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 2015 AND RESUMPTION OF TRADING

FINANCIAL HIGHLIGHTS

	2015	2014	Change %
Revenue (HK$'Mn)	**1,649**	2,920	(43.5)
Gross profit/(loss) (HK$'Mn)	**80**	(190)	N/A
Loss before tax (HK$'Mn)	**(747)**	(1,082)	N/A
Net loss attributable to owners of the Company (HK$'Mn)	**(754)**	(1,093)	N/A
Basic loss per share (HK cents)	**(49.3)**	(71.6)	N/A
Proposed final dividend per share (HK cents)	**—**	—	N/A

* *For identification purposes only*

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 2015 (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 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	4	**1,648,981**	2,919,716
Cost of sales		**(1,568,695)**	(3,109,569)
Gross profit/(loss)		**80,286**	(189,853)
Other income and gains	4	**38,029**	130,830
Selling and distribution costs		**(87,702)**	(213,562)
Administrative expenses		**(100,640)**	(108,610)
Impairment of property, plant and equipment	5	**(358,936)**	(262,633)
Impairment of prepaid land lease payment	5	**(5,135)**	—
Impairment of goodwill	5	**—**	(183,538)
Impairment of trade and bills receivables	5	**(339)**	(44,836)
Write-off of trade and bills receivables	5	**(10,750)**	—
Impairment of other receivables	5	**(109,184)**	—
Other expenses		**(127,477)**	(130,613)
Finance costs	6	**(65,360)**	(79,438)
LOSS BEFORE TAX	5	**(747,208)**	(1,082,253)
Income tax expense	7	**(6,559)**	(10,983)
LOSS FOR THE YEAR		**(753,767)**	(1,093,236)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of operations outside Hong Kong		**2,801**	(20,047)
Items that will not be reclassified to profit or loss in subsequent periods:			
Gain on property revaluation	10	**7,404**	—
Income tax effect		**(1,851)**	—
		5,553	—
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX		**8,354**	(20,047)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(745,413)**	(1,113,283)

	Notes	2015 *HK$'000*	2014 *HK$'000*
Loss attributable to:			
Owners of the Company		**(753,454)**	(1,093,115)
Non-controlling interests		**(313)**	(121)
		(753,767)	(1,093,236)
Total comprehensive income (loss) attributable to:			
Owners of the Company		**(745,425)**	(1,113,241)
Non-controlling interests		**12**	(42)
		(745,413)	(1,113,283)
LOSS PER SHARE	*9*		
Basic		**HK(49.3) cents**	HK(71.6) cents
Diluted		**HK(49.3) cents**	HK(71.6) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	31 December 2015 HK$'000	31 December 2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**408,312**	1,194,463
Prepaid land lease payments		**85,107**	177,663
Deposits paid for acquisition of property, plant and equipment		**354**	2,449
Goodwill	*11*	**—**	—
Prepayment, deposit and other receivables	*13*	**107,047**	—
Other intangible assets		**3,243**	3,243
Deferred tax assets		**—**	969
		604,063	1,378,787
CURRENT ASSETS			
Inventories		**161,975**	212,581
Trade and bills receivables	*12*	**167,640**	374,301
Prepayments, deposits and other receivables	*13*	**192,862**	396,753
Due from the immediate holding company		**—**	22,036
Due from fellow subsidiaries		**40,560**	154,059
Pledged deposits		**24,184**	—
Cash and cash equivalents		**61,106**	189,935
		648,327	1,349,665
Non-current assets held for sale	*14*	**365,082**	—
		1,013,409	1,349,665
CURRENT LIABILITIES			
Trade and bills payables	*15*	**195,910**	227,665
Other payables and accruals		**216,379**	281,181
Interest-bearing bank borrowings		**703,571**	471,250
Due to fellow subsidiaries		**—**	92,682
Due to the ultimate holding company		**—**	28,587
Tax payable		**25,539**	24,631
		1,141,399	1,125,996
NET CURRENT (LIABILITIES)/ASSETS		**(127,990)**	223,669
TOTAL ASSETS LESS CURRENT LIABILITIES		**476,073**	1,602,456

	Notes	31 December 2015 HK$'000	31 December 2014 HK$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**190,476**	570,000
Deferred tax liabilities		**107,110**	108,556
		297,586	678,556
NET ASSETS		**178,487**	923,900
EQUITY			
Issued capital	*16*	**152,759**	152,759
Reserves		**31,953**	777,378
Equity attributable to owners of the Company		**184,712**	930,137
Non-controlling interests		**(6,225)**	(6,237)
TOTAL EQUITY		**178,487**	923,900

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 address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 1104, Admiralty Centre, Tower 1, No. 18 Harcourt Road, Hong Kong. The Group is 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" or "GBT" and together with its subsidiaries, the "GBT Group"), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2.1 BASIS OF PREPARATION

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

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

Going concern

The Group recorded a consolidated net loss of approximately HK$754 million (2014: approximately HK$1,093 million) for the year ended 31 December 2015 and as at that date, net current liabilities of approximately HK$128 million (31 December 2014: net current assets of approximately HK$224 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 to meet its liabilities when fall due.

Pursuant to an agreement signed with four major lender banks of the subsidiaries of the Company and GBT on 22 September 2015 (the "Agreement"), in respect of the banking facilities granted to the subsidiaries of the Company and GBT in Changchun, the four major lender banks agreed 1) to lower the interest rate for the bank borrowings; 2) not to withdraw any banking facilities then obtained; and 3) to take all possible measures to ensure the renewal of all existing bank borrowings. On 21 March 2016, at a meeting between the Company and three major lender banks in Changchun, the three lender banks have reiterated their support to the subsidiaries of the Company and GBT in Changchun, confirmed the validity of the Agreement and expressed their intention to renew the existing banking facilities granted by them to the Company's and GBT's subsidiaries in Changchun upon expiry.

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

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 2015, the Group has scaled down certain corn starch and corn based sweetener production in order to minimise operating cash outflows.

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; (ii) the measures to minimise the Group's operating cash outflows; (iii) the materialisation of the proposed disposals of certain pieces of lands and buildings erected thereon in Lu Yuan District, Changchun, the PRC, as disclosed in the joint announcement of the Company and GBT dated 14 April 2016, and (iv) the materialisation of the proposed disposals of, among others, the receivable from Dajincang as disclosed in the Company's joint announcement with GBT dated 14 April 2016, the directors of the Company consider that the Group is able to generate sufficient funds to meet its financial obligations as and when they fall due in the foreseeable future.

(3) Financial support from the ultimate holding company of a major shareholder of GBT

The Group has received a written confirmation from the ultimate holding company of a major shareholder of GBT that it will provide financial support to the Group for its operation on a going concern basis and undertake all liabilities that may arise from the financial guarantee contracts in respect of banking facilities granted to a major supplier. Such assistance received by the Group is not secured by any assets of the Group.

Based on the consolidation as outlined in (1), (2) and (3) above, the Directors are of the view that the Company could operate as a going concern in 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 reclassification 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 recognise further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

Correction of prior year errors

The prior year adjustment represents the correction of errors in respect of statutory reserve fund that was incorrectly transferred from accumulated losses of HK$74,040,000 as at 1 January 2014. This prior year adjustment has no impact on the total reserve of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 consolidated financial statements. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

Annual Improvements Project: 2010-2012 Cycle

The amendments relevant to the Group include the followings.

