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 UNAUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

	2021	2020	Change %
	(Unaudited)	(Audited)	
Revenue (HK$'Mn)	**728.1**	769.0	(5.3)
Gross profit (HK$'Mn)	**41.6**	77.9	(46.6)
Loss for the year (HK$'Mn)	**(96.3)**	(8.7)	N/A
Loss attributable to owners of the Company (HK$'Mn)	**(96.3)**	(8.7)	N/A
Basic loss per share (HK cents)	**(6.3)**	(0.6)	N/A
Proposed final dividend per share (HK cents)	–	–	N/A

* *For identification purposes only*

Reference is made to the announcement of Global Sweeteners Holdings Limited (the "**Company**") dated 29 March 2022 in relation to, among other things, (i) the delay in the completion of the audit procedures for the annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021 (the "**Year**"), and (ii) the delay in publication of the audited annual results of the Year. Due to the recent outbreak of the coronavirus disease (the "**COVID-19**") in the People's Republic of China (the "**PRC**" or "**China**") and Hong Kong, travel, logistics and other restrictions were imposed by the relevant government authorities which limited the ability of the Group to collect and provide certain necessary audit information in a timely manner. The Group's audit process, which mainly includes the issuing and receiving of audit confirmations for banks, creditors or debtors of the Group, has not been completed as scheduled. The suspension of express delivery services in some of the Group's major operating cities in China and Hong Kong, as well as the quarantine of staff or closure of office sites at the Group's main operational facilities in Changchun, Jinzhou and Shanghai, resulted in delays in the receipt of audit confirmations.

In view of the above, the board (the "**Board**") of directors (the "**Directors**") of the Company hereby announces the unaudited annual results of the Group for the Year, together with the audited comparative figures in the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Notes	**2021** ***HK$'000*** **(Unaudited)**	2020 *HK$'000* (Audited)
REVENUE	*4*	**728,099**	769,024
Cost of sales		**(686,511)**	(691,158)
Gross profit		**41,588**	77,866
Other income and gains	*4*	**145,690**	309,129
Selling and distribution costs		**(53,087)**	(61,252)
Administrative expenses		**(92,582)**	(94,741)
Other expenses		**(61,640)**	(111,413)
Finance costs	*6*	**(77,898)**	(110,103)
(LOSS) PROFIT BEFORE TAX	*5*	**(97,929)**	9,486
Income tax credit (expenses)	*7*	**1,667**	(18,212)
LOSS FOR THE YEAR		**(96,262)**	(8,726)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside Hong Kong		**(6,943)**	(12,097)
Reclassification adjustment in respect of exchange reserve upon deregistration of a subsidiary		**–**	401
		(6,943)	(11,696)
Items that will not be reclassified subsequently to profit or loss:			
Gain on properties revaluation		**36,651**	–
Income tax effect		**(9,163)**	–
		27,488	–
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX		**20,545**	(11,696)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(75,717)**	(20,422)

	Notes	2021 *HK$'000* (Unaudited)	2020 *HK$'000* (Audited)
LOSS ATTRIBUTABLE TO:			
Owners of the Company		**(96,262)**	(8,726)
Non-controlling interests		**–**	–
		(96,262)	(8,726)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:			
Owners of the Company		**(75,560)**	(19,991)
Non-controlling interests		**(157)**	(431)
		(75,717)	(20,422)
LOSS PER SHARE	*9*		
Basic		**HK(6.3) cents**	HK(0.6) cents
Diluted		**HK(6.3) cents**	HK(0.6) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**611,280**	622,975
Right-of-use assets		**66,562**	68,023
Deposits paid for acquisition of property, plant and equipment		–	16
Intangible assets		**1,704**	1,704
		679,546	692,718
CURRENT ASSETS			
Inventories		**65,612**	61,602
Trade receivables	*11*	**99,667**	96,047
Prepayments, deposits and other receivables	*12*	**48,750**	432,876
Due from fellow subsidiaries		**33,675**	–
Cash and bank balances		**7,827**	21,281
		255,531	611,806
CURRENT LIABILITIES			
Trade payables	*13*	**113,804**	253,200
Other payables and accruals		**313,672**	316,329
Lease liabilities		**946**	1,094
Interest-bearing bank and other borrowings		**927,540**	811,039
Due to fellow subsidiaries		–	90,804
Tax payables		**25,116**	24,434
		1,381,078	1,496,900
NET CURRENT LIABILITIES		**(1,125,547)**	(885,094)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(446,001)**	(192,376)

	Notes	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		–	184,524
Lease liabilities		**1,123**	–
Deferred income		**25,476**	27,202
Deferred tax liabilities		**27,975**	20,756
		54,574	232,482
NET LIABILITIES		**(500,575)**	(424,858)
CAPITAL AND RESERVES			
Share capital	*14*	**152,759**	152,759
Reserves		**(646,952)**	(571,392)
Deficit attributable to owners of the Company		**(494,193)**	(418,633)
Non-controlling interests		**(6,382)**	(6,225)
TOTAL DEFICIT		**(500,575)**	(424,858)

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 Suite 1002, 10th Floor, Tower A, Cheung Kei Center, 18 Hung Luen Road, Hung Hom, Kowloon, Hong Kong. The Group is principally engaged in the manufacture and sale of corn refined products and corn sweeteners. There were no significant changes in the nature of the Group's principal activities during the Year.

The Company is a subsidiary of Global Corn Bio-chem Technology Company Limited, 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 (the "**Listing Rules**") on the Stock Exchange and the Companies Ordinance.

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

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year as detailed in note 2.3.

2.2 GOING CONCERN

The Group recorded a loss of approximately HK$96.3 million (2020: approximately HK$8.7 million) for the year ended 31 December 2021 and as at that date, the Group had net current liabilities of approximately HK$1,125.5 million (31 December 2020: approximately HK$885.1 million) and net liabilities of approximately HK$500.6 million (31 December 2020: approximately HK$424.9 million). There is a material uncertainty related to these conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. In view of these circumstances and based on the recommendations of the audit committee (the "**Audit Committee**") of the Company after its critical review of the management's position, the management of the Company has taken the following steps to improve the financial position of the Group:

(1) Active negotiations with banks and creditors for the debt restructuring plan of the Group to improve its financial position

As announced by the Company and GBT on 23 December 2020, among others, 中國農業銀行股份有限公司吉林省分行 (Jilin Branch of Agricultural Bank of China Co., Ltd.*) ("**Jilin Branch ABC**") announced that Jilin Branch ABC has reached a transfer agreement with 中國信達資產管理股份有限公司吉林省分公司 (Jilin Branch of China Cinda Asset Management Co., Ltd.*) ("**China Cinda**") to transfer all rights and benefits of the loans owed by, among others, the Group and the GBT Group with an aggregate outstanding principal amount of approximately RMB1,400.0 million and aggregate outstanding interest of approximately RMB42.8 million (the "**ABC Transferred Loans**") to China Cinda at a consideration of approximately RMB414.7 million.

