted by the Group and reviewed internal controls and financial reporting matters, and has reviewed the audited financial statements of the Group for the year ended 31 December 2014. Details of the Disclaimer opinion and certain internal control weakness are disclosed in the management response section above.

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) and the Stock Exchange (www.hkexnews.hk) in due course.

ANNUAL GENERAL MEETING

The 2014 annual general meeting ("AGM") of the Company will be held on Thursday, 4 June 2015 at 10:30 a.m.. Notice of the AGM will be published on the websites of the Company (www.global-sweeteners.com) and the Stock Exchange (www.hkexnews.hk), and will be dispatched to shareholders of the Company in due course.

On behalf of the Board
Global Sweeteners Holdings Limited
Kong Zhanpeng
Chairman and Chief Executive Officer

Hong Kong, 31 March 2015

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. KONG Zhanpeng, Mr. LEE Chi Yung, Ms. WANG Guifeng and Mr. NIE Zhiguo; and three independent non-executive Directors, namely, Mr. CHAN Yuk Tong, Mr. HO Lic Ki and Mr. LO Kwing Yu.

* *For identification purposes only*