(1) HKFRS 2 Share-based Payment

The amendments add definitions for "performance condition" and "service condition" which were previously part of the definition of "vesting condition" and update the definitions of "vesting condition" and "market condition". It specifies in the definition of performance condition that a vesting condition requires specified performance target(s) to be met. A performance target can be defined not only by reference to the operations (or activities) of the entity or the price (or value) of its equity instruments, but also the operations (activities) of another entity in the same group or the price (or value) of the equity instruments of that entity. Further, the performance target can also be related to the performance of the entity as a whole or a part of it or the group, including a division or an individual employee. The period for achieving the performance target shall not extend beyond the end of the service period but may start before (provided not substantially before the commencement of) the service period.

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

(2) HKFRS 8 Operating Segments

HKFRS 8 is updated as follows:

a) Judgements made by management in aggregating two or more operating segments exhibiting similar long-term financial performance and economic characteristics are required to be disclosed. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

b) It is clarified that the reconciliation of the total reportable segments' assets to the entity's assets is only required to be disclosed if the segment assets are regularly reported to the chief operating decision maker.

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

(3) HKFRS 13 Fair Value Measurement

The basis for conclusions is amended to clarify that the issuance of HKFRS 13 and the consequential amendments to HKFRS 9 and HKAS 39 did not remove the entity's ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, when the effect of not discounting is immaterial.

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

(4) HKAS 16 Property, Plant and Equipment

HKAS 16 originally required the revalued accumulated depreciation to be restated proportionately with the change in the gross carrying amount. However, it is noted that accumulated depreciation would not be restated proportionately to the gross carrying amount in situations in which both the gross carrying amount and the carrying amount are revalued non-proportionately to each other. Consequently, the Standard is amended such that a) the gross carrying amount of the revalued asset should be adjusted in a manner that is consistent with the revaluation of its carrying amount; and b) the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account the accumulated impairment losses.

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

(5) HKAS 24 Related Party Disclosures

HKAS 24 is amended to clarify that an entity, or any member of a group of which it is a part, providing key management personnel services (the "management entity") to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The reporting entity shall disclose the amounts incurred for key management personnel services that are provided by the management entity. However, the compensation paid or payable by the management entity to its employees or directors is not required to be disclosed.

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

Annual Improvements Project – 2011-2013 Cycle

The amendments relevant to the Group include the followings.

(1) HKFRS 13 Fair Value Measurement

These amendments clarify that all contracts within the scope of HKAS 39 or HKFRS 9 are included in the scope of the exception as set out in HKFRS 13 for measuring the fair value of a group of financial assets and financial liabilities on a net basis, even if those contracts do not meet the definitions of financial assets or financial liabilities in HKAS 32.

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

Impact of the Hong Kong Companies Ordinance (Cap. 622)

In accordance with the Listing Rules, the disclosure requirements of Part 9 "Accounts and Audit" of the Ordinance comes into operation for the preparation of these consolidated financial statements and as a result, there are changes to the presentation and disclosures of certain information as compared with the 2014 consolidated financial statements. Where appropriate, the comparative information has been amended to achieve a consistent presentation.

2.3 NEW AND REVISED HKFRSs 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 consolidated financial statements.

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

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 The effective date of the amendments which was originally intended to be effective for annual periods beginning on or after 1 January 2016 has been delayed/removed.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services 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 and maltodextrin.

The management, who are the chief operating decision-makers, monitor 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 income and expenses are excluded from such measurement.

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.

Year ended 31 December 2015

	Corn refined products *HK$'000*	Corn based sweetener products *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	**847,752**	**801,229**	**1,648,981**
Intersegment sales	**107,148**	**—**	**107,148**
	954,900	**801,229**	**1,756,129**
Reconciliation:			
Elimination of intersegment sales			**(107,148)**
Revenue			**1,648,981**
Segment results:	**(418,455)**	**(262,949)**	**(681,404)**
Reconciliation:			
Unallocated other income			**38,029**
Corporate and other unallocated expenses			**(38,473)**
Finance costs			**(65,360)**
Loss before tax			**(747,208)**
Income tax expense			**(6,559)**
Loss for the year			**(753,767)**
Other segment information:			
Reversal of indemnity for breach of contract	**21,938**	**—**	**21,938**
Capital expenditure	**8,124**	**9,508**	**17,632**
Depreciation	**54,883**	**79,467**	**134,350**
Amortisation of prepaid land lease payments	**4,349**	**2,885**	**7,234**
Reversal of impairment of trade and bills receivables, net	**247**	**1,627**	**1,874**
Write-off of trade and bills receivables	**10,750**	**—**	**10,750**
Impairment of other receivables	**109,184**	**—**	**109,184**
Write-down of inventories	**8,839**	**2,055**	**10,894**
Impairment of property, plant and equipment	**301,269**	**57,667**	**358,936**
Impairment of prepaid land lease payments	**5,135**	**—**	**5,135**
Gain/(loss) on disposal of property, plant and equipment, net	**(113)**	**2,767**	**2,654**

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			2,919,716
Segment results:	(608,384)	(407,899)	(1,016,283)
Reconciliation:			
Unallocated other income			28,161
Corporate and other unallocated expenses			(14,693)
Finance costs			(79,438)
Loss before tax			(1,082,253)
Income tax expense			(10,983)
Loss for the year			(1,093,236)
Other segment information:			
Capital expenditure	44,041	11,435	55,476
Depreciation	69,875	72,954	142,829
Loss on disposal of property, plant and equipment	—	1,170	1,170
Indemnity for breach of contract	21,938	—	21,938
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/(reversal of impairment) of other receivables, net	(5,260)	1,134	(4,126)
Write-down of inventories	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

Geographical information

The Group's revenue is derived from customers based in the mainland of the PRC ("Mainland China") and in regions other than Mainland China.

(a) Revenue information based on locations of customers

	2015	2014
	HK$'000	*HK$'000*
Mainland China	**1,558,335**	2,792,411
Regions other than Mainland China	**90,646**	127,305
	1,648,981	2,919,716

(b) Non-current assets information based on locations of assets, excluding deferred tax assets and financial instruments

	2015	2014
	HK$'000	*HK$'000*
Mainland China	**497,016**	1,374,507
Regions other than Mainland China	**—**	3,311
	497,016	1,377,818

Information about a major customer

Details of a major customer amounted to 10% or more of the Group's total revenue for the year ended 31 December 2015 are as follow:

Customer A HK$327,253,000 (from corn refined product segment)

There was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue for the year ended 31 December 2014.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, during the Year.

An analysis of the Group's revenue, other income and gains is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**1,648,981**	2,919,716
Other income and gains		
Bank interest income	**913**	2,139
Net gains arising from sale of packing materials and by-products	**2,483**	14,658
Processing income	**—**	2,412
Government grants*	**3,638**	2,080
Gain on disposal of property, plant and equipment	**2,878**	—
Foreign exchange gain	**—**	2,738
Reversal of indemnity for breach of contract	**21,938**	—
Others	**6,179**	4,134
	38,029	28,161
Gain on resumption of assets located in Lu Yuan District	**—**	102,669
	38,029	130,830

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

5. LOSS BEFORE TAX

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

	Notes	2015 HK$'000	2014 HK$'000
Cost of inventories sold		**1,557,015**	2,683,497
Depreciation	*10*	**134,350**	142,829
Amortisation of prepaid land lease payments		**7,234**	7,171
Auditors' remuneration			
— Current year		**3,500**	3,392
— Under provision for prior year		**1,292**	—
Employee benefit expenses (excluding directors' remuneration)			
— Wages and salaries		**47,994**	60,124
— Pension scheme contributions		**20,943**	14,809
		68,937	74,933
Foreign exchange differences, net		**1,084**	(2,738)
Write-down of inventories		**10,894**	278,347
(Reversal of impairment)/impairment of trade and bills receivables, net	*12*	**(1,874)**	44,836
Write-off of trade and bills receivables		**10,750**	—
Impairment/(reversal of impairment) of other receivables, net*		**109,184**	(4,126)
Impairment of property, plant and equipment	*10*	**358,936**	262,633
Impairment of prepaid land lease payment		**5,135**	—
Impairment of goodwill		**—**	183,538
Indemnity for breach of contract		**—**	21,938
(Gain)/loss on disposal of property, plant and equipment, net		**(2,654)**	1,170

* Please refer to note 13 for details of the impairment of other receivables recognised during the year ended 31 December 2015.