In addition, as disclosed in the joint announcement of the Company and GBT dated 26 March 2021, each of the Group, the GBT Group and 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement Co., Ltd.*) ("**Dajincang**") (collectively, the "**BOC Borrowers**") entered into repurchase agreements with 長春潤德投資集團有限公司 (Changchun Rudder Investment Group Co., Ltd.*) ("**Changchun Rudder**") (collectively, the "**Repurchase Agreements**" and each, a "**Repurchase Agreement**"), pursuant to which Changchun Rudder had agreed to sell to each of the BOC Borrowers, and each of the BOC Borrowers had agreed to purchase, all of the rights and benefits of the loans owed to Changchun Rudder, which included, among others, the loans owed by the Group in the amount of approximately RMB198.6 million with outstanding interest (the "**GSH Indebtedness**"), the loans owed by the GBT Group (excluding the Group) in the amount of approximately RMB1.3 billion with outstanding interest and the indebtedness of Dajincang with an aggregate outstanding principal amount of RMB2.49 billion together with outstanding interest (the "**Dajincang Indebtedness**"), which was guaranteed by 長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co. Ltd.*) ("**Dihao Foodstuff**"), an indirect wholly-owned subsidiary of the Company and certain subsidiaries of the GBT Group (collectively, the "**Guarantor Subsidiaries**"). The completion of the Repurchase Agreements took place on 31 March 2021. Upon the completion of the Repurchase Agreement between Dajincang and Changchun Rudder, all the obligations of the Guarantor Subsidiaries pursuant to the financial guarantee contracts (the "**Financial Guarantee Contracts**") in respect of the Dajincang Indebtedness have been discharged. For details of the Repurchase Agreements, please refer to the joint announcements of the Company and GBT dated 26 March 2021 and 31 March 2021.

Following the discharge of the GSH Indebtedness as a result of completion of the Repurchase Agreements as set out above, the Group recorded a one-off gain on debt restructuring of approximately HK$128.3 million, being the difference between the considerations payable by the Group in the amount of RMB113,510,000 and the amount of the GSH Indebtedness.

The Company, together with GBT, will endeavour to facilitate the implementation of the next stage of the debt restructuring plan. It is currently expected that the debt restructuring plan in relation to a portion of the loans owed by the Group and the GBT Group could be completed by the end of 2022, pending and subject to the internal approval from the respective creditors and relevant local government authorities. The Directors expect that upon the completion of the debt restructuring plan, the financial position of the Group will improve significantly.

(2) Resumption of land and buildings located in Luyuan District, Changchun

The first phase of the resumption of the land and buildings owned by the Group and the GBT Group which are located in Luyuan District, Changchun, the PRC (the "**Relevant Properties**") under the PRC's Slum Redevelopment Policy involved the properties owned by Dihao Foodstuff (the "**Dihao Resumption**") with an aggregate area of land of approximately 149,249 square metres and total gross floor area of approximately 67,000 square metres (the "**Dihao Properties**"). The Dihao Resumption took place in 2020 and all the compensation in the amount of approximately RMB443.0 million had been received during the first half of the Year. For details of the Dihao Resumption, please refer to the joint announcements made by the Company and GBT on 24 August 2020 and 30 September 2020.

For the remaining part of the Relevant Properties owned by the Group with an aggregate area of land of approximately 100,000 square metres, it is expected that the resumption will be conducted by the local government in 2022. The Directors expect that the proceeds from the resumption of the remaining part of the Relevant Properties owned by the Group will help to relieve the financial and cash flow pressure of the Group during the period of suspension.

(3) Monitoring of the Group's operating cash flows

The Group has taken various measures to minimise operating cash outflow and secure financial resources during market turbulence as a result of, among others, the COVID-19 pandemic. During the Year, the Group has suspended the operation of most of the Group's production facilities and consolidated its resources in the Shanghai production site.

(4) Financial support from the indirect major shareholder of GBT

The Group has received a written confirmation dated 30 March 2021 from 吉林省農業投資集團有限公司 (Jilin Agricultural Investment Group Co., Ltd.) ("**Nongtou",** together with its subsidiaries, the **"Nongtou Group**") that it would continue to provide financial support to the Group and the GBT Group in the following 24 months on a going concern basis. Such assistance received by the Group is not secured by any assets of the Group.

Nongtou, being a state-owned enterprise, was established in August 2016 and its unaudited net assets value as at 31 December 2021 amounted to approximately RMB2,323.5 million (31 December 2020: approximately RMB2,347.4 million). It is tasked to consolidate the state-owned investments in the agricultural sector in Jilin Province. The management of the Company is of the view that Nongtou would be able to support the operations of the Group and the GBT Group, provide synergistic effects among its various investments in the agricultural sector in Jilin Province and provide adequate and sufficient financial support to the Group and the GBT Group.

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 management of the Company and the development of the events as described above. The Directors proposed to procure additional working capital through the steps mentioned above. After taking into account the above steps, the internal resources, the present and expected banking facilities available, the Group will have sufficient working capital for at least 12 months from the date of this announcement. Therefore, the consolidated financial statements of the Group have been prepared on a going concern basis.

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.

2.3 CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year.

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

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "**Reform**"). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and

- disclosures – a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

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

2.4 NEW AND REVISED HKFRSs NOT YET ADOPTED

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

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 [1]
Amendments to HKAS 16	Proceeds before Intended Use [2]
Amendments to HKAS 37	Cost of Fulfilling a Contract [2]
Amendments to HKFRS 3	Reference to the Conceptual Framework [2]
Annual Improvements to HKFRSs	2018-2020 Cycle [2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [3]
Amendments to HKAS 1	Disclosure of Accounting Policies [3]
Amendments to HKAS 8	Definition of Accounting Estimates [3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [3]
HKFRS 17	Insurance Contracts [3]
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative information [3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

1 Effective for annual periods beginning on or after 1 April 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 The effective date to be determined

Except for the amendments to HKFRS 3, certain amendments to HKAS 1 and the amendments to HKFRS 10 and HKAS 28 which are explained below, the other new/revised HKFRSs are not expected to be relevant to the Group.

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

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

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

Amendments to HKFRS 10 and HKAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The standards are amended such that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and a partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has two (2020: two) reportable operating segments as follows:

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

(b) the corn sweeteners segment which comprises the manufacture and sale of glucose syrup, maltose syrup, high fructose corn syrup and maltodextrin.

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

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

(a) Segment results

Year ended 31 December 2021

	Corn refined products *HK$'000* (Unaudited)	Corn sweeteners *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Segment revenue			
Sales to external customers	**774**	**727,325**	**728,099**
Intersegment sales	**–**	**–**	**–**
	774	**727,325**	**728,099**
Reconciliation:			
Elimination of intersegment sales			**–**
Revenue			**728,099**
Segment results	**(54,240)**	**(84,747)**	**(138,987)**
Reconciliation:			
Unallocated bank interest income			**152**
Gain on debt restructuring			**128,279**
Corporate and other unallocated expenses			**(9,475)**
Finance costs			**(77,898)**
Loss before tax			**(97,929)**
Income tax credit			**1,667**
Loss for the year			**(96,262)**

(b) Other segment information

Year ended 31 December 2021

	Corn refined products *HK$'000* (Unaudited)	Corn sweeteners *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Capital expenditure	**45**	**1,543**	**1,588**
Depreciation			
– Property, plant and equipment	**19,773**	**41,406**	**61,179**
– Right-of-use assets (a)	**3,900**	**1,516**	**5,416**
Loss on disposal of property, plant and equipment, net	**–**	**379**	**379**
Impairment of trade receivables, net	**–**	**27**	**27**
Write-down of inventories, net	**3,672**	**3,085**	**6,757**
Reversal of impairment of prepayments, deposits and other receivables, net	**–**	**(4,957)**	**(4,957)**

(a) **Segment results**

Year ended 31 December 2020

	Corn refined products *HK$'000* (Audited)	Corn sweeteners *HK$'000* (Audited)	Total *HK$'000* (Audited)
Segment revenue			
Sales to external customers	210,930	558,094	769,024
Intersegment sales	15,641	1,162	16,803
	226,571	559,256	785,827
Reconciliation:			
Elimination of intersegment sales			(16,803)
Revenue			769,024
Segment results	(73,872)	202,509	128,637
Reconciliation:			
Unallocated bank interest income			251
Corporate and other unallocated expenses			(9,299)
Finance costs			(110,103)
Profit before tax			9,486
Income tax expenses			(18,212)
Loss for the year			(8,726)

(b) Other segment information

Year ended 31 December 2020

	Corn refined products HK$'000 (Audited)	Corn sweeteners HK$'000 (Audited)	Total HK$'000 (Audited)
Capital expenditure	2,906	7,053	9,959
Depreciation			
– Property, plant and equipment	31,770	40,907	72,677
– Right-of-use assets (a)	3,637	3,658	7,295
(Gain) Loss on disposal of property, plant and equipment, net	(34)	4,479	4,445
Gain on resumption of the Dihao Properties	–	(289,356)	(289,356)
Reversal of write-down of inventories, net	–	(2,586)	(2,586)
Impairment of trade receivables, net	162	23	185
Impairment of prepayments, deposits and other receivables, net	736	3,852	4,588
Write-off of property, plant and equipment	–	2,404	2,404
Impairment of deposits paid for acquisition of property, plant and equipment	63	–	63
Waiver of payables	(1,268)	–	(1,268)

Remark:

(a) Depreciation of right-of-use assets that was not attributable to any of the above segments amounted to HK$1,652,000 (2020: HK$1,832,000) was included in corporate and other unallocated expenses.

(c) Geographical information

Revenue information based on locations of customers

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The PRC	**713,426**	742,085
Asian region and others	**14,673**	26,939
	728,099	769,024

Non-current assets information based on locations of assets

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
The PRC	**677,505**	691,649
Hong Kong	**2,041**	1,069
	679,546	692,718

(d) Information about major customers

No revenue from any customer from the corn refined products segment individually accounted for 10% or more of the Group's revenue for the Year (2020: Nil).

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

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Corn sweeteners:		
Customer A	**111,504**	N/A

The revenue from Customer A was less than 10% of the Group's revenue for the year ended 31 December 2020.

4. REVENUE, OTHER INCOME AND GAINS

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Revenue from contracts with customers within HKFRS 15		
Sale of goods (a)	**728,099**	769,024
Other income and gains		
Amortisation of deferred income	**2,361**	2,202
Bank interest income	**152**	251
Compensation income	**–**	462
Foreign exchange gain, net	**–**	130
Gain on resumption of the Dihao Properties	**–**	289,356
Gain on debt restructuring (b)	**128,279**	–
Government grants (c)	**698**	6,762
Rental income	**1,602**	–
Reversal of impairment of prepayments, deposits and other receivables, net	**4,957**	–
Subcontracting income	**4,939**	3,761
Waiver of payables	**–**	1,268
Others	**2,702**	4,937
	145,690	309,129

Remarks:

(a) The revenue from contracts with customers within HKFRS 15 is based on fixed price and recognised at a point in time. The amount of revenue recognised for the Year that was included in the contract liabilities at the beginning of the Year was HK$23,265,000 (2020: HK$54,062,000).

(b) The details of debt restructuring were set out in note 2.2(1).

(c) Government grants represent rewards to certain subsidiaries of the Company located in the PRC and Hong Kong with no further obligations and conditions to be complied with.

5. (LOSS) PROFIT BEFORE TAX

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

	Notes	**2021** ***HK$'000*** **(Unaudited)**	2020 *HK$'000* (Audited)
Employee benefit expenses (excluding Directors' remuneration)			
– Wages and salaries		**77,078**	72,315
– Pension scheme contributions (a)		**22,054**	13,241
		99,132	85,556
Cost of inventories sold (b)		**686,511**	691,139
Auditor's remuneration		**1,700**	2,200
Foreign exchange loss (gain), net		**118**	(130)
Depreciation			
– Property, plant and equipment	*10*	**61,179**	72,677
– Right-of-use assets		**7,068**	9,127
Lease payments on short-term leases		**2,484**	2,226
Loss on disposal of property, plant and equipment, net		**379**	4,445
Gain on resumption of the Dihao Properties		**–**	(289,356)
Write-down (Reversal of write-down) of inventories, net		**6,757**	(2,586)
Impairment of trade receivables, net		**27**	185
(Reversal of impairment) Impairment of prepayments, deposits and other receivables, net		**(4,957)**	4,588
Impairment of deposits paid for acquisition of property, plant and equipment, net		**16**	63
Write-off of property, plant and equipment	*10*	**–**	2,404
Loss on deregistration of a subsidiary		**–**	4,928

Remarks:

(a) During the year ended 31 December 2020, the government of the PRC granted reductions or exemptions from pension scheme contributions to certain subsidiaries operating in the PRC due to the COVID-19 pandemic.

(b) Cost of inventories sold includes employee benefit expenses, depreciation and write-down of inventories amounted to HK$40,244,000 (2020: reversal of write-down of inventories: HK$33,586,000), which are also included in the respective total amounts disclosed separately above for each of these types of income and expenses.

6. FINANCE COSTS

	Note	**2021**	2020
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Interest on bank and other borrowings		**68,369**	62,620
Interest on trade payables	*13(a)*	**9,493**	46,832
Interest on lease liabilities		**36**	92
Finance costs for discounted bills receivables		**–**	559
		77,898	110,103

7. INCOME TAX (CREDIT) EXPENSES

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the Year (2020: Nil). No provision for the PRC enterprise income tax has been made as the subsidiaries operating in the PRC incurred tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward during the years ended 31 December 2021 and 2020.

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Deferred tax		
– Origination and reversal of temporary differences, net	**(1,667)**	18,212
Income tax (credit) expenses	**(1,667)**	18,212

8. DIVIDENDS

The Board does not recommend the payment of any dividend for the Year (2020: 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$96,262,000 (2020: HK$8,726,000) and the weighted average number of ordinary shares in issue throughout the Year of 1,527,586,000 shares (2020: 1,527,586,000 shares).

Diluted loss per share is the same as basic loss per share as there was no potential dilutive ordinary shares outstanding during the years ended 31 December 2021 and 2020.

10. PROPERTY, PLANT AND EQUIPMENT

	Notes	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
At 1 January		**622,975**	806,693
Additions		**1,588**	9,959
Disposals		**(488)**	(6,236)
Resumption		**—**	(144,085)
Depreciation	*5*	**(61,179)**	(72,677)
Gain on properties revaluation		**36,651**	—
Write-off	*5*	**—**	(2,404)
Exchange realignment		**11,733**	31,725
At 31 December		**611,280**	622,975

11. TRADE RECEIVABLES

	2021 HK$'000 (Unaudited)	2020 HK$'000 (Audited)
Trade receivables	**180,915**	175,336
Loss allowance	**(81,248)**	(79,289)
	99,667	96,047

The Group normally grants credit terms of 30 to 90 days (2020: 30 to 90 days) to established customers. The trade receivables are mainly denominated in Renminbi.