6. FINANCE COSTS

An analysis of finance costs of the Group is as follows:

	2015 HK$'000	2014 HK$'000
Interest on bank borrowings	**61,702**	74,070
Finance costs for discounting bills receivables	**1,955**	6,957
Bank charge for bank borrowings	**1,703**	—
	65,360	81,027
Less: interest capitalised	**—**	(1,589)
	65,360	79,438

7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2015 and 2014. The PRC enterprise income tax has been provided at the rate of 25% (2014: 25%) on the estimated assessable profits of Mainland China subsidiaries.

	2015	2014
	HK$'000	*HK$'000*
Current tax — The PRC	**5,736**	7,752
Deferred tax	**823**	3,231
Income tax expense for the year	**6,559**	10,983

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the year ended 31 December 2015 (2014: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$753,454,000 (2014: HK$1,093,115,000) and the weighted average number of ordinary shares in issue throughout the year of 1,527,586,000 shares (2014: 1,527,586,000 shares).

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 2015 and 2014, 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 2015 and 2014. Therefore, the diluted loss per share amounts were equal to the basic loss per share amounts for the years ended 31 December 2015 and 2014.

10. PROPERTY, PLANT AND EQUIPMENT

		2015	2014
	Note	***HK$'000***	*HK$'000*
At 1 January		**1,194,463**	1,576,123
Revaluation		**7,404**	—
Additions		**17,837**	51,848
Disposals		**(318)**	(8,948)
Classified as non-current assets held for sale		**(286,326)**	—
Impairment	*5*	**(358,936)**	(262,633)
Depreciation	*5*	**(134,350)**	(142,829)
Exchange realignment		**(31,462)**	(19,098)
At 31 December		**408,312**	1,194,463

As at 31 December 2015, certain of the Group's leasehold buildings, plant and machinery, leasehold improvement, furniture, office equipment and motor vehicles with net carrying amounts of HK$204,445,000 and HK$Nil (31 December 2014: HK$665,400,000 and HK$143,177,000) were pledged to secure banking facilities granted to the Group and a fellow subsidiary held by the ultimate holding company, respectively.

11. GOODWILL

	2015	2014
	HK$'000	*HK$'000*
Cost	**183,538**	183,538
Impairment	**(183,538)**	(183,538)
Net carrying value	**—**	—

The goodwill was fully impaired during the year ended 31 December 2014.

12. TRADE AND BILLS RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**252,529**	422,203
Bills receivable	**2,411**	59,031
Impairment	**(87,300)**	(106,933)
	167,640	374,301

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 56% of the total trade and bills receivables at 31 December 2015 (31 December 2014: three customers accounted for 31%).

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:

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**126,354**	212,574
1 to 2 months	**25,243**	63,018
2 to 3 months	**8,003**	15,290
Over 3 months	**8,040**	83,419
	167,640	374,301

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

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**106,933**	78,561
Impairment losses recognised	**339**	44,836
Impairment losses reversed	**(2,213)**	—
Amount written off as uncollectible	**(13,394)**	(15,482)
Exchange realignment	**(4,365)**	(982)
At 31 December	**87,300**	106,933

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK$87,073,000 (2014: HK$106,933,000) with a carrying amount before provision of HK$87,300,000 (2014: HK$121,522,000).

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:

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**160,921**	293,106
Less than 1 month past due	**909**	3,053
1 to 3 months past due	**1,529**	1,972
Over 3 months past due	**4,054**	61,581
	167,413	359,712

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 consider 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.

There are no amounts due from the Group's fellow subsidiaries included in the Group's trade receivables (2014: HK$70,796,000) which are repayable on similar credit terms to those offered to the major customers of the Group.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Prepayments	**23,525**	262
Deposits and other receivables	**261,843**	377,486
PRC value-added tax receivables and other tax receivables	**10,640**	11,882
Current portion of prepaid land lease payments	**3,901**	7,123
	299,909	396,753
Less: Classified as non-current asset	**(107,047)**	—
Classified as current assets	**192,862**	396,753

As at 31 December 2015, the Group recorded in deposits and other receivables an amount due from 長春大金倉玉米收儲有限公司(Changchun Dajincang Corn Procurement, Ltd., "Dajincang", a major supplier of corn kernels) of approximately HK$223 million (net of impairment) (31 December 2014: HK$354 million) resulting from stock return of certain corn kernels to Dajincang by one of the Group's subsidiaries during the year ended 31 December 2014.

On 14 April 2016, two subsidiaries of the Company entered into an agreement with 吉林省太陽神建築工程有限公司 (Jilin Province Taiyangshen Construction Engineering Co., Ltd.) (the "Purchaser"), an independent third party, to dispose of, among others, the receivable from Dajincang at a consideration of approximately RMB172 million (equivalent to HK$204 million). Payment of the consideration will be made by three instalments: RMB68 million (equivalent to HK$82 million), RMB52 million (equivalent to HK$61 million) and RMB52 million (equivalent to HK$61 million) will be payable on or before 31 December 2016, 31 December 2017 and 31 December 2018 respectively. Impairment loss of HK$109 million is recognised in respect of the receivable from Dajincang during the Year with reference to the estimated fair value of the consideration for the disposal.

14. NON-CURRENT ASSETS HELD FOR SALE

	2015	2014
	HK$'000	*HK$'000*
At 1 January	—	5,500
Reclassified from property, plant and equipment and prepaid land lease payments	**365,082**	—
Disposal of non-current assets held for sale	—	(5,500)
At 31 December	**365,082**	—

Further to the memorandum of understanding signed with the Purchaser on 31 December 2015, on 14 April 2016, two subsidiaries of the Company entered into an agreement with the Purchaser to dispose of certain lands and buildings erected thereon located in Lu Yuan District at a total consideration of approximately RMB558 million (equivalent to HK$665 million), of which approximately RMB2 million is payable within one month after the date of the agreement, approximately RMB10 million is payable within one month after the completion of the agreement, approximately RMB254 million and RMB254 million are payable within one month and twelve months after the completion of all the procedures for (i) the transfer and the change of registration of ownership of the relevant properties to the Purchaser; and (ii) the release and discharge of all the mortgages, third party interests and/or court orders over the relevant properties, respectively, and approximately RMB38 million is payable after the completion of relocation of the relevant properties by the Group and the delivery thereof to the Purchaser.

15. TRADE AND BILLS PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**172,927**	227,665
Bills payable	**22,983**	—
	195,910	227,665

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers. 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 date of the receipt of goods purchased, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**85,378**	185,895
1 to 2 months	**14,093**	3,369
2 to 3 months	**2,492**	1,970
Over 3 months	**93,947**	36,431
	195,910	227,665

There is no amounts due to the Group's fellow subsidiaries included in the Group's trade payables (2014: HK$18,612,000), which are repayable on similar credit terms to those offered by the fellow subsidiaries to their major customers.

16. SHARE CAPITAL

	2015	2014
	HK$'000	*HK$'000*
Authorised:		
100,000,000,000 shares (2014: 100,000,000,000 shares) ordinary shares of HK$0.10 each	**10,000,000**	10,000,000
Issued and fully paid:		
1,527,586,000 shares (2014: 1,527,586,000 shares) ordinary shares of HK$0.10 each	**152,759**	152,759

EXTRACTS FROM INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from Mazars CPA Limited, the external auditor of the Company (the "Auditor"), on the Group's consolidated financial statements for the Year:

"BASIS FOR DISCLAIMER OF OPINION

As a result of similar limitations of audit scope as mentioned below in addition to other matters mentioned therein, a disclaimer of opinion was expressed by the predecessor auditor in their report dated 31 March 2015 on the consolidated financial statements of the Group for the year ended 31 December 2014.