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

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**67,894**	59,313
1 to 2 months	**19,357**	22,942
2 to 3 months	**11,147**	6,086
Over 3 months	**1,269**	7,706
	99,667	96,047

Trade receivables are non-interest-bearing. At the end of the reporting period, the Group had a concentration of credit risk as 23.8% (2020: 14.5%) and 68.4% (2020: 47.7%) of the total trade receivables were due from the Group's largest customer and the five largest customers respectively.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Prepayments	**4,455**	7,498
Frozen deposits by banks for settlement of loans (a)	**28,805**	–
Deposits and other debtors	**944**	1,009
The PRC value-added tax and other tax receivables	**14,546**	16,053
Receivables from resumption of the Dihao Properties	**–**	408,316
	48,750	432,876

Remark:

(a) The amount represented preservation of the bank balances which was granted by the court in favour of lender in relation to the settlement of bank loans for the aggregate principal amount of approximately RMB49.8 million together with outstanding interest and penalty (the "**Default Loan**"). The amount has been subsequently used to settle part of the Default Loan in January 2022.

13. TRADE PAYABLES

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables		
– To third parties	**113,804**	83,591
– To the Nongtou Group (a)	**–**	169,609
	113,804	253,200

Remark:

(a) During the years ended 31 December 2021 and 2020, the trade payables to the Nongtou Group were unsecured and interest-bearing at 11.0% per annum after the lapse of the credit periods. The outstanding balances were fully settled during the Year.

The Group normally obtains credit terms ranging from 30 to 90 days (2020: 30 to 90 days) from its suppliers.

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

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**46,467**	20,267
1 to 2 months	**3,564**	62,268
2 to 3 months	**839**	291
Over 3 months	**62,934**	170,374
	113,804	253,200

14. SHARE CAPITAL

	2021	2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Authorised:		
100,000,000,000 (2020: 100,000,000,000) ordinary shares of HK$0.10 each	**10,000,000**	10,000,000
Issued and fully paid:		
1,527,586,000 (2020: 1,527,586,000) ordinary shares of HK$0.10 each	**152,759**	152,759

15. FINANCIAL GUARANTEE CONTRACTS

The Guarantor Subsidiaries have jointly provided corporate guarantees in respect of the financing facilities granted to Dajincang since 2010. The maximum amount of the financing facilities was RMB2.5 billion at 31 December 2020. Since the management of the Company was unable to obtain sufficient and reliable financial information of Dajincang, the professional valuer was unable to complete the valuation. Therefore, no financial guarantee liability in respect of the Financial Guarantee Contracts has been recognised in the Group's consolidated financial statements for the year ended 31 December 2020.

As mentioned in note 2.2(1), upon the completion of the Repurchase Agreement between Dajincang and Changchun Rudder on 31 March 2021, the financial guarantee obligations of the Guarantor Subsidiaries pursuant to the Financial Guarantee Contracts had been discharged under the applicable law in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS

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

BUSINESS REVIEW

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

During the Year, the COVID-19 pandemic continued to put pressure on the global economic environment. During the first half of the Year, infection cases in most countries started to drop from their peaks as different countries rolled out COVID-19 vaccination programmes. There were signs of economic recovery in the major economies. Nevertheless, with the emergence of the highly contagious Omicron variant, infection cases rebounded since the fourth quarter of the Year, especially in Europe and the United States (the "**US**"). In the PRC, the stringent pandemic control measures have kept the infection cases low during the Year. Although China recorded a strong economic growth of 18.3% during the first quarter of the Year, with the uncertainty in the global economic environment, the PRC economy continued to face challenges from shrinking demand, supply shock and power shortage. Coupled with the real estate crisis, economic growth rate of the PRC slowed down in the second half of the Year. Despite this, China still exceeded its initial growth target of 6% and recorded an annual economic growth of 8.1% in 2021. Although the PRC economy is on the trajectory of recovery, investment in the manufacturing sector and employment rate have yet to return to the levels before the outbreak of COVID-19. In addition, surging commodity prices and energy prices together with shrunken demand continued to put pressure on many businesses. The operating environment of the Group remained challenging throughout the Year.

As disclosed in the annual report of the Company for year ended 31 December 2020 (the "**2020 Annual Report**"), the lockdown in the PRC in the first quarter of 2020 significantly lowered the demand for feed products. In addition, competition in the PRC sweeteners market intensified as market shrank. The situation escalated as the extra tariff on out-of-quota sugar imports expired in May 2020. China sugar imports surged from 3.39 million metric tonnes ("**MT**") in 2019 to 4.35 million MT in 2020 as a result. In light of the challenging operating environment, the Group has suspended the operations of most of its production facilities in northeast China since September 2019. For details of the suspensions, please refer to the Company's announcements dated 24 September 2019, 10 February 2020 and 29 May 2020 (collectively, the "**Suspension of Operation Announcements**").

Global corn production for the year 2021/22 is estimated at 1,205.4 million MT (2020/21: 1,133.9 million MT), according to the estimates from the United States Department of Agriculture in February 2022. With respect to corn price, international corn price reached its highest level since 2012 at 773 US cents per bushel (equivalent to RMB1,958 per MT) in May 2021, as a result of increased corn imports from China, the increase in demand from the corn based ethanol sector in the US, and droughts in major corn producing countries during the Year. With the expectation of increased production in 2022, international corn price gradually cooled off to 593 US cents per bushel (equivalent to RMB1,487 per MT) (end of 2020: 718 US cents per bushel (equivalent to RMB1,844 per MT)) by the end of 2021. As mentioned in the 2020 Annual Report, unexpected weather condition in northeast part of China had lowered China's 2020/21 corn harvest by 10%. In addition, due to the concerns about food security in light of the continued impact of the COVID-19 pandemic on the global economy, China has increased its corn imports by 152% to approximately 28.4 million MT during the Year. On the other hand, domestic corn harvest in 2021/22 is estimated to produce approximately 272.6 million MT (2020/21: approximately 264.7 million MT) of corn, with consumption volume estimated at 285.1 million MT (2021: 288.2 million MT) for 2022. It is expected that China will continue to import corn to make up for the shortfall in corn supply in 2022. All these factors have contributed to the surge in domestic corn price during the Year. As a result, corn price in the PRC rose to RMB2,734 per MT (end of 2020: RMB2,529 per MT) by the end of 2021. However, the recovery pace in the downstream user market has been lagging behind the rising corn cost. It is not commercially viable for the Group to resume its upstream operation. As a result, the Group has continued to suspend its upstream operation during the Year. Consequently, the performance of the Group's upstream business during the Year was adversely affected.

As for the sugar market, as global economic recovery has boosted the demand for sugar, international sugar price increased to 18.88 US cents per pound (equivalent to RMB2,658 per MT) (end of 2020: 15.49 US cents per pound (equivalent to RMB2,232 per MT)) by the end of 2021. It is estimated that global sugar production in 2021/22 will reach 181.0 million MT (2020/21: 179.0 million MT) with consumption growth estimated at 1.9%. Industry estimates increased production will narrow the sugar deficit from 3.1 million MT in the 2020/21 season to 1.8 million MT in the 2021/22 season. Sugar price will still be supported with the expectation of high energy prices in 2022. In the PRC, domestic sugar production remained at similar level at 10.7 million MT (2019/20: 10.4 million MT) in the 2020/21 harvest, while consumption stayed at around 15.4 million MT. In addition, high international sugar price together with high freight costs have provided support for domestic sugar price during the Year. As a result, domestic sugar price increased to RMB5,835 per MT (end of 2020: RMB5,356 per MT) by the end of 2021. Nevertheless, people's consumption patterns have changed as a result of COVID-19 prevention measures, they have reduced their frequency of dining out. The recovery pace of catering and related industries has been slow, putting pressure on the demand recovery of the sweeteners market. In addition, the rising corn cost has further squeezed the profit margins of the Group's sweetener products. As such, the Group has continued to suspend the operation of the sweeteners production facilities in the Jinzhou and Xinglongshan sites and consolidated its resources into the Shanghai production site which has higher operational efficiency during the Year.

The operating environment of the Group in 2022 will continue to be challenging as the corn price in the PRC is expected to remain high in 2022 while the continued impact of the COVID-19 pandemic will continue to add uncertainty to the market. The recent lockdown in Changchun City in March 2022 due to the spike in COVID-19 infection cases may have an impact on the resumption of operation for the Group's facilities in Changchun. In addition, the increased awareness of health of the general public to consume healthier products will further put pressure on the traditional sugar/sweetener product market. In the short run, the Group will continue to monitor closely the development of the COVID-19 pandemic, the market conditions as well as the financial conditions of the Group and be cautious in making decisions on the Group's business strategies so as to optimise the operation of the Group's production facilities to maintain relatively healthy cash flow while balancing its market presence. In the long run, the Group will continue to strengthen its market position utilising its brand name, strive to provide excellent customer service and be customer-oriented to understand better their ever-changing demands and product requirements, and further improve cost effectiveness and product mix through continuous research and development efforts.

FINANCIAL PERFORMANCE

During the Year, the continued impact of the COVID-19 pandemic and high corn price in China have narrowed the profit margin of the Group's products (especially the upstream products). As such, the Group has continued to suspend all of its upstream operation. As most of the inventories have been sold in the previous year, the Group recorded insignificant sales of its upstream products during the Year. Consequently, the consolidated revenue of the Group dropped by 5.3% to approximately HK$728.1 million (2020: HK$769.0 million) during the Year. During the Year, notwithstanding the Group's effort to optimise its operation to stay competitive and the improvement in corn sweetener prices as driven by rising sugar price, the increase in the average selling price of the Group's sweetener products was insufficient to offset the increase in raw material costs. This has further reduced the profit margins of the sweetener products. As a result, the gross profit margin of the Group dropped by approximately 4.4 percentage points to approximately 5.7% (2020: 10.1%).

During the Year, the improvement in facility utilisation in the Shanghai site coupled with the decrease in depreciation subsequent to the completion of the Dihao Resumption have resulted in the reduction of the Group's other expenses by approximately 44.7% to approximately HK$61.6 million (2020: HK$111.4 million). The management of the Group has also been actively negotiating with suppliers on repayment terms. As a result, the finance cost of the Group decreased by 29.2% to approximately HK$77.9 million (2020: HK$110.1 million). On the other hand, following the completion of the Repurchase Agreements dated 26 March 2021 entered into between the Group and Changchun Rudder (the "**Completion of the GSH Repurchase Agreements**"), pursuant to which the Group purchased the GSH Indebtedness owed to Changchun Rudder at the consideration of RMB113,510,000, the Group's financial obligations in relation to the GSH Indebtedness have been discharged. As a result, the Group recognised a one-off gain on debt restructuring of approximately HK$128.3 million during the Year. However, as the Group recognised a one-off gain from resumption of the Dihao Properties in the amount of approximately HK$289.4 million in the previous financial year, the Group recorded a decrease in other income and gains of approximately HK$163.4 million to approximately HK$145.7 million (2020: HK$309.1 million). Consequently, the Group recorded a net loss of approximately HK$96.3 million (2020: HK$8.7 million), with EBITDA (i.e. earnings before interest, taxation, depreciation and amortisation) of approximately HK$48.2 million (2020: HK$201.4 million) for the Year.

To improve the performance and financial position of the Group, the management of the Group will continue to focus its efforts on (1) speeding up the process of resumption of the remaining part of the Relevant Properties owned by the Group in order to reduce the financial burden of the Group; (2) actively negotiating with banks/creditors to push forward the debt restructuring plan to lower the debt level of the Group; and (3) closely monitoring market changes to identify the opportunity for full/partial resumption of production operations of the Group's suspended facilities to improve the operating cash flow of the Group.

Upstream products

(Sales amount: HK$0.8 million (2020: HK$211.0 million))
(Gross profit: HK$0.1 million (2020: HK$22.9 million))

As the upstream operation in the Jinzhou site has been suspended since the second quarter of 2020 and most of the inventories have been sold in 2020, no revenue (2020: HK$211.0 million) from corn starch was recorded and only approximately HK$0.8 million (2020: HK$47.1 million) of revenue was recorded for the sales of other corn refined products during the Year. No internal consumption of corn starch (2020: 6,000 MT) was recorded during the Year.

Consequently, the Group's upstream products segment recorded an insignificant gross profit of approximately HK$0.1 million (2020: HK$22.9 million) with gross profit margin of approximately 12.5% (2020: 10.9%).

Corn sweeteners

Corn syrup

(Sales amount: HK$624.4 million (2020: HK$451.4 million))
(Gross profit: HK$35.9 million (2020: HK$46.9 million))

As the COVID-19 pandemic in China stabilised during the Year with sugar price increased year-on-year, the revenue of the corn syrup segment increased by approximately 38.3% to approximately HK$624.4 million (2020: HK$451.4 million). Such increase was mainly attributable to the increase in sales volume and average selling price by approximately 9.6% and 26.2% respectively. However, the increase in the selling price of corn syrup did not keep up with the increase in raw material cost and cost of energy consumption. As such, the gross profit and gross profit margin of the corn syrup segment dropped to approximately HK$35.9 million (2020: HK$46.9 million) and 5.7% (2020: 10.4%) respectively, during the Year.

Corn syrup solid

(Sales amount: HK$102.9 million (2020: HK$106.6 million))
(Gross profit: HK$5.6 million (2020: HK$8.1 million))

During the Year, the revenue of corn syrup solid, which was entirely attributable to the sales of maltodextrin, dropped to approximately HK$102.9 million (2020: HK$106.6 million). Due to the suspension of operation in the Xinglongshan site and the exhaustion of its inventories in the previous year, the sales volume dropped to approximately 29,000 MT (2020: 38,000 MT). Driven by increased sugar price, the average selling price of corn syrup solid increased by 27.0%. Similar to the situation of the corn syrup segment, the increase in the selling price of corn syrup solid did not keep up with the increase in raw material cost and cost of energy consumption. As a result, the gross profit of maltodextrin decreased significantly by approximately 30.9% to approximately HK$5.6 million (2020: HK$8.1 million) with gross profit margin declined to approximately 5.4% (2020: 7.6%).

Export sales

During the Year, export sales accounted for approximately 2.0% (2020: 3.5%) of the Group's total revenue. The Group exported approximately 3,000 MT (2020: 3,000 MT) of corn sweeteners with sales amount of approximately HK$14.7 million (2020: HK$10.7 million) during the Year. No export sales of upstream corn refined products (2020: HK$16.2 million) was recorded during the Year.

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

Other income and gains

During the Year, other income and gains of the Group decreased by approximately 52.9% to approximately HK$145.7 million (2020: HK$309.1 million). Such decrease was mainly attributable to the recognition of a one-off gain on debt restructuring of approximately HK$128.3 million subsequent to the Completion of the GSH Repurchase Agreements during the Year, as compared with the one-off gain from resumption of the Dihao Properties of approximately HK$289.4 million recorded in the previous financial year.

Selling and distribution costs

During the Year, the selling and distribution costs dropped by approximately 13.4% to approximately HK$53.1 million (2020: HK$61.3 million), accounting for approximately 7.3% (2020: 8.0%) of the Group's revenue. Such decrease was mainly attributable to the decrease in transportation costs as a result of the significant decline in sales volume during the Year.