Financial guarantee contracts

Certain subsidiaries of the Group, together with certain fellow subsidiaries, had jointly provided corporate guarantees to a bank in connection with banking facilities granted to a major supplier since 2010 which amounted to RMB2.5 billion at 31 December 2014 and 2015 (the "Financial Guarantee Contracts"). The Financial Guarantee Contracts were not recognised in the consolidated financial statements. As the management had not determined the fair value of the Financial Guarantee Contracts for initial recognition and the carrying amount for subsequent measurement in accordance with HKFRSs, we were unable to determine whether any adjustments in respect of the Financial Guarantee Contracts at 31 December 2014 and 2015 were necessary, which may have a significant impact on the financial position of the Group at 31 December 2014 and 2015, and on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Write-down of inventories

Included in the Group's cost of sales for the year ended 31 December 2014 was a write-down of HK$32 million against certain corn kernels with subsequent significant reduction in production yield. We were not provided with sufficient appropriate audit evidence for the write-down. Therefore, we were unable to determine whether any adjustments to the write-down of inventories of the Group at 31 December 2014 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Inventories

Included in the Group's inventories balance 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 to obtain sufficient appropriate audit evidence to verify the ownership of these inventories. Therefore, we were unable to determine whether any adjustments to these inventories at 31 December 2014 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Other receivable

Included in the Group's prepayments, deposits and other receivables balance at 31 December 2014 was an amount receivable from a major supplier of HK$354 million, which arose from the return of certain corn kernels to the major supplier by the Group during that year. At 31 December 2014, no impairment loss had been recognised in respect of the receivable. At 31 December 2015, the receivable amounted to RMB274 million before impairment loss.

As disclosed in note 5 to the consolidated financial statements, an impairment loss of the receivable in the amount of HK$109 million was recognised during the year ended 31 December 2015, which was determined with reference to the fair value of the consideration receivable from the disposal of the receivable after the end of the reporting period. However, we were unable to verify the recoverability of the receivable from the major supplier at 31 December 2014. Therefore, we were unable to determine whether any adjustments to the impairment loss recognised during the year ended 31 December 2015 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Amounts due from the immediate holding company and fellow subsidiaries

The Group had amounts due from the immediate holding company of HK$22 million, and amounts and trade receivables due from fellow subsidiaries in an aggregate of HK$225 million at 31 December 2014. As the immediate holding company and the fellow subsidiaries incurred significant losses during the year ended 31 December 2014 and had net current liabilities at 31 December 2014, we were unable to obtain sufficient appropriate audit evidence on the recoverability of these balances at 31 December 2014. Therefore, we were unable to determine whether any adjustments to these balances at 31 December 2014 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Trade payables

Included in the Group's trade and bills payables balance at 31 December 2014 were aggregate trade payables of HK$228 million. We were unable to obtain adequate confirmation responses or to obtain sufficient appropriate audit evidence by performing alternative procedures to verify the trade payable balance at 31 December 2014. Therefore, we were unable to determine whether any adjustments to the trade payables of the Group at 31 December 2014 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Impairment of non-current assets

During the year ended 31 December 2014, the Group recognised an impairment loss on property, plant and equipment of HK$263 million and an impairment loss on goodwill of HK$184 million based on directors' impairment assessment. During the year ended 31 December 2015, the Group recognised a further impairment loss on property, plant and equipment of HK$359 million based on directors' impairment assessment. We were unable to obtain sufficient appropriate audit evidence to assess the adequacy and appropriateness of the directors' impairment assessment at 31 December 2014 and 2015. Any adjustments found to be necessary in respect of the impairment of the non-current assets together with related tax may have a significant impact on the financial position of the Group at 31 December 2014 and 2015, and on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, 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. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

EMPHASIS OF MATTER

We draw attention to note 2.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. At 31 December 2015, the Group had net current liabilities of HK$128 million, and the Group incurred losses since 2012 and reported a loss of HK$754 million for the year ended 31 December 2015. In addition, any potential liabilities or obligations arising from the Financial Guarantee Contracts may have a significant negative impact on the liquidity position of the Group. These conditions, along with other matters as set forth in note 2.1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The validity of the going concern assumption is dependent on the successful and favourable outcomes of the measures being taken by the directors of the Company as described in note 2.1. Among those measures, the ultimate holding company of a major shareholder of GBT has provided a confirmation in writing that it will undertake all liabilities that may arise from the Financial Guarantee Contracts and provide financial support to the Group to enable it to continue as a going concern (the "Confirmation"). The directors of the Company have evaluated all the relevant facts available to them, including the Confirmation, and are of the opinion that the Group would be able to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis, and do not include any adjustments relating to the recognition of provisions or the realisation and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. We consider that appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter."

UPDATE ON REMEDIAL MEASURES

The consolidated financial statements of the Company for the year ended 31 December 2014 had been subject to the disclaimer of opinion of Ernst & Young, the auditor of the Company for the year ended 31 December 2014, on the basis as set out in the paragraph headed "Basis for disclaimer of opinion" in the independent auditor's report in the Company's annual report for the year ended 31 December 2014 ("2014 Annual Report"). Further to the management response and relevant remedial measures taken and to be taken by the management as set out in the paragraph headed "Management Response and Remedial Measures" in the 2014 Annual Report and the paragraph headed "Update on Remedial Measures" in the Company's interim report for the six months ended 30 June 2015 ("2015 Interim Report"), the management of the Company wishes to provide the latest update on the relevant remedial measures taken or to be taken by the management.

In July 2015, the Company has engaged an independent internal control ("IC") expert ("IC Expert") to conduct a review on the Group's internal controls and systems ("IC Review"). The IC Review has been completed and the management of the Company has formed an IC team to implement the recommendations resulted from the IC Review.

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

As detailed in the 2014 Annual Report, the fair value of certain guarantees ("Dajincang Financial Guarantees") issued by a subsidiary of the Company to a bank (the "Lender Bank") in the Mainland China in connection with facilities granted to Dajincang, a major supplier of the Company's subsidiaries in Changchun, was not recognised in the Group's consolidated financial statements for the year ended 31 December 2014.

The Company has engaged a professional valuer to perform an independent valuation of the Dajincang Financial Guarantees. However, the professional valuer could not proceed with the valuation as at the date of this announcement as Dajincang failed to provide reliable financial information to conduct an accurate valuation. Therefore, the fair value of the Dajincang Financial Guarantees was not recognised in the Group's financial statements for the Year (the "2015 Financial Statements"). The amount drawn down by Dajincang as at 31 December 2015 and up to the date of this announcement amounted to RMB2,490 million (equivalent to HK$2,972 million) (2014: RMB2,490 million).

Since 15 October 2015 with the assistance of the new management of the Group, a negotiation process has been initiated between Dajincang, the Lender Bank, the Group and the GBT Group. The Lender Bank has expressed its intent to release the Group and the GBT Group from the Dajincang Financial Guarantees by the end 2016 subject to their internal approval. In addition, the IC team is in the process of implementing control system to enhance the current internal controls for the approval and reporting procedures of loans, guarantees and pledges of assets. Subsequent trainings based on the enhanced framework will be provided to all relevant staff.