Administrative expenses

During the Year, administrative expenses slightly decreased by approximately 2.2% to approximately HK$92.6 million (2020: HK$94.7 million). Such decrease was a result of the effective cost control policy of the Group during the Year.

Other expenses

Other expenses of the Group decreased significantly by approximately 44.7% to approximately HK$61.6 million (2020: HK$111.4 million) during the Year. Such decrease was mainly attributable to (1) the decrease in expenses incurred in relation to certain production facilities in Shanghai (such production facilities were temporarily left idle in 2020 due to the outbreak of COVID-19) that maintained a high operational efficiency during the Year to approximately HK$49.7 million (2020: HK$69.3 million) and (2) the decrease in depreciation subsequent to the completion of the resumption of Dihao Properties during the Year.

Finance costs

During the Year, finance costs of the Group dropped by approximately 29.2% to approximately HK$77.9 million (2020: HK$110.1 million) as a result of the decrease in interest on trade payables to approximately HK$9.5 million (2020: HK$46.8 million).

Income tax (credit) expenses

Due to the recognition of temporary differences, the Group recorded deferred tax credit of approximately HK$1.6 million (2020: deferred tax expenses: HK$18.2 million) during the Year. Meanwhile, as all the subsidiaries of the Group recorded tax losses or the estimated assessable profits are wholly absorbed by tax losses brought forward during the Year, no income tax expenses were recorded for the Year (2020: nil). As a result, the Group recorded tax credit of approximately HK$1.6 million during the Year (2020: tax expenses of HK$18.2 million).

Net loss attributable to shareholders

As a result of the decrease in gross profit and other income and gains during the Year for reasons set out above, the Group recorded a net loss of approximately HK$96.3 million (2020: HK$8.7 million) for the Year.

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The total borrowings as at 31 December 2021 decreased by approximately HK$68.1 million to approximately HK$927.5 million (31 December 2020: HK$995.6 million). The change in total borrowings was mainly attributable to the Completion of the GSH Repurchase Agreements during the Year. On the other hand, cash and bank balances which were mainly denominated in Renminbi and Hong Kong dollars decreased by approximately HK$13.5 million to approximately HK$7.8 million (31 December 2020: HK$21.3 million) as at 31 December 2021. Consequently, the net borrowings decreased to approximately HK$919.7 million (31 December 2020: HK$974.3 million).

Structure of interest-bearing bank and other borrowings

As at 31 December 2021, the Group's bank and other borrowings of approximately HK$927.5 million (31 December 2020: HK$995.6 million) were all (31 December 2020: all) denominated in Renminbi. The percentage of interest-bearing bank and other borrowings wholly repayable within one year and in the second to the fifth years were 100.0% and 0.0% (31 December 2020: 81.5% and 18.5%), respectively. As at 31 December 2021, interest-bearing bank and other borrowings amounted to approximately RMB271.3 million (31 December 2020: RMB213.0 million) have been charged at fixed interest rates of 5.8% to 8.0% (31 December 2020: 7.0% to 8.0% per annum) for terms of one year to three years. Other than that, the rest of the Group's interest-bearing bank and other borrowings were charged with reference to floating interest rate.

Turnover days, liquidity ratios and gearing ratios

Credit terms, normally 30 to 90 days, are granted to customers, depending on their credit worthiness and business relationships with the Group. During the Year, trade receivables turnover days increased to approximately 50 days (31 December 2020: 46 days) as longer credit periods were granted to a number of customers with good track records.

Trade payables turnover days decreased to approximately 61 days (31 December 2020: 134 days) during the Year as the Group has settled part of the long outstanding trade payables owed to major suppliers.

As at 31 December 2021, as the COVID-19 pandemic in China stabilised and the sales of sweetener products in Huadong region improved as compared with 2020, the Group's inventory level increased slightly by approximately 6.5% to approximately HK$65.6 million (31 December 2020: HK$ 61.6 million). Consequently, the inventory turnover days increased to approximately 35 days (31 December 2020: 33 days) for the Year.

As at 31 December 2021, the current ratio and quick ratio decreased to approximately 0.2 (31 December 2020: 0.4) and approximately 0.1 (31 December 2020: 0.4) respectively. Gearing ratio in terms of debts (i.e. total interest-bearing bank and other borrowings) to total deficit and debts (i.e. aggregate total of shareholders deficit, non-controlling interests and total interest-bearing bank and other borrowings) was approximately 217.2% (31 December 2020: 174.4%).

FOREIGN EXCHANGE EXPOSURE

Most of the operations of the Group were carried out in the PRC in which transactions were denominated in Renminbi, while export sales accounting for approximately 2.0% (2020: 3.5%) of the Group's revenue in which most of these transactions were denominated in US Dollars. The Board has been closely monitoring the Group's exposure to foreign exchange fluctuations in Renminbi and is of the view that there is no material unfavourable exposure to foreign exchange fluctuations. Therefore, the Group currently does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. The Group will constantly review the economic situation, development of the Group's business segments and its overall foreign exchange risk profile, and will consider appropriate hedging measures in the future as and when necessary.

IMPORTANT TRANSACTION DURING THE YEAR

Completion of the Repurchase Agreements

As disclosed in the joint announcement of the Company and GBT dated 26 March 2021, each of the BOC Borrowers entered into the Repurchase Agreements with Changchun Rudder, pursuant to which Changchun Rudder had agreed to sell to each of the BOC Borrowers, and each of the BOC Borrowers had agreed to purchase, all of the rights and benefits of the loans owed to Changchun Rudder, which included, among others, the GSH Indebtedness, the loans of the GBT Group (excluding the Group) in the amount of approximately RMB1.3 billion with outstanding interest and the Dajincang Indebtedness guaranteed by the Guarantor Subsidiaries. The completion of the Repurchase Agreements took place on 31 March 2021. Upon the completion of the Repurchase Agreements, all the obligations of the Guarantor Subsidiaries pursuant to the Financial Guarantee Contracts in respect of the Dajincang Indebtedness have been discharged. For details of the Repurchase Agreements, please refer to the joint announcements of the Company and GBT dated 26 March 2021 and 31 March 2021.

DISCLOSURE PURSUANT TO RULES 13.19 AND 13.21 OF THE LISTING RULES

Breach of loan agreements

(1) Reference is made to the joint announcement of the Company and GBT dated 21 September 2018. Under a loan agreement (the "**Jinzhou Dacheng BOC Loan Agreement**") entered into between 錦州大成食品發展有限公司 (Jinzhou Dacheng Food Development Co., Ltd.*) ("**Jinzhou Dacheng**"), a subsidiary of the Group, and 中國銀行股份有限公司錦州港支行 (Jinzhou Port Branch of Bank of China*) ("**Jinzhou BOC**") in respect of a twelve month fixed term loan due in December 2018 (the "**Jinzhou Dacheng BOC Loan**"), Jinzhou Dacheng was required to satisfy certain financial covenants, failure to comply with such financial covenants entitles Jinzhou BOC to, among others, declare the outstanding principal amount, accrued interest and all other sums payable under the Jinzhou Dacheng BOC Loan immediately due and payable. The outstanding principal amount of the Jinzhou Dacheng BOC Loan was RMB19.8 million as at 31 December 2021. The Jinzhou Dacheng BOC Loan has been guaranteed by the Company and certain members of the Group have also provided guarantees and securities to secure the Jinzhou Dacheng BOC Loan. Jinzhou Dacheng has failed to fulfill certain financial covenants under the Jinzhou Dacheng BOC Loan Agreement. Such breach entitles Jinzhou BOC to, among others, declare the outstanding principal amount, accrued interest and all other sums payable under the Jinzhou Dacheng BOC Loan Agreement immediately due and payable. In addition, such breach may also trigger cross default provisions in other loan agreements entered into by the Group.

    For the latest development of the Jinzhou Dacheng BOC Loan, please refer to the section headed "Important events affecting the Group subsequent to the year under review" on p.39 to p.40 of this announcement.

(2) Reference is made to the joint announcement of the Company and GBT dated 4 May 2020. Under the various loan agreements (collectively, the "**Yuancheng Loan Agreements**") entered into between 錦州元成生化科技有限公司 (Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*) ("**Jinzhou Yuancheng**"), a subsidiary of the Group, and each of 中國建設銀行股份有限公司錦州分行 (Jinzhou Branch of China Construction Bank*) ("**Jinzhou CCB**") and Jinzhou BOC for the aggregate principal amount of RMB219.9 million (the "**Yuancheng Loans**"), comprising of (i) the loan owed to Jinzhou CCB for the principal amount of RMB189.9 million ("**Yuancheng CCB Loans**") and (ii) the loan owed to Jinzhou BOC for the principal amount of RMB30.0 million ("**Yuancheng BOC Loan**"). Jinzhou Yuancheng was required to satisfy certain financial covenants, failure to perform or comply with any of those financial covenants would entitle Jinzhou CCB and Jinzhou BOC to, among others, declare the outstanding principal amount, accrued interest and all other sums payable under the Yuancheng Loans immediately due and payable. In addition, such breach may also trigger cross default provisions in other loan agreements entered into by the Group.

Reference is also made to the joint announcement of the Company and GBT dated 27 April 2021 regarding the default in the repayment of the Yuancheng BOC Loan. The outstanding principal amount of the Yuancheng BOC Loan is RMB30.0 million, together with outstanding interests. The maximum liability guaranteed by the Group is RMB36.8 million, being the principal amount, together with all interests, liabilities, fees and penalty that may accrue under the Yuancheng BOC Loan.

With respect to the Yuancheng CCB Loans, Jinzhou CCB has applied to 遼寧省瀋陽市中級人民法院 (Intermediate People's Court of Shenyang City, Liaoning Province*) (the "**Shenyang Intermediate Court**"), and the Shenyang Intermediate Court has granted an order for preservation of the bank balance (or assets of equivalent value) of certain members of the Group and the GBT Group in respect of the Yuancheng CCB Loans.

As at the date of this announcement, the aggregate outstanding principal amount under the Yuancheng Loan Agreements is approximately RMB218.7 million.

For the latest development of the Yuancheng BOC Loan and Yuancheng CCB Loans, please refer to the section headed "Important events affecting the Group subsequent to the year under review" on p.39 to p.40 of this announcement.

(3) Reference is made to the joint announcement of the Company and GBT dated 23 December 2020 regarding the fixed-term loan under a loan agreement entered into between Dihao Foodstuff and 中國農業銀行股份有限公司農安縣支行 (Nongan Branch of Agricultural Bank of China Co., Ltd.*) ("**Nongan Branch ABC**") with outstanding principal amount of RMB180.0 million, together with respective outstanding interest have become immediately due and payable before their maturity date in June 2021 in contemplation of the debt restructuring plan of the Group and the GBT Group. Dihao Foodstuff has defaulted in the repayment of such loan. The maximum liability guaranteed by the Company is RMB250.0 million, together with all interests, liabilities, fees and penalty that may accrue under the loan agreement. Dihao Foodstuff and 長春帝豪結晶糖開發實業有限公司 (Changchun Dihao Crystal Sugar Industry Development Co., Ltd.*) have provided collaterals to secure such loan. As at the date of this announcement, the outstanding principal under such loan agreement is RMB180.0 million.

In addition, the default in repayment of such loan by the Group may also trigger cross default of other loan agreements entered into by the Group.

Reference is made to the joint announcement of the Company and GBT dated 23 December 2020 in relation to, among others, the transfer agreement entered into between Jilin Branch ABC and China Cinda, Jilin Branch ABC (acting on behalf of Nongan Branch ABC) has agreed to sell to China Cinda, and China Cinda has agreed to purchase the ABC Transferred Loans at a consideration of approximately RMB414.7 million. The ABC Transferred Loans include, among others, the loan of the Group mentioned above with the principal amount of RMB180.0 million.

The Company, together with GBT, will endeavour to facilitate the implementation of the next step of the debt restructuring plan for the ABC Transferred Loans with the aim to improve the financial position of the Group and the GBT Group.

SUPPLEMENTARY INFORMATION IN RELATION TO THE YEAR UNDER REVIEW

Updates on the suspension of operation of certain subsidiaries of the Group and the impact of COVID-19 on the Group's business

Reference is made to the Suspension of Operation Announcements. Due to the poor sentiment of sweeteners market in Northeast China, the COVID-19 pandemic and the significant increase in the domestic corn price, the overall demand for corn refined products has been negatively affected as downstream consumption shrank. The Board, having considered the pros and cons of continuing the upstream operation of the Group based on the then available financial information of the Group and assessed the then current market conditions, concluded that it was more favourable for the Group to suspend its upstream operation in the Jinzhou site. In addition, the suspension of the upstream operation of GBT in the Xinglongshan site has cut off the supply of corn starch since the last quarter of 2019. Together with the poor sentiments in the sweeteners market as a result of the economic slowdown and the COVID-19 pandemic, the Board concluded that it was more favourable for the Group to continue the suspension of its downstream operations. As such, the operations of Dihao Foodstuff and Jinzhou Dacheng have also been suspended.

The operating environment in 2022 is expected to be challenging as the COVID-19 pandemic will continue to affect the global economy. The PRC is expected to face continuous challenges from shrinking demand, supply shock and power shortage. In addition, the ongoing structural changes in its economy for more sustainable growth in the future is expected to add temporary pressure to many businesses. With respect to the Group's business, corn price is expected to remain high in 2022. Coupled with the increasingly competitive operating environment of the sweetener market, 2022 will be a challenging year ahead for the Company.

As at the date of this announcement, the overall operation of the Jinzhou site and the Xinglongshan site remained suspended. The management of the Group expects that the COVID-19 pandemic will continue to put pressure on the Group's business and affect the operations of the Group. In addition, due to the recent spike in COVID-19 infection cases in Changchun, the municipal government has imposed an order to lock down Changchun in March 2022. The lockdown is expected to delay the plan for the resumption of operation of the Group's production facilities in Changchun. The continued suspension of operation or low facility utilisation rate had an adverse impact on the performance and financial positions of the Group in various aspects. The management of the Group will continue to assess the impact of the COVID-19 pandemic on the financial positions of the Group and closely monitor the market conditions and the financial conditions of the Group, and will ensure that the production operation of such subsidiaries will resume as soon as possible to the extent practicable.

Relocation of production facilities to the Xinglongshan site

Reference is made to the interim report of the Company for the six months ended 30 June 2021 in relation to, among others, the suspension and relocation of the production facilities of the Group in Luyuan District in Changchun pending its relocation of production facilities to the Xinglongshan site and the resumption of the Relevant Properties owned by the Group.