2. Write-down and sales of substandard and inferior corn kernels

As detailed in the 2015 Interim Report, in respect of the write-down and sales of substandard and inferior corn kernels, the management has implemented control procedures to timely identify, quantify and dispose of substandard and inferior corn kernels on a periodic basis with appropriate supporting control documents being properly kept in writing as audit trail. In respect of the abnormal wastage of corn kernels during production, the management has implemented additional control procedures requiring written records be kept for the quantity of the relevant corn kernels put into the production line, and any abnormal production yield and wastage should be timely investigated and properly accounted for.

Accordingly, write-down of inventories has been properly accounted for as at 31 December 2015 and no disclaimer opinion has been expressed by the Auditor in relation to the Group's inventories as at 31 December 2015. However, the Auditor were unable to verify the inventory write-down as at 31 December 2014 which may have a consequential impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

3. Inventories — ownership of certain corn kernels

As detailed in the 2014 Annual Report, certain corn kernels of HK$39 million were kept at nearby locations outside the Group's premises because of the reconstruction of certain warehouse in Jinzhou as at 31 December 2014. Since the management could not timely obtain the necessary written confirmations on the ownership of such corn kernels, Ernst & Young were unable to confirm the Group's ownership of these inventories. And as detailed in the 2015 Interim Report, to avoid recurrence of similar incidences, the Group has adopted internal control procedures with standard not lower than those applicable to the inventories kept at the Group's own premises, including but not limited to keeping independent inventory records for inventories stored in all outside locations, including the transfers between such outside locations and its own warehouses, and obtaining monthly confirmations from external custodians of the Group's inventories.

During the Year, the Group's inventories (except for those reported in the 2014 Annual Report and inventories-in-transit as at 31 December 2015) are under the custody of its own properties and premises except for certain trading inventories amounting to HK$24 million for which the Auditor has obtained confirmations from the custodian. Accordingly, no disclaimer opinion has been expressed by the Auditor in relation to the Group's inventories as at 31 December 2015. However, the Auditor was unable to verify the ownership of certain inventories kept at external locations as at 31 December 2014 which may have a consequential impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

4. Other receivable from a major supplier

As detailed in the 2014 Annual Report, receivable arisen from certain returned corn kernels to Dajincang by the Group in December 2014 remained outstanding as at 31 December 2014. As at 31 December 2015, the outstanding receivable from Dajincang amounted to approximately HK$223 million net of impairment (31 December 2014: HK$354 million).

As disclosed in the Company's joint announcement with GBT dated 14 April 2016, two subsidiaries of the Company have entered into an agreement with the Purchaser for the sale of certain receivables and inventories, which include the receivable from Dajincang, subject to the approval of shareholders at the extraordinary general meeting to be convened. An impairment of the receivable from Dajincang amounting to HK$109 million has therefore been recognised during the Year with reference to the fair value of the consideration for the disposal. Since the recoverability of the receivable from Dajincang has been properly assessed and appropriate amount of impairment has been provided thereto, no disclaimer opinion has been expressed by the Auditor in relation to the receivable from Dajincang as at 31 December 2015. However, the Auditor was unable to verify the recoverability of the receivable as at 31 December 2014, which may have a consequential impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

5. Amounts due from the immediate holding company and the fellow subsidiaries

As at 31 December 2014, the net amount due from the immediate holding company and the fellow subsidiaries amounted to HK$107 million. As significant losses were sustained by the GBT Group, the recoverability of these current account balances was uncertain as at 31 December 2014. The management noticed that the liquidity of the GBT Group has improved and the recoverability of the amounts due from the GBT Group has been enhanced since the completion of the subscription of shares of GBT by Modern Agricultural Industry Limited (the "Subscription") on 15 October 2015. In addition, subsequent to the reporting date, the amounts due from the immediate holding company and the fellow subsidiaries amounting to approximately HK$41 million has been settled. As a result, no impairment has been provided in this regard for the Year. However, the Auditor was unable to determine whether any adjustments to these balances at 31 December 2014 were necessary, which may have a significant impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

6. Trade payables

As detailed in the 2014 Annual Report, during the audit process for the year ended 31 December 2014, the management noted a low response rate of trade payables confirmations received by Ernst & Young. During the audit for the Year, the response rate of trade payables confirmations was satisfactory. As a result, no disclaimer opinion has been expressed by the Auditor in respect of the trade payables as at 31 December 2015. However, the Auditor was unable to determine whether any adjustments to the trade payables at 31 December 2014 were necessary, which may have a significant impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

7. Impairment of non-current assets

As detailed in the 2014 Annual Report, due to significant losses sustained by the Group, Ernst & Young were unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the impairment estimation of the Directors for the year ended 31 December 2014.

During the Year, an impairment assessment on the Group's property, plant and equipment was performed by the Directors based on the current market sentiment. As a result, further impairment loss on property, plant and equipment of HK$359 million was recognised. After the recognition of the impairment, except for buildings which were stated at revalued amounts, the property, plant and equipment in Jinzhou and Changchun were fully impaired. However, the Auditor was unable to obtain sufficient appropriate audit evidence to assess the adequacy and appropriateness of the Directors' impairment assessment at 31 December 2014 and 2015.

As disclosed in the Company's joint announcement with GBT dated 14 April 2016, members of the Group and the GBT Group will, subject to the approval of the respective shareholders of the Company and GBT enter into agreements for the disposal of certain pieces of land situated at the east side of Xihuancheng Road, Lu Yuan District, Changchun, the PRC, and buildings erected thereon. Subsequent to the realisation of this transaction, the Group and the GBT Group will receive an aggregate proceed of RMB2,200 million (equivalent to HK$2,619 million) which will be able to cover the impairment amount of the non-current assets concerned.

With respect to the plant and machinery in the Group's production facilities in Changchun, the relocation will offer an opportunity to upgrade the production facitilities as well as the product mix and production capacity that better suit the market needs. The Directors expect production will resume at full capacity upon the completion of the relocation. As for the Group's operation in Jinzhou, the Directors is of the view that the suspension in Jinzhou is temporary and will continue to monitor the market sentiment and at the same time, study the feasibility of any options that could ensure the Jinzhou production site to operate on a sustainable basis. As such, the management is of the view that the impairment assessment performed for these non-current assets is sufficient.

The Directors will continue to perform impairment assessment from time to time including but not limited to engaging a professional valuer and performing cash flow forecast to ensure the non-current assets are stated at the lower of the carrying value or fair value less the costs to disposal and value in use.

8. Impairment of investments in subsidiaries and amounts due from subsidiaries and financial guarantee contracts of the Company

As detailed in the 2014 Annual Report, due to significant losses sustained by the subsidiaries of the Company, Ernst & Young was unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the Directors' impairment estimation for the year ended 31 December 2014.

For the preparation of the 2015 Financial Statements, the management has performed impairment assessment, the methodology of which was accepted by the Auditor, on the recoverable values of the investments in subsidiaries and amounts due from subsidiaries as at 31 December 2014 and 31 December 2015. In respect of the financial guarantee contracts of the Company, a professional valuer has been engaged to perform an independent valuation of the fair value of the financial guarantees provided by the Company to its subsidiaries as at 31 December 2014 and 31 December 2015. Accordingly, no disclaimer opinion has been expressed by the Auditor in relation to the investments in subsidiaries, the amounts due from subsidiaries and the financial guarantee contracts appeared in the Company's statement of financial position as at 31 December 2014 and 2015.

9. Fundamental uncertainties relating to going concern

As detailed in the 2014 Annual Report, Ernst & Young have raised fundamental uncertainties relating to going concern of the Group resulting in a disclaimer opinion. The management would like to take this opportunity to provide the below information on the Group's financial and operating plans which form the primary basis that the Directors considered that the Group will be able to continue as a going concern in the foreseeable future.