Due to the challenging economic environment and the continued impact of the COVID-19 pandemic, the initial plan for the relocation of the Group's production facilities has been put on hold in light of the continuously changing market conditions and pending the availability of capital and favourable market conditions. The Group will continue to assess the continuously changing market conditions and the progress of the resumption of the Relevant Properties owned by the Group so as to update and revise the feasibility studies of the relocation projects for submission to, among others, the relevant government bodies for approval. The Group will make announcement to inform its shareholders and potential investors for the latest updates of the relocation of production facilities to the Xinglongshan site as appropriate.

IMPORTANT EVENTS AFFECTING THE GROUP SUBSEQUENT TO THE YEAR UNDER REVIEW

Settlement agreements with Jinzhou BOC

Reference is made to the joint announcements of the Company and GBT dated 24 September 2021 and 14 January 2022 (the "**Jinzhou BOC Loans Announcements**") in relation to, among others, the receipt of the summons from Shenyang Intermediate Court by the Group to attend the court hearing in respect of the application filed by Jinzhou BOC for the repayment of the outstanding principal amount and accrued interest under the fixed-term loans owed to Jinzhou BOC by Jinzhou Dacheng and Jinzhou Yuancheng (i.e. the Jinzhou Dacheng BOC Loan and the Yuancheng BOC Loan, collectively, the "**Jinzhou BOC Loan**"). Such loans have been secured by assets and/or guarantee provided by the Group. The aggregate outstanding principal amount under the loan agreements between Jinzhou BOC, Jinzhou Dacheng and Jinzhou Yuancheng was approximately RMB49.8 million. The Shenyang Intermediate Court has granted orders for the preservation of the bank balance (or assets of equivalent value) of the Group equivalent to the principal and interest outstanding under the Jinzhou BOC Loans in the aggregate amount of RMB55,518,460.06 in favour of Jinzhou BOC (the "**Jinzhou BOC Preservation Order**").

In respect of the Jinzhou BOC Loans, the Shenyang Intermediate Court has confirmed and acknowledged the settlement agreements reached between the respective parties. Consequently, Jinzhou Dacheng has settled all its outstanding principal amount and accrued interest owed to Jinzhou BOC under the Jinzhou Dacheng BOC Loan in one payment by way of bank transfer on 25 January 2022; and Jinzhou Yuancheng shall repay Jinzhou BOC the outstanding principal amount and accrued interest under the Yuancheng BOC Loan in seven instalments pursuant to a mutually agreed schedule, with the last instalment due on 30 September 2023. Jinzhou Yuancheng will satisfy the settlement agreement in respect of the Yuancheng BOC Loan with its internal resources according to the agreed timeline. For details of the Jinzhou BOC Loans, please refer to the Jinzhou BOC Loans Announcements.

Preservation order in relation to the breach of Yuancheng CCB Loans

Reference is made to the joint announcements of the Company and GBT dated 4 May 2020, 14 January 2022 and 22 February 2022 (the "**Yuancheng CCB Loans Announcements**") regarding, among others, the breach of the various loan agreements entered into between Jinzhou Yuancheng and Jinzhou CCB and the grant of order by the Shenyang Intermediate Court in favour of Jinzhou CCB for preservation of the bank balance (or assets of equivalent value) of certain members of the Group and the GBT Group in the aggregate amount of RMB213,882,634.55 in respect of the Yuancheng CCB Loans.

The first court hearing in respect of the Yuancheng CCB Loans was initially scheduled to be held on 22 March 2022. However, due to the recent spike in COVID-19 infection cases in Liaoning Province, the hearing has been delayed until further notice from the Shenyang Intermediate Court. For details of the Yuancheng CCB Loans, please refer to the Yuancheng CCB Loans Announcements.

FUTURE PLANS AND PROSPECTS

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

The operating environment in 2022 is expected to be challenging as the COVID-19 pandemic will continue to affect the global economy. It is expected that China will continue to face continuous challenges from shrinking demand, supply shock and power shortage. In addition, the ongoing structural changes in its economy for more sustainable growth in the future is expected to add temporary pressure to many businesses. With respect to the Group's business, corn price is expected to remain high in 2022. Coupled with the increasingly competitive operating environment of the sweetener market, 2022 will be another challenging year ahead for the Group. In the short run, the Group will continue to monitor closely the development of the COVID-19 pandemic, the market conditions as well as the financial conditions of the Group and will ensure the operation of the Group's subsidiaries to resume as soon as possible to the extent practicable so that the Group could maximise the synergistic effects amongst its various production sites for the supply of raw materials and serve their respective markets.

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

With respect to the financial position of the Group, the management will endeavour to facilitate the materialisation of the debt restructuring plan to improve the financial position of the Group and adopt a prudent approach in face of the current market condition.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2021, the Group had approximately 930 (2020: 950) full time employees in Hong Kong and in the PRC. The Group appreciates the correlation between human resources and its success, and recognises the value of human resources management as a source of competitive advantage in the increasingly turbulent environment. The Group places great emphasis on the selection and recruitment of new staff, on-the-job training, appraisal and rewards to its employees to align employees' performance with the Group's strategies. The Company also acknowledges the contribution of its employees and strives to maintain competitive remuneration packages and career development opportunities to retain current employees. Remuneration packages include discretionary bonuses payable on a merit basis, which are in line with industrial practice. Staff benefits provided by the Group include mandatory funds, insurance schemes and discretionary bonuses.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the Year (2020: Nil).

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND THE MODEL CODE

To the best knowledge and belief of the Board, 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.

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

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal control systems. The Audit Committee comprises all independent non-executive Directors. As at the date of this announcement, the members of the Audit Committee are Mr. Fong Wai Ho (chairman of the Audit Committee), Mr. Fan Yeran and Mr. Lo Kwing Yu.

The Audit Committee had discussed with the management of the Group and reviewed the unaudited annual results of the Group for the Year, including the accounting principles and practices adopted by the Group, and discussed auditing, internal controls and financial reporting matters. As mentioned on page 2 of this announcement, due to the recent outbreak of the COVID-19 pandemic, the auditing procedures for the annual results of the Group for the Year has not been completed as scheduled and the unaudited annual results for the Year contained in this announcement have not been agreed by the Company's auditor as required under Rule 13.49(2) of the Listing Rules.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited annual results for the Year as agreed by the Company's auditor and the material differences (if any) as compared with the unaudited annual results for the Year contained in this announcement as soon as practicable. In addition, the Company will issue further announcement(s) as and when necessary if there are other material developments in the completion of the auditing process.

It is currently expected that the announcement containing the Company's audited annual results for the Year will be published by the Company on or before 30 April 2022, subject to the development of the COVID-19 outbreak in the major cities in the PRC where the Group has operation and Hong Kong.

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) and despatched to the shareholders of the Company in due course.

ANNUAL GENERAL MEETING

The 2021 annual general meeting (the "**AGM**") of the Company will be held on Thursday, 26 May 2022 at 10:30 a.m.. Notice of the AGM will be published on the websites of the Company (www.global-sweeteners.com) and the Stock Exchange (www.hkexnews.hk), and will be dispatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 20 May 2022 to Thursday, 26 May 2022, both days inclusive, during which period no transfer of shares will be registered, in order to determine the shareholders' entitlements to the attendance at the AGM.

Shareholders of the Company 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 19 May 2022.

The financial information contained herein in respect of the annual results of the Group for the Year have not been audited and have not been agreed with the Company's auditors but have been reviewed by the Board. Shareholders of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Global Sweeteners Holdings Limited
Zhang Zihua
Acting Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises two executive Directors namely, Mr. Zhang Zihua and Mr. Tai Shubin; and three independent non-executive Directors, namely, Mr. Fan Yeran, Mr. Fong Wai Ho and Mr. Lo Kwing Yu.