The completion of the Subscription enhanced the financial position of the GBT Group and gave a significant boost to the members of the GBT Group in Jilin province for processing the extension of the current banking facilities to ensure the continuity of the operation in Changchun. The Group has also received a confirmation from the ultimate holding company of a major shareholder of GBT that it will provide financial support to the Group for its operation on a going concern basis and undertake all liabilities that may arise from the Dajincang Financial Guarantees. Such assistance received by the Group is not secured by any assets of the Group.

Reference is made to the Company's joint announcements with GBT dated 31 December 2015 and 14 April 2016 regarding the the proposed disposal of lands and buildings in Changchun, and the disposal of, among others, certain accounts receivables. These proposed transactions are subject to the approval from shareholders of the Company and GBT. If such proposed transactions are materialised, the Group will receive proceeds of about RMB558 million (equivalent to HK$665 million) from the sales of the subjected lands and buildings; and about RMB172 million (equivalent to HK$204 million) from the sales of, among others, accounts receivables. The proceeds received will improve the Group's liquidity.

During the Year, the Group's Shanghai and Jinzhou operations have repaid and renewed bank loans of HK$211 million and HK$179 million respectively. Based on the Group's long-established relationships with the local banks, the management do not foresee any difficulty in renewing its banking facilities due in the coming 12 months.

In addition, as per the understanding of the management, the Lender Bank has experessed its intent to release the Group and the GBT Group from the Dajincang Finance Guarantees by the end 2016 subject to their internal approval. It is expected that the financial position would be improved if the release of the Dajincang Financial Guarantees takes place.

After taking into consideration of the above strategic actions of the Group, the disclaimer of opinion resulting from the material uncertainties relating to going concern has been removed. Instead, an emphasis of matter was stated by the Auditor for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in the manufacture and sale of corn refined products and corn sweeteners, categorised into upstream and downstream products. The Group's upstream products include corn starch, gluten meal, corn oil and other corn refined products. Corn starch is refined downstream to produce various corn sweeteners such as corn syrup (glucose syrup, maltose syrup and high fructose corn syrup) and corn syrup solid (crystallised glucose and maltodextrin). The Group is also engaged in the corn procurement business, in which corn kernels are purchased directly from farmers via corn origination silos for cost savings.

BUSINESS REVIEW

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

Global corn harvest in 2015 maintained at approximately 968 million metric tonnes ("MT"). However, global economic slowdown has dragged down international corn price to 406 US cents per bushel (equivalent to RMB1,036 per MT) (End of 2014: 521 US cents per bushel, equivalent to RMB1,257 per MT) by the end of 2015. In the People's Republic of China (the "PRC"), corn harvest in 2015/16 increased slightly to about 225 million MT (2014/15: approximately 215 million MT). Despite the protectionist agricultural policy adopted by the PRC government which aims at protecting local farmers and stabilising domestic corn price, the weak market sentiment led to sluggish demand. As a result, the market price of corn kernels dropped to approximately RMB2,023 per MT (end of 2014: RMB2,374 per MT) by the end of 2015.

On the other hand, as observed by the management, the PRC government agricultural policy is under reform. Since early 2015, instead of purchasing certain agricultural products such as cotton at a pre-determined floor price from the farmers, the PRC government has started to subsidise farmers directly for the price discrepancy between the floor price and the prevailing market price for each MT of agricultural products sold. This practice aims to gradually revive market-based mechanism for the pricing of these agricultural products. Although the new scheme adopted by the PRC government does not apply to domestic corn at present, the State Government has expressed the intention to apply the same to domestic corn in its latest official documents subsequent to the finalisation of its thirteenth five-year plan. The management expects this will stabilise the purchasing price of corn in the PRC.

Despite the PRC government's continuous efforts to stimulate economic growth, the depressed property prices and industrial production signified that the pace of economic growth in China would remain slow. Sentiment among buyers and manufacturers stayed conservative. Consequently, the market selling prices of the Group's products were put under pressure. Due to sluggish market demand, the average selling price of upstream products remained weak during the Year at approximately RMB2,948 per MT (2014: RMB2,903 per MT).

In respect of sugar price movement, the domestic production of cane sugar, a substitute of the Group's corn sweetener products, dropped from 13.3 million MT to 10.5 million MT in the harvest of the year 2014/15. Domestic sugar price increased to approximately RMB5,373 per MT (2014: RMB4,350 per MT) by the end of the Year. On the other hand, international sugar price volatility was intensified by currency fluctuations and lower-than-expected production volume in Brazil during the Year. As a result, international sugar price increased to 15.24 US cents per pound (equivalent to RMB2,186 per MT) (End of 2014: 14.98 US cents per pound, equivalent to RMB2,047 per MT) by the end of 2015.

The increased sugar price and the decreased cost of corn kernels further widened the cost advantage of corn sweeteners. It is expected that customers will be increasingly convinced to switch to corn sweeteners as a result. While the operating environment of the upstream segment will continue to be challenging, the Group will continue to strengthen its market position leveraging on its brand name and further improve operation efficiency through continuous research and development efforts to lower operating costs.

FINANCIAL PERFORMANCE

The Group's consolidated revenue for the Year decreased by approximately 43.5% to approximately HK$1,649 million (2014: HK$2,920 million). Despite this, the Group recorded a gross profit of HK$80 million (2014: gross loss of HK$190 million) during the Year. Net loss attributable to shareholders for the Year narrowed to approximately HK$754 million compared to a net loss of HK$1,093 million for the previous year. The net loss was mainly attributable to the low utilisation rate of the Group's production facilities in Jinzhou as a result of the poor operating environment for the upstream business since 2014 and the suspension of the Group's production facilities in Changchun during the Year. Consequently, the Group's unit production costs remained high during the Year. Combined with the weak market selling prices of the Group's products, the performance of the Group for the Year though improved, was still under pressure.

Upstream products

(Sales amount: HK$848 million (2014: HK$1,504 million))
(Gross profit: HK$6 million (2014: Gross loss: HK$348 million))

During the Year, the revenue and gross loss of corn procurement business amounted to approximately HK$292 million and HK$1 million (2014: HK$201 million and gross profit of HK$2 million) respectively. There is no internal consumption of corn kernels for upstream production during the Year (2014: 55,000 MT).

During the Year, the sales volume of corn starch and other corn refined products were approximately 83,000 MT (2014: 263,000 MT) and 50,000 MT (2014: 157,000 MT) respectively. Internal consumption of corn starch was approximately 30,000 MT (2014: 151,000 MT), which was mainly used as raw material for production in the Group's Jinzhou and Shanghai production sites.

The average selling prices of corn starch increased by approximately 2.9% to HK$3,322 per MT (2014: HK$3,229 per MT) while other corn refined products decreased by approximately 14.7% to HK$2,464 per MT (2014: HK$2,887 per MT) during the Year. As the average selling prices increased during the Year, the corn starch segment recorded a gross profit margin of 5.8% (2014: gross loss margin of 21.2%). However, other corn refined products segment recorded a gross loss margin of 9.3% (2014: 37.6%) as a result of the weak average selling prices 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 the 2016. As such, the Group has halted its production of upstream products in Changchun and Jinzhou since 31 March 2014 and 26 February 2016 respectively, until market conditions improve.

Corn syrup

(Sales amount: HK$523 million (2014: HK$853 million))
(Gross profit: HK$50 million (2014: HK$97 million))

During the Year, revenue of corn syrup decreased by 38.8% to approximately HK$523 million (2014: HK$853 million). Such decrease was mainly attributable to the drop in sales volume by 40.9% to approximately 143,000 MT (2014: 242,000 MT) as a result of the suspension of Changchun production facilities since March 2014 and the increased unit production cost by 5.4% from the low utilisation rate of the Jinzhou production facilities. As such, the corn syrup segment recorded a gross profit of approximately HK$50 million (2014: HK$97 million), representing a 48.5% drop compared to the previous year, with a gross profit margin of 9.5% (2014: 11.4%). Internal consumption of corn syrup for downstream production during the Year amounted to approximately 1,000 MT (2014: 13,000 MT), as a result of the decrease in the production volume of corn syrup solid.

During the Year, no corn syrup (2014: 1,000 MT) was sold to the GBT Group.

Corn syrup solid

(Sales amount: HK$278 million (2014: HK$563 million))
(Gross profit: HK$24 million (2014: HK$61 million))

Sales volume of corn syrup solid decreased by approximately 45.9% as a result of the suspension of the Changchun production facilities since 31 March 2014. The average selling price of corn syrup solid dropped by 7.9% to approximately HK$3,245 per MT (2014: HK$3,522 per MT). Consequently, the revenue of corn syrup solid decreased by 50.6% to approximately HK$278 million (2014: HK$563 million). During the Year, corn syrup solid segment recorded a gross profit of approximately HK$24 million (2014: HK$61 million) with a gross profits margin of 8.7% (2014: 10.8%).

During the Year, no corn syrup solid (2014: Nil) was sold to the GBT Group.

Export sales

During the Year, the Group exported approximately 41,000 MT (2014: 35,000 MT) of upstream corn refined products and approximately 200 MT (2014: 14,000 MT) of corn sweeteners; their export sales amounted to approximately HK$90 million (2014: HK$73 million) and HK$1 million (2014: HK$54 million) respectively, together representing approximately 5.5% (2014: 4.3%) of the Group's total revenue.

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

Other income and gains

During the Year, other income of the Group decreased to HK$38 million (2014: HK$131 million). The other income recorded in 2014 was mainly attributable to the gain on assets compensation as a result of the relocation of production facilities in Changchun which amounted to approximately HK$103 million.

Selling and distribution expenses

During the Year, the selling and distribution expenses decreased by 58.9% to approximately HK$88 million (2014: HK$214 million), representing 5.3% (2014: 7.3%) of the Group's revenue. Such decrease was mainly attributable to the decrease in the Group's revenue.

Administrative expenses

During the Year, administrative expenses remained at approximately HK$101 million (2014: HK$109 million), representing 6.1% (2014: 3.7%) of the Group's revenue.

Other expenses

During the Year, other expenses of the Group decreased to approximately HK$127 million (2014: HK$131 million) which included expenses reallocated from cost of sales, for instance, depreciation and direct labour cost in Changchun as a result of the idle capacity of the Changchun and Jinzhou production facilities of HK$39 million (2014: HK$112 million) and HK$42 million (2014: Nil), respectively.

Finance costs

During the Year, finance costs of the Group decreased to approximately HK$65 million (2014: HK$79 million) as a result of the reduction in bank borrowings by approximately HK$147 million.

Income tax

Although the Group recorded a net loss during the Year, certain subsidiaries in the PRC incurred net profit and were subject to the PRC enterprise income tax. As a result, income tax expense of approximately HK$7 million was recognised (2014: HK$11 million).

Net loss attributable to shareholders

Notwithstanding the continuous challenging operating environment, by optimising the level of operation and leveraging on the Group's brand name in Shanghai, the Group's net loss was narrowed to approximately HK$754 million (2014: HK$1,093 million) during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk is inherent in the Group's business and the markets in which it operates. It is of utmost importance for the management to identify, understand and manage these risks in order to minimise, transfer and avoid them. This demands a proactive approach to risk management and an effective risk management framework.

The Company is currently reviewing its enterprise risk management and will establish its risk profiling criteria in the form of a risk matrix to help assess and prioritise risks at the Group level. Business units will be required to adopt the same risk matrix structure in order to establish their own risk profiling criteria in determining consequence and likelihood of identified risks with reference to their own materiality and circumstances.

The Group's overall risk management is overseen by the Board. The Company recognizes that risk management is the responsibility of everyone within the Group. Rather than being a separate and standalone process, risk management has been or will be integrated into business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations.

IMPORTANT TRANSACTIONS

Proposed disposal of land

Reference is made to the joint announcement of the Company and GBT dated 14 April 2016 (the "April Announcement"), in relation to, among others, the proposed disposal of lands and buildings in Changchun and the disposal of, among others, certain accounts receivables of the Group. As detailed in the April Announcement, pursuant to a property disposal agreement ("Property Disposal Agreement"), two subsidiaries of the Company have conditionally agreed to sell, and 吉林省太陽神建築工程有限公司 (Jilin Province Taiyangshen Construction Engineering Co., Ltd.) (the "Purchaser") has conditionally agreed to purchase, five pieces of land situated at the east side of Xuhuancheng Road, Lu Yuan District, Changchun, the PRC and the buildings erected thereon at the aggregate cash consideration of RMB558,390,000.

In addition, pursuant to an asset disposal agreement ("Asset Disposal Agreement"), two subsidiaries of the Company have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the prepayments made by and the trade and other receivables owed to these two subsidiaries at the aggregate cash consideration of RMB171,526,000.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the disposals under the Property Disposal Agreements and the Asset Disposal Agreements (on an aggregated basis) exceeds 75% for the Company, the Property Disposal Agreements, the Asset Disposal Agreements and the respective transactions contemplated thereunder constitute very substantial disposals for the Company that is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As such disposals also constitute very substantial disposals for GBT, such disposal are also subject to the reporting, announcement and shareholders' approval requirements of GBT under Chapter 14 of the Listing Rules.

Shareholders of the Company and potential investors are advised to read the April Announcement or any relevant subsequent announcements/circular of the Company for more information in this connection.

OTHER SUPPLEMENTARY INFORMATION IN RELATION TO THE YEAR UNDER REVIEW

Provision of financial assistance by the Group to the GBT Group and provision of financial assistance to a supplier

Reference is made to the 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 ("March Announcement"). In December 2014 and February 2015, certain members of the Group entered into mortgages for 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 the mortgages constituted non-compliance with Rule 13.16 and Chapters 14 and 14A of the Listing Rules.

In addition, during November 2010 to March 2015, certain members of the Group entered into the Supplier Guarantees for the benefit of Dajincang in respect of its certain bank borrowings. Dajincang was one of the main suppliers to the Group. Dajincang is beneficially majority-owned by the labour union of the PRC employees of the GBT Group and the Group and is independent of the Company. As the applicable percentage ratios in respect of the Supplier Guarantees exceeded 25%, the Supplier Guarantees constituted a major transaction of the Company and were therefore subject to the notification, announcement and shareholders' approval requirements under the Listing Rules. In addition, as the provision of guarantees under the Supplier Guarantees constituted advances to an entity under Rule 13.13 of the Listing Rules, and since the assets ratio of the guarantees provided by the Group was more than 8%, the Company was under a general disclosure obligation to disclose such financial assistance under Rules 13.13 of the Listing Rules and to comply with Rule 13.14 of the Listing Rules when there occurred a 3% or more increase in the assets ratio. The Company was also under a continuing disclosure requirement under Rule 13.20 of the Listing Rules to disclose the Supplier Guarantees in its reports and annual reports during the relevant periods when the Supplier Guarantees were in effect. As such, the failures by the Company to comply with the above requirements constituted non-compliance with Rules 13.13, 13.14, 13.20 and Chapter 14 of the Listing Rules.

For further information in relation to the above mentioned matters, please refer to the March Announcement for details.

Completion of subscription of shares of GBT

Reference is made to the announcements of the Company dated 10 June 2015, 10 July 2015 and 14 August 2015 regarding the Subscription. As set out in the announcement of GBT dated 15 October 2015, the Subscription had completed on even date.

Delisting of Taiwan Depository Receipts of the Company

Reference is made to the announcements of the Company dated 3 November 2015 and 18 November 2015 in relation to the delisting of the Taiwan Depositary Receipts ("TDR") of the Company. The board of directors of the Taiwan Stock Exchange ("TWSE") has resolved on 17 November 2015 that the TDR shall be delisted with effect from 29 December 2015 whereas the listing contracts for securities signed with TWSE will terminate at the same time. The last trading day of the TDR fell on 28 December 2015. Please refer to the announcements of the Company dated 3 November 2015 and 18 November 2015 for further information.

FINANCIAL RESOURCES AND LIQUIDITY

Structure of interest bearing borrowings and net borrowing position

As at 31 December 2015, the Group's bank borrowings amounted to approximately HK$894 million (31 December 2014: HK$1,041 million), all of which (31 December 2014: 94.2%) was denominated in Renminbi. The average interest rate during the Year decreased to approximately 6.8% (2014: 7.0%) per annum as a result of the decrease 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.

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 37 days (31 December 2014: 47 days) which was attributable to the strengthened credit control of the Group.

During the Year, trade payables turnover days increased to approximately 46 days (31 December 2014: 27 days) as part of the cash flow management.

As at 31 December 2015, the inventory level decreased by 23.9% to approximately HK$162 million (31 December 2014: HK$213 million). However, with the decrease in cost of sales to approximately HK$1,569 million, the inventory turnover days increased to approximately 37 days for the Year (31 December 2014: 25 days).

The current ratio as at 31 December 2015 decreased to approximately 0.9 (31 December 2014: 1.2) and the quick ratio decreased to 0.8 (31 December 2014: 1.2), due to the reallocation of long-term borrowings amounted to RMB296 million (equivalent to HK$352 million) to short-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 450.9% (31 December 2014: 92.1%). The increase in gearing ratio was due to the net loss incurred by the Group during the Year. To improve the financial position of the Group, the Company has adopted several strategic actions as mentioned in paragraph 9 under the section headed "Update on remedial measures" in this announcement.

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 the Group's business segments and its overall foreign exchange risk profile, and will consider appropriate hedging measures in future as and when necessary.

FUTURE PLANS AND PROSPECTS

In order to maintain the competitiveness of the Group, the Group will strive to maintain 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.

In the short run, the Group will take opportunity of the relocation of its production facilities to the productions site of the Group in Xinglongshan, Changchun (the "Xinglongshen Site") to re-adjust its product mix and capacity to adapt to market changes, and at the same time, enhance operation efficiency through continuous research and development efforts to lower operating costs. The relocation plan of the Group will be financed by the Group's internal resources, and the Directors are of the view that the existing technology know-how of the Group is sufficient for the relocation of production facilities.

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. The Group will also consider the possibility of diversification of business to ensure sustainable development of the Group in longer term.

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

EVENTS SUBSEQUENT TO THE YEAR UNDER REVIEW

Change of auditors of the Company

Reference is made to the announcement of the Company dated 16 February 2016. Upon the approval of the shareholders of the Company at the extraordinary general meeting of the Company convened on even date, Ernst & Young had been removed as the auditor of the Company, and Mazars CPA Limited had been appointed as the auditor of the Company in place of Ernst & Young until the conclusion of the forthcoming annual general meeting of the Company. As detailed in the announcement of the Company dated 15 January 2016, Ernst & Young had not been able to reach an agreement with the Company in relation to the audit fee payable for the financial year ended 31 December 2015.

Relocation of production facilities to the Xinglongshan Site, resumption of production of downstream products in Changchun and suspension of Group's upstream products at the production plant in Jinzhou

Reference is made to the circular of the Company dated 21 March 2016, and the announcements of the Company dated 31 March 2014 and 31 March 2015, respectively, in relation to among others, the suspension and relocation of production facilities of the Group at Lu Yuan District in Changchun pending its relocation of production facilities to the Xinglongshan Site. The Group has halted its relocation of production facilities to the Xinglongshan Site until the end of the first quarter of 2016. In light of the changes of plan and schedule for the relocation of the production facilities of the Group, and in order to optimize the utilization of the Group's production facilities for downstream products to meet the market demand, it is expected that members of the Group in Changchun will gradually resume the production of downstream products, and the provision and supply of, among others, corn starch by the GBT Group for the production facilities of the Group in Changchun would be required. In addition, considering the poor market sentiment for corn refined products and the provincial variance in government subsidies for corn procurement which results in significantly higher net corn purchase cost in Jinzhou than that in Changchun, the cost of production for the Group's upstream products at its production plant at Jinzhou, particularly corn starch which is produced for the Group's production of its downstream products in Shanghai, had increased substantially. As such, the Group had decided to suspend its production at the Group's facilities in Jinzhou.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2015, the Group has approximately 1,250 (31 December 2014: 1,350) full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, and recognises the value of human resources management as a source of competitive advantage in the increasing turbulent environment. The Group places great emphasis on the selection and recruitment of new staff, on-the-job training, appraisal and rewards of its employees to align employees' performance with the Group's strategies. The Company also acknowledges the contribution of its employees and strives to maintain remuneration packages and career development opportunities to retain current employees. Remuneration packages include discretionary bonuses payable on a merit basis, which are in line with industrial practice. Staff benefits provided by the Group include mandatory funds, insurance schemes and performance related commissions.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

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 Listing Rules during the year ended 31 December 2015.

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 24 October 2015, Mr. Kong Zhanpeng ceased to the chief executive officer ("CEO") and chairman ("Chairman") of the of the Company and Mr. Wang Jian was appointed as the Chairman and CEO of the Company. 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.

Mr. Chan Yuk Tong resigned as an independent non-executive Director with effect from 24 December 2015 as he wished to focus on other business and personal affairs. Following his resignation as an independent non-executive Director, Mr. Chan also ceased to act as, among others, a member and the chairman of the audit committee of the Company (the "Audit Committee"), a member and the chairman of the corporate governance committee and a member of the continuing connected transactions supervisory committee. Following Mr. Chan's resignation, the Company had only two independent non-executive Directors and the Audit Committee had only two members, which fell below the minimum number required under the Listing Rules. The Company subsequently appointed Mr. Yuen Tsz Chun as an independent non-executive Director and, among others, a member and chairman of the Audit Committee, a member and chairman of the Corporate Governance Committee, and a member and chairman of the CCT Supervisory Committee on 16 March 2016.

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.

AUDIT COMMITTEE

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. Yuen Tsz Chun, 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 five 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 annual results of the Group for the year ended 31 December 2015. 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 2015 annual general meeting ("AGM") of the Company will be held at Admiralty Conference Centre, Room 1804A, 18/F., Admiralty Centre, Tower 1, 18 Harcourt Road, Admiralty, Hong Kong on Monday, 6 June 2016 at 10:00 a.m.. Notice of the AGM will be published on the websites of the Company (www.globalsweeteners.com) and the Stock Exchange (www.hkexnews.hk), and will be dispatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 2 June 2016 to Monday, 6 June 2016, 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 Wednesday, 1 June 2016.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Company's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2016 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 9:00 a.m. on 26 April 2016.

By order of the Board
Global Sweeteners Holdings Limited
Wang Jian
Chairman

Hong Kong, 25 April 2016

As at the date of this announcement, the board of Directors comprises two executive Directors, namely, Mr. Wang Jian and Mr. Kong Zhanpeng; two non-executive Directors, namely, Mr. Fu Qiang and Ms. Zhang Yaohui; and three independent non-executive Directors, namely, Mr. Ho Lic Ki, Mr. Lo Kwing Yu and Mr. Yuen Tsz Chun.